

Egdon Resources

Open offer

Underwritten open offer announced

Egdon has announced a proposed underwritten open offer of c 43.3m shares (representing 14.29% of the enlarged share capital) at 5p/share to raise £2.17m before expenses. Under the open offer, qualifying shareholders have an opportunity to subscribe to one open offer share for every six existing ordinary shares held at market close on 14 May 2019. Net proceeds will be used to progress Egdon's Gainsborough Trough shale-gas assets and the Resolution gas discovery (the focus of [our last note](#)), and for general working capital purposes. Egdon's key operational focus is on finalising IGas-operated Springs Road-1 core and log analysis in Q219 and seeking an industry partner to fund the planned 3D seismic and appraisal drilling of the Resolution gas discovery.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	EBITDA (£m)	Net cash/(debt) (£m)	Cash flow from operations (£m)
07/17	1.0	(2.2)	(0.7)	(1.2)	6.1	(0.4)
07/18	0.8	(1.7)	(0.8)	(2.2)	2.8	(1.6)
07/19e	2.2	(2.1)	(0.2)	(0.5)	0.6	(0.3)
07/20e	2.7	(1.8)	(0.8)	0.1	(0.4)	0.6

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

Irrevocable commitments: Egdon has received irrevocable agreements from Petrichor Holdings in respect to c 13m open offer shares and from Premier Oil for c 6.5m open offer shares.

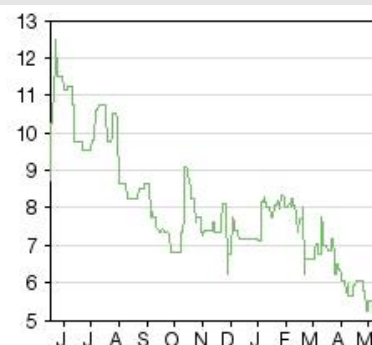
Underwritten by Petrichor: Petrichor has entered into an agreement whereby it will underwrite c 23.8m open offer shares in exchange for the payment of underwriting commission of 4%. Petrichor is a wholly owned subsidiary of HEYCO, a privately owned, US-based upstream energy portfolio company that owns 29.99% of the issued share capital of Egdon. Under the underwriting agreement it is possible Petrichor's stake will exceed 30%, which would trigger a mandatory cash offer under Rule 9 of the Takeover Code. A 'whitewash resolution' is being proposed to avoid the mandatory offer and is subject to shareholder vote.

16 May 2019

Price 6.0p
Market cap £14m

Net cash (£m) at end January 2019	1.8
Shares in issue	260.0m
Free float	47%
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.

Analysts

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