



UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2022

BEACON ENERGY PLC (FORMERLY ADVANCE ENERGY PLC)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2022

CONTENTS

Page

Chairman's Statement	1
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Equity	5
Consolidated Cash Flow Statement	6
Notes to the Consolidated Financial Statements	7

Chairman's Statement

Dear fellow shareholders,

I am delighted to present the following statement in support of the interim results for the six months ended 30 October 2022.

Following the disappointing outcome on the Buffalo well announced in January 2022, the Board has refocused the strategy for the Company and substantially reduced its cost base in order to preserve cash on behalf of shareholders and assess the next steps.

In this context, the Company's strategy, which is to create a self-funding oil and gas production company taking advantage of growth opportunities being generated as industry players reshape their portfolios to manage the energy transition to net-zero emissions, remains both appropriate and compelling.

To implement this strategy, on 26 July 2022 the Company successfully raised £425,000 from new and existing shareholders, including £80,000 from Directors of the Company, to support the pursuit of value enhancing acquisition opportunities. The Board appreciates the continued support shown by shareholders during this fund raise.

On 9 September 2022, the Company announced that it had entered into a non-binding Heads of Terms ("HoT") with the majority owner of a European oil and gas company. Under the HoT, the Company would acquire the European company for a combination of new shares in the Company and an earn out based on oil production (the "Potential Acquisition"). The HoT included standard conditions, including an exclusivity period and the completion of satisfactory due diligence.

Subsequently, and in anticipation of the Potential Acquisition, the Company sought approval from shareholders to change the Company's name to Beacon Energy plc. The change of name was to reflect an exciting new chapter in the Company's story and the rebrand process was delivered in a highly cost effective manner.

On 16 December 2022, the Company was delighted to announce that it had entered into a conditional Share Purchase Agreement ("SPA") with Tulip Oil Holding B.V. ("Tulip") and Deutsche Rohstoff A.G. ("DRAG") (collectively, the "Sellers") relating to the purchase of the entire issued and to be issued share capital of Rhein Petroleum GmbH ("Rhein Petroleum"), (the "Proposed Transaction").

The Board of Beacon Energy ("Board") considers the Proposed Transaction to represent a transformational, value enhancing transaction for shareholders, which is fully aligned with Beacon Energy's growth strategy.

The Board believes the Proposed Transaction will deliver:

- A full-cycle portfolio of largely operated production, development, appraisal and exploration assets located onshore Germany, a low political risk jurisdiction
- A near-term active work programme designed to enhance production and cash flow
- An experienced operating team in Rhein Petroleum that has a track record of exploration, appraisal, development and production operations
- Strong HSE record and a firm commitment to environmentally responsible hydrocarbon production

BEACON ENERGY PLC (FORMERLY ADVANCE ENERGY PLC)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2022

- A well-understood existing production base, generating immediate revenue
- A material 2P net reserve base of 3.85 mmbbl and a 2C net contingent resource base of 22.96 mmbbl, located across four core assets as assessed by SGS Nederland B.V, and included in a Competent Person's Report ("CPR"), which will form part of the Admission Document to be sent to shareholders in due course
- A commercially attractive programme with the economic results of the CPR describing an NPV10 valuation of €52.8 million from the development and production of the 2P reserve base, assuming, inter alia, capex of €15.7 million for a 3 well programme and facilities upgrade and utilising forward oil pricing as at 14 November 2022
- Access to a built-in growth pipeline of onshore, material, high-margin, low-risk and near-term development and appraisal opportunities

The Proposed Transaction is considered a reverse transaction under the AIM Rules for Companies and is therefore subject, inter alia, to the issue of a new AIM Admission Document and obtaining shareholder approval for the Proposed Transaction.

Full details of the terms and conditions of the Proposed Transaction are available on the Company's website, and in particular the Company's announcement dated 16 December 2022.

In addition to the Proposed Transaction, the Company was delighted to announce that Interim CEO Larry Bottomley has agreed to become CEO on a permanent basis. Larry's appointment will provide certainty and continuity for the Company as we progress the Proposed Transaction, and Larry's transition into the permanent role reflects the focused determination that he has delivered through this year and his significant experience and expertise in leadership roles of this kind.

It only remains for me to thank our shareholders for their ongoing support for the Company, management team and our strategy. We are very excited about the Proposed Transaction which, if successful, will underpin your Company with cash flow, proven Reserves and Resources, and an active work programme designed to create long-term value for Beacon's shareholders. We very much see the Proposed Transaction as a first step in our strategy to build a material international upstream oil and gas business with a focus on cash generative assets and those with the potential to add significant value in the short to medium term. We look forward to providing updates on our progress as we move through the rest of the year.

Mark Rollins
Non-Executive Chairman
13 January 2023

Interim Consolidated Statement of Comprehensive Income

		Unaudited Six months ended 31 Oct 2022	Audited Year ended 30 Apr 2022	Unaudited Six months ended 31 Oct 2021
	Notes	\$'000	\$'000	\$'000
Investment loss:				
Impairment		-	(23,885)	-
			(23,885)	
Asset evaluation and operating expenses	4	(19)	(60)	(50)
Other administrative expenses	4	(877)	(2,818)	(2,258)
Net loss before Finance Costs and Taxation		(896)	(26,763)	(2,308)
Finance costs		(55)	(198)	(49)
Share of net losses of associate accounted for using the equity method		-	(428)	(149)
Loss before tax		(951)	(27,389)	(2,506)
Tax expense		-	-	-
Loss after tax attributable to owners of the parent		(951)	(27,398)	(2,506)
Total comprehensive loss for the year attributable to owners of the parent		(951)	(27,398)	(2,506)
Basic and diluted loss per share attributable to owners of the parent during the year (expressed in US cents per share)	6	(0.07)	(2.67)	(0.24)

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

Interim Consolidated Statement of Financial Position

	Notes	Unaudited 31 Oct 2022 \$'000	Audited 30 Apr 2022 \$'000	Unaudited 31 Oct 2021 \$'000
Non-current assets				
Property, plant & equipment		-	-	3
Other investments	7	-	-	20,113
		-	-	20,116
Current assets				
Other receivables		408	89	153
Cash and cash equivalents		616	662	5,861
		1,024	751	6,014
Total assets		1,024	751	26,130
Current liabilities				
Trade and other payables	8	(493)	(304)	(418)
Total liabilities		(493)	(304)	(418)
Net assets				
		531	447	25,712
Equity attributable to equity holders of the company				
Share premium		48,128	47,656	47,656
Share reserve		2,008	1,445	1,827
Accumulated deficit		(49,605)	(48,654)	(23,771)
Total shareholder funds		531	447	25,712

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

Interim Consolidated Statement of Changes in Equity

	Share premium \$'000s	Share reserve \$'000	Accumulated deficit \$'000s	Total equity \$'000s
Balance at 1 May 2021	47,656	1,039	(21,265)	27,430
Loss for the period to 31 October 2021 (unaudited)	-	-	(2,506)	(2,506)
Total comprehensive loss	-	-	(2,506)	(2,506)
<i>Transactions with equity shareholders of the parent:</i>				
Share based payments	-	788	-	788
Balance at 31 October 2021 (unaudited)	47,656	1,827	(23,771)	25,712
Loss for the period to 30 April 2022	-	-	(24,883)	(24,883)
Total comprehensive loss	-	-	(24,883)	(24,883)
<i>Transactions with equity shareholders of the parent:</i>				
Share based payments	-	(382)	-	(382)
Balance at 30 April 2022 (audited)	47,656	1,445	(48,654)	447
Loss for the period to 31 October 2022 (unaudited)	-	-	(951)	(951)
Total comprehensive loss	-	-	(951)	(951)
<i>Transactions with equity shareholders of the parent:</i>				
Share based payments	-	563	-	563
Proceeds from shares issued	490	-	-	490
Cost of share issue	(18)	-	-	(18)
Balance at 31 October 2022 (unaudited)	48,128	2,008	(49,605)	531

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

Interim Consolidated Cash Flow Statement

	Unaudited 31 Oct 2022	Audited 30 Apr 2022	Unaudited 31 Oct 2021
Notes	\$'000	\$'000	\$'000
Cash flows from operating activities:			
Loss before tax	(951)	(27,389)	(2,506)
Adjustments for:			
Share of net loss of associate	-	428	149
Share-based payment	563	406	788
Impairment of investment	-	23,885	-
Change in working capital items:			
Movement in other receivables	(319)	114	50
Movement in trade and other payables	189	(834)	(720)
Net cash used in operations	(518)	(3,390)	(2,239)
Cash flows from investing activities			
Investment in associate	-	(4,051)	-
Other investments	-	-	-
Purchase of property, plant & equipment	-	-	(3)
Net cash flows from investing activities	-	(4,051)	(3)
Cash flows from financing activities			
Proceeds from issue of share capital	490	-	-
Share issue costs	(18)	-	-
Net cash flows from financing activities	472	-	-
Net (decrease)/increase in cash and cash equivalents	(46)	(7,441)	(2,242)
Effect of exchange rate changes	-	-	-
Cash and cash equivalents at beginning of period	662	8,103	8,103
Cash and cash equivalents at end of period	616	662	5,861

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 and on 16 December 2022 announced the proposed acquisition of Rhein Petroleum GmbH, an upstream oil and gas business operating in Germany. The Company’s shares were suspended from trading on AIM on 9 September 2022.

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 year ended 30 April 2022, 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 30 April 2022.

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 May 2022 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 30 April 2022 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 13 January 2023.

3 Going concern

The financial statements have been prepared on a going concern basis. The Group did not earn any revenues during the period and currently holds no material oil and gas interest. The operations of the Group are currently financed from funds raised from shareholders. In common with many pre-production entities, the Group may need to raise further funds in order to progress its projects into the production of revenues.

The Group monitors its cash position, cash forecasts and liquidity on a regular basis and takes a conservative approach to cash management. Following the £425,000 equity fund raise completed in July 2022, as at 31 October 2022, the Group had cash resources of US\$616,000.

On 16 December 2022, the Group announced the proposed acquisition of Rhein Petroleum GmbH, an upstream oil and gas business operating in Germany. The Company has incurred due diligence and other transaction costs associated with the proposed acquisition, and expects to incur further such costs.

Notes to the Interim Consolidated Financial Statements (continued)

Management's base case is that the potential acquisition will complete in February 2023 and that, as part of the acquisition the Company will seek to raise additional equity funding.

Management have also considered a number of downside scenarios, including scenarios where the potential acquisition does not complete, or where completion is delayed beyond February 2023.

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 of expenditure and raising additional equity.

Accordingly, after making enquiries and considering the risks described above, the Directors have assessed that following the closing of the proposed acquisition the cash balance provides the Group with adequate headroom over the forecast expenditure 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 31 Oct 2022 \$'000	Audited Year ended 30 Apr 2022 \$'000	Unaudited Six months ended 31 Oct 2021 \$'000
<i>Corporate overheads:</i>			
Directors' fees	292	1,396	1,266
Professional fees	129	1,178	708
Audit fees	2	45	27
Administration costs	29	104	55
Share based payments-warrants	425	-	-
Employee costs	-	95	202
	877	2,818	2,258
<i>Asset evaluation and operating expenses:</i>			
Office costs	19	60	30
Travel and accommodation	-	-	20
	19	60	50
Total expenses	896	2,878	2,308

Notes to the Interim Consolidated Financial Statements (continued)

5 Directors' remuneration

The remuneration of those in office during the period ended 31 October 2022 was as follows:

	Unaudited Six months ended 31 Oct 2022 \$'000	Audited Year ended 30 Apr 2022 \$'000	Unaudited Six months ended 31 Oct 2021 \$'000
Salaries paid in cash	88	1,133	582
Salary deferrals	66	-	-
Accrued entitlement to shares and warrants	138	247	673
Directors' health insurance	-	16	11
	292	1,396	1,266

Mark Rollins (Chairman), and Larry Bottomley (Chief Executive Officer), are entitled to a fixed monthly fee of \$5,000 each payable in cash. The Non-executive directors, Ross Warner and Stephen Whyte are entitled to a fixed monthly fee of \$2,500 each payable in cash. All the directors have agreed to a salary deferral equal to their monthly fixed fees from August 2022 to January 2023. These deferred salaries will be paid once there is excess funding available.

Share options and warrants with a value of \$138,000 were issued to employees accrued during the 6-month period to 31 October 2022. In the year to 30 April 2022, the warrants issued to employees and advisors accrued with a value of \$247,000.

6 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 31 Oct 2022	Audited Outstanding at 30 Apr 2022	Unaudited Outstanding at 31 Oct 2021
Loss attributable to owners of the Group (USD thousands)	(951)	(27,389)	(2,506)
Weighted average number of ordinary shares in issue (thousands)	1,291,201	1,027,614	1,027,614
Loss per share (US cents)	(0.07)	(2.67)	(0.24)

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

Notes to the Interim Consolidated Financial Statements (continued)

7 Other investments

	Unaudited Outstanding at 31 Oct 2022 US\$'000	Audited Outstanding at 30 Apr 2022 US\$'000	Unaudited Total at 31 Oct 2021 US\$'000
Buffalo Project	-	-	20,113
	<u>-</u>	<u>-</u>	<u>20,113</u>

8 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.

	Unaudited Outstanding at 31 Oct 2022 US\$'000	Audited Outstanding at 30 Apr 2022 US\$'000	Unaudited Outstanding at 31 Oct 2021 US\$'000
Trade payables	151	51	166
Accruals and other payables	342	253	252
	<u>493</u>	<u>304</u>	<u>418</u>

Notes to the Interim Consolidated Financial Statements (continued)

9 Shares in issue

The number of shares in issue at the beginning of the period was 1,027,613,961. The number of options and warrants on issue at the start of the period was 118,259,511. On 26 July 2022 there was an issue of 500,000,000 ordinary shares for £0.085 which included one warrant per share and as a result the number of shares in issue at the end of the period was 1,527,613,961 and the number of options and warrants increased to 618,259,511. The warrants were issued at a valuation of 0.07p each, resulting in an increase to the share reserve of US\$425,000 and a corresponding expense as shown in Note 4.

Options and warrants in issue:

	Outstanding at 30 April 2022	Issued/(Expired) during the period	Outstanding at 31 October 2022
Options			
Issued Pre 1/2/2020	450,000	-	450,000
Issued 1/2/2020	13,750,000	-	13,750,000
Issued 8/7/2020	2,500,000	-	2,500,000
Issued 19/4/2021	83,710,000	-	83,710,000
Cancelled options FY 2022	(66,600,000)	-	(66,600,000)
Issued during FY 2022	30,000,000	-	30,000,000
	63,810,000	-	63,810,000
Warrants			
Issued pre 1/2/2020	11,390,680	-	11,390,680
Issued 10/12/2020	54,545	-	54,545
Issued during 19/04/2021 – employee	3,851,159	-	3,851,159
Issued during 19/04/2021-advisor	45,553,120	-	45,553,120
Issued warrants 26/07/2022	-	500,000,000	500,000,000
Expired warrants FY 2022	(6,399,993)	-	(6,399,993)
	54,449,511	500,000,000	554,449,511
Total options and warrants	118,259,511	500,000,000	618,259,511

10 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 31 October 2022 (30 April 2022: None).

11 Subsequent events

On 17 November 2022 Advance Energy Plc changed its name to Beacon Energy Plc.

On 16 December 2022 the Company announced that it had entered into a conditional share purchase agreement in respect of the proposed acquisition of Rhein Petroleum GmbH, an upstream oil and gas business operating in Germany.