RNS Number : 5621T
Beacon Energy PLC
24 June 2024

24 June 2024

Beacon Energy plc
("Beacon Energy" or the "Company")
Erfelden Operational Update

Beacon Energy (AIM:BCE), the full-cycle oil and gas company with a portfolio of onshore German assets through its wholly-owned subsidiary, Rhein Petroleum GmbH ("Rhein Petroleum"), provides the following operational and corporate update in relation to the Schwarzbach 2(3.) sidetrack well ("SCHB-2 sidetrack") in the Erfelden field.

- Following demobilisation of the rig, the SCHB-2 well was reconnected to the Schwarzbach production facilities on 12 June 2024 to restart production, allow the well to clean-up and allow a long-term flow rate to be established.

- The well continues to clean-up and while a stabilised rate has yet to be achieved, it is anticipated from pressure data and reservoir inflow that production is likely to stabilise in the 50 - 100 barrels of oil per day ("bopd") range.

- Production at this level is substantially lower than expected based on the electronic logs obtained while drilling both the original well in Q3 2023 and the sidetrack in May 2024.

- The most likely explanation for the poor performance is a combination of residual reservoir damage in the upper section of the Upper PBS reservoir (where the sidetrack remains close to the original well bore which was invaded with drilling fluids) and poor permeability in this particular area of the Erfelden field in the Lower PBS reservoir.

- The Company continues to review options to stabilise and optimise production from the current well-bore as well as reviewing longer-term options to exploit the resource potential of the assets (subject to funding).

The Company will now look to implement a material cost reduction program aimed at right-sizing the cost base to the expected go-forward production rates to maximise cash flow generation.

The Company will also look to commence discussions with the creditors of Rhein Petroleum. It should be noted that Beacon Energy has not provided any parent company guarantees related to the debts of Rhein Petroleum.

As a result of the current uncertainties outlined above and the uncertain impact on assets impairment and going concern in the accounts, the Company is unlikely to be in a position to finalise and publish its Annual Report for the year to 31 December 2023 ("Annual Report") by 30 June 2024, as stipulated by Rule 19 of the AIM Rules for Companies (the "AIM Rules"). The Company is targeting the publication of the Annual Report as soon as practically possible.

As a result, trading in the Company's ordinary shares on AIM will likely have to be suspended with effect from 07:30 a.m. on 1 July 2024 pending publication of the Annual Report. It is expected that suspension from trading will be lifted with the publication of the Annual Report.

Notwithstanding the temporary suspension of trading in the Company's ordinary shares, the Company will continue to make announcements as and when there are any developments that require announcement in accordance with its obligations under the AIM Rules.

Stewart MacDonald, Incoming CEO of the Company, said:

"While a stabilised flow rate has yet to be achieved, it is likely that production from the SCHB2 well will be in the 50 - 100 bopd range, materially below expectations. This is a hugely disappointing outcome for all stakeholders given the very encouraging results obtained from the electronic logs.

The likely stabilised production rate indicates we have been extremely unlucky with the challenges encountered in the original well and our technical team are working diligently to understand these results against the reservoir characteristics derived from the electronic logs obtained.

The Company will now look at a range of options to reduce costs within the business, maximise cash generation and assess next steps."

The Company plans to release a short presentation webcast on its website later today.

Enquiries:

Beacon Energy plc Stewart MacDonald (CEO)	+44 (0)20 7466 5000
Strand Hanson Limited (Financial and Nominated Adviser) Rory Murphy / James Bellman	+44 (0)20 7409 3494
Buchanan (Public Relations) Ben Romney / Barry Archer / George Pope	+44 (0)20 7466 5000
Tennyson Securities Limited (Broker) Peter Krens / Ed Haig-Thomas	+44 (0)20 7186 9030

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

UPDQZLBLZQLEBBL