



24 April 2023

Embargoed for 7.00am

EGDON RESOURCES PLC

("Egdon" or "the Group" or "the Company")

Interim Results for the Six Months Ended 31 January 2023

Egdon Resources plc (AIM: EDR), an established UK focused energy company, today announces its unaudited results for the six months ended 31 January 2023 ("the Interim Period" or "the Period").

Overview and Highlights

Operational and Corporate

- Production for the Period was up by 27% to 46,465 barrels of oil equivalent ("boe") equating to a rate of 253 boe per day ("boepd"), ahead of guidance of 225-245 boepd (H1 2022: 36,714 boe and 200 boepd)
- The Wressle oil field continued to be the standout asset for Egdon, producing at an average rate of 689 barrels of oil per day ("bopd") during the Period. Total field production from Wressle to 31 January 2023 stood at 357,838 barrels of oil with no water production.
- The North Kelsey Planning appeal documentation was submitted on 8 August 2022. This will be heard via a Public Hearing on 14 June 2023
- During 2022, the moratorium on hydraulic fracturing for shale gas was lifted (8 September 2022) and then reinstated (27 October 2022)
- A hearing was held on 11 October 2022 in relation to the Biscathorpe planning appeal and we continue to await the Planning Inspector's decision
- Licence P2304 was relinquished as planned in November 2022
- In December 2022 Egdon announced the acquisition of Aurora Production (UK) Limited, a private company with interests in PL090 (Waddock Cross) and PEDL070 (Avington). The effective date of the transaction is 30 September 2022 and the consideration is the grant of a Net Profit Interest capped at the cash balance of £0.288 million which provides for outstanding abandonment liabilities. This transaction completed post period end on 1 March 2023.

Financial Performance

- Unaudited revenue for the Interim Period was up 46% to £3.725 million (H1 2022: £2.551 million)
- Earnings before interest, tax, depreciation, amortisation, asset impairments, impairment reversals and write-downs were £2.105 million (H1 2022: £1.410 million).
- Overall profit for the Period after a tax charge of £0.741 million (H1 2022: £Nil) was £0.435 million (H1 2022: £1.222 million)
- As at 31 January 2023, the Company had cash and cash equivalents of £5.524 million (H1 2022: £2.084 million) and net current assets of £6.593 million (H1 2022: £1.165 million, which includes debt of £1.007 million and £0.417 million deferred consideration for Wressle)
- The Company had no borrowings as at 31 January 2023 (H1 2022: £1.007 million)

Subsequent Events

- On 6 February 2023 Egdon entered into a Farmout Option Agreement with York Energy (UK) Holdings Limited relating to Licence PL081 in North Yorkshire. Under the terms of the Agreement, Egdon has a period of six months from 3 February 2023 to elect to farm into the Licence which contains the Weaverthorpe Prospect. Egdon's initial evaluation indicates an estimated Mean prospective gas resource of 58 billion cubic feet.
- On 1 March 2023 Egdon completed the acquisition of Aurora Production (UK) Limited which has subsequently been renamed Egdon Resources (Aurora) Limited. The effective date of this transaction is 30 September 2022.
- On 19 April 2023 Egdon relinquished P1929 which contained the Resolution gas discovery and which was fully impaired in the 31 July 2022 accounts.

Outlook

- Post-Period end production and revenues have continued to be strong, despite reduced commodity prices, with February and March unaudited revenues of £0.632 million and £0.521 million respectively.
- Production guidance for the full financial year is increased to 240-250 boepd, up from 225-245 boepd.

The key operational focus for the remainder of 2023 will be:

- Maintaining and enhancing the impressive production performance at Wressle whilst progressing both the gas monetisation and further development drilling as priorities.
- To add reserves, production and revenues through the drill-bit across our exploration and development/re-development projects.
- To progress the Company's energy transition strategy through geothermal, energy storage, hydrogen and renewable generation projects.

Online Presentation

The Company will host a live audiocast of the Interim Results Presentation via the Investor Meet Company at 10:00am on 24 April 2023. Investors can sign up to Investor Meet Company for free and add to meet Egdon Resources plc via:

<https://www.investormeetcompany.com/egdon-resources-plc/register-investor>

Commenting on the results, Philip Stephens, Chairman of Egdon said;

"This has been another period of impressive operational and financial performance for the Company. Egdon's flagship asset, Wressle, continues to perform strongly, generating positive cash flow and with plans being progressed for its further development.

We were pleased to further enhance the business through the acquisition of Aurora and the addition of an option on a material gas prospect at Weaverthorpe.

The outlook for the remainder of the year looks positive with expected continued strong revenue generation from Wressle alongside numerous value catalysts in the planned work programme.

We look forward to updating on progress through the second half of the year."

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About Egdon

Egdon Resources plc (LSE: EDR) is an established UK-based energy company focused on onshore exploration and production in the UK.

Egdon holds interests in 34 licences in the UK and has an active programme of exploration, appraisal and development within its portfolio of oil and gas assets. Egdon is an approved operator in the UK. Egdon was formed in 1997 and listed on AIM in December 2004.

Qualified Person Review

In accordance with the AIM Rules - Note for Mining and Oil and Gas Companies, this release has been reviewed by Mark Abbott, Managing Director of Egdon, who is a geoscientist with over 30 years' experience and is a member of the Geoscience Energy Society GB and a Fellow of the Geological Society. Mr Abbott has consented to the inclusion of the technical information in this release in the form and context in which it appears.

Evaluation of hydrocarbon volumes has been assessed in accordance with the 2018 Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), the Society of Petroleum Evaluation Engineers (SPEE), the Society of Exploration Geophysicists (SEG), the Society of Petrophysicists and Well Log Analysts (SPWLA) and the European Association of Geoscientists & Engineers (EAGE).

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Chairman's Statement

I am pleased to report on the results for the six months ended 31 January 2023 and provide an update on developments within the business.

Notwithstanding the impact of the increase in the Energy Profits Levy to 35% implemented in November 2022, the Period has seen the continued positive impact from Wressle combined with strong oil and gas prices which has translated into a continued strengthening of the Company's financial position.

Strategy

The Company's strategy takes account the challenges and opportunities presented by the UK's move to Net Zero carbon emissions by 2050 and the UK Government's Energy Security Strategy. This, taken together with the wider economic, political and operating environment has seen a renewed focus on securing indigenous energy supplies.

Our strategy was updated during 2022 to reflect these realities as follows:

1. Maintain geographical focus on the UK
2. Focus on growth in production and revenue through conventional production, appraisal and exploration projects
3. Develop energy storage, hydrogen and renewable energy projects utilising Egdon's reputation, existing assets, knowledge of the UK's onshore geology and core technical skills and operating experience
4. Maintain our significant portfolio of shale-gas assets

Financial and Statutory Information

The Period has seen a significant strengthening of the financial position of the Company, driven by a 46% increase in oil and gas revenues during the Period to £3.725 million (H1 2022: £2.551 million) as a result of increased production and continuing strong commodity prices. The average realised price per barrel of oil equivalent was 5.6% higher at \$83.77/boe (H1 2022: \$79.32/boe).

The overall profit for the Period was £0.435 million (H1 2022: £1.222 million including £0.507 million of write-backs in relation to Ceres). This was after a tax charge for the Period of £0.741 million (H1 2022: £Nil), which includes Energy Profits Levy of £0.458 million (H1 2022: £Nil) and reversal of a deferred tax asset of £0.145 million (H1 2022: £Nil). The planned programme of capital works in 2023 and 2024 will result in an investment allowance and enable recovery of part of this tax as a result of carry back arrangements.

Cash and cash equivalents as at 31 January 2023 were £5.524 million (H1 2022: £2.084 million and at 31 July 2022: £4.800 million) and Net current assets stood at £6.593 million (H1 2022: net current asset of £1.165 million, which included debt of £1.007 million convertible loan and £0.417 million deferred consideration for Wressle). As at 31 January 2023, the Company had no borrowings (H1 2022: £1.007 million).

The Group had net assets at 31 January 2023 of £32.150 million (H1 2022: £28.641 million).

There were no fund-raising activities during the Period (H1 2022: £Nil). A total of 18,441,000 warrants were exercised during the Period resulting in cash of £0.461 million being introduced to the Company (H1 2022: £Nil). As at 31 January 2023 a total of 30,708,000 warrants remained outstanding (H1 2022: 57,614,000)

Post-period end production and revenues have continued to be strong, despite reducing commodity prices, with February and March revenues of £0.632 million and £0.521 million respectively

Environment and Social Governance, Climate and Emissions

Egdon aims to build value through developing sustainable long-term relationships with partners and the community and is committed to the highest standards of health, safety and environmental protection. The Company is committed to its operations being Net Zero by 2050. Egdon has established a Climate Change Policy and the Board is committed to reducing the emissions from our operations and to monitoring and reporting performance in this area.

Acquisition of Aurora Production (UK) Limited

During the Period, Egdon reached agreement to acquire Aurora Production (UK) Limited ("Aurora") from Aurora Petroleum Limited (the "Vendor"). Aurora holds an 18.75% interest in PL090 which contains the Waddock Cross oil

field and an 8.33% interest in PEDL070 which contains the Avington oil field. Egdon estimates that the transaction covering both licences will add approximately 0.614 million barrels of Best Estimate Contingent and Prospective Resources of oil to its resource inventory. Aurora has accumulated upstream ring-fenced tax losses of ca. £90 million that should be available to offset tax on Egdon's future profits or which could be vended to a third party.

The consideration was the grant of a Net Profit Interest to the Vendor of 10% on each of the licence interests which will result in the Vendor being reimbursed a sum of up to £0.288 million from future production. At completion cash balances of £0.288 million were retained in Aurora, reflecting the current estimate of Aurora's abandonment liabilities. The acquisition which had an effective date of 30 September 2022, completed on 1 March 2023 and the company has since been renamed Egdon Resources (Aurora) Limited.

Oil and Gas

Egdon holds interests in 34 licences in the UK (2022: 36 licences) with exposure to the full cycle of opportunities from exploration through to development and production. Egdon's website (www.egdon-resources.com) provides further details of the Company's assets and operations.

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

Licence	Changes
PL090	Increased to 73.75% through the acquisition of Aurora Production (UK) Limited
PEDL070	Increased to 36.33% through the acquisition of Aurora Production (UK) Limited
P2304	Relinquished in October 2022
P1929	Relinquished in April 2023

Production

Production during the Period was 253 boepd (H1 2022: 200 boepd), primarily from Wressle and Ceres as well as a contribution from Keddington which was off-line during January 2023 due to wax issues.

The standout asset for Egdon continues to be **Wressle** (Egdon 30%). Cumulative oil production to 31 January 2023 was 357,838 barrels and production exceeded 400,000 barrels on 28 March 2023 with no production water seen to date. Production during the Period averaged 689 bopd. Three microturbines were connected during January and February and have been fully operational since late February. So far, these have resulted in a c. 10% increase in oil production when compared to that possible without the turbines being operational and further optimisation is ongoing. Production rates averaged 770 bopd during March 2023.

The commissioning of the micro-turbines was the first step in the gas utilisation scheme. The second stage will be the installation of a separate gas engine to generate and export electricity into a local private power network. Detailed feasibility work has confirmed that the local network can accept c.1.4 MW of electricity and suitable used gas engines are currently being assessed due to the long lead times for new units.

During the Period Egdon has completed reprocessing of the 3D seismic data and finalised a new seismic interpretation and mapping exercise across the Wressle field. This has highlighted a potentially significant increase in resources from the Ashover Grit at Wressle and a new Competent Person's Report has been commissioned to consider all oil and gas bearing formations at Wressle and incorporating the new field interpretation and production performance data. This new technical report will inform the optimal development of the Ashover Grit and Penistone Flags reservoirs and we look forward to providing more details of the forward plan once this work is complete. Planning and permitting work is currently ongoing for a new well or wells from the existing Wressle site. The intention will be to drill at the earliest opportunity, subject to receipt of regulatory approval. Stage two of the gas monetisation which will focus on gas export will also be included in the planning application.

The Wressle Community Fund has been operating since early 2022. In August 2022, operation of the fund was transferred to Broughton Community and Sports Association which will run the fund to meet the needs of local charities and community groups. The Wressle JV is making £100,000 a year available to the fund.

The **Ceres** gas field (Egdon 10%) continues to contribute material revenues and cash flow. We currently expect production to continue through to at least the end of 2024 with the gas price eventually dictating the end of production.

Keddington (Egdon 45%) continued to contribute tangible revenues. A viable drilling location in the east of the field has been identified targeting around 180,000 barrels of incremental production. Planning is in place for this and the

well is likely to be drilled during H2 2023.

Fiskerton Airfield (Egdon 80%) has remained shut-in during the Period. There remains the potential for the site to be used to manage any produced water from other Egdon sites through the existing water injection well.

Other key near-term projects identified to increase production and revenue include **Waddock Cross** (Egdon 73.75%), where Egdon's interest has increased with the acquisition of Aurora Production (UK) Limited. Independent reservoir modelling has shown that a new horizontal well on the field could yield commercial oil production (500-800 bopd). Given the significant mean in-place oil volume of c. 57 million barrels, this asset has been high graded by Egdon for redevelopment. Egdon is actively progressing planning and permitting to secure consents for drilling with a target of H1 2024.

At the **Avington** oil field (Egdon 36.33% following Aurora acquisition), the operator, IGas, has discharged all planning conditions and has now commenced operations with an expected restart of production during Q2 2023.

At the **Kirkleatham** gas field (Egdon 68%), we are in advanced discussions regarding the potential farm-out of a geophysical programme and a side-track well and remain hopeful of concluding a deal in the near future. A planning application is in preparation to extend the existing consents for the site.

Exploration/Appraisal

Biscathorpe (Egdon 35.8%) and **North Kelsey** (Egdon 50%) are volumetrically significant prospects with each having gross Mean Prospective Resources of around 6.5 million barrels. Drilling is dependent upon the outcome of the planning appeals, but with a positive outcome drilling would be expected in H1 2024.

A planning hearing was held for Biscathorpe on 11 October 2022 and we await the decision from the planning inspectorate. The appeal documentation for North Kelsey was submitted on 8 August 2022 and a planning hearing is due to be held on 14 June 2023 with a decision expected during July 2023.

Post-Period end, Egdon entered into a Farmout Option Agreement with York Energy (UK) Holdings Limited relating to Licence PL081 in North Yorkshire. Under the terms of the Agreement Egdon has a period of six months from 3 February 2023 to elect to farm into the Licence which contains the **Weaverthorpe** Prospect. Weaverthorpe is a shallow Sherwood Sandstone (Triassic) prospect located immediately up-dip of interpreted gas pay in the Fordon-2 well (drilled by BP in 1974). Egdon's initial evaluation indicates an estimated Mean prospective gas resource of 58 billion cubic feet.

During the option period Egdon will undertake additional technical and operational work to de-risk the opportunity, including reprocessing of the vintage 2D seismic data and integration of this with the existing 3D seismic data which defines the western part of the prospect. Should Egdon exercise the Option, the Company will earn a 70% interest in the Licence and assume operatorship in return for paying 100% of the costs associated with the planning, drilling, logging, and either short term testing and completion or plugging and abandonment of a well to test the Weaverthorpe Prospect.

During April 2023, Egdon relinquished the P1929 licence in line with our previously advised expectation, as we had not been able to acquire the 3D seismic programme in the narrow acquisition window, following Shell's withdrawal and the NSTA were not minded to grant any further extension to the licence obligations.

Shale-gas

The Group's unconventional resources acreage holding in Northern England is 151,742 net acres (614km² net), which is a significant strategic position with estimated Mean volumes of undiscovered Gas in place of 37.6 trillion cubic feet of gas net to Egdon, independently assessed by ERCE (2019). Egdon's core area is the Gainsborough Trough of Nottinghamshire, Lincolnshire and Yorkshire where the Group holds interests in 71,361 net acres (289km² net) and where results from the 2019 Springs Road-1 well (Egdon 14.5%), compare favourably with some of the best US commercial shale-gas operations and highlight a potentially world class resource in the Gainsborough Shale. Activity remains paused following the lifting and then reintroduction of the moratorium on hydraulic fracturing for shale-gas. We will continue to make the scientific, environmental and commercial case that shale-gas should be part of the long-term solution to the UK's energy needs and that this can be done in a safe and environmentally sustainable manner. However, despite the clear need for indigenous sources of gas we see little political support at the present time.

Energy Storage, Hydrogen and Renewables including Geothermal

In relation to geothermal energy, a programme to plug and abandon the existing Dukes Wood-1 oil well and recomplete it for geothermal testing has been approved by the NSTA. It is anticipated the proof of concept workover and testing of Dukes Wood-1 will now form part of a larger programme of work, due to commence during H2 2023.

Egdon is also making good progress on a potentially material renewable energy, green hydrogen and energy storage project and hopes to be able to announce further details later in 2023.

Outlook

Production guidance for the full financial year 2022-23 is increased to 240-250 boepd from 225-245 boepd.

Operationally, our priorities for the coming year are three-fold. Firstly, a focus on maintaining and enhancing the strong production performance at Wressle whilst progressing also both the gas monetisation and the further field development. Secondly, looking to add reserves, production and revenues through a planned drilling programme across Egdon's key exploration and development/redevelopment projects. Thirdly, progressing our nascent geothermal, energy storage, hydrogen and renewable generation opportunities during the coming Period.

The Company is in a secure financial position and the Board is making progress in appointing my successor as Chairman. With continuing strong cash flow and the quality of our near-term exploration, appraisal and development opportunities, we can look forward with optimism.

Philip Stephens

Chairman

24 April 2023

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 January 2023

	Notes	Unaudited Six months ended 31-Jan-23 £'000	Unaudited Six months ended 31-Jan-22 £'000	Audited Year ended 31-July-22 £'000
Revenue		3,725	2,551	6,908
Cost of sales – exploration costs written-off and pre-licence costs		(89)	(19)	(152)
Cost of sales – impairments of intangible fixed assets		-	-	(1,802)
Cost of sales – impairment reversals of property, plant and equipment		-	507	1,397
Cost of sales – depreciation, excluding impairments		(806)	(566)	(1,521)
Cost of sales – direct production costs		(642)	(613)	(1,257)
Cost of sales – other, including shut-in fields		(226)	(94)	(205)
Total cost of sales		(1,763)	(785)	(3,540)
Gross profit		1,962	1,766	3,368
Administrative expenses		(787)	(477)	(915)
Other operating income		113	52	143
		1,288	1,341	2,596
Finance income – net investment in sub-lease		21	23	46
Finance costs		-	(55)	(92)
Finance costs – unwinding of decommissioning discount		(85)	(33)	(37)
Finance costs – lease liability charge		(48)	(54)	(106)
Profit before taxation		1,176	1,222	2,407
Taxation	4	(741)	-	890
Profit for the period		435	1,222	3,297
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period attributable to equity holders of the parent		435	1,222	3,297
Earnings per share – note 3				
Basic earnings per share		0.08p	0.24p	0.64p
Diluted earnings per share		0.07p	0.24p	0.57p

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 January 2023

	Notes	Unaudited 31-Jan-23 £'000	Unaudited 31-Jan-22 £'000	Audited 31-Jul-22 £'000
Non-current assets				
Intangible assets	2	19,732	21,240	19,562
Property, plant and equipment	2	9,416	8,932	9,824
Right-of-use asset		448	567	488
Net investment in sub-lease		394	382	393
Deferred tax asset		268	-	268
Total non-current assets		30,258	31,121	30,535
Current assets				
Inventory		17	-	17
Trade and other receivables		2,301	1,388	2,685
Cash and cash equivalents	5	5,524	2,084	4,800
Total current assets		7,842	3,472	7,502
Current liabilities				
Trade and other payables		(1,141)	(1,174)	(2,494)
Loans and borrowings	6	-	(1,007)	-
Lease liability within one year		(108)	(126)	(112)
Total current liabilities		(1,249)	(2,307)	(2,606)
Net current assets		6,593	1,165	4,896
Total assets less current liabilities		36,851	32,286	35,431
Non-current liabilities				
Lease liability after one year		(879)	(987)	(900)
Provisions		(3,822)	(2,658)	(3,459)
Total non-current liabilities		(4,701)	(3,645)	(4,359)
Net assets		32,150	28,641	31,072
Equity				
Share capital	8	17,388	17,118	17,203
Share premium		27,916	27,513	27,640
Share-based payment reserve		326	123	144
Retained earnings		(13,480)	(16,113)	(13,915)
		32,150	28,641	31,072

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 31 January 2023

	Unaudited Six months ended 31-Jan-23 £'000	Unaudited Six months ended 31-Jan-22 £'000	Audited Year ended 31-Jul-22 £'000
Cash flows from operating activities			
Profit before tax	1,176	1,222	2,407
Adjustments for:			
Depreciation and impairments of non-current assets	817	576	3,346
Impairment reversal of non-current assets	-	(507)	(1,397)
Increase in decommissioning provision written off to cost of sales	12	32	49
Foreign exchange (gain)/loss	(38)	1	(218)
Increase in inventory	-	-	(17)
Decrease/(increase) in trade and other receivables	179	(356)	(832)
(Decrease)/increase in trade and other payables	(1,766)	(546)	564
Finance costs	133	142	235
Finance income	(21)	(23)	(46)
Discount of decommissioning provision	-	101	-
Share based payment expense	182	-	144
Cash generated from operations	674	642	4,235
Tax paid	(120)	-	-
Net cash generated from operating activities	554	642	4,235
Investing activities			
Payments for exploration and evaluation assets	(53)	(175)	(216)
Purchase of property, plant and equipment	(369)	(231)	(350)
Net Profit Interest repayment	(140)	-	-
Cash acquired with subsidiary undertaking	288	-	-
Net cash flow used in capital expenditure and financial investment	(274)	(406)	(566)
Financing activities			
Issue of shares	461	-	212
Interest paid on loan	-	(56)	(100)
Principal paid on lease liabilities	(24)	(24)	(103)
Interest paid on lease liabilities	(27)	(31)	(60)
Loan repayment	-	-	(1,000)
Net cash flow generated from/(used in) financing	410	(111)	(1,051)
Net increase in cash and cash equivalents	690	125	2,618
Cash and cash equivalents at the start of the Period	4,796	1,960	1,960
Effects of exchange rate changes on the balance of cash held in foreign currencies	38	(1)	218
Cash and cash equivalents at the end of the Period	5,524	2,084	4,796
Cash and cash equivalents comprise:			
Cash at bank and in hand	5,524	2,084	4,800
Bank overdrafts	-	-	(4)
Cash and cash equivalents at the end of the Period	5,524	2,084	4,796

In the period to 31 January 2023, significant non-cash transactions included the share-based payment charge of £182k. In the year to 31 July 2022 significant non-cash transactions included the recognition of the NPI provision of £608k which is included in other provisions, the share-based payment charge of £144k and the recognition of the deferred tax asset of £1,044k. In the period to 31 January 2022, significant non-cash transactions included the recognition of the decommissioning provision of £80,000 and the convertible loan which was subsequently converted to equity.

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 January 2023

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance as at 31 July 2021	17,118	27,513	123	(17,335)	27,419
Total comprehensive income for the Period	-	-	-	1,222	1,222
Balance as at 31 January 2022	17,118	27,513	123	(16,113)	28,641
Total comprehensive income for the Period	-	-	-	2,075	2,075
Issue of shares – exercise of warrants	85	127	-	-	212
Cancellation of share options	-	-	(123)	123	-
Issue of new share options	-	-	144	-	144
Balance as at 31 July 2022	17,203	27,640	144	(13,915)	31,072
Total comprehensive income for the Period	-	-	-	435	435
Issue of shares – exercise of warrants	185	276	-	-	461
Issue of new share options	-	-	182	-	182
Balance as at 31 January 2023	17,388	27,916	326	(13,480)	32,150

1. General information

Egdon Resources plc ('the Company' and ultimate parent of the Group) is a public limited company listed on the AIM market of the London Stock Exchange plc (AIM) and incorporated in England. The registered office is Blackstable House, Longridge, Sheepscombe, Stroud, Gloucestershire, England, GL6 7QX.

This interim report was authorised for issue by the Directors following close of markets on 21 April 2023.

Basis of preparation

The financial information set out in this interim report has been prepared in accordance with UK adopted international accounting standards.

Adoption of new and revised standards

New standards, interpretations and amendments

New standards impacting the Group that have been adopted in the interim financial statements for the six months ended 31 January 2023, but have not had a significant effect on the Group are as follows:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3)

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting Periods that the Group has decided not to adopt early.

The following amendments are effective for the reporting Period beginning 1 August 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

Non-statutory accounts

The financial information set out in this interim report does not constitute the Group's statutory financial statements for that Period within the meaning of Section 434 of the Companies Act 2006. The statutory financial statements for the year ended 31 July 2022 have been delivered to the Registrar of Companies. The auditors reported on those financial statements; their report was unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006. However, in their report on the statutory financial statements for the year ended 31 July 2022, the auditors drew attention, by way of emphasis of matter paragraph, to material uncertainties related to the carrying value of the unconventional assets and the impact of the moratorium on hydraulic fracturing for shale-gas in England.

The financial information for the six months ended 31 January 2023 and 31 January 2022 is unaudited.

Accounting policies

The condensed financial statements have been prepared under the historical cost convention, except for the inclusion of certain financial instruments at fair value.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in preparation of the Group's financial statements for the year ended 31 July 2022.

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, being 12 months from the approval of the interim financial statements.

Forward cash flows necessarily make assumptions as to the timing and value of cash flows from production at the Group's producing sites. Whilst there is currently no evidence that the timing or value of these revenues is unrealistic,

the Directors acknowledge that volatility in both oil and gas prices, well performance uncertainties and realising of amounts invoiced to joint venture partners, give some level of uncertainty in respect of the timing of future cash flows.

The Group also retains options 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 if 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.

2. Impairments

Current period

During the period no impairment charge or credit has been recognised.

As at period ended 31 January 2022 and 31 July 2022

An impairment credit of £506,903 was recognised in relation to the Ceres Gas Field as the current high gas price assumptions render Ceres economic until 2025.

As at year ended 31 July 2022

An impairment charge of £1,801,790 was recognised in relation to the licences P1929 and P2304 due to Shell advising Egdon of its intention to withdraw from the licenses.

An impairment credit of £127,000 was recognised in relation to the Keddington Oil Field as it is assumed that there will be increased production in late 2023.

An impairment credit of £133,000 was recognised in relation to Avington Oil Field as restoration of production is anticipated during 2023.

An impairment credit of £300,000 was recognised in relation to Waddock Cross Oil Field as production reinstatement is anticipated.

An impairment credit of £330,000 was recognised in relation to Kirkleatham Gas Field as drilling is expected in late 2023.

3. Earnings per share

	Unaudited Six months ended 31-Jan-23 p	Unaudited Six months ended 31-Jan-22 p	Audited Year ended 31-Jul-22 p
Basic	0.08	0.24	0.64
Diluted	0.07	0.24	0.57

The basic earnings per share has been calculated on the profit on ordinary activities after taxation of £0.435m (January 2022: £1.222m; July 2022: £3.297m) divided by the weighted average number of ordinary shares in issue of 543,683,031 (January 2022: 516,777,031; July 2022: 518,951,908). The diluted earnings per share has been calculated on the profit on ordinary activities after taxation of £0.435m (January 2022: £1.222m; July 2022: £3.297m) divided by the diluted weighted average number of ordinary shares in issue of 590,639,371 (January 2022: 516,777,031; July 2022: 581,343,086).

In the Period to 31 January 2022, the share options and warrants in issue were excluded as their inclusion would have been anti-dilutive. At the prior Period end, the calculated average share price was lower than the exercise price of the warrants and share options in issue and, therefore these potential ordinary shares have not been included for the purposes of calculating the diluted profit per share.

Changes to tax policy have had an impact on the profit after tax. An alternative earnings per share calculation is presented below using the same denominators as in the table above and the profit on ordinary activities before taxation for each Period of £1.176m (January 2022: £1.222m; July 2022: £2.407m).

	Unaudited Six months ended 31-Jan-23 p	Unaudited Six months ended 31-Jan-22 p	Audited Year ended 31-Jul-22 p
Basic	0.22	0.24	0.46
Diluted	0.20	0.24	0.41

4. Taxation

	Unaudited 31-Jan-23 £'000	Unaudited 31-Jan-22 £'000	Audited 31-Jul-22 £'000
Current tax expense			
Ring fence profits	138	-	51
Energy profit levy	458	-	103
Total current tax	596	-	154
Deferred tax expense			
Reversal of temporary difference – utilisation of losses	145	-	-
Origination and reversal of temporary differences	-	-	(1,044)
Total deferred tax	145	-	(1,044)
Total tax charge/(credit) for the period	741	-	(890)

5. Cash and cash equivalents

	Unaudited 31-Jan-23 £'000	Unaudited 31-Jan-22 £'000	Audited 31-Jul-22 £'000
Cash at bank at floating interest rates	495	494	2,230
Non-interest bearing cash at bank	5,029	1,590	2,570
	5,524	2,084	4,800

Cash at bank at floating interest rates consisted of money market deposits which earn interest at rates set in advance for periods up to three months.

6. Loans and borrowings

	Unaudited 31-Jan-23 £'000	Unaudited 31-Jan-22 £'000	Audited 31-Jul-22 £'000
Current			
Other loans	-	(1,007)	-
	-	(1,007)	-

The loan facility held with Union Jack Oil plc is £Nil (H1 2022: £1.0m). The loan which was drawn down on 25 November 2020 was fully repaid in the prior period on 25 May 2022. Interest accrued on a daily basis on the outstanding loan amount at an interest rate of 11% per annum and was payable quarterly commencing on the earlier of the quarter following first production or on 1 April 2021. The loan was secured against an unencumbered 25% interest

in the Wressle Project (PEDL180, and PEDL182), including the Wressle development project and associated infrastructure.

7. Dividend

The Directors do not recommend payment of a dividend.

8. Share capital

In the current Period a total of 18,441,000 warrants to subscribe for new Ordinary 1p shares were exercised for total cash consideration of £461,025 at an issue price of 2.5p. The nominal value of the shares was £184,410 and the additional share premium created was £276,615.

In the prior year a total of 8,465,000 warrants to subscribe for new Ordinary 1p shares were exercised for total cash consideration of £211,626 at an issue price of 2.5p. The nominal value of the shares was £84,650 and the additional share premium created was £126,976.

9. Business combination

With an effective commercial date of 30 September 2022, the Company acquired the entire share capital of Aurora Production (UK) Limited ("Aurora Production") from Aurora Petroleum Limited. Aurora Production is a private company, which holds an 18.75% interest in the Egdon operated licence PL090 which contains the Waddock Cross oil field and an 8.33% interest in the IGas operated licence PEDL070 which contains the Avington oil field.

Egdon's interest in the Waddock Cross oil field (PL090) increased to 73.75% and to 56.04% in the remaining parts of PL090 (excluding the Waddock Cross oil field). Egdon has increased its holding in the Avington oil field to 36.33%.

The consideration for this acquisition was the grant of a Net Profit Interest to the Vendor of 10% on each of the licence interests which in the event that profitable production is established, will result in the Vendor being reimbursed a sum of up to £0.288 million from future production. Cash balances of £0.288 million were retained in Aurora reflecting the current estimate of Aurora's abandonment liabilities.

Aurora Production also has accumulated upstream ringfenced tax losses of ca. £90 million that should be available to offset tax on future profits.

A review of the fair value of Aurora's assets and liabilities at the acquisition date is ongoing at the date of this report and will be dealt with in the Annual Report. Therefore, the assets and liabilities at acquisition have been recognised at book value and any difference between the consideration and the fair value of net assets acquired which may lead to goodwill or bargain gain has not been recognised in these interim financial statements.

The results of Aurora for the period 1 October 2022 to 31 January 2023 have been consolidated into the Consolidated Statement of Comprehensive Income.

10. Post-Period Events

On 6 February 2023 Egdon entered into a Farmout Option Agreement with York Energy (UK) Holdings Limited relating to Licence PL081 in North Yorkshire. Under the terms of the Agreement Egdon has a Period of six months from 3 February 2023 to elect to farm into the Licence which contains the Weaverthorpe Prospect. Egdon's initial evaluation indicates an estimated Mean prospective gas resource of 58 billion cubic feet.

On 1 March 2023 Egdon completed the acquisition of Aurora Production (UK) Limited which has subsequently been renamed Egdon Resources (Aurora) Limited (see Note 9 above).

On 19 April 2023 Egdon relinquished P1929 which contained the Resolution gas discovery and which was fully impaired in the 31 July 2022 accounts (see note 2 above).

11. Publication of the Interim Report

This interim report is available on the Company's website www.egdon-resources.com.