

27 August 2024

Beacon Energy plc
("Beacon Energy" or the "Company")
Corporate and 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 corporate and operational update.

- It has become clear that the electrical submersible pump ("ESP") is running at the lower limit of its operating range - approximately 50 bopd - and as such the SCHB-2 well has not yet been able to achieve a stabilised flow rate
- Plans are well advanced to re-install a rod pump (at a cost of approximately €75,000) in the coming weeks which is expected to allow a stabilised flow rate to be achieved
- In order to maximise the cash generation of the Rhein Petroleum business, cost reduction measures are actively being pursued
- The Company has entered into a formal three-month process with the creditors of Rhein Petroleum, with the aim of agreeing a reduction in liabilities and a deferred payment plan based on future cash flow generation
- The Company is in the process of putting forward a restructuring plan to creditors aimed at maximising cash generation from the Rhein Petroleum business

The Company has undertaken a thorough review of the Rhein Petroleum cost base in order to maximise cash generation. Cost reduction measures are actively being pursued and these initiatives are anticipated to reduce Rhein Petroleum's annual cash operating costs from approximately €2.5 million currently to approximately €1.3 million. Such cost reduction measures are likely to be fully implemented by year end 2024.

In order to provide more optionality for the Company as it seeks to establish the optimum route forward, the Company engaged with approximately 90% of the creditors of Rhein Petroleum with the aim of agreeing a reduction in liabilities and a deferred payment plan based on future cash flow generation of Rhein Petroleum. Unfortunately, an agreement with all creditors could not be reached and as a result the Company took the decision to place Rhein Petroleum into a formal process with its creditors (akin to US Chapter 11 bankruptcy protection). This three-month process is expected to conclude in early October. The Company is in the process of putting forward a restructuring plan aimed at stabilising production, reducing costs and maximising cash generation from the Rhein Petroleum business.

As previously disclosed, as a result of the current uncertainties outlined above and the uncertain impact on assets impairment and going concern in the accounts, the Company was not 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").

Given the ongoing production instability and formal creditor process, it is taking longer than originally anticipated to finalise the Annual Report. Whilst the audit is now substantially complete, and the Company continues to target the publication of the Annual Report as soon as practically possible, this is now likely to be during September 2024.

As a result, trading in the Company's ordinary shares on AIM will continue to be suspended. It is expected that suspension from trading will be lifted with the publication of the Annual Report.

Stewart MacDonald, CEO of the Company, said:

"The SCHB-2 well continues to perform intermittently. It has become clear that the ESP was operating at the lower end of its capacity range and as such a rod pump is viewed as the best way to stabilise production - this should be achievable in the coming weeks.

The Rhein Petroleum creditor process, which is akin to US Chapter 11, continues and we are confident (but cannot guarantee) a satisfactory outcome will be reached - likely in early October.

The operating and creditor uncertainties experienced complicate the completion of the Rhein Petroleum audit, its first year as part of a listed group. Nonetheless good progress has been made and we are confident of publication during September 2024.

Our focus is on stabilising production, implementing cost reduction measures and maximising cash generation for the benefit of all stakeholders."

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