RNS Number : 9696H
Beacon Energy PLC
14 October 2024

14 October 2024

Beacon Energy plc

("Beacon Energy" or the "Company")

Final Results and Publication of Annual Report

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"), announces its Final Results for the period ended 31 December 2023.

Copies of the Annual Report and Accounts have today been posted to shareholders and made available on the Company's website at: https://beaconenergyplc.com/

Mark Rollins, Non-Executive Chairman of Beacon Energy, commented:

"During the year and subsequent period, the Board has worked tirelessly to deliver the Company's strategy of pursuing value-enhancing opportunities to develop and grow a self-funding upstream oil & gas company. Following the completion of the transformational acquisition of Rhein Petroleum in April 2023, which was aligned with our growth strategy, we faced several operational challenges during drilling and experienced varying flow rates from the Schwarzbach-2 well.

Even with the challenges we have experienced, the Board remains convinced that Erfelden is a material and potentially highly valuable onshore oil discovery, with best estimated recoverable reserves of 7.2 million barrels.

On behalf of our shareholders, we will continue to assess all options to realize maximum value from our assets. We thank our shareholders for their support and patience during this time and look forward to providing updates on our progress as we move through the rest of the year."

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

CHAIRMAN'S REPORT

Dear fellow shareholders,

I am pleased to present the following statement in support of the annual results of Beacon Energy plc (the "Company") for the year ended 31 December 2023.

During the year and subsequent period, the Board has worked tirelessly to deliver the Company's strategy which is to pursue the acquisition of value enhancing opportunities to develop and grow a self-funding upstream oil & gas company.

In April 2023, the Company was pleased to complete the acquisition of Rhein Petroleum GmbH ("Rhein Petroleum"), together with a £6 million fundraise and simultaneous readmission to AIM following a period of suspension associated with the reverse take-over (the "Transaction"). Rhein Petroleum is an established full cycle E&P company with a portfolio of largely operated production, development, appraisal and exploration assets located onshore Germany. This acquisition represented a transformational transaction for shareholders, which was fully aligned with Beacon Energy's growth strategy to focus on assets with proven resources and therefore tangible value.

Immediately upon completion of the Transaction, the Company secured a drilling rig to drill the Schwarzbach-2 development well on the Erfelden field. Drilling operations commenced on 19 June 2023. Notwithstanding operational issues encountered during drilling, the Schwarzbach-2(2.) ("SCHB-2(2.)") well reached total drill depth of 2,255m metres (1,717 metres True Vertical Depth) on 13 August 2023 with electric wireline well logging completed shortly thereafter.

The wireline logs obtained confirmed that the SCHB-2(2.) well encountered a 34-metre gross interval containing 28 metres of oil-bearing net reservoirs in the Pechelbronner-Schichten ("PBS") sandstones within the Stockstadt Mitte segment of the Erfelden field. These oil-bearing reservoirs were encountered approximately 25 metres higher and 10 metres thicker than prognosis, with porosities averaging 18% in the Lower PBS and 21% in the Upper PBS, with no water-bearing sands in the 42m hydrocarbon column.

As a result of the encouraging electronic log results, the Company completed an over-subscribed £4.3 million fundraise in September 2023 and subsequently, on 13 November 2023, the Company updated its assessment of potential reserves in the central part of the Erfelden field to 7.2 mmbbls (Best Estimate Case), with range of 4.7 to 10.2 mmbbls (Low Case to High Case). For comparison, the Competent Person's Report for the Erfelden field, published at the time of the Transaction, outlined a 2P reserve of 3.8 mmbbls.

Following installation of a rod pump, production from the well stabilised at a disappointing 40 barrels of oil per day ("bopd") - materially below expectations given the results of the electronic logs. The low production rate indicated that the reservoir near the wellbore had been invaded with drilling fluids, restricting flow rates.

In January 2024, the Company undertook a sand jetting operation, an industry-standard stimulation technique, aimed at increasing production from the SCHB-2(2.) well. While the sand jetting operation was unsuccessful, it represented a low-cost opportunity which could be implemented within weeks, and which had the potential to fully clean the well and deliver expected production. In addition, the data obtained demonstrated that the reservoir remains at original pressure of approximately 172 bar, consistent with the neighbouring Stockstadt field prior to production, and that the well has a significant "skin" or "damage" effect which impeded flow.

In February 2024, the Company completed a £2.6 million fundraise which would allow the Company to undertake a side-track operation with the aim of by-passing the invaded drilling fluids and damaged section of the reservoir. A rig, all long-lead items and the relevant oil field service contractors were secured.

The SCHB-2 side-track commenced in late April 2024. The side-track kicked off from the original well bore at a depth of 2,145 metres and extended for an additional 85 metres in length. In the Lower PBS, the SCHB-2 side-track is estimated to be approximately 9 metres from the original wellbore. Following insertion of the production liner, an electrical submersible pump ("ESP") was successfully installed and tested. 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.

From June through to August 2024, the SCHB-2 well intermittently produced a combination of oil, gas and water using an ESP. The continued production of water (which is likely to be completion fluid, spent acid and losses from the side-track and original well bore) combined with pressure data suggests the well continued to clean-up, albeit at a slow rate.

Following extensive analysis by our technical team, 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.

Following the extended period of production during the summer, it became clear that the intermittent production reflected the fact that the ESP was running at the (lower) limit of its operating range. As a result, in early September 2024, a rod pump was installed with the aim of achieving a stabilised flow rate. At the time of writing, a stabilised rate of 50-55 bopd has been achieved from the SCHB-2 well. As a result of this low cost installation, we have marginally increased production while materially increasing the reliability of stable production volumes.

Outlook

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.

As part of the Company's broader cost reduction measures, the directors continue to defer or receive a significant proportion of their fees in shares. In addition, Larry Bottomley and Stephen Whyte agreed to leave the Company's board, effective 1 July 2024. We take this opportunity to thank Larry and Steve for their valuable contributions to Board deliberations. Our thanks go especially to Larry for stepping into the CEO role in early 2022 and leading the Company through the reverse takeover and subsequent re-listing of the Company in 2023. As a result, the board now comprises Mark Rollins (Non-executive Chairman), Stewart MacDonald (CEO), Ross Warner (Independent Non-executive Director) and Leo Koot (Non-executive Director).

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, agreement with 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), as announced on 27 August 2024. This three-month process was expected to conclude in early October although it has been extended by the creditor's representative who is exploring options to maximise recovery of value for creditors. As part of this process, the Company has put forward a robust and fully financed restructuring plan aimed at maximising cash generation from the Rhein Petroleum business and delivering value for creditors. A resolution of the creditor process is expected during Q4 2024.

In summary, it has been a frustrating series of events given the operational challenges encountered during the drill and subsequent flow rates from SCHB-2. As a Board, we remain convinced that Erfelden is a material and potentially highly valuable onshore oil discovery with Best Estimated recoverable reserves of 7.2 mmbbl. On behalf of our shareholders, we will continue to assess all options to realise maximum value from our assets. We thank shareholders for their support and patience through this period and look forward to providing updates on our progress as we move through the rest of the year.

Mark Rollins

Non-Executive Chairman

11 October 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December 2023	For the 8 month period ended 31 December 2022
		US '000	US '000
Income:			
Operating Income	5	962	-
Other income		10	-
Total Income		**972**	**-**

Cost of goods sold		(279)	-
Operating expenses	6	(3,637)	-
Operating loss		**(2,944)**	-
			-
Other administrative expenses	8	(3,830)	(1,004)
Net loss before finance costs and taxation		**(6,774)**	(1,004)
Finance costs		(362)	(47)
Effects of exchange gain/loss		125	-
At acquisition negative goodwill		3,556	-
Loss before tax		**(3,455)**	(1,051)
Tax expense	12	(1)	-
Loss after tax attributable to owners of the parent		**(3,456)**	(1,051)
Other comprehensive income			
Exchange differences on translation of foreign operations		(276)	-
Total comprehensive loss for the year attributable to owners of the parent		**(3,732)**	(1,051)
Basic loss per share attributable to owners of the parent during the year (expressed in US cents per share)	7	(0.04)	(0.08)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing.

The accompanying notes form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 31 December 2023** **US '000**	As at 31 December 2022 US '000
Assets			
Non-current assets			
Property, plant & equipment	14	**20,336**	-
Intangible assets		**29**	-
Total non-current assets		**20,365**	-
Current assets			
Other receivables		**875**	564
Restricted cash	16	**2,075**	-
Cash and cash equivalents		**2,754**	306
Total current assets		**5,704**	870
Total assets		**26,069**	870
Liabilities			
Trade and other payables	17	**(5,229)**	(411)
Non-current liability	18	**(6,231)**	-
Total liabilities		**(11,460)**	(411)
Net assets		**14,609**	459
Equity attributable to the owners of the parent			
Share premium	15	**65,245**	48,128
Share reserve		**2,801**	2,036
Foreign Currency Translation Reserve		**(276)**	-

Accumulated deficit	**(53,161)**	(49,705)
Total shareholder funds	**14,609**	459

The Financial Statements were approved and authorised for issue by the Board of Directors on 11 October 2024 and were signed on its behalf by:

Director

The accompanying notes form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share premium	Share reserve	Foreign Currency Translation reserve	Accumulated deficit	Total equity
	US '000	US '000	US '000	US '000	US '000
Balance at 1 May 2022	**47,656**	**1,445**	**-**	**(48,654)**	**447**
Loss for the period to 31 December 2022	-	-	-	(1,051)	(1,051)
Total comprehensive income	**-**	**-**	**-**	**(1,051)**	**(1,051)**
Transactions with equity shareholders of the parent					
Proceeds from shares issues	490	-	-	-	490
Cost of share issues	(18)	-	-	-	(18)
Share based payments	-	591	-	-	591
Balance at 31 December 2022	**48,128**	**2,036**	**-**	**(49,705)**	**459**
Loss for the year to 31 December 2023	-	-	-	(3,456)	(3,456)
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	(276)	-	(276)
Total comprehensive income	**-**	**-**	**(276)**	**(3,456)**	**(3,732)**
Transactions with equity shareholders of the parent					
Proceeds from shares issued	17,713	-	-	-	17,713
Cost of shares issued	(596)	-	-	-	(596)
Share based payments	-	765	-	-	765
Balance at 31 December 2023	**65,245**	**2,801**	**(276)**	**(53,161)**	**14,609**

The accompanying notes form an integral part of these Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT

	For the year ended 31 December 2023	For the 8 month period ended 31 December 2022
	US '000	US '000
Cash flows from operating activities:		
Net loss for the year	**(3,456)**	(1,051)
Adjustments for:		
Share based payments	**765**	591
Depreciation on property plant and equipment	**426**	-
Negative Goodwill	**(3,556)**	-
Tax expense	**1**	-
Interest paid	**362**	-
Change in working capital items:		
Decrease/(Increase) in other receivables	**227**	(475)
(Decrease)/Increase in trade and other payables	**4615**	107
Net cash used in operations	**(616)**	(828)

Cash flows from investing activities

Cash flows from investing activities		
Investment in subsidiary - cash balances acquired	**2,492**	-
Purchase of property, plant & equipment	**(9,673)**	-
Net cash used in investing activities	**(7,181)**	-
Cash flows from financing activities		
Proceeds from issue of share capital	**12,570**	490
Share issue costs	**(596)**	(18)
Net cash generated by financing activities	**11,974**	472
Net (decrease)/increase in cash and cash equivalents	**4,177**	(356)
Cash and cash equivalents, at beginning of the year	**306**	662
Effect of foreign exchange rate changes	**346**	-
Cash and cash equivalents, at end of the year	**4,829**	306

The accompanying notes form an integral part of these Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1 Reporting Entity

Beacon Energy plc (the "Company") is domiciled in the Isle of Man. The Company's registered office is at 55 Athol Street, Douglas, Isle of Man IM1 1LA. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the E&P business.

On 11 April 2023, the Company announced that it had successfully completed the acquisition of 100% of the share capital of Rhein Petroleum GmbH and Beacon Energy plc was re-admitted to trading on AIM. On the same date Stewart MacDonald and Leo Koot were appointed as directors.

2 Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). They were approved and authorised for issue by the Company's Board of directors on 11 October 2024.

The comparatives are not entirely comparable and reflect the period from 1 May 2022 to 31 December 2022 whilst the current period figures represent the period from 1 January 2023 to 31 December 2023. The change in period length was to align the accounting period with the newly acquired subsidiary.

Details of the Group's accounting policies are included below:

Standards and amendments effective for periods beginning 1 January 2024 or later

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Non-current Liabilities with covenants - amendments to IAS 1
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

A. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in Other Comprehensive Income (OCI):

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into USD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into USD at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

C. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees and other service providers is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

D. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

E. Exploration expenditure

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred. Exploration and evaluation assets are intangible assets.

Exploration and evaluation assets represent the costs incurred on the exploration and evaluation of potential hydrocarbon resources, and include costs such as seismic acquisition and processing, exploratory drilling, activities in relation to the evaluation of technical feasibility and commercial viability of extracting hydrocarbons, and general administrative costs directly relating to the support of exploration and evaluation activities.

The Group assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. Assets are allocated to cash generating units not larger than operating segments for impairment testing. Purchased exploration and evaluation assets are recognised as assets at their cost of acquisition or at fair value if purchased as part of a business combination. They are subsequently stated at cost less accumulated impairment. Exploration and evaluation assets are not amortised.

When proved reserves of oil and gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties.

Oil and gas properties and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost (if the asset was previously classified as assets in development), any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Oil and gas properties are depreciated on a unit-of-production basis over the total proved developed and undeveloped reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case, the straight-line method is applied.

F. Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

G. Impairment

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the Cash Generating Unit (CGU), and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

H. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

I. Operating Income

Operating income represents revenue from contracts with customers and is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in all of its revenue arrangements since it controls the goods or services before transferring them to the customer.

J. Going concern

The financial statements have been prepared on a going concern basis.

The Group monitors its cash position, cash forecasts and liquidity on a regular basis and takes a conservative approach to cash management.

As at 30 June 2024, the Company had available cash resources (excluding restricted cash) of US 1.4 million.

Following disappointing production rates from SCHB-2, 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, agreement with 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 was expected to conclude in early October although it has been extended by the creditor's representative who is exploring options to maximise recovery of value for creditors. As part of this process, the Company has put forward a robust and fully financed restructuring plan aimed at maximising cash generation from the Rhein Petroleum business and delivering value for creditors. A resolution of the creditor process is expected during Q4 2024.

Management's base case is that a suitable agreement will be reached with the creditors of Rhein Petroleum and that, if the stabilised production can be maintained, the Rhein Petroleum business will be self-funding going forward.

Management have also considered a number of downside scenarios, including scenarios where agreement cannot be reached with creditors, or where production cannot be maintained at the current stabilised rate.

Under the base case forecast, the Group will have sufficient financial headroom to meet forecast cash requirements for the 12 months from the date of approval of these consolidated financial statements. However, in the downside scenarios, in the absence of any mitigating actions, the Group may have insufficient funds to meet its forecast cash requirements. Potential mitigants include deferral and/or reduction of expenditure and raising additional funding. It should be noted that Beacon Energy has not provided any parent company guarantees related to the debts of Rhein Petroleum.

Accordingly, after making enquiries and considering the risks described above, the Directors have assessed that the cash balance and forecast cash flows provide the Group with adequate headroom for the following 12 months - as a result, the Directors are of the opinion that the Group is able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements.

Nonetheless, these conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the Group were unable to continue as a going concern.

3 Functional and presentation currency

These consolidated financial statements are presented in US Dollars ("USD" or "US "), which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 20 - consolidation: whether the Group has de facto control over an investee.

- Note 14 - impairment considerations in relation to property, plant and equipment.

B. Assumptions and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below:

<u>Share based payments (note 11)</u>

The Group has made awards of options and warrants over its unissued capital. The valuation of these options and warrants involve making a number of estimates relating to price volatility, future dividend yields, expected life and forfeiture rates.

i) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Decommissioning provision (note 18)

The Group has estimated the present value of the amounts that will be required in relation to the future decommissioning of its oil and gas operation. This is based on security amounts agreed with the mining authority in the jurisdiction, however, there are estimation uncertainties in respect of the inflation and discount rates used.

5 Operating income

All Group revenues arise from the oil and gas activities in Germany.

	2023 December US '000	2022 December US '000
Oil and gas activities	962	-
	962	**-**

Contract balances

The opening and closing balances of receivables and contract assets from contracts with customers are as follows:

	2023 December US '000	2022 December US '000
Trade receivables	111	-
	111	**-**

6 Operating expenses

Operating expenses consist of the following:

	2023 December US '000	2022 December US '000
Raw materials, auxiliary materials and operating supplies	166	-
Operating services	439	-
Wages and salaries	958	-
Depreciation	426	-
Other operating expenses	1,648	-
Operating expenses	**3,637**	**-**

7 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments and make strategic decisions, has been identified as the Directors of the Group. In the opinion of the Directors, the operations of the Group comprise one operating segment comprising oil and gas exploration and production operations in Germany. As a result, the Group considers that it only has one reportable segment, and the Directors consider that the primary financial statements presented substantially reflect all the activities of the Company.

8 Administrative expenses

Administration fees and expenses consist of the following:

	2023 December US '000	2022 December US '000
Audit fees	47	20
Professional fees	418	103
Administration costs (largely associated with acquisition)	816	63
Employee share based payments (Note 11)	19	-
Director share based payments (Note 11)	1,010	425
Directors' fees (Note 11)	661	[illegible]

Directors' fees (Note 11)	661	393
Travel and entertainment	28	-
Acquisition amounts written off	831	-
Other administrative expenses	**3,830**	**1,004**

9 Earnings per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2023 December	2022 December
Loss attributable to owners of the Group (USD thousands)	**(3,456)**	(1,051)
Weighted average number of ordinary shares in issue (thousands)	**8,863,248**	1,350,063
Loss per share (US cents)	**(0.04)**	(0.08)

In accordance with International Accounting Standard 33 'Earnings per share', no diluted earnings per share is presented as the Group is loss making. Details of potentially dilutive share instruments are detailed in notes 10.

10 Share-based payment arrangements

The following is a summary of the share options and warrants outstanding and exercisable as at 31 December 2023 and 31 December 2022, and the changes during each year:

	Number of options and warrants	**Weighted average exercise price (Pence)**
Outstanding and exercisable at 1 May 2022	**118,259,511**	**2.68**
Outstanding and exercisable at 31 December 2022	**613,268,824**	**0.43**
Outstanding and exercisable at 31 December 2023	**3,295,965,536**	**0.15**

The above weighted average exercise prices have been expressed in pence and not cents due to the terms of the options and warrants. The following share options or warrants were outstanding and exercisable in respect of the ordinary shares:

Grant Date	**Expiry Date**	**1 May 2022**	**Issued**	**Expired/ Cancelled**	**31 December 2022**	**Exercise Price**
Warrants						
22.05.17	22.05.22	15,000,000	-	(15,000,000)	-	0.10p
22.05.17	22.05.22	35,000,000	-	(35,000,000)	-	0.10p
19.08.17	19.08.22	90,769,231	-	(90,769,231)	-	0.06p
01.09.17	01.09.22	70,769,231	-	(70,769,231)	-	0.06p
06.12.17	06.12.22	638,569,604	-	(638,569,604)	-	0.05p
Consolidation		(833,105,906)	-	833,105,906	-	
21.06.19	20.06.22	18,059,856	-	(18,059,856)	-	0.155p
21.06.19	20.06.22	10,833,334	-	(10,833,334)	-	0.155p
02.07.19	01.07.22	3,178,235	-	(3,178,235)	-	0.157p
03.07.19	02.07.22	833,334	-	(833,334)	-	0.157p
10.12.20	09.12.23	545,455	-	-	545,455	0.22p
31.03.21	31.03.26	38,511,644	-	-	38,511,644	0.00p
Consolidation		(80,067,627)	-	44,916,232	(35,151,395)	
19.04.21	19.04.24	21,488,500	-	-	21,488,500	2.60p
19.04.21	19.04.26	24,064,620	-	-	24,064,620	2.60p
26.07.22	27.07.25	-	500,000,000	-	500,000,000	0.13p
Options						
01.10.18	01.10.23	4,500,000	-	-	4,500,000	2.00p
01.02.20	01.02.25	31,250,000	-	-	31,250,000	0.30p
01.02.20	01.02.25	31,250,000	-	-	31,250,000	0.30p
Consolidation		(60,300,000)	-	-	(60,300,000)	
19.04.21	19.01.26	27,110,000	-	-	27,110,000	2.60p
17.03.22	17.03.27	30,000,000	-	-	30,000,000	0.30p
		118,259,511	**500,000,000**	**(4,990,687)**	**613,268,824**	

Grant Date	Expiry Date	31 December 2022	Issued	Expired /Cancelled	31 December 2023	Exercise Price
Warrants						
10.12.20	09.12.23	545,455	-	(545,455)	-	0.22p
31.03.21	31.03.26	38,511,644	-	-	38,511,644	0.00p
Consolidation		(35,151,395)	-	490,910	(34,660,485)	
19.04.21	19.04.24	21,488,500	-	-	21,488,500	2.60p
19.04.21	19.04.26	24,064,620	-	-	24,064,620	2.60p
26.07.22	27.07.25	500,000,000	-	-	500,000,000	0.13p
11.04.23	11.04.28	-	1,325,753,299	-	1,325,753,299	0.11p
20.09.23	20.09.28	-	116,700,000	-	116,700,000	0.15p
Options						
01.10.18	01.10.23	4,500,000	-	(4,500,000)	-	2.00p
01.02.20	01.02.25	31,250,000	-	(31,250,000)	-	0.30p
01.02.20	01.02.25	31,250,000	-	(31,250,000)	-	0.30p
Consolidation		(60,300,000)	-	60,300,000	-	
19.04.21	19.01.26	27,110,000	-	(27,110,000)	-	2.60p
17.03.22	17.03.27	30,000,000	-	-	30,000,000	0.30p
19.12.22	19.12.27	-	188,803,430	-	188,803,430	0.00p
19.12.22	19.12.27	-	581,738,888	-	581,738,888	0.11p
20.12.23	20.12.28	-	266,972,202	-	266,972,202	0.15p
20.12.23	20.12.28	-	236,593,438	-	236,593,438	0.15p
		613,268,824	**2,716,561,257**	**(33,864,545)**	**3,295,965,536**	

The options and warrants issued during the period were valued using the Black-Scholes valuation method and the assumptions used are detailed below. The expected future volatility has been determined by reference to the historical volatility:

Grant date	Share price at grant	Exercise price	Volatility	Option life	Dividend yield	Risk-free investment rate	Fair value per option
19.12.22	0.175p	0.00p	237%	5 years	0%	3.503%	0.15p
19.12.22	0.175p	0.11p	237%	5 years	0%	3.503%	0.09p
20.12.23	0.95p	0.15p	98%	5 years	0%	3.525%	0.05p

The Group recognised US 765,000 (2022: US 591,000) relating to equity-settled share-based payment transactions during the year arising from Option or Warrant grants, which was charged US nil (2022: US Nil) in respect of services performed in connection with the issue of new shares charged to share premium, US 765,000 (2022: US 472,000) in respect of directors' fees and US nil reversed (2022: US 7,000) in respect of employee costs to the income statement.

The 770,542,318 options granted on 19 December 2022 vested on 19 June 2023 and 19 December 2023 in equal amounts. Vesting of the options is subject to the option holder providing continuous service during the vesting period and there are no other performance conditions attached to the options.

The 503,565,640 options granted on 20 December 2023 will vest on 23 April 2024 and 23 October 2024. Vesting of the options is subject to the option holder providing continuous service during the vesting period and there are no other performance conditions attached to the options.

The 62,500,000 options granted on 1 February 2020 which were meant to vest on 1 February 2025 were cancelled. The 27,110,000 options granted on 19 April 2021 which were meant to vest on 19 January 2026 were cancelled. The share option reserve recognized has been released to the profit and loss.

For the share options and warrants outstanding as at 31 December 2023, the weighted average remaining contractual life is 4 years (2022: 4 years).

11 Employee benefits (including directors)

The group employed an average of 14 individuals during the period, including the directors (2022: 4).

	2023 December US '000	2022 December US '000
Directors' remuneration (see below)	**661**	227
Wages cost	**958**	-
Share based payments - Directors (see below)	**1,010**	166
Share based payments - Employees	**19**	-
	2,648	393

Key management of the Group are considered to be the Directors.

The remuneration of the directors during the period ended 31 December 2023 was as follows:

	Short term employee benefits US '000	**Social security payments US '000**	**Pension contribution US '000**	**Share based payments US '000**	**Total 2023 US '000**
Ross Warner	45	-	-	71	**116**
Mark Rollins	75	-	-	152	**227**
Stewart MacDonald	196	22	23	201	**442**
Steve Whyte	45	4	-	71	**120**
Larry Bottomley	200	21	-	515	**736**
Leo Koot	30	-	-	-	**30**
Total Key Management	**591**	**47**	**23**	**1,010**	**1,671**

The remuneration of the directors during the period ended 31 December 2022 was as follows:

	Short term employee benefits US '000	**Social security payments US '000**	**Pension contribution US '000**	**Share based payments US '000**	**Total 2022 US '000**
Ross Warner	33	-	-	14	**47**
Mark Rollins	67	-	-	70	**137**
Stephen West	-	(2)	-	-	**(2)**
Steve Whyte	33	4	-	6	**43**
Larry Bottomley	88	4	-	76	**168**
Total Key Management	**221**	**6**	**-**	**166**	**393**

12 Income tax expense

The Parent Company is resident for tax purposes in the Isle of Man and is subject to Isle of Man tax at the current rate of 0% (2022: 0%). During the period and in the prior year, no subsidiaries were subject to material corporation tax.

Taxation reconciliation

The charge for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2023 December US '000	**2022 December US '000**
Loss before income tax	**(3,456)**	**(1,051)**
Tax on loss at the weighted average corporate tax rate of 0% (2022: 0%)	-	-
Tax - German authorities	1	-

Total income tax expense	1	-

The deferred tax asset has not been recognised, in accordance with IAS 12. The Group does not have a material deferred tax liability at the year end.

13 Business combination

On 11 April 2023, the Company acquired the entire issued share capital of Rhein Petroleum GmbH, an upstream oil and gas business operating in Germany. This transaction can be best described as a business combination under IFRS3.

The acquisition consisted of equity consideration of 3,488,549,633 ordinary shares and an associated consideration of 1,186,953,301 warrants at a price of 0.11 pence which is the fair value per share. On the basis that the net assets acquired exceeded the consideration paid, negative goodwill arose. This negative goodwill has been written off through the profit and loss. Details of the purchase consideration and the net assets acquired are as follows:

Goodwill

	'000
Consideration transferred at Fair value	5,143
Less: Net identifiable liabilities at acquisition	18,769
Goodwill at acquisition	23,912
Less: adjustments of loan balance acquired	(27,468)
Negative goodwill at reporting date	**(3,556)**

Net liabilities at fair value:

	Fair value recognised on acquisition
	'000
Property, plant and equipment	11,743
Receivables	536
Cash and cash equivalents	2,492
Total assets	**14,771**
Trade payables	(759)
Non-current liabilities	(32,781)
Total liabilities	**(33,540)**
Total identifiable net liabilities at fair value	**(18,769)**

The Group measured immaterial acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The related right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

From the date of acquisition, Rhein Petroleum GmbH contributed 962,000 of revenue and 1,357,000 to loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of 2023, the Group's revenue from continuing operations would have been 1,464,000 and the loss before tax from continuing operations would have been 3,843,000.

14 Property, plant and equipment

	Oil and gas properties and equipment
	US '000
Cost	
Cost at 1 January 2023	-
Acquired in year	**20,762**
Cost at 31 December 2023	**20,762**
Depreciation	
Depreciation at 1 January 2023	-
Depreciation charge	**(426)**
Depreciation at 31 December 2023	**(426)**
Net book value - 1 January 2023	-
Net book value - 31 December 2023	**20,336**

15 Capital and reserves

All shares are Nil Coupon fully paid and each ordinary share carries one vote. No warrants have been exercised at the reporting date.

Allotted, called-up and fully paid:	Number	Pence per share	Share premium US '000
Balance at 30 April 2022	**1,027,614,008**		**47,656**
26 July 2022-Equity placing	500,000,000	0.13	490
Cost of issue			(18)
Balance at 31 December 2022	**1,527,614,008**		**48,128**
Cancelled shares	**(1,527,614,008)**		
11 April 2023-Equity placing	**10,507,679,620**	0.11	12,639
15 September 2023-Equity placing	**2,867,000,000**	0.15	5,074
Cost of issue			(596)
Balance at 31 December 2023	**13,374,679,620**		**65,245**

16 Restricted cash

At reporting date, the Group had US 2,075,000 restricted cash, which is backing guarantees to the mining authority related to future decommissioning. This amount forms part of the US 2,496,000 cash balances acquired through the Rhein Petroleum GmbH acquisition. The guarantees are included within the provision for decommissioning shown in note 18.

17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

	2023 December US '000	2022 December US '000
Trade payables	**4,858**	**230**
Accruals and other payables	**371**	**181**
	5,229	**411**

18 Non-current liabilities

The non-current liabilities consist of a loan with Tulip Oil Holding B.V and provisions in relation to future abandonment and decommissioning costs.

	Audited Outstanding at 31 Dec 2023 US '000	Audited Outstanding at 31 Dec 2022 US '000
Tulip Oil Holding loan payable	3,724	-
Provision for decommissioning	2,412	-
Other non-current liabilities	95	-
	6,231	**-**

The loan between Rhein Petroleum GmbH and Tulip Oil Holding B.V. is secured on the shares of Rhein Petroleum GmbH , incurs interest at a rate of 15% and is repayable on 30 June 2025.

The provision for decommissioning is the estimated present value of the amounts required to decommission the Group's oil and gas activities.

19 Risk Management

Financial Risks

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. The Board of Directors seek to identify and evaluate financial risks.

Market risk

A. Foreign currency exchange risk

Foreign exchange risk arises because the Group entities enter into transactions in currencies that are not the same as their functional currencies, resulting in gains and losses on retranslation into US Dollars. It is the Group's policy to ensure that individual Group entities enter into local transactions in their functional currency wherever possible and that only surplus funds over and above working capital requirements should be transferred to the treasury of the Parent Company. The Group and Company considers this policy minimises any unnecessary foreign exchange exposure. Despite this policy, the Group cannot avoid being exposed to gains or losses resulting from foreign exchange movements, at the reporting date a 5% decrease in the strength of the US Dollar would result in a corresponding reduction of US 559,000 (2022: US 6,000) in the net assets of the Group.

B. Cash flow interest rate risk

The Group's cash and cash equivalents are invested at short term market interest rates. As market rates are low, the Group is not subject to significant cash flow interest rate risk and no sensitivity analysis is provided. The Group is also not subject to significant fair value interest rate risk.

	2023 December US '000	**2022 December US '000**
Cash & Cash Equivalents		
USD	3	294
GBP	2,640	12
EUR	2,186	-
Total Financial Assets	**4,829**	**306**
Trade & other payables		
USD	249	181
GBP	128	184
EUR	4,852	46
Total Financial Liabilities	**5,229**	**411**

Credit risk

Credit risk arises on investments, cash balances and receivable balances. The amount of credit risk is equal to the amounts stated in the Statement of Financial Position for each of these assets. Cash balances and transactions are limited to high-credit-quality financial institutions. There are no impairment provisions as at 31 December 2023 (31 December 2022: nil).

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group has adopted a policy of maintaining surplus funds with approved financial institutions.

Management of liquidity risk is achieved by monitoring budgets and forecasts against actual cash flows. Should the Group enter into borrowings during the year, management monitor the repayment and servicing of these arrangements against the contractual terms and reviewed cash flows to ensure that sufficient cash reserves were maintained.

Capital Risks

The Directors determine the appropriate capital structure of the Group, specifically, how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt), in order to finance the Group's business strategy. The Group's policy in the long term is to seek to maintain the level of equity capital and reserves to maintain an optimal financial position and gearing ratio which provides financial flexibility to continue as a going concern and to maximise shareholder value. The capital structure of the Group consists of shareholders' equity together with net debt (where relevant). The Group's funding requirements are met through a combination of debt, equity and operational cash flow.

20 List of subsidiaries and associates

The parent of the Group has shareholdings in the following entities:

Name	**Interest 2023**	**Interest 2022**	**Country of incorporation**	**Nature of business**
Advance Energy TL Limited	100%	100%	UK	Intermediate Hold Co
Eagle Gas Limited	25%	25%	UK	Oil and gas Exploration
Beacon Energy RP Limited	100%	100%	Isle of Man	Dormant
Rhein Petroleum GmbH	100%	0%	Germany	Oil and gas

21 Commitments

There were no capital commitments authorised by the Directors or contracted other than those provided for in these financial statements as at 31 December 2023 (31 December 2022: None).

22 Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence.

Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

Details of Directors remuneration are disclosed in Note 11 Directors Remuneration. For details of any related party transactions entered into after the year-end please refer to Note 23 Subsequent Events.

23 Subsequent events

On 29 February 2024, the company announced that it had successfully completed its oversubscribed Placing with new and existing institutional investors and the PrimaryBid Offer. The Company raised, in aggregate, approximately €3.0 million (approximately £2.6 million) (before expenses) via the issue of 5,137,000,000 shares.

On 2 April 2024, the company announced that Larry Bottomley, the Company's Chief Executive Officer ("CEO"), has informed the board of his intention to retire as CEO effective 1 June 2024. Larry was replaced as CEO by Stewart MacDonald, the Company's then Chief Financial Officer ("CFO.")

On 28 June 2024, the Company announced that the Company had 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. The Company also announced that it expected Rhein Petroleum to enter into a formal process with its creditors which would provide for an up to three-month negotiation period. The company had undertaken a thorough review of the Rhein Petroleum cost base in order to maximise cash generation. Cost reduction measures are anticipated to reduce Rhein Petroleum's annual cash operating costs from approximately €2.5m currently to approximately €1.3m. Such cost reduction measures are likely to take 3 - 6 months to realise. As part of the broader cost reduction measures, Larry Bottomley and Stephen Whyte agreed to leave the Company's board.

Unfortunately an agreement with creditors of Rhein Petroleum 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).

On 1 July 2024, the Company requested that trading on AIM for the securities be temporarily suspended.

On 27 August 2024, the Company announced that it had become clear that the electrical submersible pump ("ESP") was running at the lower limit of its operating range - approximately 50 bopd - and as such the SCHB-2 well had not yet been able to achieve a stabilised flow rate. It also announced that plans are well advanced to re-install a rod pump (at a cost of approximately €75,000) to allow a stabilised flow rate to be achieved. This was subsequently installed and a stabilised rate of 50 - 55 bopd achieved.

For further information, please visit www.beaconenergyplc.com and @BeaconEnergyPlc on Twitter

To register for Beacon Energy's email alerts, please complete the following form: https://www.beaconenergyplc.com/media-centre/news/#alerts

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.

FR KXLFFZBLZFBL