

24 February 2025

**Star Energy Group plc (AIM: Star)**  
("Star Energy" or "the Company")

**Trading Update**

Star Energy is pleased to provide the following trading update for the year to 31 December 2024. The figures have not been audited and are subject to change.

**Key highlights:**

- Net production for the year averaged 1,989 boe/d, in line with guidance. The Company anticipates production of c.2,000 boe/d in 2025
- Cash at 31 December 2024 was £4.7 million, excluding restricted cash, and Star Energy had drawn £12.2 million under its loan facility. Restricted cash was £4.3 million and relates to the cash backing of performance bonds for licence commitments of the Company's Croatian subsidiary relating to the Sječe and Pčelić exploration licences
- Exchanged contracts for the sale of non-core land for £6.3 million. Completion and proceeds expected in H1 2025
- The Company invested £5.6 million in its oil and gas assets during 2024 including upgrades and a pipeline replacement at its Gainsborough site, optimisation projects across its portfolio to offset declines, rationalisation and decommissioning at its Holybourne site and general improvements across its fields.
- 2025 forecast capital expenditure is c£11.0 million. This includes £5.8 million on the Singleton gas-to-wire project which is forecast to come online in late 2025 with production of 74 boe/d. Star Energy also plans to invest £0.8 million to improve water injection at its Stockbridge fields, £1.7 million on quick returning incremental projects and the balance on regulatory improvements, site resilience and projects to reduce operating costs going forward
- Hedging in place for 400bbl/d for H1 2025 and H2 2025 with swaps at an average price of 79.8/bbl and 73.0/bbl, respectively
- Good progress on G&A costs reduction expected to generate savings of c.£1.5 million in 2025
- Energy Profits Levy of £1.0 million to be paid in February 2025 based on the taxable profits for the year ended 31 December 2023. The Company estimates a charge of £2.1 million for 2024 which is payable in October 2025
- Oil & Gas
  - Work has begun on the Singleton gas-to-wire project which will deliver c.74 boe/d, utilising gas which is currently being flared. The project, which satisfies the regulatory requirements for the facility, now has planning consent and a secured grid connection. Procurement for long lead items is underway, with a first export of electricity from the site expected late 2025
- Geothermal
  - Ernestinovo licence commitments have been fulfilled and the acquisition of magnetotelluric data across the Sjece and Pcelic geothermal licence blocks in Croatia is complete, with the incorporation of this data into the geological models underway. Work is ongoing on the technical analysis to rank the optimal sequencing of their commercial development
  - Seismic data was acquired and analysed for the Salisbury NHS Foundation Trust project, and pre-applications have been submitted for planning and permitting for both Salisbury and the Wythenshawe Hospital projects
  - The Company has also progressed its wider pipeline of projects, in particular in the Manchester and Southampton areas, and also expect to take part in an upcoming NHS tender for decarbonisation of a number of additional NHS trusts.

**Commenting today, Ross Glover, Chief Executive Officer, said:**

*"During 2024, we focused on strengthening our balance sheet, improving the profitability and sustainability of our oil and gas operations, and positioning the group to take advantage of the growth opportunities in geothermal in order to deliver value to our shareholders. The debt facility arranged with Kommunalkredit Austria AG, whilst primarily providing funding for our geothermal activities, gives us the opportunity to reinvest some of our operating cashflows into our oil and gas business. In this area we are prioritising quick returning optimisation projects and activities that will help to drive down operating costs going forward, though regulatory obligations continue to be a considerable burden on the business. 2025 is a year in which we will be focused on maximising the benefit of every pound we invest in our assets, not chasing production for its own sake, and building and strengthening the platform for our geothermal business in both the UK and Croatia.*

*We have carried out a review of our costs and have made organisational changes and other savings which will lead to significant G&A cost reductions going forward. We have also made savings in operating costs and are continuing to make progress in this area through changes in operational practices and targeted capital spend.*

*We see exciting opportunities for growth in our geothermal business, both in the UK and Croatia. The International Energy Agency's report on geothermal energy in December 2024 recognised the huge potential for geothermal energy and concluded that, if geothermal can follow in the footsteps of innovation success stories such as solar PV, wind, EVs and batteries, it can become a cornerstone of tomorrow's electricity and heat systems as a dispatchable and clean source of energy. In a UK context, the decarbonisation of heat utilising the geothermal resource beneath our feet will deliver a sustainable, low carbon reliable energy source that can help make Britain a clean energy superpower and kickstart economic growth whilst helping the country achieve its legally binding net zero targets. With our extensive UK onshore expertise, transferable skills and subsurface database, we are in a strong position to deliver low carbon heat energy for the country.*

*In Croatia, there is now significant activity in the geothermal sector, with over 100MW of geothermal power capacity projected to come online in 2028. As well as this, the Croatian government is drilling five geothermal exploration wells in 2025. This, along with a clear regulatory framework, has seen the emergence of the Pannonian Basin, in which our licences are located, as a key European geothermal hotspot. Our increased stake in A14 Limited provides us with greater flexibility in our plans to farm down an interest in our Croatian geothermal licences and to accelerate the development of our Croatian assets. The increased interest does not expose us to material additional costs in the short to medium term due to the existing carry arrangements.*

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*The work undertaken in 2024 has set the foundation for continuing to improve the profitability and resilience of the oil and gas business whilst positioning us for significant growth in geothermal as we look to leverage our expertise to maximise potential commercial opportunities in the UK and Croatia and help decarbonise both nations who are equally committed to their net zero targets."*

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