EDISON

Egdon Resources

Company update

Wressle planning appeal rejected

Oil & gas

The Planning Inspectorate has rejected the appeals by Egdon against the two refusals by North Lincolnshire County Council's planning committee for the Wressle oil development. The Planning Inspectorate did uphold Egdon's appeal against the decision to refuse the application to retain planning for the well site, which will be retained until 28 April 2018. This is clearly disappointing news for the company. In our last published valuation for Egdon, we had assumed a production and positive cash flow contribution from Wressle in late 2018, with the asset making up 1.5p/share of our 21.5p/share conventional NAV or 7.0%. Our forecasts and valuation are under review.

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)
07/17	1.0	(1.7)	(1.2)	6.1	(1.0)
07/18e**	N/A	N/A	N/A	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles and share-based payments. **2018 forecasts under review.

Next steps: Wressle's joint venture partners will now consider the reasons for refusal and review options available. Wressle's owners include operator Egdon (25%), Celtique Energie Petroleum (33.33%), Union Jack Oil (11.67%) and Europa (30% to be reduced to 20% on approval of SPA for 10% with Upland Resources).

UK shale activity: Operator IGas intends to drill a shale exploratory well in the Gainsborough Trough, Springs Road-1 (Egdon 14.5% and carried by INEOS) – site work is currently underway. 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.

5 January 2018

Price	**8.15p**
Market cap	**£21m**
Net cash (£m) at July 2017	6.1
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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Edison profile page

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