

Egdon Resources

Flash

Operational update: catalysts on the horizon

Oil & Gas

14 August 2017

Egdon's operational update issued this morning highlights several conventional and unconventional catalysts expected over the next 12 months. Our Egdon valuation remains at 21.5p/share risked conventional value with 26.0p/share for indicative unconventional upside potential; see our note published 17 July 2017 for further details.

Year end	Revenue (£m)	PBT* (£m)	EBITDA (£m)	Net cash (£m)	Capex (£m)
07/15	2.1	(4.5)	(4.0)	5.2	(3.3)
07/16	1.6	(2.7)	(0.7)	2.7	(2.4)
07/17e	1.2	(1.9)	(0.9)	4.8	(1.7)
07/18e	2.5	(1.3)	0.2	2.0	(3.0)

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles and share-based payments.

Conventional assets: Wressle – a planning appeal hearing is expected in early November and a decision is likely in early 2018. Wressle has potential to add 125bopd of net production once established. **Fiskerton** – a workover at the newly acquired Fiskerton Airfield is expected to increase production from current 17-18b/d net to Egdon on completion. **Holmwood-1** – expected to be drilled in Weald Basin (Egdon 18.4%) with potential exposure to the Kimmeridge Limestone, which is due to be tested at the nearby Brockham oilfield as well as the Horse Hill and Broadford Bridge discoveries. **Biscathorpe** – drilling operations at the Biscathorpe-2 well are expected to commence in early 2018 (Egdon 7.4mmbbl P50 prospective).

Unconventional assets: Operator IGas has advised that it intends to drill a shale exploratory well in the Gainsborough Trough, Springs Road-1 (Egdon 14.5% and carried by Total) later in 2017. While the operator does not currently have approval to frack at Springs Road-1, the well will drill a thick Lower Carboniferous tight sand and shale sequence and will be extensively logged and cored for play evaluation. This is a key well for Egdon in the heart of the company's unconventional acreage position. The planned drilling of two wells and fracture stimulation at Preston New Road by Cuadrilla and at Kirby Misperton-8 by Third Energy will also provide important data points on UK shale gas recovery potential and prospective well pad economics.

Price 9.13p
Market cap £24m

Net cash (£m) at January 2017	6.8
Shares in issue	259.4
Free float	51%
Code	EDR
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



Business description

Egdon Resources is an AIM-listed onshore oil and gas exploration company. The group has conventional and unconventional assets in the UK and France.

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