UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2024

BEACON ENERGY PLC
UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2024

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Interim Consolidated Statement of Comprehensive Income

	Notes	Unaudited Six months ended 30 Jun 2024 $'000	Audited Period ended 31 Dec 2023 $'000	Restated Unaudited Six months ended 30 Jun 2023 $'000
Income				
Operating income		634	962	313
Other income		33	10	2
Total income		**667**	**972**	**315**
Crude oil purchase from partners		-	(279)	(130)
Operating expenses		(1,725)	(3,637)	(448)
Operating loss		**(1,058)**	**(2,944)**	**(263)**
Other administrative expenses	4	(993)	(3,830)	(2,254)
Net loss before Finance Costs and Taxation		**(2,051)**	**(6,774)**	**(2,517)**
Finance costs		(76)	(362)	59
Effects of exchange gain/loss		-	125	-
At acquisition negative goodwill	6	-	3,556	3,556
Profit / (Loss) before tax		**(2,127)**	**(3,455)**	**1,098**
Tax expense		946	(1)	325
Profit / (Loss) after tax attributable to owners of the parent		**(1,181)**	**(3,456)**	**1,423**
Other comprehensive income				
Exchange differences on translation of foreign operations		212	(276)	(507)
Total comprehensive Profit / (Loss) for the year attributable to owners of the parent		**(969)**	**(3,732)**	**916**
Basic and diluted profit/(loss) per share attributable to owners of the parent during the year (expressed in US cents per share)	7	**(0.01)**	**(0.04)**	**0.03**

The accompanying notes from an integral part of these consolidated financial statements.

Interim Consolidated Statement of Financial Position

	Notes	Unaudited 30 Jun 2024 $'000	Audited 31 Dec 2023 $'000	Restated Unaudited 30 Jun 2023 $'000
Non-current assets				
Property, plant & equipment		24,671	20,336	11,569
Intangible assets		20	29	1,172
		24,691	**20,365**	**12,741**
Current assets				
Other receivables		1,150	875	1,844
Restricted cash	8	2,075	2,075	2,075
Cash and cash equivalents		1,404	2,754	4,491
		4,629	5,704	8,410
Total assets		**29,320**	**26,069**	**21,151**
Current liabilities				
Trade and other payables	9	(5,540)	(5,229)	(2,070)
Non-current liability	10	(6,802)	(6,231)	(5,571)
Total liabilities		**(12,342)**	**(11,460)**	**(7,641)**
Net assets		**16,978**	**14,609**	**13,510**
Equity attributable to equity holders of the company				
Share premium		68,343	65,245	60,252
Share reserve		3,041	2,801	2,047
Foreign Currency Translation Reserve		(64)	(276)	(507)
Accumulated deficit		(54,342)	(53,161)	(48,282)
Total shareholder funds		**16,978**	**14,609**	**13,510**

The accompanying notes from an integral part of these consolidated financial statements.

Interim Consolidated Statement of Changes in Equity

	Share premium $'000	Share reserve $'000	FCTR $'000	Accumulated deficit $'000	Total equity $'000
Balance at 1 January 2023	**48,128**	**2,036**	**-**	**(49,705)**	**459**
Profit for the period to 30 June 2023 (restated and unaudited)	-	-	-	1,423	1,423
Total comprehensive profit	**-**	**-**	**-**	**1,423**	**1,423**
Transactions with equity shareholders of the parent:					
Share based payments	-	11	-	-	11
Proceeds from shares issued	12,674	-	-	-	12,674
Cost of share issue	(550)	-	-	-	(550)
Foreign currency translation reserve	-	-	(507)	-	(507)
Balance at 30 June 2023 (restated and unaudited)	**60,252**	**2,047**	**(507)**	**(48,282)**	**13,510**
Loss for the period to 31 December 2023 (audited)	-	-	-	(4,879)	(4,879)
Total comprehensive loss	**-**	**-**	**-**	**(4,879)**	**(4,879)**
Transactions with equity shareholders of the parent:					
Share based payments	-	754	-	-	754
Proceeds from shares issued	5,039	-	-	-	5,039
Cost of shares issue	(46)	-	-	-	(46)
Foreign currency translation reserve	-	-	231	-	231
Balance at 31 December 2023 (audited)	**65,245**	**2,801**	**(276)**	**(53,161)**	**14,609**
Loss for the period to 30 June 2024 (unaudited)	-	-	-	(1,181)	(1,181)
Total comprehensive loss	-	-	-	(1,181)	(1,181)
Transactions with equity shareholders of the parent:					
Share based payments	-	240	-	-	240
Proceeds from shares issued	3,262	-	-	-	3,262
Cost of share issue	(164)	-	-	-	(164)
Foreign currency translation reserve	-	-	212	-	212
Balance at 30 June 2024 (unaudited)	**68,343**	**3,041**	**(64)**	**(54,342)**	**16,978**

The accompanying notes from an integral part of these consolidated financial statements.

Interim Consolidated Cash Flow Statement

	Notes	Unaudited 30 Jun 2024 $'000	Audited 31 Dec 2023 $'000	Restated Unaudited 30 Jun 2023 $'000
Cash flows from operating activities:				
Loss before tax		(1,181)	(3,456)	1,423
Adjustments for:				
Share-based payment		240	765	11
Depreciation on property plant and equipment			426	-
Negative goodwill		-	(3,556)	(3,556)
Tax expense		(946)	1	(324)
Interest paid		-	362	-
Change in working capital items:				
Movement in other receivables		276	227	(1,280)
Movement in trade and other payables		(317)	4,615	1,659
Net cash used in operations		**(1,928)**	**(616)**	**(2,067)**
Cash flows from investing activities				
Investment in subsidiary - cash balances acquired		-	2,492	2,492
Purchase of property, plant & equipment		-	(9,673)	(1,031)
Net cash flows from investing activities		**-**	**(7,181)**	**1,461**
Cash flows from financing activities				
Proceeds from issue of share capital		3,262	12,570	7,531
Share issue costs		(164)	(596)	(550)
Net cash flows from financing activities		**3,098**	**11,974**	**6,981**
Net (decrease)/increase in cash and cash equivalents		**1,170**	**4,177**	**6,375**
Effect of exchange rate changes		(2,520)	346	(115)
Cash and cash equivalents at beginning of period		4,829	306	306
Cash and cash equivalents at end of period		**3,479**	**4,829**	**6,566**

The accompanying notes from an integral part of these consolidated financial statements.

Notes to the Interim Consolidated 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.

2 Basis of accounting

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the period ended 31 December 2023, which were prepared in accordance with IFRSs as adopted by the United Kingdom. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those disclosed in the Group's statutory financial statements for the year ended 31 December 2023.

Comparative figures for the interim period ended 30 June 2023 have been restated to account for corrections to accounting treatment for the acquisition of Rhein Petroleum GmbH that came about while preparing annual accounts as at 31 December 2023. A reconciliation between originally reported figures and restated figures has not been prepared.

The interim consolidated financial statements are presented in US Dollars unless otherwise indicated.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2024 that would be expected to have a material impact on the Group.

The consolidated financial statements of the Group as at and for the year ended 31 December 2023 are available upon request from the Company's registered office at 55 Athol Street, Douglas, Isle of Man or the Company's website www.beaconenergyplc.com

These interim consolidated financial statements have been approved and authorised for issue by the Company's Board of directors on 11 October 2024.

3 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

Notes to the Interim Consolidated Financial Statements (continued)

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.

4 Expenses

Administration fees and expenses consist of the following:

	Unaudited Six months ended 30 Jun 2024 $'000	Audited Period ended 31 Dec 2023 $'000	Restated Unaudited Six months ended 30 Jun 2023 $'000
Audit fees	21	47	22
Professional fees	147	418	172
Administration costs (largely associated with acquisition)	60	816	834
Employee share based payments	113	19	-
Director share based payments (Note 5)	298	1,010	98
Directors' fees (Note 5)	334	661	280
Travel and entertainment	20	28	17
Acquisition amounts written off	-	831	831
Other administrative expenses	**993**	**3,830**	**2,254**

Included in administration costs for the financial year ended 31 December 2023 are costs related to the reverse takeover transaction.

Notes to the Interim Consolidated Financial Statements (continued)

5 Directors' remuneration

The remuneration of those in office during the period ended 30 June 2024 was as follows:

	Unaudited Six months ended 30 Jun 2024 $'000	Audited Period ended 31 Dec 2023 $'000	Restated Unaudited Six months ended 30 Jun 2023 $'000
Salaries paid in cash	294	503	171
Salary deferrals	-	94	96
Accrued entitlement to shares and warrants	298	1,010	98
Directors' pension	40	64	13
	632	**1,671**	**378**

Share options and warrants with a value of $298,000 were issued to directors accrued during the 6- month period to 30 June 2024 ($98,000: 30 June 2023). In the period ended 31 December 2023, the warrants issued to advisors accrued with a value of $977,000 ($166,000: 31 December 2022.)

6 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 reverse takeover transaction 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

	Restated $'000
Consideration transferred at Fair value	5,143
Less: Net identifiable assets at acquisition	18,769
Goodwill at acquisition	23,912
Less: Adjustments of loan balance acquired	(27,468)
Goodwill at 31 December 2023	**(3,556)**

Net liabilities at fair value:

Notes to the Interim Consolidated Financial Statements (continued)

	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.

7 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.

	Unaudited Outstanding at 30 Jun 2024	**Audited Outstanding at 31 Dec 2023**	**Restated Unaudited Outstanding at 30 Jun 2023**
Gain / (loss) attributable to owners of the Group (USD thousands)	(1,181)	(3,456)	1,423
Weighted average number of ordinary shares in issue (thousands)	16,011,460,248	8,863,248	5,496,704
Gain / (loss) per share (US cents)	(0.01)	(0.04)	0.03

In accordance with International Accounting Standard 33 ‘Earnings per share’, no diluted earnings per share is presented as the Group is loss making.

8 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.

9 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

Notes to the Interim Consolidated Financial Statements (continued)

using the effective interest method. The increase in trade payables reflects increased spend related to the SCHB-2 well.

	Unaudited Outstanding at 30 Jun 2024 US$'000	Audited Outstanding at 31 Dec 2023 US$'000	Unaudited Outstanding at 30 Jun 2023 US$'000
Trade payables	5,262	4,858	1,793
Accruals and other payables	278	371	277
	5,540	**5,229**	**2,070**

10 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.

	Unaudited Outstanding at 30 Jun 2024 US$'000	Audited Outstanding at 31 Dec 2023 US$'000	Unaudited Outstanding at 30 Jun 2023 US$'000
Tulip Oil Holding loan payable	3,875	3,724	3,433
Provision for decommissioning	2,412	2,412	2,097
Other non-current liabilities	515	95	41
	6,802	**6,231**	**5,571**

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.

11 Shares in issue

The number of shares in issue at the beginning of the period was 13,374,679,620. The number of options and warrants on issue at the start of the period was 3,295,960,536. On 29 February 2024 there was an issue of 5,137,000,000 ordinary shares for £0.05 to raise £2.6 million. The number of ordinary shares in issue at the end of the period is 18,511,679,620. The number of options and warrants at the end of the period is 3,544,360,536.

Notes to the Interim Consolidated Financial Statements (continued)

Options and warrants in issue:

	Outstanding at 31 December 2023	Issued/(Expired) during the period	Outstanding at 30 June 2024
Options			
Issued 17/3/2022	30,000,000	-	30,000,000
Issued 19/12/2022	770,542,318	-	770,542,318
Issued 20/12/2023	503,565,640	-	503,565,640
	1,304,102,958	**-**	**1,304,102,958**
Warrants			
Issued 31/03/2021	3,851,159	-	3,851,159
Issued 19/04/2021	45,553,120	-	45,553,120
Issued 26/07/2022	500,000,000	-	500,000,000
Issued 11/04/2023	1,325,753,299	-	1,325,753,299
Issued 20/09/2023	116,700,000	-	116,700,000
Issued 28/02/2024	-	248,400,000	248,400,000
	1,991,857,578	**-**	**2,240,257,578**
Total options and warrants	**3,295,965,536**	**-**	**3,544,360,536**

12 Commitments and contingencies

There were no capital commitments authorised by the Directors or contracted other than those provided for in these financial statements as at 30 June 2024 (31 December 2023: None).

13 Subsequent events

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.