EGDON RESOURCES plc

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

STOCK CODE: EDR

Oil and Gas Exploration and Production

WELCOME TO
Egdon Resources plc

EGDON RESOURCES PLC IS AN ONSHORE FOCUSED OIL AND GAS EXPLORATION AND PRODUCTION BUSINESS

- An established oil and gas exploration and production business with 36 licences in proven oil and gas producing basins in the UK and France
- A balanced portfolio of production, development, appraisal and exploration projects in conventional and non-conventional hydrocarbons positioning the Company for growth
- A proven operator with an experienced and respected management team
- A strong focus on safety, environmental and social responsibility in all aspects of operations

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Strategic Report

Getting around this report

Read more inside this **Annual Report**

Read more online **www.egdon-resources.com**

2014 Highlights

DELIVERING ON OUR STRATEGY

STRATEGIC REPORT — OVERVIEW

"The year under review has been transformational for Egdon. We are delivering on our strategy of building value in our UK shale-gas assets; with the acquisition of Alkane Energy's shale-gas interests and the introduction of the first major, Total, into the UK shale-gas arena in three of our licences. We have embarked upon a more active operational phase with the Wressle-1 discovery due to be tested by year end and a programme of up to four further conventional wells expected to commence early in 2015. In addition, the financial position of the Group has been strengthened significantly through two successful equity fund raisings which raised £10 million before costs."

238

Barrels of oil equivalent produced per day

£9.7m

Net cash

£10m

Raised from share placings

Operational and Corporate Highlights

- Production of 86,870 barrels of oil equivalent (2013: 79,947 barrels of oil equivalent)
- Transformation of the Group into a leading UK shale-gas business following the acquisition of the shale-gas interests of Alkane Energy plc in 10 licences and a farm-out to Total E&P UK Limited with significant carried work programme of up to $46.5 million (gross)
- Option Agreement with Total E&P UK Limited for PEDL209 with cash payment to Egdon of £0.92 million and an option work programme of £13.5 million
- Option Agreement entered into with Scottish Power for PL161/162 in core Gainsborough Trough shale-gas area providing Egdon with access to additional conventional and unconventional prospectivity
- Financial position of the Group strengthened significantly through two equity fund raisings during the period raising £10 million (before costs)

Financial Highlights

- Oil and gas revenues during the period £2.96 million (2013: £3.34 million)
- Loss for the period of £0.46 million (2013: loss of £0.72 million) after impairment charge of £0.54 million (31 July 2013: £0.56 million)
- Basic loss per share of 0.30p (31 July 2013: basic loss per share of 0.54p)
- Cash at bank £9.70 million as at 31 July 2014 (31 July 2013: £2.01 million)
- Net current assets as at 31 July 2014 of £10.80 million (31 July 2013: £2.10 million)
- Net assets as at 31 July 2014 of £36.41 million (31 July 2013: £16.80 million)

Post Balance Sheet Events

- Two conventional exploration wells drilled post year end with Wressle-1 exploration well indicating hydrocarbons in three zones to be tested in Q4 2014

Egdon at a Glance

A FOCUSED EXPLORATION AND PRODUCTION BUSINESS

About Egdon

Egdon was formed in 1997 and awarded its first licence in 1998. In 2000 Egdon gained its first operated licence and listed on the OFEX market. In 2004 Egdon listed on AIM. In January 2008 Egdon demerged its gas storage business, Portland Gas plc (now renamed Infrastrata), and again became a focused exploration and production business with conventional and unconventional assets in UK and France.

36

Licences in the UK and France

Best Estimate Prospective and Contingent Resources

632

mmboe

Pictured: Aerial photograph of typical Egdon operational drilling site

Our Strategy

The Directors have identified three key near-term strategic objectives to drive shareholder value:

UK Shale-Gas — growing the Company's exposure to shale-gas exploration opportunities in Northern England.

Conventional Exploration and Appraisal — adding additional reserves/revenues through an active conventional drilling programme whilst managing risk and financial exposure through farm-out.

Production — a continued focus on maximising production rates and revenues from existing producing assets through targeted investment.

Chairman's Statement

SIGNIFICANT DEVELOPMENTS

STRATEGIC REPORT — OVERVIEW

Philip Stephens
Chairman

The Directors present their Strategic Report for the year ended 31 July 2014.

"The year under review has been transformational for Egdon. We are delivering on our strategy of building value in our UK shale-gas assets and have embarked on an active operational phase funded by production revenues and strengthened balance sheet."

I am pleased to report on a transformational year for the Group. The year to 31 July 2014 has seen significant progress made with a number of our key strategic objectives.

In this period, the Company has seen growing interest in our UK shale-gas assets as we begin to deliver our strategy of building value in this high potential play through a number of asset transactions. These included the landmark introduction of the first major, Total, into the UK shale-gas arena through their farm-in to three of our Gainsborough Trough licences and the acquisition of Alkane Energy plc's UK shale-gas interests. These transactions have transformed the Group into a leading UK shale-gas business.

The period has also seen the Group embark on a more active operational phase, with the drilling of the Wressle-1 exploration well commencing in July 2014 and resulting in a potential hydrocarbon discovery due to be tested for commerciality in this current quarter. The Burton on the Wolds-1 exploration well was completed in November 2014 but disappointingly failed to find hydrocarbons.

The financial position of the Group has been strengthened significantly during the year through two successful institutional placings and an open offer which raised a combined total of £10 million before costs.

Financial and Statutory Information

Revenue from production during the year was £2.96 million (2013: £3.34 million) on production of 86,870 barrels of oil equivalent ("boe") (2013: 79,947 boe). This equates to a daily production of 238 barrels of oil equivalent per day ("boepd") against a reported target for the year of 200 boepd (2013: 219 boepd).

The Group recorded a loss after tax of £0.46 million for the period (2013: £0.72 million) after impairment charges of £0.54 million in respect of Ceres and Kirkleatham driven by weaker forward gas prices and a one-off profit of £1.08 million in relation to cash received as part of the PEDL139/140 and PEDL209 transactions with Total. The 2013 figures included impairments of £0.56 million and one-off profits of £0.39 million. Loss per share for the period was 0.30p (2013: loss of 0.54p).

In December 2013, the Company implemented a Share Capital Reorganisation whereby the existing Ordinary Shares of 10 pence were subdivided into New Ordinary Shares of 1 penny each and 9 Deferred Shares of 1 penny each. During February 2014, the Group placed 12,000,000 New Ordinary Shares at a placing price of 25 pence per share to raise £3 million before costs. In June 2014, the Group issued 35,033,549 New Ordinary Shares via an institutional placing and oversubscribed open offer at a price of 20 pence per share to raise £7 million before costs. The Group also issued 40,000,000 new ordinary shares to Alkane Energy plc as consideration for their UK shale-gas interests. Following these share issues and the exercise of 978,271 option shares under the Group's Enterprise Management Incentive scheme during the year, the total number of shares in issue is 220,799,363 (31 July 2013: 132,787,543).

The Group ended the year with £9.67 million of cash and cash equivalents (2013: £2.01 million) and net current assets of £10.8 million (2013: £2.1 million). The Group is also debt free having repaid a £1 million loan during the period and at 31 July 2014 had net assets of £36.41 million (2014: £16.80 million).

In line with last year, the Directors do not recommend the payment of a dividend.

Strategy

The Directors have identified three key near-term strategic objectives to drive shareholder value:

- UK Shale-Gas — growing the Company's exposure to shale-gas exploration opportunities in Northern England.
- Conventional Exploration and Appraisal — adding additional reserves/revenues through an active conventional drilling programme whilst managing risk and financial exposure through farm-out.
- Production — a continued focus on maximising production rates and revenues from existing producing assets through targeted investment.

The Company has developed a portfolio of 36 licences in the UK and France via a combination of licence round applications, acquisitions and farm-ins.

UK Shale-Gas

We have continued to see growing governmental and cross-party support for the responsible exploration of shale-gas in the UK. In addition, studies by the Royal Society and Royal Academy of Engineering, Public Health England, the Chartered Institute of Water and Environmental Management, and a government report by Professor David Mackay and Dr Tim Stone have all concluded that any potential risks associated with shale-gas development can be properly managed in a well regulated industry such as exists in the UK. Against this general backdrop we have made significant progress in building our Northern England shale-gas position through a series of transactions.

In January 2014, we announced two highly significant deals with Total, the first international major to take a position in UK shale-gas. The first was a farm-in by Total to licences PEDL139/140 and the second was a Farm-in Option Agreement in respect of PEDL209. These transactions will deliver a significant work programme designed to de-risk the Gainsborough Trough Bowland-Hodder shale-gas play and followed our December 2013 Exploration Option and Farm-in Agreement with Scottish Power for licences PL161/162 which has an exercise date of December 2014.

In June 2014 Egdon completed the acquisition of the UK onshore shale-gas interests of Alkane Energy plc comprising 10 licences which resulted in an almost doubling of Egdon's assessed prospective shale-gas acreage to 140,176 acres (91% increase) and further strengthened our established position in the Gainsborough Trough.

Conventional Exploration and Appraisal - An Active UK Drilling Programme

Egdon's conventional exploration activity has been focused in Northern England during 2014 and will continue similarly into 2015 with exploration wells Wressle-1 and Burton on the Wolds-1 having been drilled during Q3/Q4 2014. Wressle-1, our first exploration well in the East Midlands, was completed in September 2014 with preliminary evaluations indicating the presence of over 30 metres of potential hydrocarbon pay — this well is currently being prepared for testing.

We are well advanced in respect of a further drilling programme due to commence in Q1 2015 which is expected to comprise four conventional exploration wells at Laughton, Biscathorpe, North Kelsey and Kiln Lane, partly contingent upon gaining the necessary planning consents. In addition, a key focus for the Company during 2015 will be the "A" Prospect in UK offshore licence P.1929 (Egdon 100%), located adjacent to the North Yorkshire coast. This 1966 gas discovery is assessed by Egdon as having the potential to contain Best Estimate Prospective Resources of 150 billion cubic feet ("bcf") of gas and our plan is to drill an appraisal well from an onshore location.

Production

Production from Ceres, Keddington, Avington and Waddock Cross during the year was 238 boepd, ahead of our guidance target of 200 boepd. Ceres, Keddington and Avington production was at or slightly ahead of expected levels. Waddock Cross was put into production in late September 2013 and total oil rates have been below expectation to date.

Chairman's Statement
CONTINUED

Outlook

Given the continued high level of interest, recent transactions and likely 14th UK Onshore Licensing Round activity, we expect our UK shale-gas assets to be a key near-term value driver for the business. We have submitted applications in the 14th Round which closed on 28 October 2014 and now await the results which are expected in early 2015. The carried drilling on our Gainsborough Trough licences is now anticipated to commence in 2015, subject to receipt of the necessary consents. Success in de-risking the shale-gas play in the area through this programme could lead to a significant revaluation of our UK shale-gas acreage.

We have embarked on a more active operational period in our conventional exploration activities with the drilling of Wressle-1 and Burton on the Wolds-1 in the last few months. A programme of up to four further conventional wells, partly subject to gaining planning consents, is now expected to commence in Q1 2015. Progress is being made in submitting a planning application for the drilling during 2015 of the 150 bcf potential "A" Prospect offshore North Yorkshire.

Guidance for 2014-15 production is 195 boepd from the Ceres, Keddington, Avington and Waddock Cross fields. Planned infill drilling opportunities could lead to an upgrade to this forecast and we look forward to the results from our testing programme on Wressle-1 and our 2015 conventional exploration drilling programme, which could also lead to further production and revenues.

As always I would like to acknowledge the continuing efforts of our growing, but still small, hardworking team.

We thank shareholders for your continued support and look forward to rewarding your patience in what should be an exciting period for the Company as the potential of our shale-gas assets continues to gain recognition and we pursue an active period of conventional exploration activity, all underpinned by production revenues and a strengthened balance sheet.

Philip Stephens
Chairman
10 November 2014

Managing Director's Operating Review

Mark Abbott
Managing Director

I am pleased to update shareholders with a strategic review of developments within Egdon's assets during the period and a summary of our operations and plans for the coming period, with a focus on key priorities and potential growth drivers.

The Company is focused on three areas: "Northern England" which includes the East Midlands where we have production at Keddington and Dukes Wood/Kirklington (currently shut-in), our primary unconventional hydrocarbon assets, the Cleveland Basin and offshore gas assets including Ceres; "Southern England", with production at Avington and Waddock Cross, and exploration in the Wessex Basin; and "France" where we currently hold assets with an exploration focus.

> "We look forward to an exciting period ahead as the potential of our shale-gas assets continues to gain recognition and we pursue an active conventional exploration programme, all underpinned by production revenues."

Production during the period was 86,870 barrels of oil equivalent (2013: 79,947 boe) equating to daily production of 238 boepd against a reported target of 200 boepd (2013: 219 boepd). Waddock Cross started production during the period although to date total oil rates have been below expectation, and a work-over is currently ongoing with a view to improving production rates. Production from our other producing fields, Ceres, Keddington, and Avington, was at or slightly ahead of expected levels.

The past year has seen significant progress in delivering on our strategy of growing the Company's exposure to shale-gas exploration opportunities in Northern England, progressing conventional exploration and appraisal opportunities through developing an active drilling programme whilst managing risk and financial exposure through farming-out, and continuing to focus on maximising production rates and revenues from existing producing assets through targeted investment.

Egdon is an active member of UKOOG (UK Onshore Oil and Gas), the UK onshore industry body, with representation on the executive committee and numerous working groups. Egdon has signed up to both of UKOOG's Shale-Gas Well Guidelines and Community Engagement Charter.

The Group has a well-developed Health and Safety culture and we have never been involved in any serious incident. We are highly conscious of our health, safety and environmental responsibilities, and through all aspects of our operations we are mindful of the potential risks to people and the environment. We are committed to high standards of health, safety and environmental protection and performance and these aspects command equal prominence with other business considerations in our decision making process.

As at 31 July 2014, Egdon's reported Proven and Probable oil reserves are estimated as 0.25 mmbls (2013: 0.33 mmbls). Our Proven and Probable gas reserves have reduced to 0.98 bcf (2013: 1.1 bcf). The best estimate of the Group's contingent and prospective resources is 632 million barrels of oil equivalent ("mmboe") (2013: 400 mmboe), which highlights the significant potential for growth in our existing exploration portfolio.

UK
The UK is the Group's primary business segment with 33 licences held, 30 of which are onshore and 23 of which are operated. We have two broadly defined focus areas, "Northern England" and "Southern England".

Managing Director's Operating Review
CONTINUED

Northern England
Northern England comprises our main focus area (27 licences) and spans the East Midlands Petroleum Province, the NW of England, and the gas prospective areas of the Cleveland Basin and Southern Gas Basin. One licence, PEDL206, was relinquished during the year.

Growing the Group's UK Unconventional Hydrocarbon Business
The Group's UK unconventional hydrocarbon potential is mainly located within Northern England. Egdon's focus is on the brittle high total organic content ("TOC") shales of early Carboniferous age and tight sandstone reservoirs associated with these. During the past year the Group has made significant strides in delivering on our strategy of growing our exposure to these plays.

In December 2013 we were able to announce the signature of an Exploration Option and Farm-in Agreement with Scottish Power for licences PL161/162 whereby Egdon will earn a 50% interest in return for the drilling of a well, with an exercise date of December 2014.

In January 2014, we announced two highly significant deals with Total, the first international major to take a position in UK shale-gas. The first was a farm-in by Total to licences PEDL139/140 where they will earn a 40% interest through a carried work programme of up to *c.*£28 million ($46.5 million) with a minimum commitment of *c.*£12 million. As a result of this and other linked transactions Egdon now holds a 14.5% interest in the licences, up from 13.5% previously, and received *c.*£0.37 million in cash under inter-party agreements. The second was a Farm-in Option Agreement in respect of PEDL209, whereby Total has an option, exercisable until 31 December 2015, to earn a 50% interest in the licence by paying for an exploration programme of £13.47 million. Egdon received a cash payment of £0.92 million and retains the exploration rights at Laughton and two other prospects, all of which are purely conventional and are excluded from the option.

These transactions will deliver a significant work programme designed to de-risk the Gainsborough Trough Bowland-Hodder shale-gas play. Since signature, we have completed 3D seismic acquisition over parts of PEDL139/140 and the operator is embarking on a period of community engagement ahead of planning and permitting work for a planned 2015 well in those licences.

In June 2014, Egdon completed the acquisition of ten licences containing shale-gas potential from Alkane Energy plc. This acquisition resulted in an almost doubling of Egdon's assessed prospective shale-gas acreage to 140,176 acres (91% increase), further strengthening our established position in the Gainsborough Trough. We have embarked on the detailed evaluation of these newly acquired licences and will be developing our plans for further evaluation during the coming year, and it is possible that we may seek to introduce a partner to advance the exploration of these licences. As part of our due diligence processes carried out during this transaction, ERC Equipoise Ltd completed a review of Gas in Place ("GIIP") in Egdon's shale-gas licences including the licences acquired from Alkane, reporting combined estimated mean undiscovered GIIP of approximately 28 trillion cubic feet ("TCF") of gas with a range of approximately 11 to 48 TCF and a mid-case of 22 TCF.

Conventional Production and Exploration
In Northern England production during the period was from the Keddington and Ceres fields.

The Keddington Oil Field (PEDL005R — Egdon 75%) currently produces oil and associated gas from two wells (Keddington-4 and Keddington-3Z) at rates of *c.*30-35 barrels of oil per day ("bopd") gross with the wells showing natural decline. We have recently completed a detailed review of the field and have identified potential infill drilling opportunities which we expect to progress during 2015.

The Ceres Gas Field (P.1241 — Egdon 10%) has produced slightly above expectations through the year but continues to deplete in line with the operator's forecast.

The Dukes Wood/Kirklington Oil Field (PEDL118 and PEDL203 — Egdon 50%) remained shut-in during the period. Potential new drilling locations in areas of the Dukes Wood/Eakring field not previously produced (e.g. Eakring North Lead) and locations where potentially producible in-place oil remains are under evaluation with a view to developing a long-term growth plan for the field.

The Kirkleatham Gas Field (PEDL068 — Egdon 40%) has also remained shut-in during the year. The possibility of drilling a new side-track well to an area of the productive structure mapped as being up-dip from the existing producing well with a view to restoring production is under active consideration for 2015.

Drilling and testing operations have been completed at Nooks Farm (Egdon 46%) and we await plans from the operator in relation to the planned gas-to-wire project.

Exploration
The Company has embarked on a more active exploratory drilling phase post year end with wells at Wressle-1 and Burton on the Wolds-1 yielding contrasting results. Although Burton on the Wolds-1 failed to find any hydrocarbons, evaluation of Wressle-1, our first East Midlands exploration well, indicates hydrocarbon potential in at least three sandstone reservoir intervals totalling over 30 metres. The well has been completed and testing is expected to commence on at least two of these intervals prior to year end.

Further exploration wells are planned for early 2015 at Laughton, Biscathorpe, North Kelsey and Kiln Lane. These wells will target a further 11.35 mmbls of Net Egdon Best Estimate Prospective Resources.

A key focus for the Company during the coming period will be the "A" Prospect in UK offshore licence P.1929 (Egdon 100%), located adjacent to the North Yorkshire coast. Egdon's initial evaluation of this 1966 gas discovery indicates the potential for the prospect to contain Best Estimate Prospective Resources of 150 billion cubic feet ("bcf")of gas. We are progressing plans to drill a well from an onshore location to appraise the discovery. We plan to farm-out this well during 2014–2015 with a view to drilling in the fourth quarter of 2015.

Southern England

In Southern England, the Group holds interests in six licences containing conventional oil production and exploration opportunities. During the period we have relinquished three licences (PEDL155, PEDL240, and PEDL256) which did not meet our technical or commercial thresholds, delivering on our strategy of concentrating on fewer higher potential opportunities.

Production in this core area comes from the Avington and Waddock Cross oil fields. Avington (PEDL070 — Egdon 26.67%) has continued on production during the period at levels in line with expectation. The potential for additional development wells to increase oil production and reserves from the field remains under review.

The Waddock Cross Oil Field (PL090 — Egdon 55%) commenced production in September 2013. Overall oil rates have been lower than expected and a work-over of the shut-in Waddock Cross-3 well is currently ongoing with a view to restoring production from this well. Longer term, we recognise the potential for enhancing production rates and the ultimate recovery from the significant in-place oil volumes by further in-field drilling.

In Wessex Basin licences PEDL237 and PL090 (Egdon 48.75%), a 3D seismic survey covering an area of 68.5 square kilometres was completed in October 2013. The processed 3D data is currently being evaluated to identify locations for possible future exploration drilling.

The Holmwood Prospect (PEDL143 — Egdon 38.4%) remains one of the largest undrilled prospects in the Weald Basin. The licence group received a favourable judgment at the High Court in July 2013 quashing the Planning Inspector's original decision to reject its Holmwood-1 planning appeal, and a second favourable judgement at the Court of Appeal in June 2014 denying an appeal lodged against the High Court ruling. A second appeal against the initial Surrey County Council refusal of Planning Consent will now be heard during early 2015.

14th Round

The UK 14th Onshore Licensing round closed on 28th October 2014. Egdon have submitted a number of applications in the round with strong partnerships and we await the results of the round, which are expected in early 2015, with interest.

France

Egdon holds interests in three French licences, is still awaiting the award of a fourth (Donzacq), and has back-in options on two further permits and a pending application (Gex Sud). The regulatory regime in France remains challenging, and as a result we have no plans to grow our position in the country at this time. However, our existing interests do have potential to add significant shareholder value, particularly from our conventional oil and gas prospects within the Aquitaine Basin.

Outlook

We expect a continued high level of interest in our UK unconventional assets in the coming year and anticipate that 2015 will see the first carried well on our Gainsborough Trough licences, subject to receipt of the necessary consents. Success in de-risking the shale-gas play in the area through this programme could lead to a significant revaluation of our entire UK shale-gas portfolio.

We have embarked on a more active operational period in our conventional exploration activities with the drilling of Wressle-1 and Burton on the Wolds-1 in the last few months and we look forward to the results of testing at Wressle-1. A programme of up to four further conventional wells, partly subject to gaining planning consents, is now expected to commence in Q1 2015. This will comprise wells at Laughton, North Kelsey, Biscathorpe and Kiln Lane. Progress is being made in preparing a planning application for the drilling during 2015 of the 150 bcf potential "A" Prospect offshore North Yorkshire and finding a suitable partner for this project will be a key focus over the coming period.

Production guidance for the coming year is 195 boepd. Additional work-overs and sidetrack production wells are under consideration at Waddock Cross, Keddington and Kirkleatham, and along with success from our exploration programme could lead to an increase in overall rates in the next full-year period.

We continue to carefully manage our available resources and risk exposure through farm-outs and disposals of non-core assets as we continue the process of focussing on higher potential projects.

I would like to take this opportunity to thank my small but growing team of hard-working professionals at Egdon and our trusted contractors and advisors who assist in the management of our portfolio of assets.

Mark A W Abbott
Managing Director
10 November 2014

United Kingdom Licences Summary

STRATEGIC REPORT — STRATEGY AND OPERATIONS

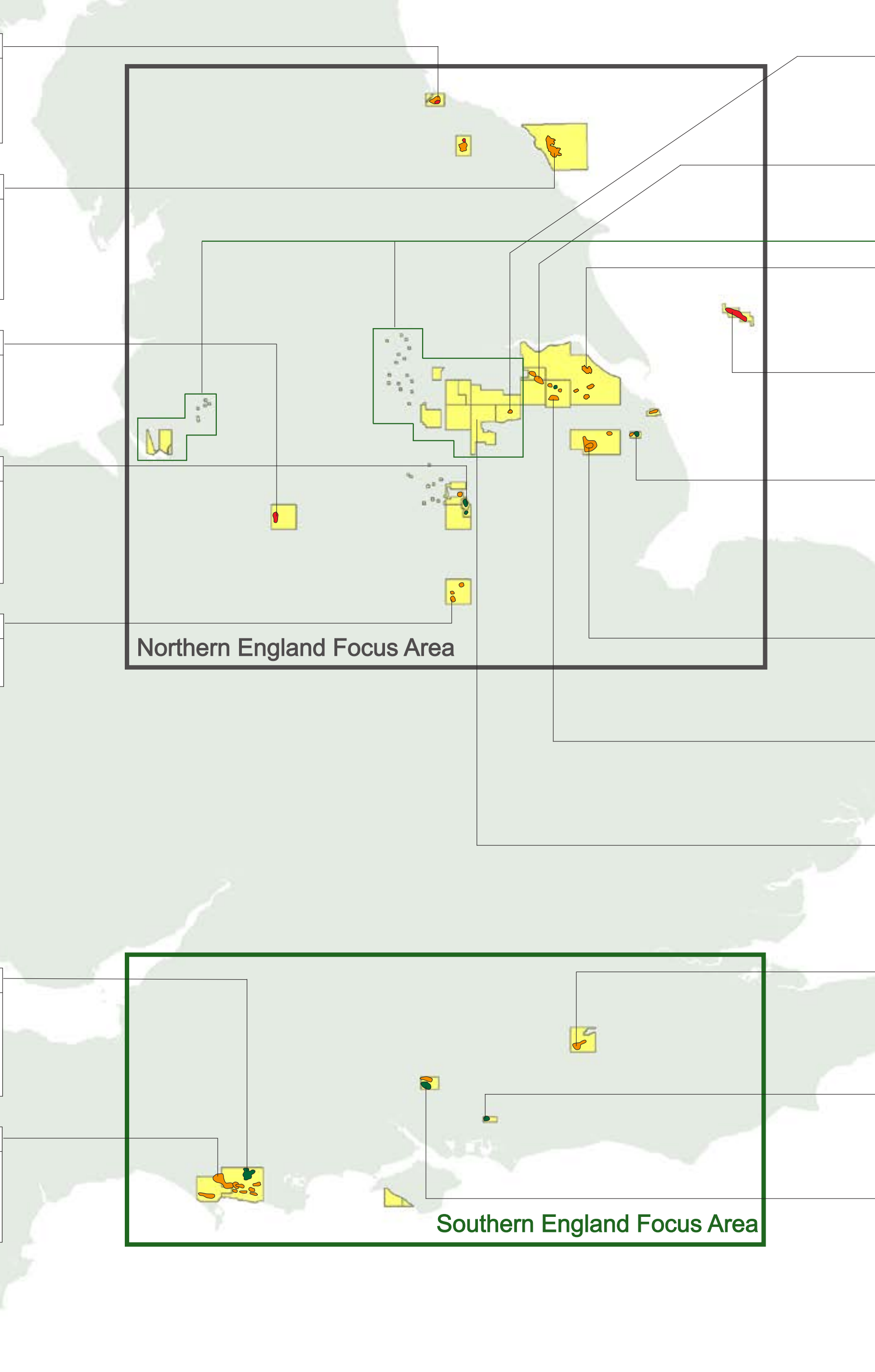
Kirkleatham	PEDL068	40%
- The Kirkleatham Gas Field remains shut-in - The potential to drill a side-track well to an identified up-dip area of the accumulation is under consideration for 2015 - 2C remaining reserves of 0.16 bcf (Net Egdon)		

A Prospect	P1929	100%
- Upper Permian Zechstein carbonate gas discovery 1966 Total well 41/18-1 flowed at 2.5 mmcfg/d (following acidisation) - Plan to drill a well from an onshore location to appraise the discovery during 2015 - Net Egdon Best Estimate Prospective Resources of 150 bcf		

Nooks Farm	PEDL141	46%
- Nooks Farm-1A gas discovery made by Shell in Staffordshire in 1982 - Nooks Farm-2 drilled and tested in 2013/14 - Operator progressing gas-to-wire project		

Dukes Wood / Kirklington	PEDL118/203	50%
- The Dukes Wood/Kirklington oil field remains shut-in - Potential new drilling locations in areas of Dukes Wood/Eakring field not previously produced (e.g. Eakring North Lead) and locations where producible oil remains are under evaluation with a view to agreeing a long-term growth plan for the field		

Burton on the Wolds	PEDL201	32.5%
- Exploration well failed to find hydrocarbons well P&A'd - Remaining prospectivity (conventional/unconventional) being evaluated		



Waddock Cross	PL090	55%
- Bridport Sandstone (Jurassic) oil discovery with in excess of 30 mmbls in place, 2P reserves of 0.17 mmbls (Net Egdon) - Overall oil rates have been lower than expected and a workover of the shut-in Waddock Cross-3 well is currently ongoing with a view to restoring production from this well		

Dorset Sherwood Sandstone	PL090/PEDL237	48.75%
- A 3D seismic survey covering an area of 68.5 km² was completed in October 2013 - The processed 3D data is currently being evaluated to identify locations for possible future exploration drilling		

Laughton	PEDL209	60%
- Exploration well planned for early 2015 - Well to target 0.6 mmbls of Net Egdon Best Estimate Prospective Resources		

Wressle	PEDL180	25%
- Exploration well drilled in Q3 2014, to be tested in Q4 2014 - At least three hydrocarbon bearing zones over 30 metres of potential pay		

Kiln Lane	PEDL181	25%
- Exploration well planned for late 2014 - early 2015 - Well to target 0.68 mmbls Net Egdon Best Estimate Prospective Resources		

Ceres	P.1241	10%
- Lower Permian Leman Sandstone reservoir gas field - Expected production of c. 0.8 mmscfg/d net Egdon during 2014 - 2015		

Keddington	PEDL005(r)	75%
- Production from Carboniferous sandstone reservoir at 2,200 metres depth - Produces oil and associated gas from two wells Keddington-4 and Keddington-3Z at rates of c.30-35 barrels of oil per day - A detailed review of the field has identified potential infill drilling opportunities to increase production which may be progressed in 2015		

Biscathorpe	PEDL253	54%
- Exploration well planned for early 2015 - Well to target 7.5 mmbls Net Egdon Best Estimate Prospective Resources		

North Kelsey	PEDL241	40%
- Exploration well planned for early 2015 - Well to target 2.4 mmbls Net Egdon Best Estimate Prospective Resources		

Gainsborough Trough	PEDL139/140	14.5%
- 3D seismic acquired and evaluated in 2014 - Carried 2015 exploration well subject to receipt of planning and other consents		

Holmwood	PEDL143	38.4%
- The Jurassic Carbonate and Sandstone Holmwood Prospect contains net Egdon Best Estmate Prospective Resources of 16.6 bcf - New planning appeal will be heard during early 2015		

Markwells Wood	PEDL126	10%
- Oil discovered and tested in the Great Oolite - Well suspended		

Avington	PEDL070	26.67%
- Great Oolite (Jurassic) oil field with two producing wells - Net Egdon production of c. 20 bopd - The potential for additional development wells to increase oil production and reserves from the field remains under review		

Northern England Shale-Gas	Various
- Total option to farm-in to PEDL209 (shale-gas only) - Option agreement with Scottish Power in relation to PL161/162 - 2014 Alkane transaction has added ten licences to Egdon's potential shale-gas acreage - Total area of 140,176 net acres assessed as having shale-gas potential - Reported Mean GIIP of 28 TCF - Evaluation ongoing to determine future exploration plans and focus - Additional acreage applied for in the 14th onshore licensing round	

KEY

- Producing Asset Oil
- Producing Asset Gas
- Discovery Oil
- Discovery Gas
- Conventional Oil/Gas Prospect
- Unconventional Gas Prospect

French Licences Summary

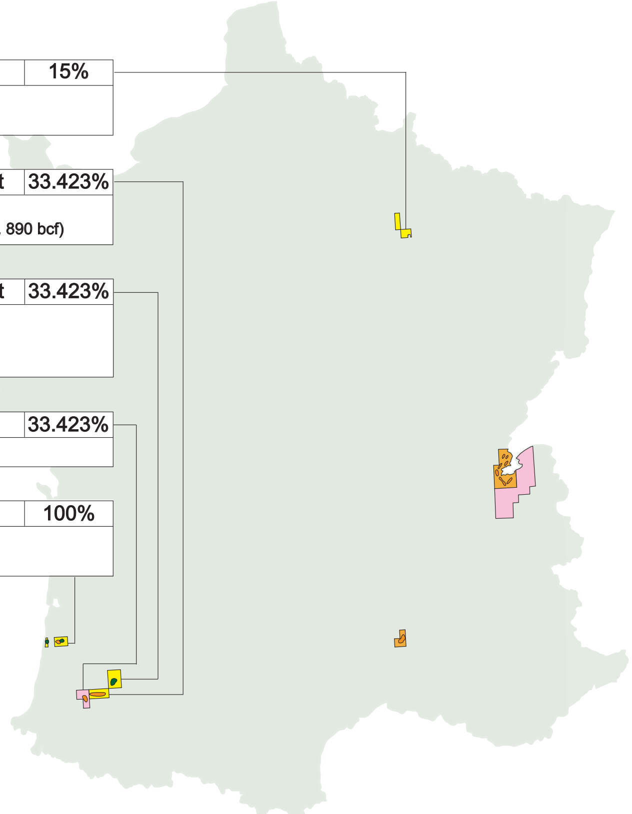
Huiron	Mairy	15%
- Paris Basin - Liassic and Triassic oil play - Huiron-1 well remains suspended		

Audignon	St Laurent	33.423%
- Awaiting permit extension - Seeking farm-out of high potential gas prospect (Net Egdon c. 890 bcf)		

Grenade	St Laurent	33.423%
- Awaiting permit extension - Grenade Heavy Oil Discovery – Net Egdon 2C 2.0 mmbls - Seeking farm-out or sale		

Donzacq	Donzacq	33.423%
- Awaiting permit award		

Pontenx	Pontenx	100%
- Awaiting permit renewal into second period - 3D seismic planned to evaluate Pontenx 1966 oil discovery		



Oil and Gas Reserves and Resource Estimates

Class of reserve/resource	Proven	**Proven + probable**	Proven + probable + possible	Units	Field/Prospect Name
Net Oil Reserves	0.15	**0.25**	0.45	MMbbls	Keddington, Avington, Dukes Wood/ Kirklington, Waddock Cross phase 1
	Low Estimate	**Best Estimate**	High Estimate		
Net Oil Contingent Resources	1.18	**3.42**	7.28	MMbbls	Grenade, Waddock Cross phase 2
Net Oil Prospective Resources (conventional)	27.32	**72.49**	142.65	MMbbls	Louth, North Kelsey, Biscathorpe, Pontenx, Casterbridge/Broadmayne and others
Net Oil Prospective Resources (unconventional)	7.78	**20.25**	37.46	MMbbls	Liassic and Carboniferous shale-oil
Total Net Oil Prospective Resources	35.10	**92.74**	180.11	MMbls	

Class of reserve/resource	Proven	**Proven + probable**	Proven+ probable + possible	Units	Field/Prospect Name
Net Gas Reserves	0.61	**0.98**	2.09	Bcf	Ceres, Nooks Farm
	Low Estimate	**Best Estimate**	High Estimate		
Net Gas Contingent Resources	2.46	**3.80**	5.83	Bcf	Kirkleatham, Keddington Namurian, Westerdale
Net Gas Prospective Resources (conventional)	308.64	**1076.54**	2161.75	Bcf	Audignon, A Prospect, North Somercotes and others
Net Gas Prospective Resources (unconventional)	1431.49	**2138.20**	6076.90	Bcf	UK Northern England shale-gas assets
Total Net Prospective Gas Resources	1740.13	**3214.74**	8238.65	Bcf	
Total Contingent and Prospective Resources	326.71	**632.58**	1561.48	Mmboe	

Note: all numbers are Company estimates.

Financial Review

Ken Ratcliff
Chairman of Audit Committee

> The financial position of the Group has been strengthened significantly through two successful equity fund raising which raised £10 million before costs.

Results

The Group recorded a loss after tax of £0.46 million for the period (2013: £0.72 million).

Revenue from oil and gas production during the year was down 11.5% to £2.96 million (2013: £3.34 million). Of the prior year revenue, £1.91 million related to accrued production revenues from the Ceres field. This accrual, which arose whilst Ceres was repaying the accumulated deficit of "back-out" gas due from the Eris/Ceres fields, has been partially released against current year field production. Of this accrual, £0.32 million was released in the year to 31 July 2014 leaving an accrual of £1.59 million, at the year end. This accrued revenue is being recovered more slowly than initially anticipated as a consequence of renegotiation of the back-out position during the year to 31 July 2014. Further negotiations have been initiated with the joint venture partners involved in both licences with a view to realising the remaining income within the next twelve months.

Operating Loss, which is defined as Gross Profit, excluding the cost of exploration write-offs, impairments and pre-licence expenditure, less administrative expenses, plus other operating income, was £586,267 (2013: £376,537). This is primarily as a result of a drop in the Revenue as above and an increase in costs written off on relinquishment of non-core licences to £0.29 million (2013: £0.02 million). Cost of sales has reduced by 3.3% to £2,852,710 from £2,949,696 in 2013 primarily due to reduced production costs. Other operating income has increased to £141,649 from £80,588 in 2013 in the current year as a consequence of an increased level of exploration and development activity on Egdon operated licences, particularly in relation to the seismic acquisition and drilling programme.

Loss per share for the period was 0.30p (2013: 0.54p). Exploration costs written off and pre-licence costs of £868,992 (2013: £607,477) include impairments totalling £542,000 (2013: £555,000) and write-offs in respect of four (2013: one) relinquished licences totalling £285,908 (2013: £22,510).

In January 2014, the Group and its joint venture partners entered into two agreements with Total E&P UK Limited in respect of licences in the Gainsborough Trough. The farm-out of interest in PEDL139 and PEDL140 gave rise to a profit of £164,581. The Group also granted an option over 50% of its interest in PEDL209 and received £918,014 in consideration.

Taxation

No taxation charge arises on the result for the year. As at 31 July 2014, the Group had carry forward tax losses of £31,235,026 (2013: £28,792,162).

Statement of Financial Position

As at 31 July 2014 the Group had Net Assets of £36.41 million (2013: £16.80 million). This comprises the Group's investments in intangible exploration and appraisal assets of £18.40 million (2013: £8.49 million), property, plant and equipment (our producing assets) of £8.49 million (2013: £7.33 million), net current assets of £10.80 million (2013: £2.09 million) and non-current liabilities of £1.28 million (2013: £1.11 million). The Group is debt-free. The prior year loan of £1 million was repaid on 27 February 2014.

Financial Review
CONTINUED

Evaluation & Exploration Assets
In June 2014, the Group acquired interests in ten onshore licences from Alkane Energy plc for consideration of 40,000,000 new ordinary shares plus costs.

The above sale of interests in PEDL139 and PEDL140 resulted in a credit against the historic costs of the licences of £201,701.

Receivables
Receivables have increased to £5,452,920 (2013: £2,611,208). VAT recoverable includes £2,100,000 of recoverable VAT arising on the acquisition of licence interests from Alkane Energy plc.

The increase of £384,033 in prepayments and accrued income reflects accrued revenues of £688,207 in relation to operated exploration and evaluation assets, primarily drilling costs in relation to the Wressle site which were billed in August 2014, offset by a reduction in the Ceres accrued revenues of £324,610.

Payables
Payables have increased to £4,365,249 (2013: £2,568,099) reflecting increased trade payables primarily in relation to drilling activity around the year end, deferred income in relation to balances remaining in respect of the cash call for the Burton on the Wolds well and £2,100,000 due to Alkane Energy plc.

Cash Flow
The Group ended the year with £9.67 million of cash and cash equivalents (2013: £2.01 million). Cash and cash equivalents include restricted cash of £205,466 (2013: £205,058).

In line with last year the Directors do not currently recommend the payment of a dividend.

Key Performance Indicators
The Board considers both financial and non-financial Key Performance Indicators ("KPIs") in measuring the performance of the business as summarised in the table below.

KPIs	y/e 31 July 2014	y/e 31 July 2013	Change
Revenues	£2.96 million	£3.34 million	-11.50%
Total Comprehensive Income (Net Loss)	**£(0.46) million**	**£(0.72) million**	+36.40%
Net Current Assets (including cash)	**£10.80 million**	**£2.10 million**	+414.63%
Equity	£36,41 million	£16.80 million	+116.73%
Production Volumes	86,870 boe	79,947 boe	+8.66%
No. of Licences	36	30	+20.00%
Reserves and Resources (Most likely)	632 mmboe	400 mmboe	+58.00%
Reportable Health and Safety Incidents	1	0	+100.00%

Risk Management
Like all exploration and production businesses the Group is exposed to a range of technical, geological, operational, political, environmental, health and safety and financial risks in the conduct of its operations. The Group seeks to manage and mitigate these risks through maintaining a spread of exploration and production interests, through compliance with the terms of its licences, through adopting policies appropriate to the Group's size and by the use of skilled personnel.

The table overleaf sets out the principal risk factors that may affect the Group's business, their potential impact and mitigation strategies developed. Risks are grouped into four main categories: strategic; financial; operational; and external. Such risk factors are not intended to be presented in any assumed order of priority. The risks as set out are not exhaustive and additional risks and uncertainties, not presently identified or considered material by the Company, may arise or become material in the future. Any of the risks and uncertainties could have a material adverse impact on the business and all are continuously monitored; however, the Board considers and highlights those risks which could have the most significant impact on the Group's business during a specific period and devotes the most attention to mitigating these.

A key risk at all times is related to the operational, financial and reputational risk associated with a health, safety or environmental incident in any of the Group's operations. Egdon employs a full-time HSE manager and operates using best practice in all of its operations. The Group also maintains appropriate levels of insurance for all of its operations to ensure adequate cover in the case of any incident.

Commodity price fluctuations have an impact on revenues and forward investment decisions as they affect project economics. The Group does not currently hedge any production due to the limited number of producing assets/wells within the Group. We carefully monitor the forward commodity prices and review our projects using a range of commodity prices and continue to keep the use of hedging under review.

As the Group has become involved in field development it has become more exposed to risks associated with project delays and cost overruns. In addition, as production and revenues have increased and the Group's reliance on cash flow for future work programmes has increased, the performance of assets has become a more material risk.

Regulatory uncertainties in both the UK and France in relation to unconventional plays have had an impact on the business during the period.

Strategic risk

Ineffective or poorly executed strategy fails to create shareholder value

Risk Category	Mitigation
Ineffective mix of oil and gas interests	Interests in two countries and several sedimentary basins.
Organic and acquisition led growth	Regular review of capital investment programmes. Board approval required for exploration programmes, acquisitions and divestments.
Ineffective or inadequate management processes	Policies and procedures appropriate for an exploration and production company of Egdon's scale and size.
Loss of key staff/succession planning	Remuneration policies to attract and retain staff.

Financial risk

Failure to meet financial obligations to stakeholders

Risk Category	Mitigation
Industry cost inflation	Rigorous contracting procedures with competitive tendering.
Oil and gas price volatility	Use range of commodity prices in forecasting. Look to hedging as production volumes and number of fields increase.
Inadequate or excessive hedging	Limited opportunity for hedging with current producing assets. Review hedging policy as production volumes and number of fields increase.
Uninsured events	Comprehensive insurance policies.
Underperforming assets	Range of production forecasting in budget process. Increase number and breadth of producing assets.
Cost overruns	Main capital expenditure is in drilling operations. Look to farm-out projects where significant risk of cost overrun exists to limit exposure.
Availability of capital	Forecasts prepared and reviewed regularly. Board considers options for managing and generating capital to ensure cash flow risk is commensurate with size of business.
Mispriced corporate acquisitions	Board approval required for acquisitions. Conservative valuation of assets.

Financial Review

CONTINUED

Operational risk

Operational event impacts staff, contractors, communities or the environment leading to loss of reputation and revenue

Risk Category	Mitigation
HSE incident	HSE standards set and monitored across the Group.
Development failure	Technical, Financial and Board approval of development projects with regular reporting of field performance and independent assessment of assets.
Sustained exploration failure	Robust technical review of all projects. Board approval of exploration budgets and regular reporting of exploration results.
Corruption or reputation failure	High level of ethical standards apply to all Group activity.
Loss of key staff	Remuneration policies to attract and retain staff.
Failure to secure equipment, services and resources	Rigorous contracting and procurement procedures applied to all operations. Long-term planning of required resources. Maintain intelligence on availability of equipment, services and materials in areas of operation.
Corporate and social responsibility	Maintain good community relationships.

External risk

Failure to manage and grow the business caused by external political, industry or market factors

Risk Category	Mitigation
Political risk and fiscal change	Develop sustainable relationships with government ministries and collaborate with industry bodies to communicate interests to government authorities.
Oil and gas price volatility	Use range of commodity prices in forecasting. Look to hedging as production volumes and number of fields increase.
Lack of control of key assets	Proactive formal and informal communications with joint venture partners.
Corporate governance failings	Review of compliance requirements and ongoing consultation with legal and financial advisors and the audit committee.
Shareholder sentiment	Maintain good communications with shareholders. Present timely and transparent information. Maintain website. Effectively convey and execute corporate strategy.

Ken Ratcliff
Chairman of Audit Committee
10 November 2014

The Strategic Report, comprising the Group Overview on pages 2 to 6, the review of the Group's strategy and operations, including the Managing Director's Operating Review, on pages 7 to 12, and the Financial Review on pages 13 to 16 was approved by the Board on 10 November 2014.

Mark A W Abbott
Managing Director
10 November 2014

Board of Directors

Philip Stephens (Non-Executive Chairman) Aged 72
Philip is a corporate financier with 38 years of City experience. He is currently Chairman of Neptune-Calculus Income and Growth VCT plc and Chairman of Foresight 4 VCT plc. He was Joint Head of the Corporate Finance Department of stockbrokers Williams de Broë for four years until his retirement in 2002 and before that was Head of UK Corporate Finance at UBS from 1995, having joined in 1989.

Mark Abbott (Managing Director) Aged 53
Mark is an experienced geophysicist and founding Director of Egdon Resources plc. He graduated from the University of Nottingham in 1985 with a degree in Exploration Sciences (Geology/Geophysics/Mining Engineering). He worked for the British Geological Survey from 1985 to 1992 in the UK and overseas. Between 1992 and 1996 he worked in the International Division of British Gas Exploration and Production Limited and was employed by Anadarko Algeria Corporation from 1996 to 1997. He is also a Non-Executive Director of MA Exploration Services Limited, Bishopswood Pavilion Limited and a Trustee of the UK Onshore Geophysical Library.

Jerry Field (Exploration Director) Aged 59
Jerry has over 30 years' oil industry experience in small-to-medium sized E&P companies (including Weeks Petroleum, Triton, Ranger, Canadian Natural Resources, Toreador and Northern Petroleum). Jerry has a breadth of experience of exploration in Europe, Africa, the Middle East and the Indian subcontinent and has spent much of his career working in Egdon's core areas of the UK Onshore and France.

Walter Roberts (Non-Executive Director and Company Secretary) Aged 63
Walter is an oil and gas lawyer with an engineering background. He qualified as a solicitor with Simmons & Simmons before joining Phillips Petroleum in 1980. In 1986 he set up the legal department for Lasmo in Australia and later became the principal UK joint venture negotiator for Talisman. Walter has recently stepped down as Commercial Director of InfraStrata plc. He is an Executive Director of Pinnacle Energy Limited.

Ken Ratcliff (Non-Executive Director) Aged 64
Ken is a chartered accountant with extensive finance and business experience. He is currently the College Accountant at Epsom College and is the co-founder and former Accountant at Geokinetics Processing UK Limited. Ken is Non-Executive Chairman of InfraStrata plc and has previously held senior management positions with GDC UK Limited, Ensign Geophysics Limited, Seismic Geocode Limited, Tenneco Corporation and Merlin Geophysical Limited.

Andrew Lodge (Non-Executive Director) Aged 58
A highly experienced geoscientist and manager, Andrew is Exploration Director of Premier Oil plc. Prior to joining Premier in 2009, Andrew was Vice-President – Exploration at Hess, where he was responsible for Europe, North Africa, Asia and Australia. Previously, he was Vice President – Exploration, Asset Manager and Group Exploration Advisor for BHP Petroleum. Prior to joining BHP Petroleum, he worked for BP as a geophysicist.

Neil O'Brien (Non-Executive Director) Aged 51
Neil is a qualified chartered accountant with over 20 years' management experience within the UK and Europe. He is Chief Executive Officer of Alkane Energy. After qualifying at Coopers Lybrand, Neil held senior management positions with Blue Circle Industries PLC and Speedy Hire PLC, the UK's largest rental company and a FTSE 250 member.

Corporate Governance Statement

The Egdon Resources plc Board is committed to running its business with integrity and high ethical standards across all of the Group's activities. The Directors recognise the value of the UK Corporate Governance Code and whilst under the AIM Rules compliance is not required, the Directors have regard to the recommendations in so far as is practicable and appropriate for a public company of its size.

The Board

The Board comprises two Executive Directors and five Non-Executive Directors.

The background and experience of the Directors are relevant to the Group activities and are summarised on page 17 of this report. As such, the Directors are of the opinion that the Board comprises a suitable balance as recommended by the UK Corporate Governance Code.

The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance. Day-to-day management of the Company is devolved to the Managing Director who is charged with consulting the Board on all significant financial and operational matters. Consequently, decisions are made promptly and following consultation amongst the Directors concerned where necessary and appropriate.

The Board meets regularly throughout the year and met nine times in the year to 31 July 2014. All meetings were attended by all Directors, except that four Directors were absent from one meeting each during the year. In addition, there were six meetings to approve administrative resolutions which were only partly attended although all the Directors had approved the business.

A statement of the Directors' responsibilities in respect of the financial statements is set out on page 21.

The Company has established Audit and Remuneration committees which are discussed further below.

Audit Committee

An Audit committee has been established and currently comprises Ken Ratcliff (chairman) and Philip Stephens. The Audit committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. This includes reviewing significant financial reporting issues and accounting policies and disclosures in financial reports. The Audit committee reviews the scope and results of the external audit and monitors the integrity of the financial statements of the Company. If required, meetings are attended by appropriate members of senior management. The external auditor has unrestricted access to the chairman of the committee. The Audit committee is also responsible for reviewing the requirement for an internal audit function.

The Audit committee plans to meet at least twice a year. Although the committee only met once in the year to 31 July 2014 there were various ad hoc discussions both between the committee members and with the auditor.

Remuneration Committee

A Remuneration committee has been established and its current members comprise Walter Roberts (chairman), Philip Stephens and Ken Ratcliff. The principal objective of the Remuneration committee is to ensure that members of the Executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group.

The Company's policy is to remunerate senior Executives fairly in such a manner as to facilitate the recruitment, retention and motivation of staff. The Remuneration committee agrees with the Board a framework for the remuneration of the Chairman, the Executive Directors and the senior management of the Company. Non-Executive fees are considered and agreed by the Board as a whole.

The Remuneration committee plans to meet at least twice in each year. It met twice in the year to 31 July 2014 with all members present.

Nomination Committee

The Company has not established a Nomination committee as the Directors are of the opinion that such a committee is inappropriate given the current size of the Group.

Relations with Shareholders

Communication with shareholders is given a high priority and the Managing Director has regular dialogue with institutional investors, as well as making general presentations to analysts at the time of the annual and interim results.

The Group maintains a website (www.egdon-resources.com) for the purpose of providing information to shareholders and potential investors. The website, which has recently been upgraded, contains all news, releases, reports and financial statements and public presentations. In addition, further detailed information about the Group's activities is available on the website.

Enquiries from individual shareholders in relation to their shareholding and the business as a whole are welcomed and the website has an enquiry facility and contact details to assist in facilitating this. Shareholders are encouraged to attend the Annual General Meeting at which they are able to put questions to the Chairman and other Board members.

Directors' Report

The Directors submit their report together with the audited consolidated financial statements of Egdon Resources plc for the year ended 31 July 2014.

Business Review

The principal activity of the Group during the year continued to be exploration and production of hydrocarbons in the UK and France.

Health, Safety and Environmental

As an oil and gas exploration and production business, the Company is conscious of its health, safety and environmental responsibilities. The Company is committed to high standards of health, safety and environmental protection and performance and these aspects command equal prominence with other business considerations in the decision making process.

There was one reportable health and safety incidents during the year (2013: nil).

Results and Dividends

The Group recorded a loss after tax of £0.46 million for the year (2013: £0.72 million). The loss for the year is after charging impairments, exploration write-downs and pre-licence costs of £0.87 million (2013: £0.61 million) and profit on licence interest transactions of £1.08 million (2013: £0.39 million).

In line with last year the Directors do not currently recommend the payment of a dividend.

Share Capital

At the date of this report 220,799,363 ordinary shares are issued and fully paid. Details of movements in share capital during the year are given in note 25 to the financial statements.

Substantial Shareholders

As of the date of this report the Company had been notified of the following interests of 3% or more in the Company's ordinary share capital:

	% Shares
Alkane Energy plc	18.12
Premier Oil (EnCore Petroleum) Limited	9.24
EnCore (NNS) Limited	8.15
Hargreave Hale & Co	11.94
JP Morgan Asset Mgt	6.82
Hargreavees Lansdown Asset Mgt	4.23
Artemis Investment Mgt	4.08
Heyco Energy Holdings SL	3.52

The Company has not been notified of any other person who has an interest in 3% or more in the Company's share capital.

Directors

The Directors of the Company at the date of this report, and their biographical summaries, are given on page 17. Six Directors served throughout the year with Neil O'Brien being appointed on the 26 June 2014.

The Directors' remuneration is detailed in note 8 to the financial statements. All Directors benefit from the provision of Directors' and Officers' indemnity insurance policies. Premiums payable to third parties are described in note 8.

The Directors of the Company at the date of this report held the following interests in the Company:

	%	Shares
Mark A W Abbott	3.38	7,463,824
Walter Roberts	0.50	1,114,493
Ken Ratcliff	0.07	159,759
Philip Stephens	0.05	100,000
Jerry Field	—	—
Andrew Lodge	—	—
Neil O'Brien	—	—

Financial Instruments

The financial risk management objectives and policies of the Company in relation to the use of financial instruments and the exposure of the Company and its subsidiary undertakings to its main risks, credit risk and liquidity risk, are set out in note 23 to the financial statements.

Directors' Report
CONTINUED

Employees
The Group had 12 employees as at 31 July 2014 (2013: 13). Employees are encouraged to directly participate in the business through a share option scheme. Details of the share option scheme are given in note 9 to the financial statements.

Auditor
A resolution to reappoint the auditor, Nexia Smith & Williamson, will be proposed at the forthcoming Annual General Meeting.

Going Concern
Note 2 to the financial statements refers to the assumptions made by the Directors when concluding that it remains appropriate to prepare the financial statements on the going concern basis.

Disclosure of Information to the Auditor
In the case of each person who was a Director at the time this report was approved: so far as the Director was aware there was no relevant available audit information of which the Company's auditor was unaware and that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant information and to establish that the Company's auditor was aware of that information.

Mark A W Abbott
Managing Director
10 November 2014

Statement of Directors' Responsibilities

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

TO THE MEMBERS OF EGDON RESOURCES PLC

We have audited the financial statements of Egdon Resources plc for the year ended 31 July 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 21 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 July 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Sancho Simmonds
Senior Statutory auditor
for and on behalf of
Nexia Smith & Williamson
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS

25 Moorgate
London
EC2R 6AY

10 November 2014

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 JULY 2014

	Notes	2014 £	2013 £
Continuing operations			
Revenue	3	**2,957,064**	3,341,419
Cost of sales — exploration costs written off, impairments and pre-licence costs		**(868,992)**	(607,477)
Cost of sales — depreciation and other		**(2,852,710)**	(2,949,696)
Total cost of sales		**(3,721,702)**	(3,557,173)
Gross loss		**(764,638)**	(215,754)
Administrative expenses		**(832,270)**	(848,848)
Other operating income		**141,649**	80,588
Exceptional item — profit from licence transactions	5	**1,082,595**	392,509
		(372,664)	(591,505)
Finance income	11	**1,152**	3,789
Finance costs	12	**(84,893)**	(129,876)
Loss before taxation	4	**(456,405)**	(717,592)
Taxation	13	**—**	—
Loss for the year		**(456,405)**	(717,592)
Other comprehensive income for the year		**—**	—
Total comprehensive income for the year attributable to equity holders of the parent		**(456,405)**	(717,592)
Loss for the year per share			
Basic loss per share	14	**(0.30)p**	(0.54)p
Diluted loss per share	14	**(0.30)p**	(0.54)p

Consolidated Statement of Financial Position

AS AT 31 JULY 2014

	Notes	2014 £	2013 £
Non-current assets			
Intangible assets	16	**18,399,479**	8,485,316
Property, plant and equipment	17	**8,494,861**	7,326,592
Total non-current assets		**26,894,340**	15,811,908
Current assets			
Trade and other receivables	19	**5,452,920**	2,611,208
Available for sale financial assets	20	**50,000**	50,000
Cash and cash equivalents	21	**9,666,885**	2,006,369
Total current assets		**15,169,805**	4,667,577
Current liabilities			
Trade and other payables	22	**(4,365,249)**	(2,568,099)
Net current assets		**10,804,556**	2,099,478
Total assets less current liabilities		**37,698,896**	17,911,386
Non-current liabilities			
Provisions	24	**(1,288,254)**	(1,111,656)
Net assets		**36,410,642**	16,799,730
Equity			
Share capital	25	**14,158,872**	13,278,754
Share premium	26	**20,550,081**	1,378,701
Share based payment reserve		**123,499**	134,732
Retained earnings		**1,578,190**	2,007,543
		36,410,642	16,799,730

These financial statements were approved by the Board of Directors and authorised for issue on 10 November 2014.

They were signed on its behalf by:

Mark A W Abbott
MANAGING DIRECTOR

Company registration number 06409716

Company Statement of Financial Position

AS AT 31 JULY 2014

	Notes	**2014 £**	2013 £
Non-current assets			
Property, plant and equipment	17	**6,320**	4,213
Investments	18	**15,121,930**	15,121,930
Total non-current assets		**15,128,250**	15,126,143
Current assets			
Trade and other receivables	19	**16,622,145**	1,091,633
Cash and cash equivalents	21	**5,724,721**	445,198
Total current assets		**22,346,866**	1,536,831
Current liabilities			
Trade and other payables	22	**(2,150,897)**	(1,054,547)
Net current assets		**20,195,969**	482,284
Total assets less current liabilities		**35,324,219**	15,608,427
Non-current liabilities			
Provisions	24	**(30,761)**	(38,568)
Net assets		**35,293,458**	15,569,859
Equity			
Share capital	25	**14,158,872**	13,278,754
Share premium	26	**20,550,081**	1,378,701
Merger reserve	27	**2,357,816**	2,357,816
Share based payment reserve		**123,499**	134,732
Retained earnings — deficit		**(1,896,810)**	(1,580,144)
		35,293,458	15,569,859

These financial statements were approved by the Board of Directors and authorised for issue on 10 November 2014.

They were signed on its behalf by:

Mark A W Abbott
MANAGING DIRECTOR

Company registration number 06409716

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 JULY 2014

FINANCIAL STATEMENTS

	2014 £	2013 £
Cash flows from operating activities		
Loss before tax	**(456,405)**	(717,592)
Adjustments for:		
Depreciation and impairment of fixed assets	**1,739,345**	1,795,021
Exploration costs written off	**285,824**	23,298
Foreign exchange losses/(gains)	**54,734**	(31,850)
Profit on disposal of licence interest	**(164,581)**	(392,509)
Profit on sale of licence option	**(918,014)**	–
Increase in trade and other receivables	**(2,858,014)**	(1,734,501)
Decrease in inventory	**–**	32,627
Increase in trade payables and other payables	**2,797,146**	413,768
Movement in provisions	**(7,807)**	69,779
Finance costs	**84,893**	129,876
Finance income	**(1,152)**	(3,789)
Share based remuneration charge	**15,819**	33,595
Cash generated from/(used in) operations	**571,788**	(382,277)
Interest paid	**(41,403)**	(150,377)
Taxation paid	**–**	–
Net cash flow generated from/(used in) operating activities	**530,385**	(532,654)
Investing activities		
Finance income	**1,152**	3,789
Payments for exploration and evaluation assets	**(2,802,932)**	(1,095,332)
Purchase of property, plant and equipment	**(29,631)**	(221,421)
Sale of property, plant and equipment	**180,482**	–
Sale of licence option	**918,014**	–
Sale of intangible fixed assets	**366,282**	500,000
Net cash used in capital expenditure and investing activities	**(1,366,633)**	(812,964)
Financing activities		
Issue of shares	**10,107,790**	–
Costs associated with issue of shares	**(556,292)**	–
Repayment of short-term borrowings	**(1,000,000)**	(11,175)
Net cash flow generated from/(used in) financing	**8,551,498**	(11,175)
Net increase/(decrease) in cash and cash equivalents	**7,715,250**	(1,356,793)
Cash and cash equivalents as at 31 July 2013	**2,006,369**	3,331,312
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(54,734)**	31,850
Cash and cash equivalents as at 31 July 2014	**9,666,885**	2,006,369

In 2014 significant non-cash transactions comprised the issue of equity share capital with a market value of £10,500,000 as consideration for the acquisition of certain licence interests from Alkane Energy plc.

In 2013 significant non-cash transactions comprised the issue of equity share capital with a market value of £62,794 as consideration for the renegotiation of the Mairy permit royalty arrangement.

Company Statement of Cash Flows

FOR THE YEAR ENDED 31 JULY 2014

	2014 £	2013 £
Cash flows from operating activities		
Loss before tax	**(343,718)**	(273,128)
Adjustments for:		
Depreciation of plant and equipment	**3,556**	3,845
Increase in trade and other receivables	**(5,046,814)**	(907,702)
Increase/(decrease) in trade payables	**2,096,350**	(346,293)
Share based remuneration charge	**15,819**	33,595
Movement in provision	**(7,807)**	(6,384)
Finance costs	**57,705**	100,377
Finance income	**(374)**	(2,421)
Cash used in operations	**(3,225,283)**	(1,398,111)
Interest paid	**(41,403)**	(150,377)
Net cash used in operating activities	**(3,266,686)**	(1,548,488)
Investing activities		
Finance income	**374**	2,421
Purchase of property, plant and equipment	**(5,663)**	—
Net cash (used in)/generated from capital expenditure and financial investment	**(5,289)**	2,421
Financing activities		
Issue of shares	**10,107,790**	—
Costs associated with issue of shares	**(556,292)**	—
Repayment of short-term borrowings	**(1,000,000)**	(11,175)
Net cash flow generated from/(used in) financing	**8,551,498**	(11,175)
Net increase/(decrease) in cash and cash equivalents	**5,279,523**	(1,557,242)
Cash and cash equivalents as at 31 July 2013	**445,198**	2,002,440
Cash and cash equivalents as at 31 July 2014	**5,724,721**	445,198

In 2014 significant non-cash transactions comprised the issue of equity share capital with a market value of £10,500,000 as consideration for the acquisition of certain licence interests from Alkane Energy plc. The acquired licences are held by Egdon Resources U.K. Limited.

In 2013 significant non-cash transactions comprised the issue of equity share capital with a market value of £62,794 as consideration paid on behalf of a subsidiary for the renegotiation of the Mairy permit royalty arrangement.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 JULY 2014

	Share capital £	Share premium £	Share based payment reserve £	Retained earnings £	Total equity £
Balance at 31 July 2012	13,219,233	1,375,428	113,101	2,713,171	17,420,933
Loss for the year	—	—	—	(717,592)	(717,592)
Total comprehensive income for the year	—	—	—	(717,592)	(717,592)
Transfer of share option charge on forfeit	—	—	(11,964)	11,964	—
Issue of ordinary shares (January 2013)	59,521	3,273	—	—	62,794
Share option charge	—	—	33,595	—	33,595
Balance at 31 July 2013	13,278,754	1,378,701	134,732	2,007,543	16,799,730
Loss for the year	**—**	**—**	**—**	**(456,405)**	**(456,405)**
Total comprehensive income for the year	**—**	**—**	**—**	**(456,405)**	**(456,405)**
Transfer of share option charge on forfeit	**—**	**—**	**(152)**	**152**	**—**
Transfer of share option charge on exercise	**—**	**—**	**(26,900)**	**26,900**	**—**
Issue of ordinary shares (February 2014)	**120,000**	**2,705,000**	**—**	**—**	**2,825,000**
Issue of ordinary shares (March 2014)	**8,283**	**77,797**	**—**	**—**	**86,080**
Issue of ordinary shares (May 2014)	**1,500**	**13,500**	**—**	**—**	**15,000**
Issue of ordinary shares (June 2014)	**750,335**	**16,375,083**	**—**	**—**	**17,125,418**
Share option charge	**—**	**—**	**15,819**	**—**	**15,819**
Balance at 31 July 2014	**14,158,872**	**20,550,081**	**123,499**	**1,578,190**	**36,410,642**

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 JULY 2014

	Share capital £	Merger reserve £	Share premium £	Share based payment reserve £	Retained earnings £	Total equity £
Balance at 31 July 2012	13,219,233	2,357,816	1,375,428	113,101	(1,318,980)	15,746,598
Loss for the year	—	—	—	—	(273,128)	(273,128)
Total comprehensive income for the year	—	—	—	—	(273,128)	(273,128)
Transfer of share option charge on forfeit	—	—	—	(11,964)	11,964	—
Issue of ordinary shares (January 2013)	59,521	—	3,273	—	—	62,794
Share option charge	—	—	—	33,595	—	33,595
Balance at 31 July 2013	13,278,754	2,357,816	1,378,701	134,732	(1,580,144)	15,569,859
Loss for the year	**—**	**—**	**—**	**—**	**(343,718)**	**(343,718)**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**(343,718)**	**(343,718)**
Transfer of share option charge on forfeit	**—**	**—**	**—**	**(152)**	**152**	**—**
Transfer of share option charge on exercise	**—**	**—**	**—**	**(26,900)**	**26,900**	**—**
Issue of ordinary shares (February 2014)	**120,000**	**—**	**2,705,000**	**—**	**—**	**2,825,000**
Issue of ordinary shares (March 2014)	**8,283**	**—**	**77,797**	**—**	**—**	**86,080**
Issue of ordinary shares (May 2014)	**1,500**	**—**	**13,500**	**—**	**—**	**15,000**
Issue of ordinary shares (June 2014)	**750,335**	**—**	**16,375,083**	**—**	**—**	**17,125,418**
Share option charge	**—**	**—**	**—**	**15,819**	**—**	**15,819**
Balance at 31 July 2014	**14,158,872**	**2,357,816**	**20,550,081**	**123,499**	**(1,896,810)**	**35,293,458**

Notes Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 JULY 2014

1. General information

Egdon Resources plc is a company incorporated and domiciled in England & Wales with registered number 06409716. The address of the registered office is The Wheat House, 98 High Street, Odiham, Hampshire, RG29 1LP. The Company's administrative office is at the same address.

Egdon Resources plc (the "Company") and its subsidiaries (together, the "Group") explore for and develop oil and gas reserves in England and France.

The Company's shares are quoted on the Alternative Investment Market ("AIM") of the London Stock Exchange.

2. Accounting policies

The financial statements are based on the following accounting policies of the Group and the Company.

Basis of preparation and statement of compliance with IFRS

The Group's and Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. IFRS comprises the Standards issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that have been endorsed by the European Union (EU). The principal accounting policies adopted by the Group and by the Company where applicable are set out below.

As permitted by Section 408 of the Companies Act 2006, no statement of comprehensive income or associated notes are presented for the Company as an entity.

Going concern

The Directors have prepared the financial statements on the going concern basis which assumes that the Group will continue in operational existence without significant curtailment of its activities for the foreseeable future.

After preparing cash flow forecasts, making enquiries and considering relevant uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Adoption of new and revised standards

In the current financial year, the Group adopted IFRS 13 Fair Value Measurements and has included additional disclosures in the financial statements as a consequence.

The adoption of this standard did not have any impact on the financial position or performance of the Group.

At the date of authorisation of these financial statements, the following relevant standards and interpretations which have not been applied in these financial statements were in issue and adopted by the EU but not yet effective:

IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IAS 27 Separate Financial Statements (revised 2011)
IAS 28 Investments in Associates and Joint Ventures (revised 2011)

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

2. Accounting policies (continued)

Basis of consolidation

The Group financial statements incorporate the financial statements of Egdon Resources plc (the "Company") and entities controlled by the Company prepared to 31 July each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated in preparing the consolidated financial statements.

Business combinations and goodwill

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income in profit or loss as negative goodwill.

Where the Group incurs obligations to pay a net profit interest as part of an acquisition, the estimated fair value of the net profit interest is recognised at the date of acquisition. Any subsequent variations in the net profit interest arising from events occurring after acquisition are recognised through the statement of comprehensive income in profit or loss. Where the fair value of a net profit interest cannot be established (for example, because the relevant licence has yet to be fully appraised) no provision is recognised.

The value of options and any net profit interests arising on disposal are recognised at their fair value as at the date of disposal, except in circumstances where the fair value cannot be determined.

An acquisition is not classified as a business combination when an acquired entity does not have processes or outputs as defined by IFRS 3 (Revised). Such transactions are accounted for as asset acquisitions and the assets acquired are measured at cost.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Revenue and other operating income

Revenue represents amounts receivable for oil and gas sales, net of VAT and trade discounts, and is recognised on delivery to third party facilities. Accrued revenue is recorded at the best estimate of the price that is expected to be achieved when the accrual reverses.

Income charged to other companies net of VAT in respect of fees for acting as operator and consultancy fees is disclosed within other operating income and is recognised on an accruals basis when the services are provided.

Notes Forming Part of the Financial Statements
CONTINUED

2. Accounting policies (continued)

Jointly controlled operations and assets

The Group's exploration and development activities are generally conducted as co-licensees in joint operation with other companies. The financial statements reflect the relevant proportions of capital expenditure and operating revenues and costs applicable to the Group's interest.

The Group's exploration and development activities in respect of the licence interests are accounted for as jointly controlled operations, except for those where 100% of the licence is held within the Group.

Intangible assets — exploration and evaluation assets

The Group accounts for oil and gas expenditure under the full cost method of accounting.

Costs (other than payments to acquire the legal right to explore) incurred prior to acquiring the rights to explore are charged directly to cost of sales in the statement of comprehensive income. All costs incurred after the rights to explore an area have been obtained, such as geological, geophysical, data costs and other direct costs of exploration and appraisal, are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets.

E&E costs are not amortised prior to the conclusion of appraisal activities. At completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered, then following development sanction, the carrying value of the relevant E&E asset will be reclassified as a development and production asset, but only after the carrying value of the E&E asset has been assessed for impairment and, where appropriate, its carrying value adjusted.

If after completion of appraisal activities in an area, it is not possible to determine technical feasibility or commercial viability, then the costs of such unsuccessful exploration and evaluation are written off to the statement of comprehensive income as a component of cost of sales in the period the relevant events occur. The costs associated with any wells which are abandoned are fully amortised when the abandonment decision is taken.

As permitted by IFRS 6, on adoption of IFRS, the Group continued to apply the accounting requirements of the Statement of Recommended Practice issued by the UK Oil Industry Accounting Committee as applied under UK GAAP in respect of revenue generated from the sale of oil during the appraisal process and the treatment on disposal of any part of an E&E asset.

Revenue is recorded in the statement of comprehensive income. In order that no profit is recognised on the sale, an entry of the equivalent value is recorded in cost of sales with a corresponding credit to exploration and evaluation assets.

On disposal of any part of an E&E asset, proceeds are credited against the cost of the asset. No profit is recognised on the disposal, unless the proceeds exceed the total capitalised cost of the asset.

Intangible assets — other

Costs of purchased data used to assist with formulating strategy for licence applications and asset purchases are accumulated and capitalised as other intangibles.

Such assets are considered to have an indefinite useful life and are not subject to amortisation but are tested annually for impairment and elements that have no ongoing commercial value are written off to cost of sales in the Statement of Comprehensive Income.

2. Accounting policies (continued)

Impairment of intangible assets

E&E assets are reviewed annually for impairment and these are grouped with the development and production assets belonging to the same exploration area to form the Cash Generating Unit ("CGU") for impairment testing. The equivalent combined carrying value of the CGU is compared against the CGU's recoverable amount and any resulting impairment is written off to cost of sales in the statement of comprehensive income. The recoverable amount of the CGU is determined as the higher of its fair value less costs to sell and its value in use. E&E assets which are relinquished are written down immediately in the accounting period of the relinquishment date.

Property, plant and equipment — development and production assets

Development and production ("D&P") assets are accumulated into cost centres and represent the cost of developing the commercial reserves and bringing them into production together with the E&E expenditures previously transferred from E&E assets as outlined in the policy above.

Costs relating to each cost centre are depleted on a unit of production method based on the commercial proven reserves for that cost centre. Development assets are not depreciated until production commences. The depreciation calculation takes account of the residual value of site equipment and the estimated future costs of development of recognised proven and probable reserves, based on current price levels. Changes in reserve quantities and cost estimates are recognised prospectively.

On disposal of any part of a D&P asset, proceeds are credited to the Statement of Comprehensive Income, less the percentage cost relating to the disposal.

Impairment of development and production assets

A review is performed for any indication that the value of the D&P assets may be impaired. For D&P assets when there are such indications, an impairment test is carried out on the CGU. Additional depletion is included within cost of sales within the statement of comprehensive income if the capitalised costs of the CGU exceed the associated estimated future discounted cash flows of the related commercial oil and gas reserves.

Property, plant and equipment — other than D&P assets

Property, plant and equipment other than D&P assets are stated in the statement of financial position at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual values of each asset over its expected useful life, as follows:

Fixtures and fittings	25% straight-line
Equipment	33% straight-line
Computer equipment	33% straight-line

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be estimated with reasonable certainty. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes Forming Part of the Financial Statements
CONTINUED

2. Accounting policies (continued)

Decommissioning and reinstatement provisions

Licensees have an obligation to restore fields to a condition acceptable to the relevant authorities at the end of their commercial lives. Provision for decommissioning and reinstatement is recognised in full as a liability and an asset when the obligation arises. The asset is included within exploration and evaluation assets or property, plant and equipment as is appropriate. The liability is included within provisions. The amount recognised is the estimated cost of decommissioning and reinstatement, discounted where appropriate to its net present value, and is reassessed each year in accordance with local conditions and requirements. Revisions to the estimated costs of decommissioning and reinstatement which alter the level of the provisions required are also reflected in adjustments to the decommissioning and reinstatement asset. The increase in the net present value of the future cost arising from the unwinding of the discount is included within finance costs.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial year. All exchange differences are dealt with in the statement of comprehensive income in profit or loss.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is calculated annually based on the ratio of closing stock to total annual production and the cost of production (including depreciation) for the year.

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

The cash and cash equivalent amount in the Statements of Cash Flow includes overdrafts where relevant.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The provision amount is recognised in the statement of comprehensive income.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Equity issued for non-monetary consideration is recorded at the fair value of the equity instruments issued or, if appropriate, and where these can be reliably measured, at the fair value of the goods and services received.

Interest bearing bank loans, overdrafts and other loans are recorded at fair value, net of direct issue costs, when the proceeds are received and subsequently at amortised cost. Finance costs are accounted for on an accruals basis using the effective interest method.

2. Accounting policies (continued)

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, held to maturity investments or loans and receivables. After initial recognition, available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is de-recognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using appropriate valuation techniques.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Share based payment transactions

Employees (including senior Executives) of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions).

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where equity instruments are granted other than to employees, the amount recognised in equity is the fair value of goods and services received. An equivalent charge is capitalised within non-current assets where the equity instruments have been issued as consideration for the acquisition of intangible exploration and evaluation assets.

Notes Forming Part of the Financial Statements
CONTINUED

2. Accounting policies (continued)
No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Retirement benefit costs
The Group has a defined contribution plan which requires contributions to be made into an administered fund. The amount charged to the statement of comprehensive income in respect of pension costs reflects the contributions payable in respect of the year. Differences between contributions payable during the year and contributions actually paid are shown as either accrued liabilities or prepaid assets in the statement of financial position.

Exceptional items
Exceptional items are defined as material items which derive from events or transactions that fall within the Group's ordinary activities but which, due to their size or incidence, are disclosed separately in order to present fairly the reported results.

Use of judgements and estimates when preparing the annual financial statements
Preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions affecting recognition and measurement in the consolidated statement of financial position and statement of comprehensive income, as well as the disclosure of contingent assets and liabilities. Future events may lead to these estimates being changed. In particular, judgements and estimates are required when:

- Assessing the need for and measurement of impairment of oil and gas assets (tangible and intangible)
- Capitalising project costs
- Assessing contingent consideration on acquisition
- Determining the fair value of share based payments
- Estimating decommissioning and reinstatement liabilities
- Determining going concern
- Identifying assets and liabilities arising on business combinations and assessing their values

Oil and gas assets
Management is required to assess the oil and gas assets for indicators of impairment. Notes 16 and 17 disclose the carrying value of oil and gas assets. As part of this assessment, management has carried out an impairment test on the assets. This test compares the carrying value of the assets at the reporting date with the expected discounted cash flow from the project. For the discounted cash flows to be calculated, management has used a production profile based on its best estimate of proven and probable reserves of the asset and a range of assumptions, including oil/gas prices and discount rates.

2. Accounting policies (continued)

Capitalisation of project costs

The assessment of whether costs incurred on project exploration and evaluation should be capitalised or expensed involves judgement. Management considers the nature of the costs incurred and the stage of project development and concludes whether it is appropriate to capitalise the costs.

Contingent consideration

Contingent consideration is measured at fair value at the date of the transaction. Changes to the amount of the contingent consideration arising as a result of a post-acquisition event are reflected in profit or loss where the additional consideration is cash or other assets. The amount is not remeasured where the additional consideration is equity.

Share based payments

Determining the fair value of share options requires assumptions in respect of the inputs used in the option pricing model. Details can be found in note 9.

Determining the value of share based payments other than share option awards requires judgements relating to the fair values of the goods or services acquired using relevant valuation techniques.

Decommissioning and reinstatement

The Group determines decommissioning and reinstatement liabilities by making assumptions, based on the current economic environment, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to assumptions. However, the actual decommissioning and reinstatement cost will ultimately depend upon future market prices for the necessary works required which will reflect market conditions at the relevant time. Furthermore, actual costs will also reflect the extent of decommissioning and reinstatement work required to be performed, whether the works can be performed as part of a multi-well programme or in isolation and progress in the relevant technologies.

Going concern

The preparation of the financial statements requires an assessment of the validity of the going concern assumption, this being dependent on the availability of adequate financial resources to allow the Group to continue in operational existence for the foreseeable future. The incoming financial resources expected to be available depend on estimated production volumes, forecast oil and gas prices and operating costs. Expenditure is primarily dependent on the planned programme of exploration, its estimated cost and timing. The Directors also consider the effect and timing of potential corporate transactions.

Assets and liabilities on business combinations

Management is required to assess the fair value of assets and liabilities acquired on business combinations. As part of this assessment management compares the carrying value at the reporting date with the expected discounted cash flow from any oil and gas assets acquired as set out above.

3. Segmental information

For management purposes, the Group currently operates in two geographical markets: UK and Europe. Whilst the Chairman's Statement and Managing Director's Operating Review refer to three core areas of France, Northern England and Southern England, the business is not managed on this basis. Unallocated operating expenses, assets and liabilities relate to the general management, financing and administration of the Group.

The following tables present the profit/(loss) and certain asset and liability information regarding the Group's operating segments for the year ended 31 July 2014 and for the year ended 31 July 2013.

Revenue of the Group for the period has been derived from the sale of oil and gas which has been extracted from wells in the UK during production and production testing operations. Oil is a commodity product and can be sold to a number of customers on industry-standard terms. For reasons of operational convenience, 100% (2013: 95%) of oil sales in the year were made to one organisation and nil (2013: 5%) to a second organisation. Gas is a commodity product and can be sold to a number of customers on industry-standard terms. For contractual reasons, gas from the Group's producing field is sold to one customer. During the prior year, income was accrued in respect of gas production and it is expected that this income will be recovered from one customer.

Notes Forming Part of the Financial Statements
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3. Segmental information (continued)
2014

	UK £	Europe £	Unallocated £	Total £
Revenue	2,957,064	—	—	2,957,064
Cost of sales — exploration costs written off and pre-licence costs	(318,577)	(8,415)	—	(326,992)
Cost of sales — impairments	(542,000)	—	—	(542,000)
Cost of sales — depreciation	(1,185,745)	—	—	(1,185,745)
Cost of sales — other	(1,666,965)	—	—	(1,666,965)
Total cost of sales	(3,713,287)	(8,415)	—	(3,721,702)
Gross loss	(756,223)	(8,415)	—	(764,638)
Other administrative expenses	(114,560)	(13,123)	(692,987)	(820,670)
Depreciation	(8,043)	—	(3,557)	(11,600)
Total administrative expenses	(122,603)	(13,123)	(696,544)	(832,270)
Other operating income	137,111	4,538	—	141,649
Profit on disposal of licence interest	164,581	—	—	164,581
Proceeds from sale of licence option	918,014	—	—	918,014
Loss for the year before net finance costs and taxation	340,880	(17,000)	(696,544)	(372,664)
Finance income	778	—	374	1,152
Finance costs	(27,188)	—	(57,705)	(84,893)
Loss before taxation	314,470	(17,000)	(753,875)	(456,405)
Taxation	—	—	—	—
Loss for the year	314,470	(17,000)	(753,875)	(456,405)
Other segment information				
Non-current assets	23,914,920	2,973,100	6,320	26,894,340
Current assets	7,016,272	29,184	7,935,705	14,981,161
Current liabilities	(1,950,406)	(75,302)	(2,150,897)	(4,176,605)
Non-current liabilities	(1,102,241)	(155,252)	(30,761)	(1,288,254)
Net assets	27,878,545	2,771,730	5,760,367	36,410,642
Capital expenditure				
Intangible exploration and evaluation assets	12,928,626	518,646	—	13,447,272
Property, plant and equipment				
— oil and gas assets	36,849	—	5,663	42,512
— other	—	—	—	—
Total	12,965,475	518,646	5,663	13,489,784

Unallocated net current assets primarily represent balances arising from corporate transactions and cash at bank which has yet to be allocated to a business segment.

3. Segmental information (continued)

2013

	UK £	Europe £	Unallocated £	Total £
Revenue	3,341,419	—	—	3,341,419
Cost of sales — exploration costs written off and pre-licence costs	(29,846)	(22,631)	—	(52,477)
Cost of sales — impairments	(555,000)	—	—	(555,000)
Cost of sales — depreciation	(1,226,380)	—	—	(1,226,380)
Cost of sales — other	(1,723,163)	(153)	—	(1,723,316)
Total cost of sales	(3,534,389)	(22,784)	—	(3,557,173)
Gross loss	(192,970)	(22,784)	—	(215,754)
Other administrative expenses	(599,502)	(64,378)	(171,327)	(835,207)
Depreciation	(9,796)	—	(3,845)	(13,641)
Total administrative expenses	(609,298)	(64,378)	(175,172)	(848,848)
Other operating income	72,310	8,278	—	80,588
Profit on disposal of licence interest	392,509	—	—	392,509
Total	(337,449)	(78,884)	(175,172)	(591,505)
Finance income	1,368	—	2,421	3,789
Finance costs	(29,499)	—	(100,377)	(129,876)
Loss before taxation	(365,580)	(78,884)	(273,128)	(717,592)
Taxation	—	—	—	—
Loss for the year	(365,580)	(78,884)	(273,128)	(717,592)
Other segment information				
Non-current assets	13,353,240	2,454,455	4,213	15,811,908
Current assets	4,122,168	37,654	507,755	4,667,577
Current liabilities	(1,408,795)	(104,757)	(1,054,547)	(2,568,099)
Non-current liabilities	(919,021)	(154,067)	(38,568)	(1,111,656)
Net assets	15,147,592	2,233,285	(581,147)	16,799,730
Capital expenditure				
Intangible exploration and evaluation assets	838,976	375,033	—	1,214,009
Property, plant and equipment				
— oil and gas assets	260,827	—	—	260,827
— other	19,848	—	—	19,848
Total	1,119,651	375,033	—	1,494,684

Notes Forming Part of the Financial Statements
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4. Loss before taxation
The loss for the year before taxation is stated after charging/(crediting):

	2014 **£**	2013 £
Auditor's remuneration (see note 6)	**55,025**	49,712
Depreciation	**1,197,345**	1,240,021
Impairments	**542,000**	555,000
Exploration and appraisal costs written off	**285,908**	24,639
Pre-licence costs expensed	**41,084**	27,838
Foreign exchange loss/(gains)	**54,734**	(31,850)
Share based payment charge	**15,819**	33,595
Operating lease rentals		
— land and buildings (in administrative expenses)	**25,000**	25,000
— leases on operational sites included within cost of sales	**53,183**	35,953

5. Exceptional item — profit from licence transactions
On 13 January 2014, the Group and its joint venture partners entered in to an agreement to farm-out an interest in licences PEDL139 and PEDL140, giving rise to a profit of £164,581.

On 30 January 2014, the Group entered into an Opt-in Agreement in respect of licence PEDL209. Under the terms of the agreement, Egdon received consideration of £918,014 in exchange for the grant of an option over 30% of its interest in the licence.

During the prior year the Group sold a 12.5% interest in licences PEDL237 and PL090, excluding the Waddock Cross field development area, to Corfe Energy Limited ("Corfe") for a cash consideration of £500,000. Under the terms of an Earn-In Agreement, Egdon will be able to earn back a 6.25% interest in both licences through paying 12.5% of costs which equates to the Earn-In costs and Corfe's costs. Egdon is entitled to opt out of the Earn-In obligation following completion of a 3D seismic programme over certain prospects on the above licences.

6. Auditor's remuneration

	2014 **£**	2013 £
Audit services:		
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	**12,550**	9,900
Other services:		
The auditing of financial statements of subsidiaries of the Company	**38,450**	35,550
All other services	**4,025**	4,262
Total audit and other services	**55,025**	49,712

7. Employee information

	2014 Number	2013 Number
The average number of persons employed by the Group in the year, including Executive and Non-Executive Directors, was:		
Management and administration	**12**	13

	2014 £	2013 £
Employee costs during the year amounted to:		
Wages and salaries	**604,610**	639,094
Social security costs	**69,804**	78,315
Share based remuneration charges	**15,819**	33,595
Pension costs	**19,384**	19,227
	709,617	770,231

8. Remuneration of Directors and key management

The Board considers that the Group and Company's key management comprises the Directors of the Company.

Group and Company	2014 £	2013 £
Directors' emoluments	**360,000**	360,000
Employer's national insurance contributions	**43,200**	43,392
Short-term employment benefits	**403,200**	403,392
Post-employment benefits	**13,500**	13,500
Share based remuneration charge attributable to Directors	**6,197**	23,739
	422,897	440,631

The emoluments and compensation of individual Directors were as follows:

	Salary and fees £	Bonus £	Medical £	Pension (note 10) £	Total 2014 £	Total 2013 £
M A W Abbott	**150,000**	**–**	**2,583**	**7,500**	**160,083**	159,896
P H P Stephens	**37,500**	**–**	**–**	**–**	**37,500**	37,500
K M Ratcliff	**22,500**	**–**	**–**	**–**	**22,500**	22,500
W R Roberts	**15,000**	**–**	**–**	**–**	**15,000**	15,000
J Field	**120,000**	**–**	**2,482**	**6,000**	**128,482**	128,526
A Lodge	**15,000**	**–**	**–**	**–**	**15,000**	15,000
	360,000	**–**	**5,065**	**13,500**	**378,565**	378,422

The emoluments of the highest paid Director excluding pension contributions were £152,583 (2013: £152,396).

Life policy and critical illness premiums of £7,449 (2013: £6,876) were paid in respect of the Managing Director and Directors' indemnity insurance premiums of £9,280 (2013: £9,594) were paid in respect of all Directors.

The Group accrued fees of £1,250 payable to Alkane Energy plc in respect of director's services provided by Neil O'Brien.

Notes Forming Part of the Financial Statements
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8. Remuneration of Directors and key management (continued)
Directors' share options outstanding at 31 July 2014 and at 31 July 2013

	Exercise price	Number of options	Date granted	Vesting date
M A W Abbott	16.17p	618,429	13/05/2008	01/08/2010
M A W Abbott	10.00p	600,000	01/01/2013	01/01/2014
M A W Abbott	20.62p	363,725	13/05/2014	01/05/2016
J Field	20.08p	298,804	01/02/2011	01/08/2013
J Field	12.42p	483,091	21/12/2011	01/01/2014
J Field	10.00p	600,000	01/01/2013	01/01/2014
J Field	20.62p	290,980	13/05/2014	01/05/2016

No Director is entitled to receive any shares under the terms of any long-term incentive scheme in respect of qualifying services other than as noted above. Options were granted to the Directors in the year to 31 July 2014 as detailed below.

9. Share based payment plans
On 13 May 2008, the Company established an Enterprise Management Incentive Scheme and made the initial grant of options to all eligible employees.

The following share based payment arrangements were in existence during the current and prior years:

	Number at date of grant	Grant date	Expiry date	Exercise price	Vesting date
Granted on 13 May 2008	1,631,908	13/05/2008	31/03/2018	16.17p	01/08/2010
Granted on 1 September 2009	1,470,724	01/09/2009	31/03/2019	11.00p	01/09/2011
Granted on 1 February 2011	298,804	01/02/2011	31/07/2021	20.08p	01/08/2013
Granted on 21 December 2011	483,091	21/12/2011	31/12/2022	12.42p	01/01/2014
Granted on 20 November 2012	791,750	20/11/2012	31/03/2022	10.00p	20/11/2013
Granted on 1 January 2013	1,200,000	01/01/2013	31/03/2022	10.00p	01/01/2014
Granted on 14 January 2014	762,765	14/01/2014	31/12/2023	10.38p	01/01/2016
Granted on 13 May 2014	654,705	13/05/2014	01/05/2024	20.62p	01/05/2016
Granted on 9 June 2014	780,000	09/06/2014	31/05/2024	26.00p	01/06/2016

The exercise price is determined as the average middle-market closing price on the three days preceding the grant. The options do not have a cash settlement alternative. Options vest for all grantees that remain in service at the vesting date.

The fair value of equity settled share options granted is estimated as at the date of grant using a Black–Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs into the model.

The expected volatility in respect of the 2014, 2013, 2012 and December 2011 options is based on the assumption that the historic volatility of Egdon Resources plc is indicative of future trends for Egdon Resources plc, which may not necessarily be the actual outcome. The expected volatility in respect of previous option issues is based on the assumption that the historical volatility of a sample of oil and gas companies is indicative of future trends for Egdon Resources plc, which may not necessarily be the actual outcome.

	13/05/08	01/09/09	01/02/11	21/12/11	20/11/12	01/01/13	14/01/14	13/05/14	09/06/14
Grant date share price (pence)	16.17	11.00	20.08	12.42	10.00	10.00	10.38	20.62	26.00
Exercise price (pence)	16.17	11.00	20.08	12.42	10.00	10.00	10.38	20.62	26.00
Expected volatility (%)	35	35	35	14	14	14	4.24	6.06	6.06
Option life (years)	2	2	2.5	3.5	9.25	9.36	10	10	10
Risk free interest rate (%)	5.5	5.5	0.5	0.35	0.36	0.36	0.399	0.42	0.42

9. Share based payment plans (continued)

The following table illustrates the number and weighted average exercise prices (WAEP) in pence of and movement in share options during the year:

Company and Group	2014 No.	2014 WAEP (pence)	2013 No.	2013 WAEP (pence)
Opening balance	**5,088,524**	**12.56**	3,414,955	13.91
Granted during the year	**2,197,470**	**18.60**	1,991,750	10.00
Forfeited during the year	**(79,480)**	**10.38**	(318,181)	11.00
Exercised during the year	**(978,271)**	**10.33**	—	—
Outstanding at 31 July 2014	**6,228,243**	**15.20**	5,088,524	12.56

The weighted average remaining contractual life of share options outstanding as at 31 July 2014 is 7.19 years (2013: 7.15 years). At 31 July 2014 4,110,252 (2013: 2,314,879) of the total number of share options outstanding could be exercised and these options had a weighted average exercise price of 13.09 pence (2013: 13.82 pence).

10. Defined contribution pension plan

The Group operates a defined contribution retirement plan for all qualifying employees who wish to participate. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

The total cost in the year of £19,384 (2013: £19,227) represents the sum payable to the scheme by the Group at rates agreed in respect of participating employees.

11. Finance income

	2014 £	2013 £
Interest receivable on short-term deposits	**1,152**	3,789

12. Finance costs

	2014 £	2013 £
Unwinding of decommissioning discount	**27,188**	29,499
Interest payable on loan from EnCore Oil Limited	**57,705**	100,377
	84,893	129,876

Notes Forming Part of the Financial Statements
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13. Income tax

The major components of income tax expense for the years ended 31 July 2014 and 2013 are:

	2014 £	2013 £
a) Recognised in profit or loss		
Current income tax charge	**–**	–
b) A reconciliation between tax expense and the product of the accounting loss and the standard rate of tax in the UK for the years ended 31 July 2014 and 2013 is as follows:		
Accounting loss before tax from continuing operations	**(456,405)**	(717,592)
Loss on ordinary activities multiplied by the standard rate of tax of 22.33% (2013: 23.67%)	**(101,915)**	(169,854)
Expenses not permitted for tax purposes	**10,723**	16,249
Movement in unrecognised deferred tax assets	**91,192**	153,605
Income tax expense recognised in the current year relating to continuing operations	**–**	–

c) Factors that may affect the future tax charge

The Group has trading losses of £31,235,026 (2013: £28,792,162) which may reduce future tax charges. Future tax charges may also be reduced by capital allowances on cumulative capital expenditure, supplementary allowance on ring-fenced exploration expenditure and the extent to which any profits are generated by any ring-fenced activities, which attract a higher rate of tax.

d) Deferred taxation

The Group has an unrecognised deferred taxation asset of £2,901,880 (2013: £3,000,410) at the year end, calculated at a rate of 20% which is the applicable rate at the time the net tax losses are expected to be utilised. This is represented by accumulated tax losses of £31,235,026 (2013: £28,792,162) offset by accelerated capital allowances of £16,725,627 (2013: £13,780,110).

14. Loss per share

Basic loss per share

	2014 £	2013 £
Loss for the financial year	**(456,405)**	(717,592)
Basic weighted average ordinary shares in issue during the year	**149,911,338**	132,498,908

	Pence	Pence
Basic loss per share	**(0.30)**	(0.54)

Diluted loss per share

	2014 £	2013 £
Loss for the financial year	**(456,405)**	(717,592)
Diluted weighted average ordinary shares in issue during the year	**149,911,338**	132,498,908

	Pence	Pence
Diluted loss per share	**(0.30)**	(0.54)

The share options are not dilutive in 2014 or 2013 as a loss was incurred.

15. Losses attributable to Egdon Resources plc

The loss for the financial year dealt with in the financial statements of Egdon Resources plc was £343,718 (2013: £273,128). As permitted by Section 408 of the Companies Act 2006, no Statement of Comprehensive Income is presented in respect of Egdon Resources plc.

16. Intangible fixed assets

Group	Exploration and evaluation costs £	Other intangibles £	Total £
At 1 August 2012	8,167,650	113,729	8,281,379
Additions	1,213,729	280	1,214,009
Reclassifications to D&P assets	(973,033)	—	(973,033)
Disposals	(13,741)	—	(13,741)
Exploration written off	(23,298)	—	(23,298)
At 31 July 2013	8,371,307	114,009	8,485,316
Additions	**13,447,272**	**—**	**13,447,272**
Reclassifications to D&P assets	**(3,045,584)**	**—**	**(3,045,584)**
Disposals	**(201,701)**	**—**	**(201,701)**
Exploration written off	**(285,824)**	**—**	**(285,824)**
At 31 July 2014	**18,285,470**	**114,009**	**18,399,479**
Net book value			
At 31 July 2014	**18,285,470**	**114,009**	**18,399,479**
At 31 July 2013	8,371,307	114,009	8,485,316
At 31 July 2012	8,167,650	113,729	8,281,379

The Group's unevaluated oil and gas interests at 31 July 2014 are its equity interests in licences in the UK and France held through its wholly owned subsidiaries Egdon Resources U.K. Limited, Egdon Resources Avington Ltd and Dorset Exploration Limited and through its indirect subsidiaries Egdon Resources Europe Limited, Egdon Resources France Limited, Aquitaine Exploration Limited and Egdon (E&P) Limited. Additions to exploration and evaluation costs represent exploration and appraisal costs incurred in the year in respect of unproven properties.

Included within additions are ten licences acquired from Alkane Energy plc in June 2014. The consideration for the acquisition of these licences was the issue of 40,000,000 New Ordinary 1p Shares. As such the acquisition constitutes a share based payment and accordingly the licences have been included in the financial statements at their fair value of £10,500,000, plus acquisition costs.

The fair value of the licences acquired has been determined by estimating the value per acre based on comparable transactions. The price selected after consideration of prospectivity and risk is $266 per acre at a rate of $1.6932:£1. The range of values from publicly available transaction data was $119-$423 per acre.

The number of acres acquired was 66,867 giving a total value of £10.5 million.

For fair value hierarchy purposes, these are Level 3 assets as the valuation techniques use inputs with a significant effect on the recorded fair value that are not based on observable market data.

A formal impairment review has been carried out and the Directors have considered and reviewed the potential value of all projects and licences. The Directors have also considered the likely opportunities for realising the value of licences, either by development of discovered hydrocarbons, the farm-out of the asset leading to a development or by the disposal of the assets, and have concluded that the likely value of each exploration area is individually in excess of its carrying amount. The amount described as exploration written off, which relates to relinquished licences, has been charged to the consolidated statement of comprehensive income and included within "Cost of sales — exploration costs written off, impairments and pre-licence costs".

Other intangibles represent the costs of purchased data and other geological standards which are used to assist with formulating strategy for licence applications and asset purchases. The costs are subject to an annual impairment test, and elements are written off if they have no future commercial value.

Notes Forming Part of the Financial Statements
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17. Property, plant and equipment

Group	Development and production assets £	Equipment, fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 August 2012	11,829,965	61,684	98,248	11,989,897
Additions	260,827	19,848	—	280,675
Disposals	(2,362)	(49,838)	—	(52,200)
Reclassifications from intangible assets	973,033	—	—	973,033
At 31 July 2013	13,061,463	31,694	98,248	13,191,405
Additions	**36,849**	**—**	**5,663**	**42,512**
Disposals	**(174,562)**	**(5,920)**	**—**	**(180,482)**
Reclassifications from intangible assets	**3,045,584**	**—**	**—**	**3,045,584**
At 31 July 2014	**15,969,334**	**25,774**	**103,911**	**16,099,019**
Depreciation				
At 1 August 2012	3,982,575	14,186	73,031	4,069,792
Charge for the year	1,226,380	—	13,641	1,240,021
Impairment charge	555,000	—	—	555,000
Disposals	—	—	—	—
At 1 August 2013	5,763,955	14,186	86,672	5,864,813
Charge for the year	**1,185,745**	**8,043**	**3,557**	**1,197,345**
Impairment charge	**542,000**	**—**	**—**	**542,000**
At 31 July 2014	**7,491,700**	**22,229**	**90,229**	**7,604,158**
Net book value				
At 31 July 2014	**8,477,634**	**3,545**	**13,682**	**8,494,861**
At 31 July 2013	7,297,508	17,508	11,576	7,326,592
At 31 July 2012	7,847,390	47,498	25,217	7,920,105

17. Property, plant and equipment (continued)

The depreciation charge in the current year includes an impairment charge of £542,000 relating to the Ceres Gas Field (£322,000) and the Kirkleatham Gas Field (£220,000). The depreciation charge in the prior year includes an impairment charge of £555,000 relating to the Dukes Wood/Kirklington oil field. The charge is included within cost of sales in the Consolidated Statement of Comprehensive Income. The recoverable amounts are based on value in use assessed from forecast production over the life of the fields, gas prices per therm of 41p-56p (2013: oil prices per barrel of US$100.36 to US$104.08) and a discount rate of 8% (2013: 8%). In the current year, the impairment charges have arisen primarily as a consequence of weak forward gas prices that have impacted on revenue expectations in the short term (2013: production issues that have impacted on production and revenue expectations).

As a result of recognising the impairment provision there will be a corresponding reduction in future depreciation charges.

Company	Computer equipment £
Cost	
At 1 August 2012	21,505
Additions	—
At 1 August 2013	21,505
Additions	**5,663**
At 31 July 2014	**27,168**
Depreciation	
At 1 August 2012	13,447
Charge for the year	3,845
At 1 August 2013	17,292
Charge for the year	**3,556**
At 31 July 2014	**20,848**
Net book value	
At 31 July 2014	**6,320**
At 31 July 2013	4,213
At 31 July 2012	8,058

18. Investments in subsidiaries

	Shares in subsidiary undertakings £	Loans to subsidiary undertakings £	Total £
Balance at 31 July 2012	10,087,106	5,034,824	15,121,930
Additions in year	—	—	—
Balance at 31 July 2013	10,087,106	5,034,824	15,121,930
Additions in year	—	—	—
Balance at 31 July 2014	**10,087,106**	**5,034,824**	**15,121,930**

The shares in subsidiary undertakings represents the investment in Egdon Resources U.K. Limited, Egdon Resources Avington Ltd and Dorset Exploration Limited.

Notes Forming Part of the Financial Statements
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18. Investments in subsidiaries (continued)
Holdings of more than 20%
As at the year end the Company directly and indirectly held more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class of shares held	% of shares held
Egdon Resources U.K. Limited	England	Ordinary	100
Egdon Resources Europe Limited	England	Ordinary	100
Egdon Resources Avington Ltd	England	Ordinary	100
Egdon Resources France Limited	England	Ordinary	100
Aquitaine Exploration Limited	England	Ordinary	100
Egdon (E&P) Limited	England	Ordinary	100
Dorset Exploration Limited	England	Ordinary	100

All of these companies are involved in oil and gas exploration and production.

19. Trade and other receivables

	Group 2014 £	Group 2013 £	**Company 2014 £**	Company 2013 £
Amounts falling due within 1 year				
Trade receivables	**441,979**	235,333	**—**	—
Amounts owed by subsidiaries	**—**	—	**14,411,161**	1,029,077
VAT recoverable	**2,335,368**	84,335	**2,157,471**	9,033
Other receivables	**263,319**	263,319	**—**	—
Prepayments and accrued income	**2,412,254**	2,028,221	**53,513**	53,523
	5,452,920	2,611,208	**16,622,145**	1,091,633

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade and other receivables represent amounts due from customers for the Company's oil and gas products, balances due from joint venture partners regulated by signed operator agreements, or receipts in respect of asset sales.

As at 31 July 2014 no trade receivables were considered to be impaired (2013: £nil).

19. Trade and other receivables (continued)

As at 31 July 2014 trade receivables of £269,320 (2013: £185,762) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2014	2013
Up to 3 months past due	**47,648**	24,027
3–6 months past due	**37,700**	26,953
Over 6 months past due	**183,972**	134,782
	269,320	185,762

Other receivables do not contain impaired assets.

20. Available for sale financial assets

	Group 2014 £	Group 2013 £
At 1 August 2013	**50,000**	50,000
Additions	**—**	—
At 31 July 2014	**50,000**	50,000

The investment in securities above represents an investment in InfraStrata plc (previously Portland Gas plc) redeemable preference shares. The securities are held at cost as an approximation of fair value.

21. Cash and cash equivalents

	Group 2014 £	Group 2013 £	**Company 2014 £**	Company 2013 £
Short-term bank deposits	**6,625,247**	1,559,546	**3,500,031**	406,603
Restricted cash at bank	**205,466**	205,058	**—**	—
Cash at bank	**2,836,172**	241,765	**2,224,690**	38,595
	9,666,885	2,006,369	**5,724,721**	445,198

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Restricted cash at bank represents funds held in escrow accounts under arrangements relating to decommissioning and similar obligations at Keddington.

22. Trade and other payables

	Group 2014 £	Group 2013 £	**Company 2014 £**	Company 2013 £
Trade payables	**2,911,914**	342,845	**2,122,228**	1,043
Other taxes and social security costs	**—**	23,831	**—**	23,831
Other payables	**1,874**	1,006,154	**—**	1,000,000
Accruals and deferred income	**1,451,461**	1,195,269	**28,669**	29,673
	4,365,249	2,568,099	**2,150,897**	1,054,547

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Other payables includes £nil (2013: £1,000,000) due to EnCore Oil Limited for a loan which was provided as part of the purchase of assets from EnCore Oil plc during 2010. The loan attracted interest at the higher of 10% or LIBOR plus 5%. The loan was repaid in February 2014.

Notes Forming Part of the Financial Statements
CONTINUED

23. Financial assets and liabilities

The Group's objective is to minimise financial risk. The policies to achieve this are to fund operations from equity capital, and in the case of certain projects from debt and not to make use of derivatives or complex financial instruments. The Group's ordinary shares are considered to be equity capital, together with share premium, share based payment reserve and retained earnings. The Group is not subject to any externally imposed capital requirements.

The Group's financial instruments comprise cash and cash equivalents, trade payables, accruals, trade receivables, other receivables and available for sale assets which arise directly from its operations. The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, foreign currency exchange risk and market risk. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company's finance department.

Credit risk

The credit risk on liquid funds is limited because the Group policy is to only deal with counterparties with high credit ratings and more than one institution is utilised to deposit cash holdings. At year end the Group had cash and cash equivalents of £9,666,885 (2013: £2,006,369) and the Company £5,724,721 (2013: £445,198). The balances at 31 July 2014 are held with two banks. Trade receivables comprise amounts due from trading entities and total £441,979 (2013: £235,333) for the Group and £nil (2013: £nil) for the Company (note 19). Trade receivables are mainly due from joint venture partners and the purchasers of the Group's produced oil and gas. For joint venture partners, the Group would have alternative means of recourse in the event of any credit default. The purchasers of the Group's oil and gas production are substantial companies or subsidiaries of major international companies. At the year end, the total exposure to credit risk was £10,422,183 (2013: £2,555,021); Company £25,170,706 (2013: £6,509,099).

Liquidity risk

The Group policy is to actively maintain a mixture of long-term and short-term deposits that are designed to ensure it has sufficient available funds for operations. The Group monitors its levels of working capital to ensure it can meet financial liabilities as they fall due. The Group's financial liabilities comprise trade and other payables as set out in note 22, held at amortised cost, which total £4,365,249 (2013: £2,568,099). Of this balance, £3,779,969 (2013: £1,052,450) is due within one to two months. Additionally, the Group has a liability under a Net Profit Interest agreement where £5,134 (2013: £6,784) is estimated to be due within 12 months.

Interest rate risk

The Group has interest bearing assets, comprising cash balances which earn interest at variable rates and interest bearing liabilities in the form of loans. The financial assets of the Group are cash at bank and fixed term bank deposits (money market), most of which are sterling denominated, further detailed below:

	2014 **£**	2013 £
Cash at bank at floating interest rates	**6,625,247**	1,559,546
Restricted cash at bank	**205,466**	205,058
Cash at bank	**2,836,172**	241,765

Cash at bank at floating rates consisted of money market deposits which earn interest at rates set in advance for periods up to three months by reference to sterling LIBOR. Restricted cash at bank represents amounts lodged in support of guarantee commitments, earning interest at short-term rates based on sterling LIBOR.

An effective interest rate increase or decrease by 1% on the cash and cash equivalents balance at year end would result in a before tax financial effect of an increase or decrease in finance income of £96,669 (2013: £20,064).

The Group has no interest bearing liabilities (2013: interest bearing liabilities as disclosed in note 22).

23. Financial assets and liabilities (continued)

Foreign currency exchange risk

The Group is exposed to foreign currency exchange rate risk in relation to short-term bank deposits, trade receivables and payables denominated in US dollars and euros. The value of the Group's financial assets denominated in foreign currencies at 31 July 2014 was £764,567 (2013: £462,084); Company £nil (2013: £nil). There were no financial liabilities denominated in foreign currencies at 31 July 2014 or 31 July 2013.

A 10% change in the sterling exchange rate would result in an increase or decrease of £76,457 (2013: £46,208) in profit before tax.

Market risk

Payments to the former shareholder of Egdon Resources Avington Ltd under the Net Profit Interest ("NPI") agreement vary in line with the oil price. If the oil price is below $100 per barrel, NPI payments are based on 5% of Egdon's net revenues realised from the licences after subtracting allowable costs. If the oil price exceeds $130 per barrel the NPI payment percentage increases to 10%. If the oil price is between $100 and $130, the NPI payment percentage is 7.5%. The provision at 31 July 2014 assumes that the oil price will be less than $100 per barrel. If this level were to be exceeded, the liability would rise, but any increase would be exceeded by the corresponding increase in revenue from oil sales.

Revenue accrued in respect of production from the Ceres field has been recognised at a price of 56p per therm as an approximation to the selling price that is expected to be achieved when the revenue is realised. If the gas price at the point of sale were to vary by +/- 10%, income recognised in respect of historic production would increase or decrease by £159,017 (2013: £191,478).

24. Provision for liabilities

Group	Other provisions £	Decommissioning provision £	Reinstatement provision £	Total £
At 1 August 2012	44,952	607,161	293,488	945,601
Provision created during the year	—	56,895	86,045	142,940
Paid during the year	(6,384)	—	—	(6,384)
Transfer of provision on reclassification to D&P assets	—	71,253	(71,253)	—
Unwinding of discount	—	28,605	894	29,499
At 1 August 2013	38,568	763,914	309,174	1,111,656
Provision created during the year	**—**	**12,555**	**144,662**	**157,217**
Paid during the year	**(7,807)**	**—**	**—**	**(7,807)**
Transfer of provision on reclassification to D&P assets	**—**	**114,058**	**(114,058)**	**—**
Unwinding of discount	**—**	**27,188**	**—**	**27,188**
At 31 July 2014	**30,761**	**917,715**	**339,778**	**1,288,254**

Company	Other provisions £	Decommissioning provision £	Reinstatement provision £	Total £
At 1 August 2012	44,952	—	—	44,952
Paid during the year	(6,384)	—	—	(6,384)
At 1 August 2013	38,568	—	—	38,568
Paid during the year	**(7,807)**	**—**	**—**	**(7,807)**
At 31 July 2014	**30,761**	**—**	**—**	**30,761**

Notes Forming Part of the Financial Statements
CONTINUED

24. Provision for liabilities (continued)

At 31 July 2014 provision has been made for decommissioning costs on the productive fields at Keddington, Kirkleatham, Ceres, Avington, Dukes Wood/Kirklington and Waddock Cross. Provision has also been made for reinstatement costs relating to exploration and evaluation assets where work performed to date gives rise to an obligation, principally for site restoration. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. This estimate will be reviewed regularly to take into account any material change to assumptions. Actual costs will depend on future market prices, any variation in the extent of decommissioning and reinstatement to be performed, whether the works can be performed as part of a multi-well programme or in isolation and progress in the relevant technologies. Decommissioning and reinstatement costs are expected to arise between 2015 and 2021.

Other provisions represent the amount expected to be payable to the former shareholder of Egdon Resources Avington Ltd under the Net Profit Interest agreement entered into at the time of acquisition. Of the total provision, £5,134 (2013: £6,784) is estimated to be payable within one year.

25. Share capital and redeemable preference shares

	10p Ordinary Shares Allotted, called up and fully paid		1p Ordinary Shares Allotted, called up and fully paid		1p Deferred Shares Allotted, called up and fully paid		Total
	Number	£	Number	£	Number	£	£
At 31 July 2012	132,192,336	13,219,233	—	—	—	—	13,219,233
— Issue of new £0.10 ordinary shares	595,207	59,521	—	—	—	—	59,521
At 31 July 2013	132,787,543	13,278,754	—	—	—	—	13,278,754
Share subdivision	**(132,787,543)**	**(13,278,754)**	**132,787,543**	**1,327,875**	**1,195,087,887**	**11,950,879**	**—**
— Issue of new £0.01 ordinary shares	**—**	**—**	**88,011,820**	**880,118**	**—**	**—**	**880,118**
At 31 July 2014	**—**	**—**	**220,799,363**	**2,207,993**	**1,195,087,887**	**11,950,879**	**14,158,872**

	Allotted, called up and partly paid	
Redeemable preference shares of £1 each (classed as liabilities)	Number	£
At 31 July 2013	50,000	12,500
At 31 July 2014	**50,000**	**12,500**

On 5 December 2013, following approval at the Company's AGM, the existing ordinary shares of 10 pence each were subdivided into 1 New Ordinary Shares of 1 penny each and 9 Deferred Shares of 1 penny each. The Deferred Shares do not carry any rights to vote or any dividend rights. The Deferred Shares will not be admitted to AIM and holders will only be entitled to a payment on return of capital or winding up of the Company after each of the holders of Ordinary Shares has received a payments of £10,000,000 on each such share.

On 11 February 2014, the Company issued 12,000,000 New Ordinary 1p shares for total cash consideration of £3 million. The nominal value of the shares was £120,000.

During March 2014, 828,271 New Ordinary 1p shares with a nominal value of £8,283 were issued to staff under the Company's Enterprise Management Incentive Scheme for total cash consideration of £86,080.

During May 2014, 150,000 New Ordinary 1p shares with a nominal value of £1,500 were issued to staff under the Company's Enterprise Management Incentive Scheme for total cash consideration of £15,000.

25. Share capital and redeemable preference shares (continued)

On 12 June 2014, the Company issued 35,033,549 New Ordinary 1p shares for total cash consideration of £7,006,710. The nominal value of the shares was £350,335.

On the same date, as consideration for the acquisition of certain licence interests from Alkane Energy plc, the Company issued 40,000,000 New Ordinary 1p shares at a premium of 25.25p. The nominal value of the shares issued was £400,000.

In the prior year, on 21 January 2013, 595,207 10p ordinary shares were issued at a premium of 0.55p as consideration for variation of the royalty agreement in respect of the Mairy permit.

On 6 November 2007, 50,000 redeemable preference shares of £1 each were issued and are now held by InfraStrata plc. One-quarter of the nominal value of these shares is paid up and the shares are entitled to an annual dividend out of distributable profits of 0.00001% per annum on the amount for the time being paid up on each such share and do not carry any voting rights. The Company may redeem the shares at any time by giving preference shareholders one week's notice. Preference shareholders may require the Company to redeem their shares at any time by giving six months' notice. In each case, any redemption is at par and is subject to the provisions of the Companies Act. The preference shares are treated as short-term liabilities and included within trade payables.

26. Share premium reserve

On 11 February 2014, the Company issued 12,000,000 New Ordinary 1p shares at a premium of 24p creating additional share premium of £2,880,000. Share issue costs associated with this issue of £175,000 have been offset against the premium generated on this issue.

During February 2014, the Company issued 828,271 New Ordinary 1p shares under the Company's Enterprise Management Incentive Scheme, creating additional share premium of £77,797.

During May 2014, the Company issued 150,000 New Ordinary 1p shares under the Company's Enterprise Management Incentive Scheme, creating additional share premium of £13,500.

On 12 June 2014, following a placing and open offer, the Company issued 35,033,549 New Ordinary 1p shares at a premium of 19p creating additional share premium of £6,656,375.

On 12 June 2014, 40,000,000 New Ordinary 1p shares were issued as consideration for the acquisition of certain licence interests from Alkane Energy plc. At the date of issue the shares had a market value of £10,500,000 creating additional share premium of £10,100,000. Share issue costs associated with this transaction of £381,292 have been offset against the premium generated on this issue.

The above share issues resulted in a closing share premium reserve carried forward of £20,550,081 (2013: £1,378,701)

During the year to 31 July 2013, 595,207 ordinary shares of 10p each were issued as consideration for the variation of the Mairy royalty agreement as above. At the date of issue the shares had a market value of £62,794 creating additional share premium of £3,273.

Notes Forming Part of the Financial Statements
CONTINUED

27. Merger reserve
Company
The merger reserve arose on the de-merger of the Egdon Resources Group of companies from InfraStrata plc (formerly Portland Gas plc) and represented the difference between the market value of the shares issued on the date of the de-merger at the closing rate of trading and nominal value of the shares so issued.

The reserve is not distributable.

Group
The merger reserve was eliminated on de-merger effected by a Court Order.

28. Movements in cash and cash equivalents

Group	As at 31 July 2013 £	Cash flow £	**As at 31 July 2014 £**
Cash at bank and in hand	241,765	2,594,407	**2,836,172**
Term deposits	1,559,546	5,065,701	**6,625,247**
Restricted cash at bank	205,058	408	**205,466**
Cash and cash equivalents as per statement of financial position	2,006,369	7,660,516	**9,666,885**

Company	As at 31 July 2013 £	Cash flow £	**As at 31 July 2014 £**
Cash at bank and in hand	38,595	2,186,095	**2,224,690**
Term deposits	406,603	3,093,428	**3,500,031**
Cash and cash equivalents	445,198	5,279,523	**5,724,721**

29. Obligations under leases
At 31 July 2014 the Group had future minimum commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Within 1 year		
— Land and buildings	**25,000**	25,000
— Leases on operational and exploration and evaluation sites	**64,975**	55,920
	89,975	80,920

Included within leases on operational and exploration and evaluation sites is £7,338 (2013: £8,475) which is expected to be capitalised.

30. Capital commitments — tangible and intangible assets
Capital commitments of £591,578 (2013: £nil) relate to expenditure committed under signed authorisations for expenditure and relate to exploration, development and production assets. No other capital commitments have been made as at 31 July 2014.

31. Related party transactions

Mr Walter Roberts is a Non-Executive Director of Egdon Resources plc and is also a Director and shareholder in Pinnacle Energy Limited, a company that provides legal and consultancy services to the oil and gas industry. During the year to 31 July 2014 Pinnacle Energy Limited invoiced the Group £66,150 (2013: £40,749) for legal and consultancy services provided at commercial rates and agreed by the Directors of the Company. At the year end £12,715 was owing to Pinnacle Energy Limited (2013: £39,057).

EnCore Oil Limited is a shareholder in the Company. EnCore Oil Limited is a wholly owned subsidiary of Premier Oil plc and Andrew Lodge is Exploration Director of Premier Oil plc, and is a Non-Executive Director of Egdon Resources plc. EnCore Oil Limited provided a loan facility to the Company, details of which are given in note 22. The loan was repaid on 27 February 2014.

With effect from 12 June 2014, Alkane Energy plc became a shareholder in Egdon Resources plc. Neil O'Brien was appointed to the Board on 26 June 2014. Neil O'Brien is also a director of Alkane Energy plc. During the period, Egdon Resources U.K. Limited invoiced Alkane Energy Limited, a subsidiary of Alkane Energy plc, £6,750 in respect of recharged licence fees. There was no balance outstanding at the year end.

Additionally, fees accrued to Alkane Energy plc for director's services as disclosed in note 8.

During the year the Group provided services to companies with interests in jointly controlled operations as follows:

	2014 £	2013 £
Time costs	**115,635**	156,174
Overhead recharged in accordance with Joint Operating Agreement	**94,214**	46,728
	209,849	202,902

The balances due from companies with interests in jointly controlled operations in respect of these transactions as at 31 July 2014 and 31 July 2013 are set out below:

	2014 £	2013 £
Due from companies with interests in jointly controlled operations	**52,492**	62,756

The Company has a related party relationship with its subsidiaries in the course of normal operations.

During the year the Company provided management services, and billed for time spent on subsidiary company projects. The total amounts invoiced were as follows:

	2014 £	2013 £
Invoiced to subsidiary companies	**860,672**	1,020,127

As at 31 July 2014 the balance due to Egdon Resources plc from its subsidiary undertakings was £19,445,985 (2013: £6,063,901) as shown in notes 18 and 19.

32. Control of the Group

There is no ultimate controlling party of Egdon Resources plc.

Letter from the Chairman with Notice of Annual General Meeting

EGDON RESOURCES PLC
(THE "COMPANY")

(Incorporated and registered in England and Wales with registered number 06409716)

Directors:
Philip Stephens (Non-Executive Chairman)
Mark Abbott (Managing Director)
Jeremy Field (Executive Director)
Andrew Lodge (Non-Executive Director)
Neil O'Brien (Non-Executive Director)
Kenneth Ratcliff (Non-Executive Director)
Walter Roberts (Non-Executive Director)

Registered Office:
The Wheat House
98 High Street
Odiham
Hampshire
RG29 1LP

10 November 2014

Dear Shareholder,

1. Introduction

Notice of the Company's forthcoming Annual General Meeting to be held on Friday 12th December 2014 ("AGM" or "Annual General Meeting") appears on the following pages.

As in previous years your Board is not recommending the payment of a dividend.

2. Resolutions to be proposed at the AGM

Ordinary Business

Annual report and financial statements (Resolution 1)

A copy of the annual report and financial statements (together with the Directors' and Auditor's reports on the annual report and financial statements) for the Company for the financial year ended 31 July 2014 (the "Financial statements") has been sent to you with this document. Shareholders will be asked to receive the Financial statements at the Annual General Meeting.

Reappointment of auditors (Resolution 2)

The Company is required at each general meeting at which financial statements are presented to appoint auditors to hold office until the next such meeting. Resolution 2 proposes the reappointment of Nexia Smith & Williamson Audit Limited as auditor of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at which financial statements are laid, and authorises the Directors to determine their remuneration.

Retirement by Directors (Resolutions 3, 4 & 5)

Neil O'Brien who was appointed as a non-executive Director on 26th June 2014, retires as required and offers himself for re-election. A third of the members of the Board are required to submit themselves for re-election each year and all are required to submit themselves for re-election at least once every three years. I and Jerry Field are the Directors retiring by rotation this year and both of us are offering ourselves for re-election. Brief biographical details of each of the Directors appear on page 17 of the Financial statements.

Authority of Directors to allot shares (Resolution 6)

The authority given to the Directors to allot further shares in the capital of the Company requires the prior authorisation of the shareholders in general meeting under section 551 Companies Act 2006 ("CA 2006"). Upon the passing of Resolution 6, pursuant to paragraph (A) of the Resolution, the Directors will have authority to allot shares up to a maximum of £735,997.87 (which represents approximately one-third of the current issued share capital as at 7 November 2014, being the latest practicable date before the publication of this Letter).

In addition, in accordance with the guidance from the Association of British Insurers ("ABI") on the expectations of institutional investors in relation to the authority of directors to allot shares, upon the passing of Resolution 6, the Directors will have authority (pursuant to paragraph (B) of the Resolution) to allot an additional number of ordinary shares up to a maximum of £735,997.87 (which represents approximately a further third of the current issued share capital as at 7 November 2014, being the latest practicable date before the publication of this Letter). However, the Directors will only be able to allot those shares for the purposes of a rights issue in which the new shares are offered to existing shareholders in proportion to their existing shareholdings.

As a result, if Resolution 6 is passed, the Directors could allot shares representing up to two-thirds of the current issued share capital pursuant to a rights issue.

To the extent not already expired, the authorities conferred by Resolution 6 will expire at the conclusion of the next Annual General Meeting or, if earlier, on 31st January 2016.

Disapplication of pre-emption rights (Resolution 7)

If the Directors wish to exercise the authority under Resolution 6 and offer unissued shares (or sell any shares which the Company may purchase and elect to hold as treasury shares) for cash, the Companies Act 2006 requires that unless shareholders have given specific authority for the waiver of the statutory pre-emption rights, the new shares be offered first to existing shareholders in proportion to their existing shareholdings. In certain circumstances, it may be in the best interests of the Company to allot new shares (or to grant rights over shares) for cash without first offering them to existing shareholders in proportions to their holdings.

Resolution 7 would authorise the Directors to do this by allowing the Directors to allot shares for cash (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportions to their shareholdings (subject to certain exclusions) and (iii) to persons other than existing shareholders up to an aggregate nominal value of £441,598.72 (which represents approximately 20% of current issued share capital as at 7 November 2014, being the latest practicable date before the publication of this Letter). If given, to the extent not already expired, the authorities conferred by Resolution 7 will expire on the conclusion of the next Annual General Meeting or, if earlier, on 31st January 2016.

For this purpose the ABI recommendation aimed predominantly at premium-listed companies on the Official List is 5%, although it is generally recognised that for smaller companies and those on AIM this may be too restrictive. Taking into account the fact that the Company has grown in size this year we are recommending a reduction in the disapplication of pre-emption rights from 30% to 20%. This will continue to provide your Board with the flexibility to pursue investment opportunities without incurring the costs of a rights issue or the need to market part of the investment opportunity to third parties.

3. Recommendation

Your Directors consider the resolutions to be proposed at the AGM to be in the best interests of the Company and its shareholders as a whole. Consequently, the Directors recommend shareholders to vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings totalling 8,812,074 ordinary shares (representing 3.99% of the Company's issued share capital as at the date of this Letter).

A form of proxy is included for use at the AGM. Forms of proxy should be completed, signed and returned as soon as possible and in any event so as to be received by Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF not less than 48 hours prior to the time appointed for the holding of the AGM on 12th December 2014. Completion of a proxy form will not prevent you from attending the AGM in person if you so wish

Yours sincerely,

Philip Stephens
NON-EXECUTIVE CHAIRMAN

Notice of Annual General Meeting

EGDON RESOURCES PLC

(Incorporated and registered in England and Wales with registered number 06409716)

Notice is hereby given that the Annual General Meeting of Egdon Resources plc (the "Company") will be held at the offices of Norton Rose Fulbright, 3 More London Riverside, London SE1 2AQ, United Kingdom on Friday 12 December 2014 at 11 a.m. for the purpose of passing the following resolutions, of which Resolutions 1 to 6 will be proposed as Ordinary Resolutions and Resolution 7 will be proposed as a Special Resolution:

ORDINARY RESOLUTIONS:

1. To receive the report of the Directors and the audited financial statements of the Company for the year ended 31 July 2014, together with the report of the Auditor on those audited financial statements.

2. That Nexia Smith & Williamson Audit Limited be and are hereby reappointed as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next meeting at which financial statements are laid before the meeting, at a remuneration to be determined by the Directors.

3. To re-elect Neil O'Brien as Director who retires pursuant to article 87 of the Company's articles of association and who, being eligible, offers himself for re-election.

4. To re-elect Philip Stephens as Director who retires pursuant to article 92 of the Company's articles of association and who, being eligible, offers himself for re-election.

5. To re-elect Jerry Field as Director who retires pursuant to article 92 of the Company's articles of association and who, being eligible, offers himself for re-election.

6. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

   THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:

   (a) up to an aggregate nominal amount of £735,997.87; and

   (b) comprising equity securities (within the meaning of section 560 of the Act) up to a further aggregate nominal amount of £735,997.87 in connection with an offer by way of a rights issue:

      (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

      (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

      and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts).

   The authorities conferred on the Directors under paragraphs (a) and (b) above shall, in so far as they have not previously expired, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 31 January 2016, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS:

7. To consider and, if thought fit, to pass the following resolution as a special resolution:

THAT, subject to the passing of Resolution 6, above the Directors be and they are hereby empowered pursuant to section 570 CA 2006 to allot equity securities (within the meaning of section 560 CA 2006) for cash pursuant to the authority conferred by Resolution 6, as if section 561 CA 2006 did not apply to any such allotment, provided that this power shall be limited:

(a) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authorities granted under paragraph (b) of Resolution 6, by way of a rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts); and

(b) to the allotment (otherwise than under paragraph (a) of this Resolution 7) of equity securities up to an aggregate nominal amount of £441,598.72

and shall, in so far as they have not previously expired, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 31 January 2016, whichever is the earlier, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Dated 10 November 2014

By Order of the Board
Walter Roberts
Secretary

Registered Office:
The Wheat House
98 High Street
Odiham
Hampshire
RG29 1LP

Notice of Annual General Meeting
CONTINUED

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member should contact Capita Asset Services on +44 (0)871 664 0300 (calls cost 10p per minute plus network extras). A form of proxy for use by members at the Annual General Meeting accompanies this notice.

2. To be effective, the form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, must be received by post or (during normal business hours only) by hand at the office of the Company's Registrars, being Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, not less than 48 hours before the time of the holding of the meeting or any adjournment thereof.

3. Completion and return of the proxy form does not preclude a member from attending and voting at the meeting in person.

4. In the case of joint shareholders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint shareholders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

5. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

6. In order to revoke a proxy instruction you will need to inform the Company by sending notice in writing clearly stating your intention to revoke your proxy appointment to Company's Registrars, being Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company no later than 48 hours before the time of the holding of the meeting or any adjournment thereof. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

7. In accordance with the permission in Regulation 41(1) of The Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), only those holders of ordinary shares who are registered on the Company's share register at 1800 hours on 10 December 2014 shall be entitled to attend the above Annual General Meeting (or, in the case of an adjourned meeting, 1800 hours on the day which is two days before the adjourned meeting) and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 1800 hours on 10 December 2014 shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.

8. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

9. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

10. Copies of the service agreements and letters of appointment between the Company and its Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from half an hour before the meeting until the conclusion of the meeting.

Directors, Officers and Advisors

Directors

Philip Stephens	Non-Executive Chairman
Mark Abbott	Managing Director
Jeremy Field	Exploration Director
Walter Roberts	Non-Executive Director and Company Secretary
Kenneth Ratcliff	Non-Executive Director
Andrew Lodge	Non-Executive Director
Neil O'Brien	Non-Executive Director

Principal and Registered Office

The Wheat House
98 High Street
Odiham
Hampshire
RG29 1LP

Nominated Advisor and Stockbrokers

Cantor Fitzgerald Europe
One Churchill Place
Canary Wharf
London
E14 5RB

Joint Broker

VSA Capital Limited
Fourth Floor
New Liverpool House
15–17 Eldon Street
London
EC2M 7LD

Statutory Auditor

Nexia Smith & Williamson
Chartered Accountants
1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey
GU1 4RA

Legal Advisors

Norton Rose Fulbright
3 More London Riverside
London
SE1 2AQ

Financial Public Relations

Buchanan
107 Cheapside
London
EC2V 6DV

Registrars

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Shareholder Notes

Shareholder Notes

Licence Holdings
AS AT 31 JULY 2014

	Licences	Operator	Egdon Interest	Area km²
	UK			
1	EXL253	Egdon Resources U.K. Limited (Deep Rights)	100.000%	3.00
2	PL090 (Waddock Cross)	Egdon Resources U.K. Limited	55.000%	19.00
	PL090	Egdon Resources U.K. Limited	48.750%	183.00
3	PL161	Egdon Resources U.K. Limited (Deep Rights)	100.000%	18.00
4	PEDL001	Egdon Resources U.K. Limited (Deep Rights)	100.000%	11.00
5	PEDL005 (remainder)	Egdon Resources U.K. Limited	75.000%	23.50
6	PEDL011	Egdon Resources U.K. Limited (Deep Rights)	100.000%	6.00
7	PEDL037	Egdon Resources U.K. Limited (Deep Rights)	100.000%	10.00
8	PEDL039	Egdon Resources U.K. Limited (Deep Rights)	100.000%	3.00
9	PEDL043	Egdon Resources U.K. Limited (Deep Rights)	100.000%	57.00
10	PEDL068	Egdon Resources U.K. Limited	40.000%	83.20
11	PEDL070	IGAS (Star Energy Group)	26.670%	36.00
12	PEDL118	Egdon Resources U.K. Limited	50.000%	10.60
13	PEDL126	Northern Petroleum Plc	10.000%	11.00
14	PEDL130	Egdon Resources U.K. Limited	100.000%	45.00
15	PEDL139	IGAS (Star Energy Group)	14.500%	100.00
16	PEDL140	IGAS (Star Energy Group)	14.500%	141.60
17	PEDL141	Seven Star Natural Gas Limited (Alkane Energy plc)	46.000%	100.00
18	PEDL143	Europa Oil and Gas Limited	38.400%	92.00
19	PEDL169	Egdon Resources U.K. Limited (Deep Rights)	20.000%	62.00
20	PEDL180	Egdon Resources U.K. Limited	25.000%	100.00
21	PEDL181	Europa Oil and Gas Limited	25.000%	540.50
22	PEDL182	Egdon Resources U.K. Limited	33.330%	40.00
23	PEDL191	Egdon Resources U.K. Limited (Deep Rights)	100.000%	66.00
24	PEDL201	Egdon Resources U.K. Limited	32.500%	100.00
25	PEDL202	Egdon Resources U.K. Limited (Deep Rights)	100.000%	84.00
26	PEDL203	Egdon Resources U.K. Limited	50.000%	10.50
27	PEDL209	Egdon Resources U.K. Limited	60.000%	64.00
28	PEDL237	Egdon Resources U.K. Limited	48.750%	108.50
29	PEDL241	Egdon Resources U.K. Limited	40.000%	110.00
30	PEDL253	Egdon Resources U.K. Limited	54.000%	190.00
31	P.1241	Centrica Energy	10.000%	43.00
32	P.1916	NP Solent Ltd	7.500%	47.00
33	P.1929	Egdon Resources U.K. Limited	100.000%	361.00
	FRANCE			
34	St Laurent	Egdon Resources France Limited	33.423%	507.00
35	Pontenx	Egdon Resources France Limited	100.000%	169.00
36	Mairy	Hess Oil France	15.000%	255.00
	Awaiting Award			
	Donzacq	eCORP France Limited	33.423%	218.00
	Back-in Option Licences		Back-in interest	
	Gex	eCORP France Limited	6.000%	932.00
	Navacelles	eCORP France Limited	9.000%	216.00
	Gex-Sud (awaiting award)	eCORP France Limited	6.000%	1991.00

Egdon Resources plc

The Wheat House
98 High Street
Odiham
Hampshire
RG29 1LP
England

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www.egdon-resources.com