

## ELECTRONIC TRANSMISSION

### DISCLAIMER

IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached document (the “**Pathfinder Admission Document**”) and you are advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Pathfinder Admission Document in relation to Beacon Energy plc (the “**Company**”), whether the Pathfinder is accessed from this page or otherwise as a result of such access.

THE ATTACHED PATHFINDER ADMISSION DOCUMENT HAS BEEN APPROVED AS A FINANCIAL PROMOTION BY TENNYSON SECURITIES (THE TRADING NAME OF SHARD CAPITAL PARTNERS LLP) OF 65 PETTY FRANCE, LONDON, SW1H 9EU (“**TENNYSON SECURITIES**”), WHICH IS AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY (“**FCA**”), SOLELY FOR THE PURPOSES OF SECTION 21(2)(B) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED (“**FSMA**”).

If you are in any doubt about the contents of the attached Pathfinder Admission Document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser that specialises in advising on the acquisition of shares and other securities who is duly authorised under FSMA (or, if you are a person outside the UK, a person otherwise similarly qualified in your jurisdiction).

Terms used but not defined in this electronic transmission shall have the meanings given to them in the attached Pathfinder Admission Document.

PROSPECTIVE INVESTORS SHOULD NOT SUBSCRIBE FOR OR PURCHASE ANY SECURITIES IN RELIANCE ON THE ATTACHED PATHFINDER ADMISSION DOCUMENT WHICH IS TO BE UPDATED AND REPLACED BY THE FINAL ADMISSION DOCUMENT TO BE PUBLISHED BY THE COMPANY IN CONNECTION WITH, *INTER ALIA*, THE FUNDRAISE, THE ACQUISITION, THE ISSUE OF CONSIDERATION SHARES, THE NOTICE OF GENERAL MEETING AND ADMISSION.

In accessing the attached Pathfinder Admission Document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED PATHFINDER ADMISSION DOCUMENT AND THEIR CONTENTS ARE STRICTLY CONFIDENTIAL AND (SAVE AS SET OUT BELOW) ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION MAY LEAD TO A BREACH OF ANY APPLICABLE LEGAL OR REGULATORY REQUIREMENTS (EACH, A “**RESTRICTED JURISDICTION**”) OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY NATIONAL, RESIDENT OR CITIZEN OF ANY SUCH JURISDICTION. NEITHER THIS ELECTRONIC TRANSMISSION NOR THE ATTACHED PATHFINDER ADMISSION DOCUMENT IS AN OFFER OR INVITATION TO BUY OR SELL SECURITIES.

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THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT

OR (2) IN AN “OFFSHORE TRANSACTION” AS DEFINED IN, AND IN ACCORDANCE WITH RULE 903 OR RULE 904 OF, REGULATION S OF THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

This electronic transmission and the attached Pathfinder Admission Document are being directed only at, and may only be relied and acted upon by, and any investment or investment activity to which it relates is available only to;

- **in the context of the PrimaryBid Offer:** persons who are retail clients as defined by the FCA in the FCA Rules, as customers who are not professional clients nor eligible counterparties, of PrimaryBid Limited, and resident and located in the United Kingdom (“**Retail Clients**”); and
- **in the context of the Placing and the Subscription:** (i) persons resident or located in member states of the European Economic Area (“**EEA**”) that are “qualified investors” (“**Qualified Investors**”) within the meaning of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); and (ii) persons resident or located in the United Kingdom that are “qualified investors” within the meaning of the UK version of the Prospectus Regulation which forms part of domestic law pursuant to the European Union (Withdrawal) Act 2018 and are persons: (a) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); (b) who are high net worth persons or entities falling within Article 49(2)(a) to (d) of the Order; or (c) to whom it may otherwise be lawfully distributed (all such persons in (a), (b) and (c) together being referred to as “**Relevant Persons**”).

The attached Pathfinder Admission Document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Company, Tennyson Securities, Strand Hanson Limited (“**Strand Hanson**”) nor any of their respective directors, officers, partners, employees, agents, affiliates, representatives or advisers (“**Representatives**”), or any other person, accepts any liability or responsibility whatsoever in respect of any difference between the attached Pathfinder Admission Document distributed to you in electronic format and the hard copy version available to you on request. Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this electronic transmission is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

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This electronic transmission does not constitute, or form part of, any offer or invitation to sell, allot or issue or any solicitation of any offer to purchase or subscribe for any securities, nor shall it (or any part of it) or the fact of its distribution form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment for securities in any circumstances in which such offer or invitation to sell is unlawful.

Neither this electronic transmission nor the attached Pathfinder Admission Document constitutes an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any securities to any person in any Restricted Jurisdiction.

**Confirmation of understanding and acceptance of disclaimer:**

This electronic transmission and the attached Pathfinder Admission Document is delivered to you on the basis that you are deemed to have confirmed, represented and warranted to Tennyson Securities and the Company that: (a) you have read and understood the disclaimer set out above, acknowledge that the terms of the disclaimer set out above may affect your rights and agree to be bound by its terms; (b) you consent to delivery of the attached Pathfinder Admission Document by electronic transmission and acknowledge that this electronic transmission and the attached Pathfinder Admission Document are confidential and intended for you only; (c) you will not forward, reproduce or publish this electronic transmission or the attached Pathfinder Admission Document to any other person; (d) you (i) are outside a Restricted Jurisdiction; or (ii) ordinarily reside outside a Restricted Jurisdiction; (e) (i) if you are resident or located in the United Kingdom: (A) in the context of the PrimaryBid Offer, you are a Retail Client; or (B) in the context of the Placing and the Subscription, you are a Relevant Person; and (ii) if you are resident or located in a member state of the EEA, you are a Qualified Investor; and (f) confirm that you are permitted to proceed to view the electronic version of the attached Pathfinder Admission Document.

## PATHFINDER ADMISSION DOCUMENT

### IMPORTANT NOTICE

This important notice forms part of a draft “pathfinder” admission document (the “**Pathfinder Admission Document**”) and has been issued by Beacon Energy plc (the “**Company**”).

Terms used but not defined in this important notice shall have the meanings given to them in the Pathfinder Admission Document.

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The information in the Pathfinder Admission Document, which is incomplete, subject to updating, completion, revision, further verification and amendment. In particular, the Pathfinder Admission Document refers to certain events as having occurred which have not occurred at the date of its publication but which are expected to occur prior to publication of the Final Admission Document.

THE PATHFINDER ADMISSION DOCUMENT AND ITS CONTENTS ARE STRICTLY CONFIDENTIAL AND (SAVE AS SET OUT BELOW) ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION MAY LEAD TO A BREACH OF ANY APPLICABLE LEGAL OR REGULATORY REQUIREMENTS (EACH, A “**RESTRICTED JURISDICTION**”) OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY NATIONAL, RESIDENT OR CITIZEN OF ANY SUCH JURISDICTION.

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ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

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- **in the context of the PrimaryBid Offer:** persons who are retail clients as defined by the FCA in the FCA Rules, as customers who are not professional clients nor eligible counterparties, of PrimaryBid Limited, and resident and located in the United Kingdom (“**Retail Clients**”); and
- **in the context of the Placing and the Subscription:** (i) persons resident or located in member states of the European Economic Area (“**EEA**”) that are “qualified investors” (“**Qualified Investors**”) within the meaning of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); and (ii) persons resident or located in the United Kingdom that are “qualified investors” within the meaning of the UK version of the Prospectus Regulation which forms part of domestic law pursuant to the European Union (Withdrawal) Act 2018 and are persons: (a) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); (b) who are high net worth persons or entities falling within Article 49(2)(a) to (d) of the Order; or (c) to whom it may otherwise be lawfully distributed (all such persons in (a), (b) and (c) together being referred to as “**Relevant Persons**”).

The Pathfinder Admission Document does not constitute a prospectus for the purposes of the UK Prospectus Regulation and has not been approved by the FCA or the London Stock Exchange, nor is it intended that the final version of the Admission Document will be so approved.

Neither the Company’s website at <https://beaconenergyplc.com> nor any website accessible by hyperlinks on the Company’s website forms part of the Pathfinder Admission Document, and have not been subject to review or verification and no reliance may be placed by an investor on any information or opinions expressed on such websites.

Except as required by applicable law or regulation, none of the Company or Tennyson Securities or any of their respective directors, officers, partners, employees, agents, affiliates, representatives or advisers (together, “**Representatives**”) or any other person undertakes or agrees any obligation to update or revise any forward-looking or other statements or information in the Pathfinder Admission Document, whether as a result of new information, future developments or otherwise and none of the Company or Tennyson Securities or any of their respective Representatives or any other person undertakes or agrees or is under any duty to update the Pathfinder Admission Document or to correct any inaccuracies in, or omissions from, any such information which may become apparent or to provide you with any additional information. No statement in the Pathfinder Admission Document is intended as a profit forecast or profit estimate and no statement in the Pathfinder Admission Document should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company (unless otherwise stated).

To the fullest extent permitted by applicable law or regulation, no undertaking, representation or warranty or other assurance, express or implied, is made or given by or on behalf of the Company or Tennyson Securities or any of their respective parent or subsidiary undertakings or the subsidiary undertakings of any such parent undertakings or any of their respective Representatives or any other person as to the accuracy, sufficiency, completeness or fairness of the information, opinions or beliefs contained in the Pathfinder Admission Document. Save in the case of fraud, no responsibility or liability is accepted by any person for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred, howsoever arising, directly or indirectly, from any use of, as a result of the reliance on, or otherwise in connection with, the Pathfinder Admission Document. In addition, no duty of care or otherwise is owed by any such person to recipients of the Pathfinder Admission Document or to any other person.

The Pathfinder Admission Document and its contents are confidential, and you shall treat and safeguard as strictly private and confidential all information contained in the Pathfinder Admission Document. You shall not use the Pathfinder Admission Document or the information contained herein in any manner detrimental to the Company or Tennyson Securities.

The Pathfinder Admission Document contains certain statements that are, or may be, forward- looking statements with respect to the financial condition, results of operations, business achievements and/or investment strategy of the Company. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company or the success of its investment strategy to be materially different from any future results, performance or achievements expressed or implied by such statements. Factors that might cause such a difference include, but are not limited to, those discussed in the risk factors set out in the section headed “Risk Factors” in Part III of the Pathfinder Admission Document.

**Confirmation of understanding and acceptance of disclaimer:**

By accepting the Pathfinder Admission Document, which is in draft form, you are deemed to have confirmed, represented and warranted to Tennyson Securities and the Company that: (a) you have read and understood the disclaimer set out above, acknowledge that the terms of the disclaimer set out above may affect your rights and agree to be bound by its terms; (b) you consent to delivery of the Pathfinder Admission Document and acknowledge that the Pathfinder Admission Document is confidential and intended for you only; (c) you will not forward, reproduce or publish the Pathfinder Admission Document to any other person; (d) you (i) are outside a Restricted Jurisdiction; or (ii) ordinarily reside outside a Restricted Jurisdiction; (e) (i) if you are resident or located in the United Kingdom: (A) in the context of the PrimaryBid Offer, you are a Retail Client; or (B) in the context of the Placing and the Subscription, you are a Relevant Person; and (ii) if you are resident or located in a member state of the EEA, you are a Qualified Investor; and (f) confirm that you are permitted to proceed to the view the Pathfinder Admission Document.

7 March 2023

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities before taking any action. The whole text of this document should be read. Investment in the Company is speculative and involves a high degree of risk.**

This document constitutes an admission document drawn up in accordance with the AIM Rules for Companies, and has been issued in connection with an application for admission to trading on AIM of the entire issued and to be issued share capital of Beacon Energy plc. This document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of FSMA and has not been drawn up in accordance with the UK Prospectus Regulation or approved or filed with the FCA. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

The Company, the Existing Directors and the Proposed Directors whose names appear on page 10 of this document, each accept responsibility for the information contained in this document including collective and individual responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Existing Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Company and the Directors are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is emphasised that no application has been made or is being made for admission of the Enlarged Share Capital to the Official List of the FCA. The Ordinary Shares are not traded on any recognised investment exchange and no application has been or is intended to be made for the Enlarged Share Capital to be admitted to trading on any such market. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on [●] [●] 2023. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.**

The attention of prospective investors is particularly drawn to the section entitled "Risk Factors" set out in Part II of this document and all statements regarding the Company's business should be viewed in light of these risk factors.

# Beacon Energy plc



*(Incorporated and registered in the Isle of Man under Company Number 010493V)*

## Proposed Acquisition of Rhein Petroleum GmbH

**Proposed Fundraise to raise gross £[●] via the issue of [●] Fundraise Shares at [●] pence per share**

**Admission of the Enlarged Share Capital to trading on AIM**

**Proposed 1 for [10] Capital Consolidation**

**Approval of Waiver of Obligations under Rule 9 of the City Code**

**and**

**Notice of Extraordinary General Meeting**

**STRAND  
HANSON**

*Financial and Nominated Adviser*

**Strand Hanson Limited**

The logo for Tennyson, featuring a stylized blue and grey graphic of vertical lines and a horizontal bar, followed by the word "Tennyson" in blue.

*Joint Broker*

**Tennyson Securities**

The logo for Optiva Securities, featuring a stylized blue and green circular graphic, followed by the words "OPTIVA SECURITIES" in blue and "THE GLOBAL INVESTOR" in smaller blue text below.

*Joint Broker*

**Optiva Securities Limited**

## IMPORTANT NOTICE

### General

Investors should take independent advice and should carefully consider the section of this document headed “Risk Factors” before making any decision to purchase Ordinary Shares.

Investment in the Ordinary Shares will involve significant risks due to gearing and the inherent illiquidity of the underlying investments and should be viewed as a long-term investment. The Ordinary Shares may not be suitable for all recipients or be appropriate for their personal circumstances. You should carefully consider in the light of your financial resources whether investing in the Company is suitable for you. An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise (which may be equal to the whole amount invested).

The Fundraise Shares will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions deemed, made or paid after the issue of the Fundraise Shares.

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**The whole of this document should be read. Your attention is drawn, in particular, to Part I: “Letter from the Non-Executive Chairman of Beacon Energy plc” and Part II: “Risk Factors” for a more complete discussion of the factors that could affect the Company’s future performance and the industry in which it will operate. This document is being sent to all Shareholders for information purposes only to enable them to exercise their rights as Shareholders in connection with the Extraordinary General Meeting.**

Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, Strand Hanson, Optiva Securities or Tennyson Securities. Without prejudice to the Company's obligations under the AIM Rules, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this document or that the information contained in this document is correct as of any time subsequent to the date of this document. None of the Strand Hanson, Optiva Securities or Tennyson Securities have authorised the contents of this document and, without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Strand Hanson, Optiva Securities or Tennyson Securities as to the contents of this document and no responsibility or liability whatsoever is accepted by Strand Hanson, Optiva Securities or Tennyson Securities for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document, for which the Company and the Directors are solely responsible.

The contents of this document are not to be construed as legal, financial or tax advice. Each prospective investor should consult a legal adviser, an independent financial adviser duly authorised under FSMA or a tax adviser for legal, financial or tax advice in relation to any investment in or holding of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal investment or similar laws or regulations. Prospective investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

#### **Notice to prospective investors in the United Kingdom**

This document is being distributed in the United Kingdom where it is directed only at persons who are "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation and regulations made under that Act, and who are (i) persons having professional experience in matters relating to investments, i.e., investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO"); or (ii) high net-worth companies, unincorporated associations and other bodies within the meaning of Article 49 of the FPO and at persons to whom it is otherwise lawful to distribute it without any obligation to issue a prospectus approved by competent regulators. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of person and in any event, and under no circumstances, should persons of any other description rely on or act upon the contents of this document.

#### **Notice to overseas persons**

**This document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any such distribution could result in a violation of the laws of such jurisdictions. In particular, this document is not for distribution in or into the United States, Canada, the Republic of South Africa, Australia or Japan. The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act") or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of any province or territory of Canada or under the securities laws of the Republic of South Africa, Australia, New Zealand or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered or sold directly or indirectly in or into the United States, Canada, the Republic of South Africa, New Zealand Australia or Japan (each a "Restricted Jurisdiction") or to any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the**

**merits of the offering of the Placing Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.**

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (**MiFID II**); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the **Product Governance Requirements**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Fundraise Shares have been subject to a product approval process, which has determined that the Fundraise Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the **Target Market Assessment**). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Fundraise Shares may decline and investors could lose all or part of their investment; the Fundraise Shares offer no guaranteed income and no capital protection; and an investment in the Fundraise Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Fundraise Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Fundraise Shares and determining appropriate distribution channels.

### **Copies**

Copies of this document will be available free of charge during normal business hours on any day from the offices of Tennyson Securities, 65 Petty France, London, SW1H 9EU.

### **Rounding**

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent.

### **Presentation of market, economic and industry data**

This document contains information regarding the Company’s business and the industry in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **Data protection**

The information that a prospective investor provides in documents in relation to a purchase of Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (“**personal data**”) will be held and processed by the Company (and any third party to whom it may delegate certain administrative functions in relation to the Company) in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Such information

will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective investor with information about products and services, or its affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in England and Wales and elsewhere (as required); and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/ or administer the Company's business.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- transfer personal data outside of the UK to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by a member of the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it

will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data are disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third-party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

### **No incorporation of website information**

Other than in respect of financial information, the contents of the Company's website or any hyperlinks accessible from the Company's website do not form part of this document and prospective investors should not rely on them.

### **Forward looking statements**

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include any of the words "targets", "believes", "expects", "estimates", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known or unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward looking statements speak only as of the date of this document. In addition, even if the Company's actual results, performance, achievements of or dividends paid are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained in this document, to reflect any change in the Company's expectations relating to those statements or any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

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## KEY INFORMATION AND EXPECTED TIMETABLE OF EVENTS

Publication of this document		[●]
Latest time and date for receipt of Forms of Proxy	9.00 a.m. (London time)	on [●]
Extraordinary General Meeting	[TIME] (London time)	on [●]
Announcement of result of Extraordinary General Meeting		[●]
Record time and date for the Capital Consolidation	8.00 a.m. (London time)	
Admission and commencement of dealings in the Enlarged Share Capital on AIM		[●]
Escrow Completion		[●]*
Completion of the Acquisition	[SAME DATE AS ADMISSION]	
CREST accounts expected to be credited in respect of the Fundraise Shares in uncertificated form	[DATE OF ADMISSION]	
Despatch of definitive share certificates in respect of the Fundraise Shares		By [●]

*Note: Each of the times and dates set out above and mentioned elsewhere in the document may be subject to change at the absolute discretion of the Company and Strand Hanson without further notice. All references are to London time unless otherwise stated. Temporary documents of title will not be issued.*

*\* Subject to satisfaction or waiver of the relevant conditions under the SPA.*

## PLACING AND ADMISSION STATISTICS

Number of Existing Ordinary Shares in issue at the date of this document	[1,527,613,961]
Fundraise Price	[●]
Capital Consolidation Ratio	[10]
Enlarged Share Capital – Number of New Ordinary Shares on Admission (following the Capital Consolidation), including:	[●]
Number of Fundraise Shares	[●]
Number of Consideration Shares	[●]
Options outstanding as a percentage of the Enlarged Share Capital on Admission*	[●]
Warrants outstanding as a percentage of the Enlarged Share Capital on Admission*	[●]
Market capitalisation following Admission at the Fundraise Price	[●]
Gross proceeds of the Fundraise	[●]
Estimated net proceeds of the Fundraise	[●]
Ticker	[BCE]
ISIN of the Existing Ordinary Shares	[IM00BKSCP798]
SEDOL of the Existing Ordinary Shares	[BKSCP79]
ISIN of the New Ordinary Shares	[●]
SEDOL of the New Ordinary Shares	[●]
Legal Entity Identifier	213800TZWOUYU7UFZ5V63

(1) This figure assumes that no Options or Warrants that are outstanding as at the date of this document are exercised between the date of this document and Admission.

(2) The number of Existing New Ordinary Shares, and consequently the Enlarged Share Capital, may be reduced due to the fractional entitlements resulting from the Capital Consolidation. The final number of New Ordinary Shares in issue on Admission will be confirmed on the morning of Admission via a Regulated Information Service announcement.

\* The number of New Ordinary Shares is stated following implementation of the Capital Consolidation.

## EXCHANGE RATES

For reference purposes only, the following exchange rates have been used in this document:

[●]

All amounts referred to in Parts I, II and VII of this document expressed in the above currencies have, unless otherwise stated, been calculated using the above exchange rates.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Existing Directors</b>	Mark Rollins ( <i>Non-Executive Chairman</i> ) Larry Bottomley ( <i>CEO</i> ) Stephen Whyte ( <i>Non-Executive Director</i> ) Ross Warner ( <i>Non-Executive Director</i> )
<b>Proposed Directors</b>	Stewart MacDonald ( <i>Chief Financial Officer</i> ) Leo Koot ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	Grainne Devlin FIM Capital 55 Athol Street Douglas Isle of Man IM1 1LA
<b>Registered Agent</b>	FIM Capital 55 Athol Street Douglas Isle of Man IM1 1LA
<b>Registered Office</b>	55 Athol Street Douglas Isle of Man IM1 1LA
<b>Principal place of business</b>	Isle of Man
<b>Financial and Nominated Adviser</b>	Strand Hanson Limited 26 Mount Row Mayfair London W1K 3SQ United Kingdom
<b>Joint Broker(s)</b>	Tennyson Securities (trading name of Shard Capital Partners LLP) 65 Petty France London SW1H 9EU United Kingdom  Optiva Securities Limited 118 Piccadilly London W1J 7NW United Kingdom
<b>Auditors and Reporting Accountants</b>	Lubbock Fine LLP 65 St Paul's Churchyard London EC4M 8AB United Kingdom
<b>Solicitors to the Company (as to English law)</b>	Watson Farley & Williams LLP 15 Appold Street London EC2A 2HB United Kingdom

**Solicitors to the Company  
(as to Isle of Man law)**

DQ Advocates Limited  
The Chambers  
5 Mount Pleasant  
Douglas  
Isle of Man  
IM1 2PU

**Solicitors to the Nominated  
Adviser and Joint Broker(s)**

Fieldfisher LLP  
Riverbank House  
Swan Lane  
London  
EC4R 3TT  
United Kingdom

**Registrars**

Computershare Investor Services (Jersey) Limited  
13 Castle Street  
St Helier  
Jersey  
JE1 1ES

**Competent Person**

SGS Nederland B.V.  
Stationsplein 6  
2275 AZ  
Voorburg  
The Netherlands

**Company website**

[www.beaconenergyplc.com](http://www.beaconenergyplc.com)

## DEFINITIONS AND ABBREVIATIONS

<b>“Act”</b>	the Isle of Man Companies Act 2006, as amended;
<b>“Acquisition”</b>	the acquisition by Beacon of the entire issued and to be issued share capital of Rhein Petroleum pursuant to the terms of the SPA;
<b>“Acreage”</b>	Rhein Petroleum’s current and existing licences (including renewals) over the acreages of Steig, Erfelden, Graben and Lauben;
<b>“Admission”</b>	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
<b>“Adviser Warrants”</b>	the [●] Warrants over New Ordinary Shares to be issued, conditional on Admission, to certain advisers to the Company, details of which are set out in paragraph 15 of Part I of this document;
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange;
<b>“AIM Rules” or “AIM Rules for Companies”</b>	the AIM Rules for Companies, as published by the London Stock Exchange and amended from time to time;
<b>“AIM Rules for Nominated Advisers”</b>	the AIM Rules for Nominated Advisers, as published by the London Stock Exchange and amended from time to time;
<b>“Applicable Laws”</b>	the Act, UK Companies Act 2006, FSMA, Criminal Justice Act 1993, AIM Rules for Nominated Advisers, UK MAR, DTR, Quoted Companies Alliance, Takeover Code and any other applicable legislation or regulation;
<b>“Articles” or “Articles of Association”</b>	the current articles of association of the Company, further details of which are set out at paragraph 4 of Part IX of this document;
<b>“Audit Committee”</b>	a sub-committee of the Board, further details of which are set out in paragraph 19 of this Part I and paragraph 7.2 of Part IX of this document;
<b>“Authorised Field”</b>	the area covered by a Licence;
<b>“Barclays Group”</b>	Barclays PLC (a public company registered in England & Wales with registered number 00048839 and having its registered office 1 Churchill Place, London E14 5HP) together with its subsidiaries and subsidiary undertakings from time to time;
<b>“Board”</b>	the directors of the Company as at the date of this document, whose names are set out on page 10 of this document;
<b>“Business Day”</b>	a day other than a Saturday, Sunday or other day when banks in the City of London, England are not generally open for business;
<b>“Capital Consolidation”</b>	the proposed consolidation of every ten Existing Ordinary Shares into one New Ordinary Share, and the consolidation of existing Options and Warrants by the same factor (with their corresponding exercise prices being increased in proportion), details of which are set out in paragraph 14 of this Part I of this document and the Notice of Extraordinary General Meeting;
<b>“Company” or “Beacon”</b>	Beacon Energy plc (formerly Advance Energy plc), incorporated in the Isle of Man with registered number 010493V;

<b>“Competent Persons Report” or “CPR”</b>	the technical report on the Rhein Petroleum Assets, which is disclosed in its entirety in Part IV of this document;
<b>“Completion”</b>	completion of the Acquisition;
<b>“Completion Date”</b>	the date of Admission;
<b>“Concert Party”</b>	(i) Tulip, (ii) Northwharf Nominees (a member of the Barclays Group) together with other members of the Barclays Group and (iii) Stichting Pensioenfonds ABP together with members of its group as more fully set out in Part III of this Document, all of whom are considered by the Panel to be acting in concert with each other under the City Code;
<b>“Consideration”</b>	the consideration payable by the Company under the SPA being the Equity Consideration, the Intercompany Debt Consideration and the Earn-Out Consideration;
<b>“Consideration Shares”</b>	the TOH Consideration Shares and the DRAG Consideration Shares;
<b>“COVID-19”</b>	an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 of the UK (SI 2001/3755), as amended from time to time, and any applicable rules made under those regulations;
<b>“Directors” or “Board”</b>	together (unless the context requires otherwise), the Existing Directors and the Proposed Directors, whose names are set out on page 10 of this document;
<b>“DRAG”</b>	Deutsche Rohstoff AG, a publicly listed company on the Frankfurt Stock Exchange and a 10 per cent. shareholder in Rhein Petroleum;
<b>“DRAG Consideration Shares”</b>	the [●] New Ordinary Shares to be issued to DRAG such that DRAG shall hold 3.3 per cent. of the total issued New Ordinary Shares on Admission;
<b>“DRAG Security”</b>	the guarantees provided by DRAG to Land Hessen for the benefit of the Company in respect of the wells located at Stockstadt 2001, Allmend 1, Schwarzbach 1 and Schwarzbach 2-3-4;
<b>“DRAG Security Replacement”</b>	the alternative security arrangement on terms satisfactory to Land Hessen in respect of the wells located at Stockstadt 2001, Allmend 1, Schwarzbach 1 and Schwarzbach 2-3-4;
<b>“DRAG Warrants”</b>	the [●] warrants issued to DRAG as described in paragraph 15 of Part I and paragraph 13.3 of Part IX;
<b>“Director Lock-In”</b>	the lock-in and orderly market deed between the Company, Strand Hanson, Tennyson Securities, Optiva Securities and the Locked-In Directors, further details of which are set out in paragraph 16 of this Part I and paragraph 13.9 of Part IX of this document;
<b>“DTR”</b>	the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part [●] of FSMA;

<b>“Earn Out Consideration”</b>	the Production Earn-Out and the Exploration Earn-Out;
<b>“Earn Out Period”</b>	a calendar quarter and each shall commence on 1 January, 1 April, 1 July, 1 October respectively of every year save that the first Earn Out Period shall commence on 1 January 2023 and end on 31 March 2023;
<b>“EEA”</b>	the European Economic Area;
<b>“Enlarged Group”</b>	the Group, together with Rhein Petroleum
<b>“Enlarged Share Capital”</b>	the total number of New Ordinary Shares in issue on Admission, comprising the New Ordinary Shares resulting from the Capital Consolidation of the Existing Ordinary Shares, the Placing Shares, the Primary Bid Shares, the TOH Consideration Shares, the TOH Subscription Shares[, the TOH Additional Shares] and the DRAG Consideration Shares;
<b>“Equity Consideration”</b>	the TOH Consideration Shares[, the TOH Additional Shares] the TOH Warrants, the DRAG Consideration Shares and the DRAG Warrants;
<b>“Escrow Completion”</b>	escrow completion of the Acquisition;
<b>“EUR”</b>	the lawful currency of the member states of the European Union;
<b>“Existing Directors”</b>	the existing directors of the Company whose names are set out on page 10 of this document;
<b>“Existing Ordinary Shares”</b>	the [1,527,613,961] Ordinary Shares in issue at the date of this Document (being the number of Ordinary Shares in issue before the Capital Consolidation);
<b>“Exploration Earn Out”</b>	contingent consideration for the Acquisition being an amount in cash equal to 3 per cent. of the Net Production Proceeds from the licences held by Rhein Petroleum on Admission, but excluding the Acreage, payable by Beacon to the Sellers;
<b>“Extraordinary General Meeting”</b>	the extraordinary general meeting of the Company convened by the Notice for 9.00 a.m. (London time) on [●] to be held at 55 Athol Street, Douglas, Isle of Man, IM1 1LA;
<b>“FCA”</b>	the UK Financial Conduct Authority;
<b>“FCA Rules”</b>	the FCA Handbook of Rules and Guidance;
<b>“Form of Proxy”</b>	the form of proxy enclosed with this document for use in connection with the Extraordinary General Meeting;
<b>“FSMA”</b>	the UK Financial Services and Market Act 2000, as amended;
<b>“Fundraise”</b>	the Placing, the Primary Bid Offer and the Subscription;
<b>“Fundraise Investors”</b>	the subscribers for Fundraise Shares pursuant to the Fundraise;
<b>“Fundraise Price”</b>	[●] pence, being the price at which New Ordinary Shares are proposed to be issued pursuant to the Fundraise;
<b>“Fundraise Shares”</b>	the [●] New Ordinary Shares being issued pursuant to the terms of the Tulip Subscription Letter, the Primary Bid Offer and the Placing Letters;

<b>“GHG”</b>	greenhouse gas emissions;
<b>“Graben Field”</b>	the part of the Karlsruhe-Leopoldshafen exploration licence in which hydrocarbons were discovered by the Graben-1 well and Graben-2 well that targets the Cyrenen-Mergen the Meletta-Schichten;
<b>“Graben Field Interests”</b>	Rhein Petroleum’s 60 per cent. interest in the Graben Field within the Karlsruhe-Leopoldshafen exploration licence;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“Independent Shareholders”</b>	the Shareholders other than (i) those who participate in the Fundraise (to the extent they are Shareholders at the Record Date) and (ii) any member of the Concert Party that holds any Existing Ordinary Shares;
<b>“Intercompany Receivable Consideration”</b>	the consideration to be paid by Beacon to the Sellers, of EUR 1, in exchange for the Sellers Intercompany Receivable;
<b>“Land Hessen”</b>	the authority responsible for all permits of Licences in the area of the state Hessen in Germany,
<b>“Licences”</b>	means production licences (within the meaning of Section 8 of the German Federal Mining Act) and exploration licences (within the meaning of Section 7 of the German Federal Mining Act);
<b>“Lock-in and orderly market agreements”</b>	the lock-in and orderly market deeds between the Company, Strand Hanson, Tennyson Securities, Optiva Securities and each of the Locked-In Shareholders, further details of which are set out in paragraph 16 of this Part I and paragraphs 13.8 and 13.9 of Part IX of this document;
<b>“Locked-In Directors”</b>	Mark Rollins, Larry Bottomley, Ross Warner, Stephen Whyte and Stewart MacDonald;
<b>“Locked-In Shareholders”</b>	Tulip and DRAG;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Market Disclosure Committee”</b>	a sub-committee of the Board, further details of which are set out in paragraph 19 of Part I and paragraph 7.5 of Part IX of this document;
<b>“Net Production Proceeds”</b>	in respect of each Earn Out Period, the aggregate amount of the sales proceeds (in EUR), less any and all royalties levied by the relevant German States, received by Rhein Petroleum in that Earn Out Period;
<b>“New Ordinary Shares”</b>	the ordinary shares of no par value in the capital of the Company following the Capital Consolidation;
<b>“Nominated Adviser Agreement”</b>	the nominated adviser agreement, further details of which are set out in paragraph 13.5 of Part IX of this document;
<b>“Northwharf Nominees”</b>	Northwharf Nominees Limited, a private company registered in England and Wales under number 00669978 and a 79.47 per cent. shareholder in Tulip whose directors are Gavin Chapman, James Ferrier, Peter Forrest and Jiten Mistry;

<b>“Notice”</b>	the notice convening the Extraordinary General Meeting set out at the end of this document;
<b>“ONEO”</b>	ONEO GmbH & Co. KG (previously RDG GmbH & Co. KG), the operator of Lauben;
<b>“Operating Schedules”</b>	means main operating schedules (within the meaning of Section 51 of the German Federal Mining Act);
<b>“Options”</b>	options over Ordinary Shares, as set out in paragraphs 9 and 15 of Part I and paragraphs 6 and 15 of Part IX of this document;
<b>“Optiva Securities”</b>	Optiva Securities Limited, which is authorised and regulated by the FCA (FRN:181192);
<b>“Ordinary Shares”</b>	the ordinary shares of no par value in the capital of the Company
<b>“Placees”</b>	the subscribers for Placing Shares pursuant to the Placing;
<b>“Placing”</b>	the conditional placing of the Placing Shares at the Fundraise Price to the Placees being arranged by Optiva Securities and Tennyson Securities, pursuant to the terms set out in the Placing Agreement;
<b>“Placing Agreement”</b>	the conditional placing agreement relating to the Placing, a summary of which is set out in paragraph 13.7 of Part IX of this document;
<b>“Placing Shares”</b>	the [●] New Ordinary Shares being issued by the Company pursuant to the Placing;
<b>“PrimaryBid”</b>	PrimaryBid Limited, a company incorporated in England and Wales with registered number 08092575;
<b>“Primary Bid Offer”</b>	the separate offer of [●] Primary Bid Shares which was made to Primary Bid Offerees at the Fundraise Price, further details of which are set out in paragraph 11.2 of Part I of this document;
<b>“Primary Bid Offerees”</b>	PrimaryBid’s clients who are resident in the UK, from whom PrimaryBid may determine to accept applications in the Primary Bid Offer;
<b>“Primary Bid Shares”</b>	the [●] New Ordinary Shares to be issued under the Primary Bid Offer;
<b>“Production Earn Out”</b>	contingent consideration for the Acquisition being an amount in cash equal to 10 per cent. of the Net Production Proceeds from the Acreage, payable by Beacon to the Sellers;
<b>“Proposals”</b>	the Acquisition, the Capital Consolidation, the Placing, the Subscription, the Primary Bid Offer and the approval of the Rule 9 Waiver;
<b>“Proposed Directors”</b>	those persons who shall be appointed as directors of the Company on Admission, whose names are set out on page 10 of this document;
<b>“Re-admission Transaction”</b>	a reverse takeover under AIM Rule 14 or re-admission to trading on AIM as an investing company pursuant to AIM Rule 8 (which requires, among other things, the raising of at least £6 million and publication of an admission document);
<b>“Record Date”</b>	close of business (London time) on [●];

<b>“Registry agreement”</b>	the registry agreement, further details of which are set out in paragraph 13.11 of Part IX of this document;
<b>“Relationship Agreement”</b>	the relationship agreement dated [●], between the Company, Strand Hanson and Tulip, details of which are set out in paragraph 13.12 of Part IX of this document;
<b>“Regulatory Information Service”</b>	has the meaning given to it in the AIM Rules;
<b>“Remuneration Committee”</b>	a sub-committee of the Board, further details of which are set out in paragraph 19 of Part I and paragraph 7.3 of Part IX of this document;
<b>“Resolutions”</b>	the resolutions set out in the Notice;
<b>“Retail Clients”</b>	retail clients, as defined by the FCA in the FCA Rules;
<b>“Rhein Petroleum”</b>	Rhein Petroleum GmbH, a company registered in Germany;
<b>“Rhein Petroleum Assets”</b>	the oil and gas assets owned by Rhein Petroleum and which are set out in paragraph 7 of Part I of this document;
<b>“Rule 9 Waiver”</b>	the waiver which has been granted by the Panel, conditional upon the approval by the Independent Shareholders of the Rule 9 Waiver Resolution on a poll, of any obligation which would otherwise be imposed on the Concert Party, either individually or collectively, under Rule 9 of the City Code to make a general offer for the Company, as a result of the issue of the TOH Consideration Shares, the TOH Subscription Shares, [the TOH Additional Shares] or the exercise of the TOH Warrants;
<b>“Rule 9 Waiver Resolution”</b>	Resolution 2 in the Notice of Extraordinary General Meeting being an ordinary resolution to be voted on by the Independent Shareholders on a poll in order to approve the Rule 9 Waiver;
<b>“SCHB-2”</b>	being the planned development well on the Schwarzbach production Licence at Erfelden;
<b>“Sellers”</b>	DRAG and Tulip;
<b>“Sellers Intercompany Receivable”</b>	the debt owed by Rhein Petroleum to Tulip pursuant to a loan agreement between Tulip and Rhein Petroleum dated 21 July 2016;
<b>“SGS” or “Competent Person”</b>	SGS Nederland B.V., the author of the CPR;
<b>“Shareholder(s)”</b>	holder(s) of Existing Ordinary Shares (or following the Capital Consolidation, New Ordinary Shares) from time to time;
<b>“SPA”</b>	the share sale and purchase agreement dated 15 December 2022 between Tulip, DRAG and the Company relating to the Acquisition (as amended on 6 March 2023), further details of which are set out in paragraph 4 of this Part I and paragraph 13.3 of Part IX of this document;
<b>“Steig Field”</b>	the part of the Graben-Neudorf exploration licence in which hydrocarbons were discovered by the Steig-1 well, split into Meletta-Schichten and Pechelbronner-Schichten reservoirs;
<b>“Steig Field Interests”</b>	Rhein Petroleum’s 100 per cent legal interest in and under the Graben-Neudorf exploration licence and the Steig Field permit;

<b>“Strand Hanson”</b>	Strand Hanson Limited, being the Company’s financial and nominated adviser;
<b>“Subscription”</b>	the conditional subscription for the TOH Subscription Shares pursuant to the Tulip Subscription Letter;
<b>“Takeover Code” or “City Code”</b>	the UK City Code on Takeovers and Mergers, as updated from time to time;
<b>“Takeover Panel”</b>	the Panel on Takeovers and Mergers in the UK;
<b>“Tennyson Securities”</b>	Tennyson Securities is a trading name of Shard Capital Partners LLP, which is authorised and regulated by the FCA (FRN:53876);
<b>“TON”</b>	Tulip Oil Netherlands B.V.;
<b>“TONO”</b>	Tulip Oil Netherlands Offshore B.V.;
<b>[“TOH Additional Shares”</b>	the [●] New Ordinary Shares to be issued to Tulip as part of the Equity Consideration pursuant to clause 3.8.2 of the SPA;]
<b>“TOH Consideration Shares”</b>	[●] New Ordinary Shares to be issued to Tulip as consideration for the Acquisition such that Tulip shall hold 29.9 per cent. of the Enlarged Share Capital on Admission, but excluding the TOH Subscription Shares [and the TOH Additional Shares];
<b>“TOH Subscription Shares”</b>	[●] New Ordinary Shares to be conditionally subscribed for in cash as part of the Subscription pursuant to the Tulip Subscription Letter and whose allotment and issue is conditional, among other things, on the passing of the Resolutions at the General Meeting;
<b>“TOH Warrants”</b>	the [●] warrants issued to Tulip as described in paragraph 13.3 of Part IX;
<b>“Tulip”</b>	Tulip Oil Holding B.V., a company incorporated in the Netherlands and having its registered office at Troelstrahoeve 40, 2743 JE Waddinxveen, The Netherlands, and being the holder of 90 per cent. of the shares in Rhein Petroleum;
<b>“Tulip Subscription Letter”</b>	the conditional letter of subscription entered into between the Company and Tulip in connection with the Subscription;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UK MAR”</b>	the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018;
<b>“UK Prospectus Regulation”</b>	the UK version of Regulation (EU) 2017/1129 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018;
<b>“UK Prospectus Delegated Regulation”</b>	the UK version of Commission Delegated Regulation (EU) 2019/980 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018;
<b>“United States” or “US”</b>	the United States of America, its territories, its possessions, any state of the United States, and the District of Columbia; and
<b>“Warrants”</b>	warrants over Ordinary Shares in the capital of the Company, as set out in paragraph 13.10 of Part IX of this document.

## GLOSSARY OF TERMS

The following table provides an explanation of certain technical terms and abbreviations used in this document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

<b>“1C” or “Low Case”</b>	Low estimate contingent resources (P90 probability);
<b>“1U”</b>	denotes the unrisks low estimate qualifying as Prospective Resources;
<b>“2C” or “Base Case”</b>	Best estimate contingent resources (P50 probability);
<b>“2P”</b>	The sum of Proved and Probable reserves or in-place quantities, depending on the context;
<b>“2U”</b>	denotes the unrisks best estimate qualifying as Prospective Resources;
<b>“3C” or “High Case”</b>	High estimate contingent resources (P10 probability);
<b>“3D seismic”</b>	Geophysical data that depicts the subsurface strata in three dimensions. 3D seismic typically provides a more detailed and accurate interpretation of the subsurface strata than 2D seismic;
<b>“3U”</b>	denotes the unrisks high estimate qualifying as Prospective Resources;
<b>“AAPG”</b>	American Association of Petroleum Geologists;
<b>“appraisal well”</b>	A well drilled as part of an appraisal drilling programme which is carried out to determine the physical extent, reserves and likely production rate of a field;
<b>“bbl” or “barrels”</b>	US Barrel;
<b>“bopd”</b>	Barrels of oil per day;
<b>“Capex”</b>	Capital expenditure;
<b>“contingent resources”</b>	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources as defined in the SPE-PRMS;
<b>“development well”</b>	A well located within a known field and used for the production of hydrocarbons, or for injection/observation purposes. Development well drilling has lower geological risks than Appraisal or Exploration drilling;
<b>“E&amp;P”</b>	Exploration and production;
<b>“FDP”</b>	Field Development Plan;
<b>“hydrocarbon”</b>	A compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term is mainly used in a catch-all sense for oil, gas and condensate;
<b>“LNG”</b>	Liquified Natural Gas;

<b>“MMbbls”</b>	Million US Barrels;
<b>“MMstb”</b>	Million US stock tank barrels;
<b>“MODU”</b>	Mobile Oil Development Unit;
<b>“MOPU”</b>	Mobile Offshore Production Unit;
<b>“NPV”</b>	Net present value of net cashflows for a project;
<b>“NPV10”</b>	Net present value of net cashflows for a project, discounted at a 10 per cent. interest rate;
<b>“OWC”</b>	Oil Water Contact;
<b>“Probable Reserve”</b>	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50 per cent. probability that the actual quantities recovered will equal or exceed the 2P estimate;
<b>“Prospective Resources”</b>	those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognised that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration;
<b>“Proved Reserves”</b>	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 per cent. probability that the quantities actually recovered will equal or exceed the estimate. Often referred to as 1P, also as “Proven”;
<b>“PSC”</b>	Production Sharing Contract;
<b>“Reserves”</b>	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified

based on project maturity and/or characterized by development and production status;

**“SPE-PRMS”**

Petroleum Resources Management System, prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018;

**“Sq km”**

Square kilometres;

**“stb”**

A stock tank barrel, which is 42 US gallons measured at 14.7 pounds per square inch and 60 degrees Fahrenheit

**“STOIP”**

Stock Tank Oil Initially In Place;

**“TVDSS”**

True Vertical Depth Sub-Sea;

**“updip”**

Up the plane of the dip (or uphill); and

**“US Barrel”**

A unit of volume measurement used for petroleum and its products (for a typical crude oil 7.3 barrels = 1 tonne: 6.29 barrels = 1 cubic metre).

## PART I

### LETTER FROM THE NON-EXECUTIVE CHAIRMAN OF BEACON

# Beacon Energy plc

(Incorporated and registered in the Isle of Man under Company Number 010493V)

#### Existing Directors:

Mr. Mark Rollins (*Non-Executive Chairman*)  
Mr. Larry Bottomley (*Chief Executive Officer*)  
Mr. Stephen Whyte (*Non-Executive Director*)  
Mr. Ross Warner (*Non-Executive Director*)

#### Registered address:

55 Athol Street  
Douglas  
Isle of Man  
IM1 1LA

#### Proposed Directors:

Mr. Stewart MacDonald (*Chief Financial Officer*)  
Mr. Leo Koot (*Non-Executive Director*)

[●] 2023

To all holders of Existing Ordinary Shares, and for information only, to holders of options and warrants over Existing Ordinary Shares

Dear Shareholder,

**Proposed acquisition of the entire issued share capital of Rhein Petroleum GmbH**  
**Proposed Fundraise to raise gross £[●] via the issue of [●] Fundraise Shares at [●] pence per share**  
**Admission of the Enlarged Share Capital to trading on AIM**  
**Proposed 1 for [10] Capital Consolidation**  
**Approval of Waiver of Obligations under Rule 9 of the City Code**  
**and**  
**Notice of Extraordinary General Meeting**

## 1. INTRODUCTION

In accordance with the Company's strategy to focus on growth through acquisition or farm-in to oil and gas projects, the Company entered into the SPA with Tulip Oil Holding B.V. ("**Tulip**") and Deutsche Rohstoff A.G. ("**DRAG**") (collectively, the "**Sellers**"), as announced on 16 December 2022. Pursuant to the SPA, the Company has conditionally agreed to acquire 100 per cent. of the share capital of Rhein Petroleum GmbH ("**Rhein Petroleum**") for a consideration of [●] New Ordinary Shares in the Company plus contingent "earn-out" consideration based on future production and exploration.

In conjunction with the Acquisition, the Company has conditionally placed [●] Fundraise Shares by way of a Placing, a Primary Bid Offer and the Subscription at the Fundraise Price of [●] pence to raise total gross proceeds of £ [●] (approximately [●]), which will predominantly be used to fund the drilling of the SCHB-2 development well onshore Germany and for general working capital requirements. [Any net proceeds in excess of £6 million will be used to support German new ventures or to accelerate drilling at Schwarzbach South.] The Acquisition and the Fundraise are subject to Shareholder approval at the Extraordinary General Meeting, notice of which is set out at the end of this document.

The Proposals to be put to Shareholders at the Extraordinary General Meeting include the proposed Capital Consolidation to reduce the total number of Ordinary Shares in issue, pursuant to which, subject to the passing of the relevant Resolutions, every ten Existing Ordinary Shares will be consolidated into one New Ordinary Share. The Directors consider that the proposed Capital Consolidation should result in a more

appropriate market price for the New Ordinary Shares. Further details of the proposed Capital Consolidation are set out in paragraph 14 of Part I of this document.

The Acquisition constitutes a reverse takeover pursuant to the AIM Rules and is therefore subject, among other things, to the approval of Shareholders at the Extraordinary General Meeting, notice of which is set out at the end of this document and which will be held at [9.00] a.m. London time on [●] 2023 at the offices of 55 Athol Street, Douglas, Isle of Man, IM1 1LA. If the relevant Resolutions are duly passed at the Extraordinary General Meeting, the Company's existing trading facility on AIM will be cancelled and the Company will apply for the Enlarged Share Capital to be re-admitted to trading on AIM. Accordingly, completion of the proposed Acquisition is conditional on, among other things, on the following conditions being satisfied or waived (where appropriate) on or by [●].00 (London time) on [●] 2023:

- Shareholders passing, at the Extraordinary General Meeting, resolutions to approve, among other things, the Re-admission Transaction, the Fundraise, and the Rule 9 Waiver Resolution;
- the Placing Agreement having been entered into by the parties to it and having become unconditional save for Admission (and not having been terminated prior to Admission); and
- this document having been published following the approval of the Takeover Panel for the purposes of Section 2(c) to Appendix 1 to the Takeover Code and the Takeover Panel having waived, conditional upon the approval by the Independent Shareholders of the Rule 9 Waiver Resolution on a poll, any obligation which would otherwise be imposed on the Concert Party, either individually or collectively, under Rule 9 of the City Code to make a general offer for the Company, as a result of the issue of the TOH Consideration Shares, the TOH Subscription Shares[, the TOH Additional Shares ]and the exercise of the TOH Warrants.

It is anticipated that Admission and completion of the Acquisition will take place shortly following the Extraordinary General Meeting. Further details of the Acquisition, the Capital Consolidation, the Fundraise, and the Rule 9 Waiver Resolution are set out below in this Part I of this document.

Shareholders should note that the Resolutions are inter-conditional. If any of the Resolutions are not passed at the Extraordinary General Meeting, the Acquisition and the Fundraise will not proceed, and the Directors will need to consider alternative options for the Company. The Company will have expended material funds in pursuing the proposed Acquisition and would therefore incur significant abort costs and it is unlikely that a suitable alternative Re-admission Transaction and/or funding on similar commercial terms to the Fundraise can be obtained on a timely basis or at all and it is likely that admission of the Company's Existing Ordinary Shares will be cancelled. If the Resolutions are duly passed it is expected that Admission will take place and that dealings in the New Ordinary Shares comprising the Enlarged Share Capital will commence on [●] 2023.

The purpose of this document is to provide you with information on, and explain the background to and reasons for, the Proposals and explain why the Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and unanimously recommend that Shareholders vote in favour of all of the Resolutions to be proposed at the Extraordinary General Meeting.

***You should read the whole of this document and not just rely on the information contained in this letter. In particular, you should consider carefully the "Risk Factors" set out in Part II of this document. Your attention is also drawn to the information set out in Part III to Part IX of this document.***

## **2. KEY INVESTMENT PROPOSITION**

- The Acquisition provides Beacon with a beneficial interest in a proven oil field with material existing resources. The Rhein Petroleum Assets contain a 2P net reserve base of 3.85 mmbbl and a 2C net contingent resource base of 22.96 mmbbl, located across four core assets.
- The transaction will deliver a full-cycle portfolio of largely operated production, development, appraisal and exploration assets located onshore Germany, which the Directors consider to be a low political risk jurisdiction. The Board believes the region provides significant potential for growth, where, over time, it believes a substantial business can be built.

- Highly experienced Board and management team, with significant combined regional, technical and capital markets experience. The Company's Chairman, Chief Executive Officer and Chief Financial Officer have subscribed for, in aggregate, £[●] of New Ordinary Shares pursuant to the Placing. In addition, the experienced operating team at Rhein Petroleum, which has a track record of exploration, appraisal, development and production operations, is expected to remain in place following the Acquisition.
- The Rhein Petroleum Assets provide a near-term active work programme, commencing with the SCHB-2 development well at Erfelden, designed to enhance production and cash flow, and a well understood existing production base which will generate immediate revenue.
- Completion of the Acquisition would provide access to a built-in growth pipeline of onshore, material, high-margin, low-risk and near-term development and appraisal opportunities. The Rhein Petroleum Assets also include a mix of low, medium and higher risk exploration opportunities that are low cost and potentially transformational.

### 3. BACKGROUND TO AND REASONS FOR THE PROPOSALS

The Company's strategy is to focus on growth through acquisition or farm-in to interests in oil and gas projects where there is an opportunity to add significant value in the short to medium term. The Company screens projects on value potential, rather than specific play-types or basins, and targets discovered resources in good fiscal regimes and projects with the potential for significant value inflection points within a short timeframe. Target acquisitions and investments are in discovered resources with current production or near-term production and cash flow, and with credible partners/operators who can operate to the highest environmental standards.

The Directors consider the Acquisition to represent a transformational, value enhancing transaction for the Company, which is fully aligned with the Company's growth strategy. The Board believes that the Rhein Petroleum Assets provide a clear path to near-time payback production from the discovered resources and have the potential to provide production of up to 4,000 bopd (gross) within approximately five years. On the basis of this strategy, the Company has entered into the SPA to acquire a 100 per cent. interest in Rhein Petroleum GmbH conditional, amongst other things, upon the Acquisition being approved at the Extraordinary General Meeting as part of the Proposals.

### 4. KEY TERMS OF THE SPA

#### Consideration

Under the terms of the SPA, the Sellers will be issued [●] New Ordinary Shares representing 33.2 per cent. (29.9 per cent. issued to Tulip and 3.3 per cent. issued to DRAG, *pro rata* to their current interest in Rhein Petroleum) of the Enlarged Share Capital on Admission (the "**Consideration Shares**"). Pursuant to the terms of the SPA and the Tulip Subscription Letter, Tulip has also conditionally subscribed for [●] New Ordinary Shares [at the Fundraise Price] and subject to the arrangements set out in paragraph 13.3 of Part IX of this document, representing 6.8 per cent. of the Enlarged Share Capital, such that, on Admission, Tulip will hold a 36.7 per cent. interest in the Enlarged Share Capital. Such New Ordinary Shares held by the Sellers will be subject to a lock-in agreement, as set out in paragraph 13.8 of Part IX of this document, with Tulip also having entered into a Relationship Agreement with the Company, as set out in paragraph 13.12 of Part IX of this document.

As part of the total consideration, Beacon will purchase the Sellers Intercompany Receivable, which is the debt owed by Rhein Petroleum to Tulip pursuant to a loan agreement between Tulip and Rhein Petroleum dated 21 July 2016 for total consideration of EUR 1 (the "**Intercompany Receivable Consideration**").

In addition to the Equity Consideration and the Intercompany Receivable Consideration, and as part of the total Consideration, Tulip and DRAG will receive contingent "earn-out" consideration based on the future production of the Rhein Petroleum Assets, payable by Beacon, consisting of:

- contingent consideration in cash equal to 10 per cent. (ten per cent) of the Net Production Proceeds from the current and existing licences (including renewals) over the acreages of Steig, Erfelden, Graben and Lauben (collectively, the "**Acreage**") (the "**Production Earn-Out**"); and
- contingent consideration in cash equal to 3 per cent. (three per cent) of the Net Production Proceeds from the licences held by Rhein Petroleum on Admission, but excluding the Acreage (the "**Exploration Earn Out**").

(a) and (b) together, the “**Earn Out Consideration**”.

Any Earn Out Consideration accrued until 31 March 2025 shall only be due and payable on 30 June 2025. Subsequent to which, the Company shall be required to pay the Earn Out Consideration on the last date of the next Earn Out Period.

Tulip and Drag are entitled to 90 per cent. and 10 per cent., respectively, of the Earn-Out Consideration.

### **Working Capital Completion Arrangement**

Under the terms of the SPA, Tulip must deliver to the Company a written working capital statement setting out in reasonable detail the Sellers’ good faith calculation of the projected working capital of Rhein Petroleum no later than 5 Business Days before the anticipated date of Admission. If the actual working capital is either higher or lower than the target working capital, then the Company or Tulip will have to pay the difference, as appropriate, to the other, provided that if the amount is more than EUR 100,000 it shall be paid on the date that is 12 months after Admission. Further details are set out in paragraph 13.3 of Part IX of this document.

### **Buy Back Provisions**

The SPA contains certain asset buy back provisions in favour of Tulip in relation to the Steig Field and the Graben Field. Subject to Admission, the parties have agreed that if:

- (i) between Admission and 30 June 2026, there has only been production for a period of 2 continuous months or less or no new wells have been drilled on the Steig Field by Rhein Petroleum, then Tulip shall have the right (but not the obligation) to acquire the Steig Field Interests together with all related agreements and documents, which govern or relate to the creation, existence and validity of the Steig Field, including the related licences, permits, consents and other authorisations against payment by Tulip of nominal consideration, being EUR 1 (the “**Steig Option**”); and
- (ii) between Admission and 30 June 2028, there has only been production for a period of 2 continuous months or less or no new wells have been drilled on the Graben Field by the Company, then TOH shall have the right (but not the obligation) to acquire the Graben Field Interests together with all related agreements and documents, which govern or relate to the creation, existence and validity of the Graben Field, including the related licences, permits, consents and other authorisations against payment by Tulip of nominal consideration, being EUR 1 (the “**Graben Option**” and, together with the Steig Option, the “**Buy-Back Options**”).

Further details of the buyback options are set out in paragraph 13.3 of Part IX of this document.

### **Decommissioning Security Loan**

Under the terms of the SPA, the Company (as security provider), Tulip (as lender) and Rhein Petroleum (as borrower) entered into a decommissioning security loan agreement. To the extent escrow cash is required to implement a DRAG Security Replacement, Tulip shall provide a secured loan to Rhein Petroleum (the “**Decommissioning Security Loan**”). Pursuant to the terms of the Decommissioning Security Loan, Tulip has agreed to make available to Rhein Petroleum a term loan facility in an aggregate amount equal to the total of the following:

- the maximum amount of EUR 1,900,000 (“**Tranche A**”), before or at Admission;
- the maximum amount of EUR 250,000 (“**Tranche B**”), until 12 months following the Admission Date; and
- the amount equal to 37.5 per cent. of any tax claim Rhein Petroleum is required to pay arising from certain arrangements between Rhein Petroleum and Tulip (the “**Tax Reimbursement Claim**”) (“**Tranche C**”), received on or before 31 December 2024.

The purpose of the Decommissioning Security Loan is for Rhein Petroleum to apply:

- all amounts borrowed by it under Tranche A towards the financing of the cash amount required to be kept in escrow by Land Hessen as part of a DRAG Security Replacement;
- all amounts borrowed by it under Tranche B towards the partial financing of the development of petroleum production from a specified potential future well currently under negotiation; and
- all amounts borrowed by it under Tranche C towards the partial payment of the Tax Reimbursement Claim to any German governmental authority having the authority to impose or collect any tax.

Further details of the Decommissioning Security Loan are set out in paragraph 13.14 of Part IX of this document.

### **Completion Conditions**

Completion of the SPA is subject to the following conditions being satisfied:

- the Placing Agreement having been entered into by the parties to it and having become unconditional save for Admission (and not having been terminated prior to Admission);
- the Company having published the Admission Document following the approval of the Takeover Panel of the Admission Document for the purposes of Section 2(c) to Appendix 1 to the Takeover Code;
- certain resolutions of the Company approving the Acquisition having been passed without amendment at the Company's Extraordinary General Meeting;
- the Takeover Panel having waived, conditional upon the approval by the Independent Shareholders of the Rule 9 Waiver Resolution on a poll, any obligation which would otherwise be imposed on the Concert Party, either individually or collectively, under Rule 9 of the City Code to make a general offer for the Company, as a result of the issue of the TOH Consideration Shares, the TOH Subscription Shares[, the TOH Additional Shares] and the exercise of the TOH Warrants;
- reasonable evidence that the extensions of the licences for Karlsruhe-Leopoldshafen and the operating schedules for Schwarzbach and Steig having been granted by the relevant German authorities;
- a general meeting of the shareholders of Tulip having been held on or before 31 December 2022 which approves the Acquisition (such condition having already been satisfied); and
- Land Hessen being the authority responsible for all permits of licences in the area of the state Hessen in Germany, having released in writing the DRAG Security and approved the DRAG Security Replacement (as the case may be).

It is noted that the Operating Schedule for Schwarzbach and the Licence for Karlsruhe-Leopoldshafen were granted following the date of the SPA and are valid to 31 December 2026 and 31 December 2025 respectively.

### ***[Section to be updated for conditions that are satisfied by the date of this document]***

Further details regarding the SPA are set out in paragraph 13.3 of Part IX of this document.

## **5. BACKGROUND ON RHEIN PETROLEUM GMBH**

Rhein Petroleum was established in 2007 as an exploration and development company focused on oil deposits in Germany. Since its inception, Rhein Petroleum has been acquiring projects in Germany and undertaking extensive tests to advance successful drilling plans. Rhein Petroleum currently employs 11 people on a full time equivalent basis. Rhein Petroleum and all of its operations are based in Germany and, on completion of the Acquisition, Beacon will acquire a 100 per cent. interest in Rhein Petroleum.

Historical financial information on Rhein Petroleum is set out in Part VII of this Document.

### **Current Rhein Petroleum Group Structure**

Rhein Petroleum has two shareholders, Tulip and DRAG, which own respectively 90 per cent. and 10 per cent. of the shares in Rhein Petroleum.

#### ***Tulip***

Tulip is a company incorporated on 30 June 2010 in the Netherlands with its corporate seat in Waddinxveen, the Netherlands and is registered with the trade register of the Chamber of Commerce under number 50297023. It was incorporated to invest in the oil and gas sector and currently holds 90 per cent. of the shares in Rhein Petroleum. Following completion of the Acquisition, Tulip will have net assets of approximately €100 million and its business will consist of holding its investments in Beacon and other companies from legacy transactions as a passive investor, and its financial and trading prospects will depend on the performance of those investments.

## DRAG

DRAG is a German listed public company that identifies, develops and sells mineral deposits primarily in North America, Australia and Europe. The company's focus is on the development of oil and gas deposits in the US, where it has developed over 100 wells, through its subsidiaries Bright Rock Energy, Elster Oil & Gas, Cub Creek Energy and Salt Creek Oil & Gas. Since its IPO on the Frankfurt Stock Exchange in 2010, it has sold seven projects with total proceeds of around EUR 270 million and has a current market capitalisation over €[130] million.

## Operational History

Rhein Petroleum has been active in the German oil and gas sector since 2007. In 2011 and 2012, TOH acquired, through a series of transactions, a 90 per cent. shareholding in Rhein Petroleum.

The timeline below outlines the key operational milestones of Rhein Petroleum including the discovery of the Lauben oil field in 2014, the discovery of the Schwarzbach oil field in 2015 and the discovery of the Steig oil field in 2019. From discovery in 2015, the Schwarzbach oil field was brought into production within 15 months.

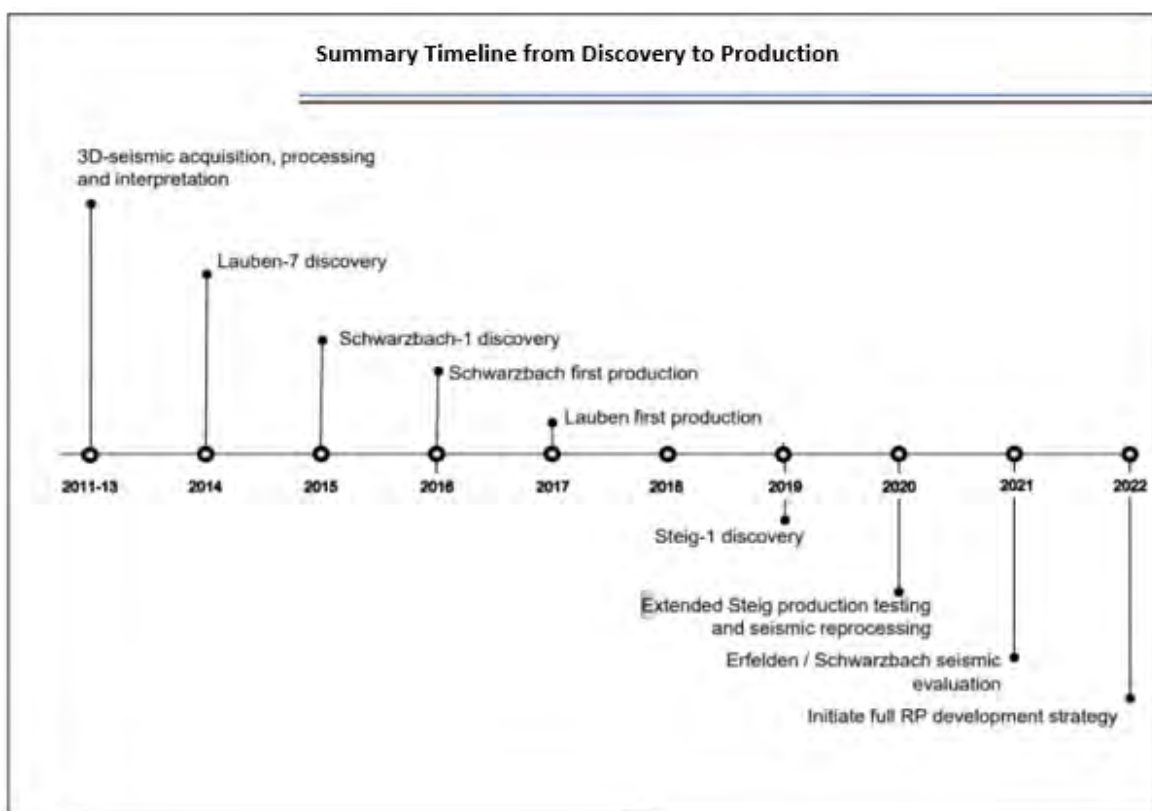


Figure 1, Rhein Petroleum Summary Timeline from Discovery to Production

## Summary of the Rhein Petroleum Assets

Details of the Rhein Petroleum Assets are set out in paragraph 7 of Part I of this document and in the Competent Persons Report in Part IV of this document.

## Management of Rhein Petroleum

It is noted that Rhein Petroleum currently has two directors, namely Leo Koot and Peter Appel, who are nominee directors of Tulip and DRAG respectively. On Admission, Leo Koot will resign as a managing director, with Stewart MacDonald and Larry Bottomley joining the board of Rhein Petroleum.

## **6. OVERVIEW OF GERMANY AND ITS OIL AND GAS INDUSTRY**

The Federal Republic of Germany borders the North Sea, the Baltic Sea, and Denmark to the North, the Netherlands, Belgium, Luxembourg and France to the West, Switzerland, and Austria in the South, the Czech Republic and Poland in the East. Additionally, it shares maritime borders with Sweden and the United Kingdom. An area of 357,022 km<sup>2</sup> makes Germany the seventh-largest country in Europe, whilst comparatively it is about two-thirds the size of France. Germany has a population of approximately 83 million people (2021), including about 3.3 million inhabitants in the capital and largest city, Berlin. The official language is German, and a variety of German dialects are spoken in specific regions. More than 50 per cent. of Germans speak English as a second language.

### ***Political System***

Germany is a federal, parliamentary, representative democratic republic. Its political system is based on the constitutional law, known as the 'Grundgesetz' (basic law), that was approved and adopted on 8 May 1949 in the city of Bonn, at that time, the provisional German capital. The Chancellor and 15 ministers make up the Federal Government and cabinet. The Chief of State is the President, but the role is more ceremonial; the Head of Government and the nation's leading political is the chancellor, currently Olaf Scholz.

### ***Economic landscape and the oil & gas industry***

Germany is a country heavily reliant on importing fossil fuels as its domestic resources are largely depleted. Rising European energy prices in 2022 and tensions present in countries that are key to Europe's energy supply have raised the question of Germany's import dependence, highlighting the need for increased investment in the domestic oil and gas industry and renewable energy sources.

#### **A) European market overview**

Energy prices in Europe increased sharply in 2022, initially because supply could not keep up with the increased demand in the wake of Covid-19 as countries and businesses ramped up their need for energy in their recovery from the pandemic. In 2022, the Russian invasion of Ukraine resulted in significant decreases in supply as Russia suspended deliveries of gas to some EU member states and at the same time, European countries imposed sanctions including the decision to purchase significantly less Russian energy exports. These events and the resultant supply and demand impacts on the energy market have brought to light Europe's dependence on both Russian energy exports and fossil fuel imports in general.

#### **B) Germany's dependence**

##### **Oil**

Due to high complexity related to extraction of oil and fast depletion of its relatively small domestic deposits, Germany faces higher costs of raw oil production than other countries. Germany also must deal with extensive labour and environmental protection requirements. The oil processing industry owns the German pipeline infrastructure, which is mostly operated by joint ventures between several mineral oil companies that oversee most of German natural gas and oil production. Due to associated costs of the relatively small domestic deposits and the complexity in extracting oil from them, Germany imports most of its oil needs. Present domestic production covers about 2.5 per cent. to 3 per cent. of German demand and the oil reserves in Germany are insignificant in comparison with international reserves.

German oil consumption was at its peak at the end of the 1970s, but it is still Germany's most important primary energy source. Oil covered 35.2 per cent. of the country's primary energy use in 2022. It was mostly used as a transportation fuel, and only a small fraction was used for power production. In 2021, Germany imported 81 million tonnes of crude oil. Russia was by far the largest supplier in 2021, accounting for 34.1 per cent., however, due to the embargo imposed by the EU, crude oil supplies from Russia ceased completely at the turn of 2022/2023. In Q1 of 2023, it is expected that the EU will also ban the import of refined petroleum products from Russia, such as diesel fuel.

## Gas

Natural gas remains Germany's second most important energy source, accounting for just under a quarter of the country's primary energy consumption.

Germany is among the world's biggest natural gas importers and due to the high demand, is forced to import around 95 per cent. of its gas consumption. In 2021, Germany produced 5.7 billion cubic metres of raw gas, however domestic production is declining, and has been since 2004 as its gas fields deplete with complete cessation likely during the course of the 2020s. Strict regulations make substantial use of fracking highly unlikely for now.

Germany imported 5,009 petajoules (PJ) of natural gas in 2021. The Federal Office for Economic Affairs and Export Control ("**BAFA**") stopped publishing import volumes by country in 2016 due to privacy regulations, but the economy and climate ministry in 2022 stated that 55 per cent. of gas imports came from Russia, 30 per cent. from Norway and 13 per cent. from the Netherlands.

Natural gas is predominantly imported to Germany using pipelines. Nord Stream 2, the Russian – German Baltic Sea pipeline project is complete, but the project's future is in doubt due to sabotage in late 2022, which consisted of a series of clandestine bombings and subsequent gas leaks on the Nord Stream 1 and Nord Stream 2 natural gas pipelines in the Baltic Sea.

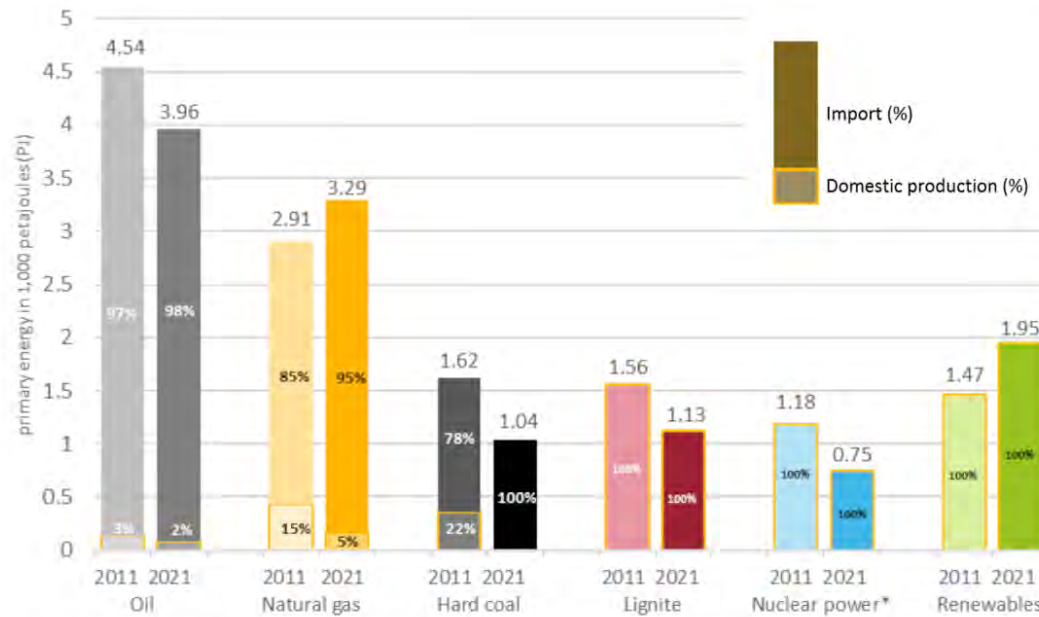
Currently, most of the gas is used in the industrial sector, followed by private households, public power and heating supply, manufacturing and trade. Only a fraction of gas is used to produce electricity, as the majority is burned to produce heat. The German gas market is characterised by a large number of private market players in the areas of gas networks, storage operation and trading. There are currently two markets (NCG and Gaspool), each with a market area manager responsible for the efficient handling of gas network access and market activities.

An alternative form of gas is liquified natural gas (LNG), produced via a cooling process that allows for the easier transport of gas. The construction of the required infrastructure is progressing in Germany; the country finished building its third floating terminal for importing liquified natural gas in January 2023 and more such terminals are scheduled to be in place in 2023/2024, which will allow further import of gas and strengthen Germany's security of supply.

Germany's government and many experts see natural gas as a bridge to a low-carbon economy because it produces much less CO<sub>2</sub> emissions when combusted than either coal or oil. As a result, demand appears likely to remain stable, if not increase, for natural gas in Germany.

## Import dependency by primary energy source 2011 and 2021 for Germany.

Data: BGR 2022.



\*While the uranium is imported, BGR considers nuclear energy domestic, as significant additional production steps in Germany/Europe are necessary to turn it into fuel rods.

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**Figure 2, Import dependency by primary energy source 2011 and 2021 for Germany** (Source: Clean Energy wire Germany, EU remain heavily dependent on imported fossil fuels | Clean Energy Wire)

## 7. THE RHEIN PETROLEUM ASSETS

### 7.1 Regional Setting

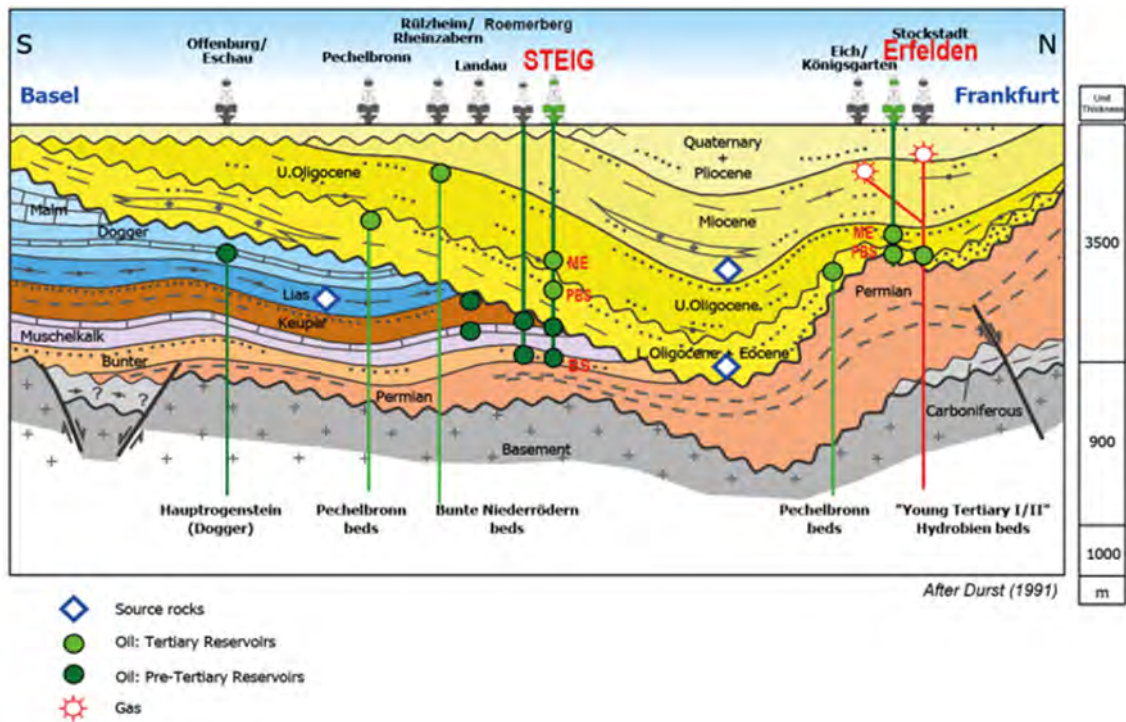
The various oil and gas assets comprising the Rhein Petroleum portfolio are located in southern Germany, primarily within the Upper Rhine Graben, between the cities of Frankfurt and Karlsruhe (Figure 3). There is also a small, isolated asset approximately 200km to the southeast in the Bavarian “Molasse Basin”.



**Figure 3: Location of the Rhein Petroleum Assets** (Source: Google Maps and Rhein Petroleum)

The Upper Rhine Graben (“**URG**”) forms the central section of the European Cenozoic Rift System and is a mature hydrocarbon province and is in fact one of the oldest oil provinces in the world, with historic, small-scale exploitation of surface oil seeps for medicinal and lubricant purposes. The main exploration phase took place after World War I. The URG has now seen the drilling of over 400 exploration and appraisal wells, with 57 oil and gas fields discovered, including the ‘basin-opening’ Stockstadt main oil field, adjacent to the Erfelden development which is a key component of the Rhein Petroleum Assets.

The URG is a North-Northeast-South-Southwest trending ‘failed rift’ graben system, some 25-35km wide, extending for around 300km between Basel in the south to Frankfurt in the north. It formed during a period of extension during middle/late Eocene, Oligocene and early Miocene time. Figure 4 shows a schematic South-North section along the URG, with the Tertiary aged graben infill sediments (in yellow) overlying pre-rift Permian rocks in the Stockstadt/Erfelden area to the north, but with Triassic (Bunter, Keuper) and Jurassic pre-rift section preserved towards the south.



**Figure 4: South-North schematic cross section, Upper Rhine Graben** (Source: CPR)

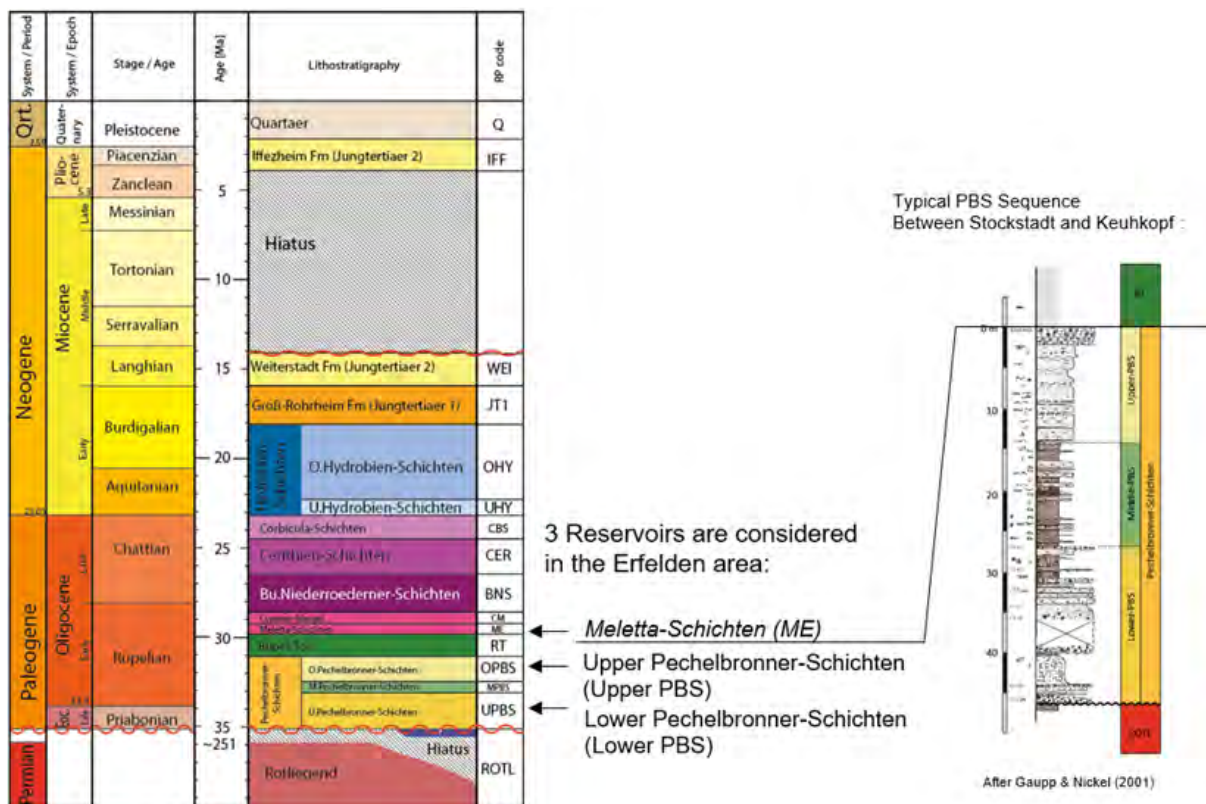
Tertiary graben-fill sedimentation reflects episodic interplay between marine and terrestrial processes as subsidence waxed and waned, with open marine-brackish lacustrine conditions giving way to lacustrine-fluviatile environments as uplift progressed. These syn-rift sediments are composed mainly of shales, silts and marls with minor intercalations of sands.

A number of known hydrocarbon source rocks are present in the URG, of which the most important is the early Oligocene Fish Shale 'Fischscheifer'. This marine unit, 10-15m thick, is composed of argillaceous limestones, marlstones and oil shales deposited in a low energy (restricted) anoxic environment. It contains type-II kerogen, is oil-prone and has excellent hydrocarbon generation potential. The Lias (early Jurassic) is also an important source rock regionally, but is only present in the south of the URG (Figure 4).

Reservoir rocks within the URG Tertiary infill are sandstones of Late Eocene-Oligocene age, deposited in various fluvial, marine and deltaic environments, with sands derived predominantly from the west and in some cases preserved in distinct wedges in active half-graben. The main reservoirs of interest across the assets are:

**Meletta-Schichten ("ME"):** These Lower Oligocene sands are mostly marine in origin, becoming more brackish in the upper section.

**Pechelbronner-Schichten ("PBS"):** Upper Eocene-Lower Oligocene sands deposited in active half-grabens. The PBS can be further sub-divided into lower, middle and upper that reflects fluvial, marine and deltaic settings respectively. The lower and upper PBS are sand dominated reservoirs (See Figure 5 below).



**Figure 5: Stratigraphy of the URG and standard profile and gross thickness of the PBS in the Erfelden area** (Source: Beacon Energy plc)

## 7.2 Rhein Petroleum Licenses

Rhein Petroleum GmbH currently holds interests in 5 exploration and 2 production licenses in Germany, as detailed in Table 1 below:

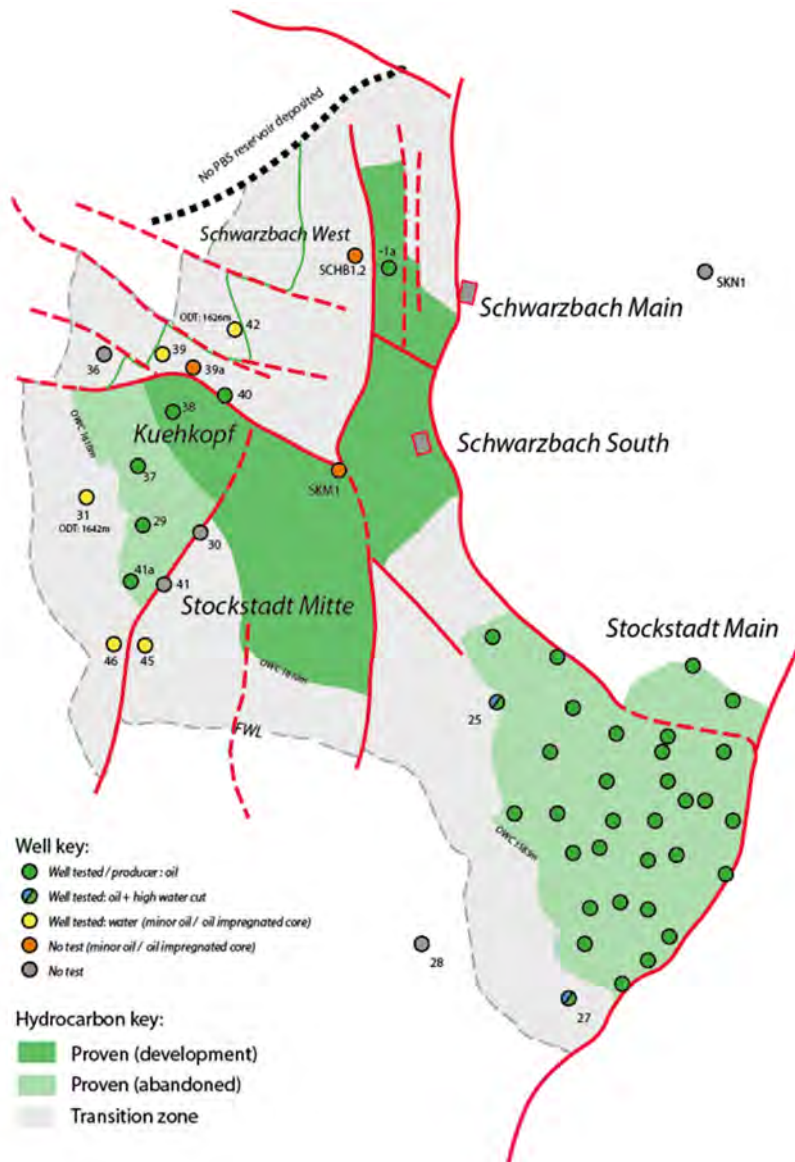
Country		Asset		Operator	Interest	Status	Licence Expiry Date	Licence area km <sup>2</sup>	Comments	
Germany	Bayern	Lauben	Lauben Field	RDG	50%	Production	31-Dec-41	6.6728	Lauben-7 well producing	
		Rieden	-	RDG	50%	Exploration	30-Nov-22	35.9871	Licence to expire. Wells Bedernau 1 & 2 P&A	
		Schwarzbach	Schwarzbach Field	Rhein Petroleum	100%	Production	31-Dec-45	8.8444	Schwarzbach-1a well producing	
	Hessen	Nördlicher Oberrhein	Hamm Prospect	-	Rhein Petroleum	100%	Exploration	16-Nov-22	587.2208	Extension application submitted 25-Oct-22
			Dungau Prospect	-	Rhein Petroleum	100%	Exploration	30-Jun-27	91.8864	-
		Nördlicher Oberrhein II	Gross Rohrheim Prospect	-	Rhein Petroleum	100%	Exploration	16-Nov-22	27.6997	Extension application submitted 25-Oct-22
			Weschnitz	Weinheim Prospect	-	Rhein Petroleum	100%	Exploration	30-Jun-27	91.8864
	Baden-Württemberg	Graben-Neudorf	Steig Discovery	-	Rhein Petroleum	100%	Exploration	31-May-24	326.5129	Steig-1 well suspended as a potential producer
			Feldslag Prospect	-	Rhein Petroleum	100%	Exploration	31-May-24	326.5129	Steig-1 well suspended as a potential producer
		Karlsruhe-Leopoldshafen	Graben Discovery	-	Rhein Petroleum	60%	Exploration	31-Dec-22	182.3524	Extension application submitted 30-Aug-22

**Table 1: Summary of the Rhein Petroleum Assets** (Source: CPR)

An extension of the Karlsruhe-Leopoldshafen exploration licenses has been received from the authorities with an expiry date of 31 December 2025.

## 7.3 Erfelden Field

Rhein Petroleum holds a 100 per cent. interest in the Schwarzbach Production License, covering 8.8 sq. km (2,184 acres) in the wider Erfelden oilfield situated on the west side of the Upper Rhine Graben. It was discovered by Rhein Petroleum in 2015 when the Schwarzbach-1 well ("SCHB-1") discovered oil in the Oligocene Pechelbronner-Schichten ("PBS") sandstones in a N-S trending structural high at around 1700m depth.

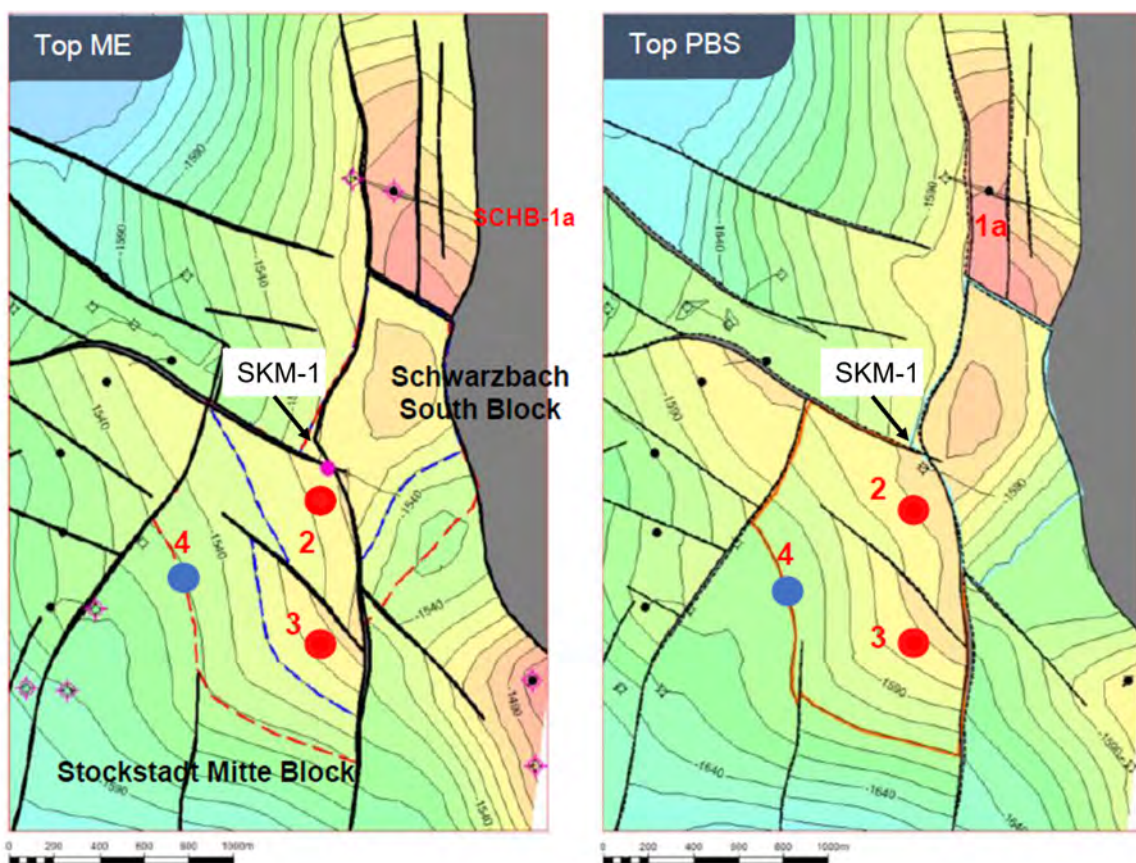


**Figure 6: The Erfelden Field complex** (Source: Rhein Petroleum)

The field comprises a complex of four juxtaposed fault blocks: Kuehkopf, Stockstadt Mitte, Schwarzbach Main and Schwarzbach South, as shown in Figure 6. The depleted Stockstadt Main field lies immediately to the SE, having produced around 7.6 MMstb from the same PBS reservoir sands. Additional reservoirs exist in the shallower ME reservoir sands.

A number of pre-1970s wells have produced oil from the PBS reservoirs in the westernmost Kuehkopf Block (Figure 6), along with several others which were unsuccessful. The Stockstadt-Mitte-1 well, SKM-1, drilled in 1985, proved the presence of oil on the Stockstadt Mitte block. The SCHB-1 well (2015) however was completed in PBS reservoirs on the northernmost Schwarzbach Main block, and remains on production, having produced around 29,131 bbl as at 31 January 2023.

Figure 7 shows the current depth maps for the two principal reservoirs (ME and PBS) across the Erfelden area, based on full coverage by a high quality 3D seismic survey. Data quality is generally good across the survey, although the “high” of the Schwarzbach South block is somewhat obscured by disrupted data within the “shadow” of the significant N-S fault which defines the structure. This could reflect a zone of intense fracturing along the fault zone.



**Figure 7: Reservoir depth maps and development well target** (Source: Beacon Energy plc)

The Company plans to drill 3 development wells over the next 2 years, targeting the Stockstadt-Mitte block and comprising two oil producers and one water injector (see Figure 7). In addition, the existing oil producer on the Schwarzbach Main block (SCHB-1a) is expected to be converted into a water supply well for the injector. First oil for the project is envisaged for 1 March 2023. Projected well onstream dates are as follows:

SCHB-2 (producer)	1 March 2023
SCHB-3 (producer)	1 January 2024
SCHB-4 (water injector)	1 January 2025

Fluids will be treated in the existing Schwarzbach facilities, which are described in the CPR in Part IV of this document. Schwarzbach South may be appraised during the well drilling campaign in 2024 with the drilling of the water injection well as part of the Erfelden development plan.

### Reserves

- Schwarzbach Main:** The SCHB-1a well is expected to produce only small quantities of around 9,000 stb (2P) prior to its conversion to a water producer. These remaining reserves are classified as *Developed Producing*.
- Stockstadt Mitte:** Oil volumes down-dip from the SKM-1 well are classified as *Undeveloped Reserves*, based on the results from the well. These volumes are to be developed with two producers and a downdip water injection well for pressure maintenance (see above).

STOIIP and technical recovery volumes for the two wells on Stockstadt Mitte are shown below:

#### Erfelden–Stockstadt Mitte

STOIIP (MMstb)	Low	Best Est	High
STOIIP (MMstb)	6.8	11.7	14.9
Recovery Factor (%)	15%	32%	38%
Tech. Recovery (MMstb)	1.0	3.8	5.7

**Table 2: Erfelden–Stockstadt Mitte STOIIP and Technical Recovery cases** (Source: CPR)

Combined Reserves for the two blocks are shown in the table below. The Low Case Technical Recovery of approximately 1 million barrels is determined to be uneconomic with a 3 well development programme, and there are therefore no 1P Reserves assigned. The additional volumes from the SCHB-1 well are insignificant.

#### **Erfelden Field**

<b>Oil Reserves (MMstb)</b>	<b>1P</b>	<b>2P</b>	<b>3P</b>
Gross – 100%	0.0	3.8	5.7
Net attributable	0.0	3.8	5.7

**Table 3: Erfelden Oil Reserves** (Source: CPR)

#### **Contingent Resources**

**Schwarzbach South:** Although this block has not been penetrated by a well to date, the SKM-1 well established the presence of oil in both the ME and PBS (upper and lower) reservoirs to the west, and down-dip from, the Schwarzbach South block, and fault blocks to the north and south are oil bearing. Cross-fault communication is thought to be highly likely, and the volumes within the block are therefore classified as Contingent Resources by the Competent Person (Part IV of this document).

The estimated oil in place volumes for the three reservoirs are as follows:

<b>Erfelden – Schwarzbach South STOIIP (MMstb)</b>	<b>P90</b>	<b>P50</b>	<b>P10</b>	<b>Recov. Factor</b>
Meletta reservoir	1.4	1.99	2.7	15%
Upper PBS reservoir	3.3	3.8	4.5	30%
Lower PBS reservoir	1.5	1.9	2.3	30%

**Table 4: Erfelden-Schwarzbach South STOIIP** (Source: CPR)

The PBS reservoirs are assumed to have a 30 per cent. recovery, while the lower quality sands in the Meletta are estimated to recover only 15 per cent. of STOIIP. The aggregated recoverable volumes for the three reservoirs are classified as Contingent Resources, “Development Unclassified”, and the Competent Person has assigned a 50 per cent. Risk Factor (Chance of Development)

<b>Erfelden – Schwarzbach South Contingent Resources (MMstb)</b>	<b>1C</b>	<b>2C</b>	<b>3C</b>	<b>Risk Factor</b>
Meletta reservoir (Gross 100%)	1.669	2.417	3.315	50%
Net attributable	1.669	2.417	3.315	

**Table 5: Erfelden-Schwarzbach South Contingent Resources** (Source: CPR)

### 7.3 **Lauben Field**

Rhein Petroleum holds a 50 per cent. non-operated interest in the Lauben licence, located in the Molasse Basin of southern Germany, around 200 km south east of the Rhine Graben assets, which are operated by ONEO. The field is near depletion, with only a single well, Lauben-7, remaining on production at around 40 stbpd with approximately 10 bpd produced water.

No further development opportunities are thought to exist, and a simple exponential decline analysis suggests the well will cease production in around 18 years if there is no increase in water cut. Remaining Reserves are small (about 63,000 stb net to Rhein Petroleum) and are classified as Developed Producing.

#### **Lauben Field**

<b>Oil Reserves (MMstb)</b>	<b>1P</b>	<b>2P</b>	<b>3P</b>
Gross – 100%	0.0	0.126	0.144
Net attributable – 50%	0.0	0.063	0.072

**Table 6: Lauben Oil Reserves** (Source: CPR)

### 7.4 **Steig Area**

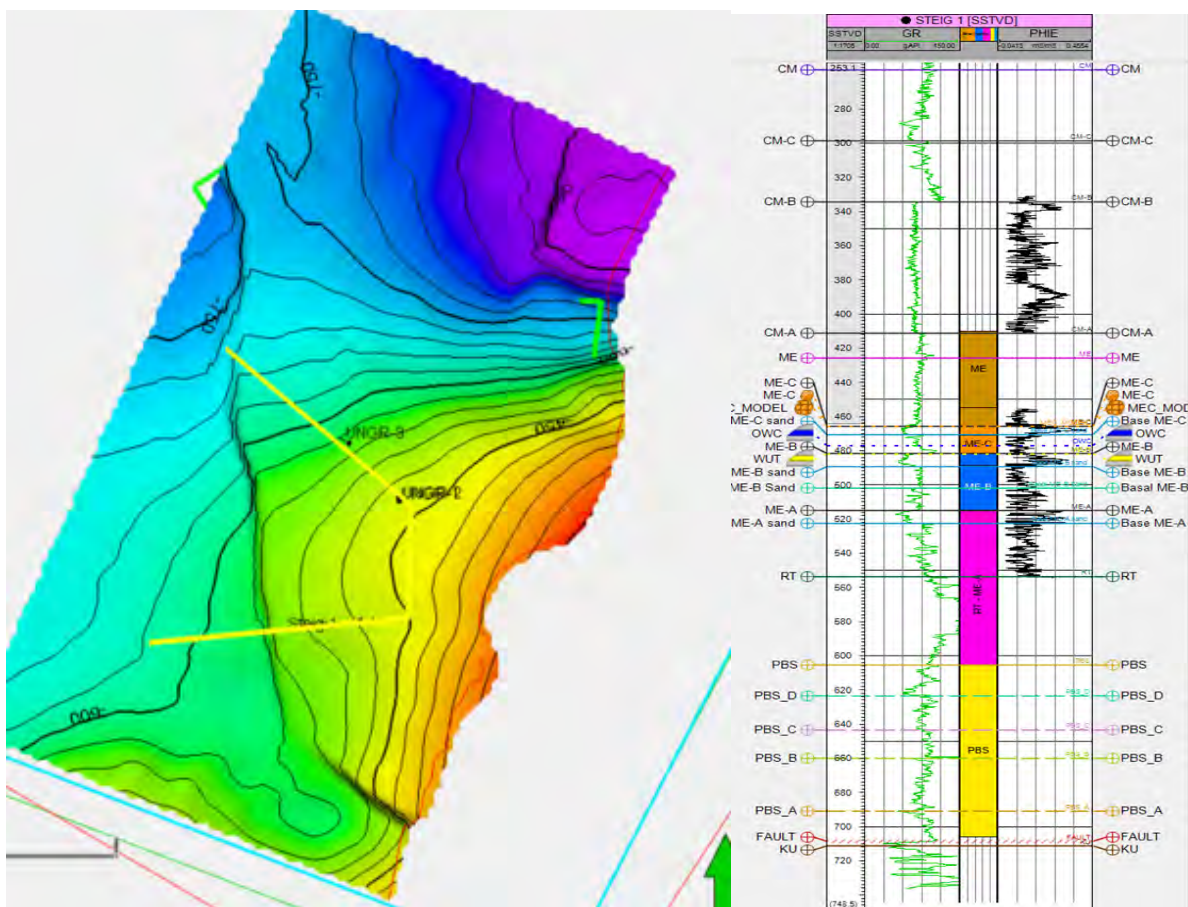
Rhein Petroleum holds a 100 per cent. interest in the Graben Neudorf exploration licence, which includes the Steig discovery and the nearby Feldschlag Prospect. The license covers over 326 sq. km (80,648 acres) and is due to expire in May 2024.

**Steig Discovery:** The Steig area lies on the eastern side of the URG, about 10 km north of the town of Karlsruhe (Figure 3). The Steig oil accumulation was discovered by Rhein Petroleum in 2019 by well Steig-1, which drilled through the entire Tertiary section and found moveable oil at both Meletta and PBS stratigraphic levels. The discovery requires additional technical and commercial work, including further appraisal, but together the Steig reservoirs constitute a relatively low-risk future development programme. Resource potential is significant, up to approximately 20 MMstb, and is classified by the Competent Person as *Contingent Resources 'Development Unclarified.'*

The Steig structure is hanging-wall fault block, dip closed to the north and fault bounded to the south and east by the main fault forming the east limit of the URG (Figure 8). The structure was identified in the 1950s, and three wells were drilled (UNGR-1, -2 and -3), which had oil indications in both Meletta and PBS reservoirs with some oil recovery but no further action.

The Steig-1 well was drilled in 2019 on the western flank of the structure and encountered a Meletta sequence about 100 m thick at relatively shallow depth, around 410 m subsea, with an underlying PBS sequence at around 600 m subsea. Three distinct reservoir quality sands, 10 to 30 m thick are present in the Meletta (-A, -B and -C), of which the shallowest Meletta-C has proven oil saturations and tested oil. The deeper B and A sands appear to be water bearing in Steig-1, but are likely to contain oil updip to the east. STOIIIP estimations for the Meletta reservoir have assumed C sand only in the Low Case, but has a Best Estimate case of around 10 MMstb, of which approximately 1.6 MMbbl are thought to be recoverable through a simple development scheme.

The Steig-1 well also tested oil in the underlying PBS reservoirs, which have a much larger potential STOIIIP volume of over 75 MMstb (Table 7). Oil was tested at around 160 stb/d, but the discovery requires further appraisal.



**Figure 8: Steig discovery – Meletta-C reservoir, depth structure and Steig-1 well (Source: SGS)**

<b>Steig Field STOIIP (MMstb)</b>	<b>Low/ P90</b>	<b>Best/ P50.</b>	<b>High/ P10</b>	<b>Recov. Factor</b>
Meletta reservoir	3.1	9.8	13.1	16%
PBS reservoir	55.0	77.7	104.6	15-30%

**Table 7: Steig Discovery STOIIP** (Source: CPR)

The operator's development plan will focus initially on the shallower Meletta reservoir, from which around 16 per cent. recovery is anticipated. The larger potential of the underlying PBS may represent a future resource play, potentially requiring unconventional development of the relatively low porosity reservoir section, although a flow of 160 stbpd was achieved from the Steig-1 well. The PBS will be appraised as part of the future drilling programme.

<b>Steig Field Contingent Resources (MMstb)</b>	<b>1C</b>	<b>2C</b>	<b>3C</b>	<b>Risk Factor</b>
Meletta reservoir (Gross – 100%)	0.5	1.6	2.2	50%
PBS reservoir (Gross 100%)	13.0	17.0	22.0	50%
Net attributable	13.5	18.6	24.2	

**Table 8: Steig Discovery Contingent Resources** (Source: CPR)

**Steig Deep:** The deeper section on the Steig structure contains a number of potential reservoirs of Triassic age, the presence of which has been proven by one of the earlier wells drilled in the 1950s (UNGR-3), with unsubstantiated reports of (untested) hydrocarbons. The Bunter Sandstone (Buntsandstein – well known from the southern North Sea) is regarded as the primary exploration target, with potential STOIIP of over 50 MMstb (Best Estimate).

The Competent Person estimates potential recoverable volumes of 9 to 24 MMstb (Table 9) for these Prospective Resources and allocates an exploration Risk Factor of 30 per cent. (Probability of Success).

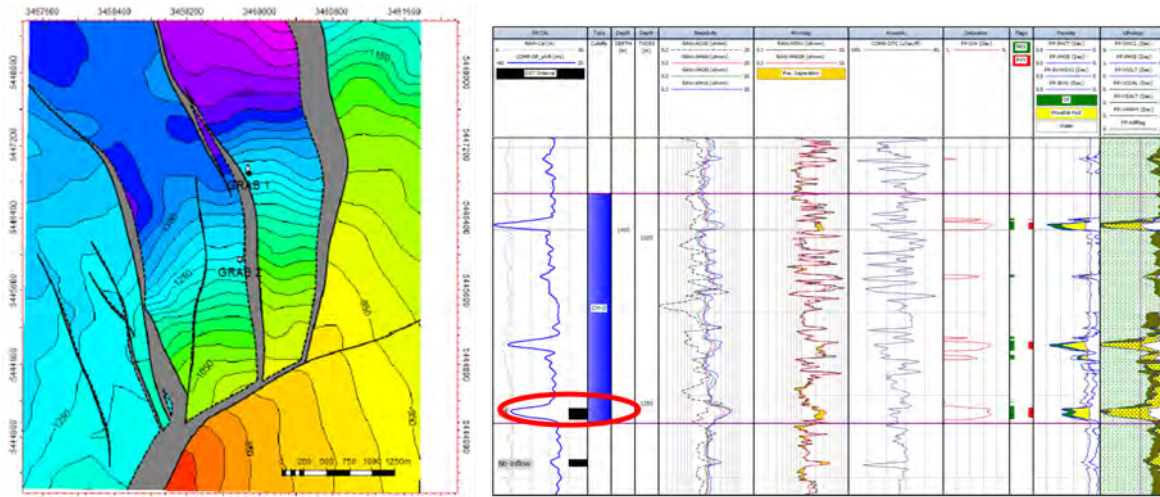
<b>Steig Deep Prospective Resources (MMstb)</b>	<b>1U</b>	<b>2U</b>	<b>3U</b>	<b>Risk Factor</b>
Bunter reservoir (Gross – 100%)	9.0	16.0	24.0	30%
Net attributable	9.0	16.0	24.0	

**Table 9: Steig Deep, Prospective Resources** (Source: CPR)

## 7.5 Graben Area

Rhein Petroleum holds a 60 per cent. operated interest in the Karlsruhe-Leopoldshafen exploration licence, which covers some 182 sq km (45,000 acres), and is currently due to expire on 31 December 2025, following the extension of the exploration license recently awarded by the authorities. The license covers a small oilfield, the Graben field, which has had some historical production.

The Graben asset is a complex faulted structure, bounded to the south by an East-West fault and to the east and west by normal faults splaying northwards. The structure is therefore divided into two North-South fault blocks, dip-closed to the north (see Figure 9). The structure was originally mapped and drilled in the 1950s on poor quality 2D seismic; it is now covered with a modern 3D data set and is well imaged.



**Figure 9: Graben Field Top CM-D structure map and petrophysical analysis of the Graben-1 well**  
(Source: SGS (map), Rhein Petroleum (well log))

This small field was discovered in 1959 with the GRAB-1 well, drilled into the eastern fault block (Figure 9). The well found oil in thin sands of Oligocene age at around 1,400 m, within the Cyrenen-Mergen “CM” interval immediately overlying the Meletta. The shallowest of the CM sands (CM-D) was put on production at low rates for a few years and produced 4,833 m<sup>3</sup> (30,000 stb) before being shut in. A second well, GRAB-2, was drilled a little updip on the western fault block, and produced some oil (approximately 14,000 stb) from the uppermost of three Meletta sands before being abandoned in 1963.

### Contingent Resources

Volume estimates have been verified by the Competent Person for the CM and Meletta reservoirs on the two fault blocks, at around 10 MMstb, with technical recoverable volumes of around 3.2 MMstb (P50 case – Table 10). Rhein Petroleum hold a 60 per cent. working interest in the asset.

#### Graben Field

STOIIP (MMstb)	P90	P50	P10
CM and Meletta reservoirs	7.7	10.7	14.0
Recovery Factor (%)	15%	30%	50%
Tech. Recovery (MMstb)	2.0	3.2	4.8

**Table 10: Graben Field STOIIP** (Source: CPR)

Contingent Resources (MMstb)	1C	2C	3C	Risk Factor
Gross – 100%	2.0	3.2	4.8	50%
Net attributable – 60%	1.2	1.9	2.9	

**Table 11: Graben Field Contingent Resources** (Source: CPR)

### 7.6 Other Exploration assets

A number of exploration prospects have been identified in the overall portfolio, of which just three – Steig Deep (described above), Feldschlag and Weinheim are considered by the Board to be material in scale.

**The Weinheim Prospect** is located on the eastern margin of the URG, north of the city of Heidelberg (Figure 3). Weinheim is a medium-risk, high-reward, down-thrown footwall fault block on the east side of the Rhine Graben, bounded to the east by the main Graben Bounding Fault (“GBF”) itself, and dip-closed to the north, south and west (See Figure 10). The main targets volumetrically are the lacustrine-fluvial clastics of the Oligocene Bunte Niederoderer Schichten (“BNS”) section. Other important objectives are the Cyrenen-Mergen (“CM”), Meletta, PBS and the Triassic Bunter.

The prospect is potentially very large, but remains undrilled. Total volume potential for this prospect is an order of magnitude larger than any of the other prospects, discoveries or fields in the Rhein Petroleum portfolio, with up to 150 MMstb potential in the Oligocene and an additional 30 MMstb in the Triassic section

(Best Estimate or P50 case – see Table 13). Exploration risks assessed by the Competent Person are modest in the Oligocene at around 42 per cent. CoS, making this a highly attractive exploration target.

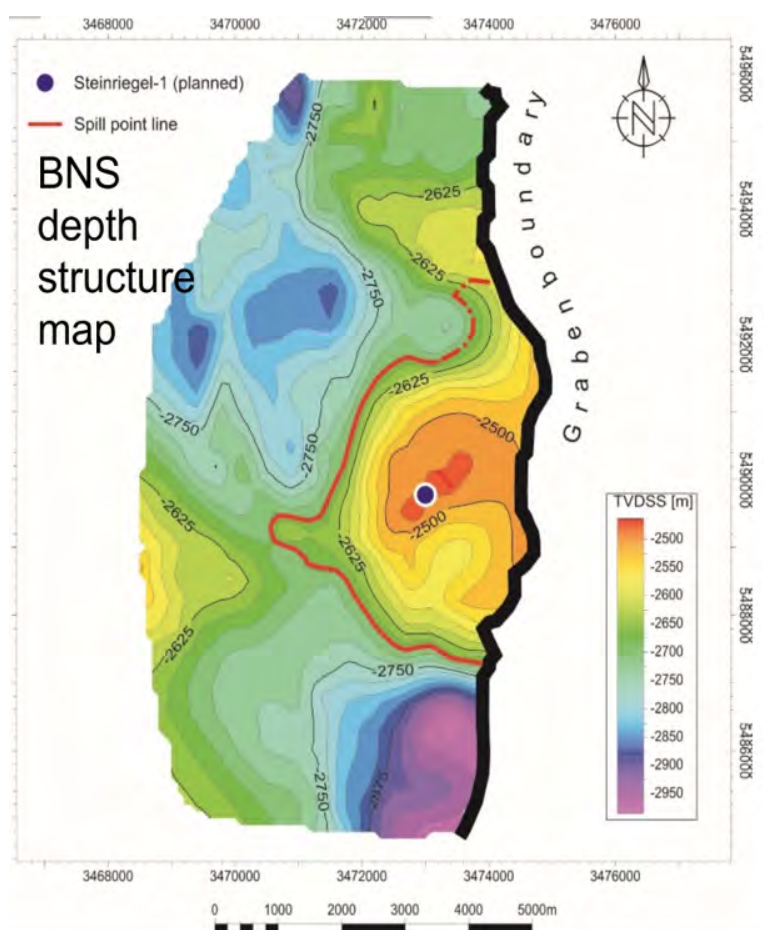


Figure 10: Weinheim Prospect, BNS depth structure map (Source: Beacon Energy plc)

Weinheim Prospect				Risk
Prospective Resources (MMstb)	1U	2U	3U	Factor
Oligocene reservoirs (Gross – 100%)	92	150	234	42%
Bunter reservoir (Gross – 100%)	18	30	45	15%
Net attributable	110	180	279	

Table 12: Weinheim Prospect, Prospective Resources (Source: CPR)

The **Feldschlag Prospect** lies immediately north of the Steig asset, and is an elongate, eastward dipping dip-closed structure along the footwall of a NE-SW normal fault. A number of reservoir intervals in the shallow Oligocene section are regarded as prospective, including the BNS and CM intervals as well as the underlying Meletta section.

The Competent Person has reviewed analyses of the operator and has verified the following Prospective Resource estimations and risk factors (“**Probability of Success**”). The prospect is small, but a reasonable Probability of Success has been assessed by the Competent Person (Table 12)

Feldschlag Prospect				Risk
Prospective Resources (MMstb)	1U	2U	3U	Factor
Oligocene BNS reservoirs (Gross)	1.0	1.6	2.4	40%
Oligocene CM reservoir	0.6	0.9	1.5	40%
Meletta reservoir (Gross – 100%)	0.7	1.1	1.7	20%
Net attributable	2.2	3.6	5.5	

Table 13: Feldschlag Prospect, Prospective Resources (Source: CPR)

## 7.8 Summary of Reserves and Resources

Oil Reserves attributed to the Rhein Petroleum Assets, as of 1 November 2022, are shown in Table 14 below, with a Proved plus Probable volume of 3.86 MMstb. The Competent Person has assumed that any associated gas production is used as fuel; no gas is recovered commercially, and no reserves are reported.

RESERVES MMstb	Gross			Net attributable			Operator
	1P	2P	3P	1P	2P	3P	
<b>Oil &amp; Liquids</b>							
Stockstadt Mitte	0.0	3.78	5.7	0.0	3.78	5.75	Rhein Pet
Lauben	0.0	0.12	0.14	0.0	0.06	0.07	ONEO
<b>Total Oil &amp; Liquids</b>	<b>0.0</b>	<b>3.91</b>	<b>5.89</b>	<b>0.0</b>	<b>3.85</b>	<b>5.83</b>	
Gas	nil	nil	nil	nil	nil	nil	

**Table 14: Rhein Petroleum Oil Reserves** (Source: CPR)

Contingent Resources are recognized in three discoveries across the portfolio, with a net attributable mid case (2C) of around 23 MMstb (Table 15). The majority of these resources (over 80 per cent.) are located in the Steig discovery. The Competent Person has assumed that there are no gas resources recognized.

CONTINGENT RESOURCES MMstb	Gross			Net attributable			Risk Factor	Operator
	1C	2C	3C	1C	2C	3C		
<b>Oil &amp; Liquids</b>								
Schwarzbach								
South	1.7	2.4	3.3	1.7	2.4	3.3	50%	Rhein Pet
Steig PBS	13.0	17.0	22.0	13.0	17.0	22.0	50%	Rhein Pet
Steig ME	0.5	1.6	2.2	0.5	1.6	2.2	50%	Rhein Pet
Graben	2.0	3.2	4.8	1.2	1.9	2.9	50%	Rhein Pet
<b>Total Oil &amp; Liquids</b>	<b>17.2</b>	<b>24.2</b>	<b>32.3</b>	<b>16.4</b>	<b>22.9</b>	<b>30.4</b>		
Gas	nil	nil	nil	nil	nil	nil		

**Table 15: Rhein Petroleum, Contingent Resources** (Source: CPR)

The Prospective Resources recognized in the portfolio, around 200 MMstb in the net attributable mid case (2U), are dominated by the large Weinheim Prospect. Exploration risks (Probability of Success) are relatively modest in all cases (Table 16).

PROSPECTIVE RESOURCES MMstb	Gross			Net attributable			Risk Factor	Operator
	1U	2U	3U	1U	2U	3U		
<b>Oil &amp; Liquids</b>								
Steig Deep	9.0	16.0	24.0	9.0	16.0	24.0	30%	Rhein Pet
Feldschlag – BNS	1.0	1.6	2.4	1.0	1.6	2.4	40%	Rhein Pet
Feldschlag – CM	0.6	0.9	1.5	0.6	0.9	1.5	40%	Rhein Pet
Feldsch. Meletta	0.7	1.1	1.7	0.7	1.1	1.7	20%	Rhein Pet
Weinheim Oligoc.	92	150	234	92	150	234	42%	Rhein Pet
Weinheim Bunter	18.0	30.0	45.0	18.0	30.0	45.0	20%	Rhein Pet
<b>Total Oil &amp; Liquids</b>	<b>121.3</b>	<b>199.6</b>	<b>308.6</b>	<b>121.3</b>	<b>199.6</b>	<b>308.6</b>		
Gas	nil	nil	nil	nil	nil	nil		

**Table 16: Rhein Petroleum, Prospective Resources** (Source: CPR)

## 8. CURRENT TRADING AND PROSPECTS FOR THE ENLARGED GROUP

In accordance with Rule 28 of the AIM Rules for Companies, the Company has not included in this document historical information in respect of itself as is normally required by Section 18 of Annex I of the UK Prospectus Delegated Regulation.

The Company's historical reports and financial statements can be accessed on the Company's website at: [www.beaconenergyplc.com](http://www.beaconenergyplc.com).

Since the publication of the Company's interim results for the period ended 31 October 2022 (the date to which the last unaudited interim accounts of the Company were prepared), the Company has spent the majority of the disclosed cash balance as at that date on expenses relating to the Acquisition.

Financial information on Rhein Petroleum for the three year period ended 31 December 2021 is set out in Part VII of this document and the interim results for the six month period to 30 June 2022 is set out in Part VII of this document. Rhein Petroleum was incorporated in Germany on 2 July 2007. Current production from the Lauben and SCHB-1a wells, net to Rhein Petroleum, is approximately 35 bopd.

The Directors are confident in the future prospects of the Enlarged Group and believe that they have identified and secured an interest in a portfolio of projects that has the potential for significant near-term value creation.

On completion of the Acquisition, the Company intends to develop the Erfelden field to create a self-funding business, with the projected free cash flow from the SCHB-2 well used to drill the SCHB-3 well and a water injector and Erfelden projected cash flow then used to deliver organic growth through the appraisal and development of the Steig and Graben discoveries and maturing the exploration portfolio of the Enlarged Group, whilst also continuing to target the acquisition of additional discovered resources with an emphasis on cash-generative production. This strategy is intended to be implemented by:

- drilling at least 3 development wells over the next 2 years, commencing with the drilling of the SCHB-2 well targeted in April 2023 (with first oil expected in May 2023, subject to successful completion), targeting the Stockstadt-Mitte block and comprising two oil producers and one water injector;
- conversion of the existing oil producer on the Schwarzbach Main block into a water supply well for the injector;
- further development of the Erfelden field through drilling the Schwarzbach South block;
- appraisal and development of the Steig and Graben discoveries over the next 3-5 years;
- de-risking those parts of the exploration prospect inventory which have the potential for delivering transformational growth;
- integrating and optimising current operational capabilities and utilising the Enlarged Group's combined resources to improve efficiencies;
- capitalising on the current deal pipeline developed over the last year and targeting the acquisition of production and near-term cash flow with upside potential; and
- targeting high margin assets with attractive fiscal terms and actively engaging in screening and executing potential acquisitions with these characteristics.

As noted above, the Enlarged Group will also continue to seek to identify other acquisition or farm-in opportunities in discovered oil and gas projects in line with its general strategy. There can be no guarantee that any such further transactions will proceed and the scale and production status of some of the potential pipeline of transactions means that they may constitute further reverse takeovers under the AIM Rules. However, the Board consider that the Acquisition would provide a stronger platform to pursue these potential deals.

An unaudited pro forma statement of net assets for the Enlarged Group as at [●], showing the impact of the Acquisition and the Fundraise on the Company, is set out in Part VIII of this document.

## **9. INFORMATION ON THE DIRECTORS AND SENIOR MANAGEMENT**

### ***Directors***

**Mark Andrew Rollins**, aged 58 (*Non-Executive Chairman and Director*)

Mark was Chairman and CEO of Ukrnafta, the publicly listed company responsible for a significant proportion of oil production in Ukraine, with over 20,000 employees. Between 2008 and 2015, he was a senior executive at BG Group plc, the former international E&P company; his final positions being Senior Vice President within the COO's office and managing BG Group plc's interests in Kazakhstan. His other experiences have included senior leadership positions across international E&P, midstream and downstream oil and gas, and deregulated utility sectors. Beginning his career as a Petroleum Engineer with Shell International, Mark holds a doctorate in Engineering Science from Oxford University, as well as a Masters in Mathematics from Cambridge University.

**Larry Anthony Bottomley**, aged 64 (*CEO and Director*)

Larry has over 40 years of experience in the oil and gas industry, with a strong background in integrated geosciences and team management, having worked across a broad spectrum of exploratory and business development roles worldwide, in senior leadership roles with Perenco SA, Hunt Oil, Triton Energy and BP. Until June 2020, Larry was Chief Executive Officer of Chariot Oil & Gas plc. Larry joined the Company in 2021 as a Non-Executive Director and he has served as the interim CEO and then CEO of Beacon since January 2022. He has a significant track record of building exploration and production businesses on the international stage, with expertise in the creation, development and delivery of significant drilling programmes that have led to the discovery of significant oil fields.

**Stephen James Whyte**, aged 57 (*Non-Executive Director*)

Stephen has over 33 years' experience in the oil and gas industry and was Chief Operating Officer at Galp Energia for three years and prior to that spent two years as senior vice president commercial at BG Group plc and 14 years at Royal Dutch Shell. Stephen Whyte is currently Chairman of Nostrum Oil and Gas Plc. In his past career he was on the board of KazMunayGas NC JSC and Echo Energy Plc, Non-Executive Chairman for Genel Energy Plc, Executive Director at Galp Energia SGPS SA and Chief Operating Officer at Petroatlantic Energy Corp. SA.

**Ross Michael Warner**, aged 56 (*Non-Executive Director*)

Ross is a lawyer and experienced company director of both private and public resource companies listed on AIM and the Australian Securities Exchange. He has also held senior corporate roles with Mallesons Stephen Jaques in Australia and Clifford Chance in the UK. He is currently Executive Chairman of Blue Star Helium Limited. He holds a Bachelor of Laws from University of Western Australia, and Master of Laws, University of Melbourne.

**Proposed Directors**

**Stewart MacDonald**, aged 42 (*CFO*)

Stewart has over 20 years of energy industry and investment banking experience. Previously, Stewart was an Executive Director and Chief Financial Officer of Rockhopper Exploration plc. Prior to joining Rockhopper, Stewart was a Director of Rothschild's global Energy and Power investment banking group where he spent 12 years advising clients in the sector on a range of M&A transactions as well as debt and equity financings. He was previously a non-executive Director of United Oil & Gas plc.

**Leo Koot**, aged 60 (*Non-Executive Director*)

Leo is a Dutch national with over 35 years of international experience in the Energy & Power sector. Previous roles include Drilling Engineer at Shell, Managing Director UK then President Iraq for TAQA, Executive Chairman of Columbus Energy Resource, Senior INED for Sterling Energy plc. Leo is currently Executive Chairman of Tulip Oil Holdings, Joint MD at Rhein Petroleum and partner at Concordia Capital Partners (MENA GULF).

**Director and Proposed Director interests in the New Ordinary Shares<sup>1</sup>**

The Directors, Proposed Directors and senior management will hold the following interests in the Ordinary Shares immediately following the Admission:

<i>Director/Senior Manager</i>	<i>Number of Existing New Ordinary Shares</i>	<i>Options and Warrants over New Ordinary Shares</i>	<i>Placing Shares</i>	<i>Number of New Ordinary Shares on Admission</i>	<i>Percentage of Enlarged Share Capital (%)</i>
Mark Rollins	7,646,197	[●]	[●]	[●]	[●]
Stephen Whyte <sup>2</sup>	39,126	[●]	[●]	[●]	[●]
Ross Warner	20,528	[●]	[●]	[●]	[●]
Larry Bottomley	4,705,882	[●]	[●]	[●]	[●]
Stewart MacDonald	–	[●]	[●]	[●]	[●]
Leo Koot	–	–	–	[●]	[●]

Notes:

1 Assuming that the Capital Consolidation has been approved and implemented.

2 Stephen Whyte's interest is held in the name of Nicola Louise Whyte, his wife.

3 On Admission, the Company intends to issue options over New Ordinary Shares to each Director and Proposed Director (other than Leo Koot) ) in respect of accrued outstanding fees and pursuant to the Company's Share Option Scheme, as set out in paragraph 15 off Part I of this document.

## **10. CITY CODE & RULE 9 WAIVER**

The City Code applies to the Company and governs, among other things, transactions which may result in a change of control of a company to which the City Code applies. Following Admission, the City Code will continue to apply to the Company.

### **Rule 9 of the City Code**

The City Code applies to a company whose shares are admitted to trading on AIM if that company's registered office is in the United Kingdom, the Channel Islands or the Isle of Man. The Company is incorporated in the Isle of Man, the Existing Ordinary Shares are currently admitted to trading on AIM and application will be made for the Enlarged Share Capital to be re-admitted to trading on AIM. Accordingly, the City Code applies, and will continue to apply, to the Company.

Rule 9 of the City Code is designed to prevent the acquisition of control of a company to which the City Code applies, by any person, without a general cash offer being made to all shareholders of that company.

Under Rule 9 of the City Code ("**Rule 9**"), any person who acquires an interest in shares (as defined in the City Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (as defined in the City Code) with him) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, Rule 9 of the City Code also provides that when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares carrying voting rights are acquired by any such person or person acting in concert with that person.

An offer under Rule 9 must be in cash, or be accompanied by a cash alternative, at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

However, where the obligation to make a mandatory offer under Rule 9 of the City Code might arise following an issue of new shares, the Takeover Panel will normally consent to a waiver of that obligation provided that, among other things, this is approved by a vote of independent shareholders, and a procedure compliant with that set out in Appendix 1 to the City Code is followed.

### **The Concert Party**

Under the City Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate to obtain or consolidate control of that company or to frustrate the successful outcome of an offer for a company. Under the City Code control means an interest, or aggregate interest, in shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the interest or interests give de facto control.

Under presumption 10 of the City Code's definition of acting in concert, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Code applies are presumed to be acting in concert.

Tulip and DRAG are the two shareholders of Rhein Petroleum which, following completion of the Acquisition at the time of Admission, will receive the Equity Consideration in the Company. However, the Company and the Takeover Panel have agreed that Tulip and DRAG should not be treated as acting in concert for the purposes of the City Code.

The City Code also applies a presumption that a company ("Y") will be acting in concert with another company ("Z") where one of the companies is interested, directly or indirectly, in 30 per cent. or more of the equity share capital in the other, together with any company which would be presumed to be acting in concert with either Y or Z under the presumption set out immediately below, all with each other.

In addition, the City Code applies a presumption that a company (“X”) is acting in concert with any company which controls, is controlled by or is under the same control as X, all with each other.

The City Code also provides that a fund manager will be treated as having an interest in securities which it manages for a client on a discretionary basis.

Applying the presumptions above, Tulip, Northwharf Nominees (a member of the Barclays Group) together with other members of the Barclays Group and Stichting Pensioenfond ABP together with members of its group are presumed to be acting in concert in relation to the Company.

Full details of the members of the Concert Party are set out in Part III of this Document.

**On Admission and following the completion of the Proposals, the members of the Concert Party will in aggregate, be interested in [●] New Ordinary Shares, representing approximately [36.7] per cent. of the Enlarged Share Capital (on an undiluted basis).**

**The TOH Warrants operate as an anti-dilution mechanism to safeguard Tulip's interest in the Company and are exercisable by Tulip only if and to the extent that any Options or Warrants in existence on Completion are exercised by the holders thereof. Therefore, assuming that there are no other changes to the Company's current issued share capital, the interests of the members of the Concert Party will be maintained at that level and the TOH Warrants do not affect the maximum percentage holding of the Concert Party.**

**On Admission and following completion of the Proposals, the members of the Concert Party will, therefore be interested in New Ordinary Shares carrying more than 30 per cent. of the voting rights of the Company but will not hold shares carrying more than 50 per cent. of the voting rights of the Company. For so long as the members of the Concert Party continue to be acting in concert, any increase in their aggregate interest in New Ordinary Shares will be subject to the provisions of Rule 9.**

**Maximum Controlling Position**

On Admission and following completion of the Proposals, the members of the Concert Party will, in aggregate, be interested in [●] New Ordinary Shares, representing approximately [●] per cent. of the Enlarged Share Capital (on an undiluted basis). The following table sets out the Concert Party's shareholdings in the Enlarged Group on Admission.

<b>Concert Party Member</b>	<b>No. of New Ordinary Shares in Enlarged Group on Admission</b>	<b>% of Enlarged Share Capital on Admission and maximum controlling position</b>
Tulip Oil Holding B.V. Held within Barclays Bank plc and managed for clients on a discretionary basis	[●] 22,500	36.7* [●]*
<b>Total</b>		

\* The maximum controlling position takes into account the TOH Warrants, which operate as an anti-dilution mechanism in respect of any Options or Warrants in existence on Completion and are exercisable by Tulip only if and to the extent that any Options or Warrants in existence on Completion are exercised by the holders thereof, and assumes that there are no other changes to the Company's current issued share capital. The TOH Warrants do not therefore affect the maximum percentage holding of the Concert Party.

Further information on the Tulip ownership structure is set out in paragraph 2 of Part III of this document.

## **Waiver of Rule 9 of the City Code**

On Admission and following completion of the Proposals, the members of the Concert Party will, in aggregate, be interested in [●] New Ordinary Shares, representing approximately [●] per cent. of the Enlarged Share Capital (on an undiluted basis). The issue of the TOH Consideration Shares, the TOH Subscription Shares [and the TOH Additional Shares] and the exercise by Tulip of any TOH Warrants would normally trigger an obligation for an offer to be made under Rule 9 of the City Code to all the remaining Shareholders to acquire their shares.

However, the Company has applied to the Takeover Panel for a waiver of Rule 9 of the City Code in order to permit the issue of the TOH Consideration Shares, the TOH Subscription Shares [and the TOH Additional Shares] and the exercise by Tulip of any TOH Warrants to occur without triggering an obligation on the part of the Concert Party to make a general offer to the Company's other shareholders and the Takeover Panel has agreed to grant the Rule 9 Waiver, subject to Independent Shareholders approving the Rule 9 Waiver Resolution on a poll.

Accordingly, the Rule 9 Waiver Resolution being proposed at the Extraordinary General Meeting will be taken by means of a poll of Independent Shareholders voting at the Extraordinary General Meeting. None of the members of the Concert Party (nor any adviser connected to them) will vote on the Rule 9 Waiver Resolution, but may vote on the other Resolutions.

The waiver to which the Takeover Panel has agreed under the Takeover Code will be invalidated if any purchases of shares in the Company are made by any member of the Concert Party, or any person acting in concert with it, in the period between the date of this document and the Extraordinary General Meeting.

Following Admission, the members of the Concert Party will be interested in shares carrying more than 30 per cent. of the voting rights of the Company but will not hold shares carrying more than 50 per cent. of the voting rights of the Company. For so long as they continue to be acting in concert, any increase in their aggregate interest in Ordinary Shares will be subject to the provisions of Rule 9.

The Takeover Panel has agreed to waive, conditional upon the approval by the Independent Shareholders of the Rule 9 Waiver Resolution on a poll, the obligation which would otherwise be imposed on the Concert Party under Rule 9 of the City Code to make a general offer for the Company as a result of the issue of the TOH Consideration Shares, the TOH Subscription Shares[, the TOH Additional Shares] and the exercise of the TOH Warrants. Accordingly, Resolution [2] is being proposed at the Extraordinary General Meeting of the Company and will be taken on a poll. Only Independent Shareholders will be entitled to vote on Resolution 2.

Shareholders should note that, if the Rule 9 Waiver Resolution is passed, the members of the Concert Party will not be restricted from making an offer for the Company.

## **11. DETAILS OF THE FUNDRAISE AND USE OF PROCEEDS**

### **11.1 *Principal terms of the Placing***

Pursuant to the Placing, Tennyson Securities and Optiva Securities have conditionally raised £[●] million (before expenses) for the Company through the placing of the Placing Shares with investors at the Fundraise Price conditional, among other things, upon the Resolutions being approved by Shareholders at the Extraordinary General Meeting and on Admission becoming effective by not later than 8.00 a.m. on [●] (or such later date as Strand Hanson, Tennyson Securities and Optiva Securities may agree not being later than [●]).

The net proceeds of the Fundraise are estimated at £[●] million. The net proceeds together with the Company's existing cash resources will be used to fund the drilling and, if decided upon by Beacon, the testing of the SCHB-2 well, and if successful, to install flow lines and hook up the wells to Rhein Petroleum's production facilities.

The Directors are participating in the Placing by way of a subscription for a total of [●] Placing Shares, of which [●] Placing Shares are being subscribed for by [Add in Director] and [●] Placing Shares are being subscribed for by [Add in Directors]. The subscription for Placing Shares by [Add in Directors] and [Add in Directors] is considered to be a related party transaction for the purposes of Rule 13 of the AIM Rules for

Companies. Accordingly, the independent directors, being all of the Directors except for [Add in Director] and [Add in Director], consider, having consulted with Strand Hanson, that the terms of such subscription are fair and reasonable insofar as the Company's shareholders are concerned.

### 11.2 **Primary Bid Offer**

The Primary Bid Offer has been arranged by PrimaryBid through the PrimaryBid platform (<https://primarybid.com>). The Primary Bid Offer successfully conditionally raised approximately £[●] million (before expenses).

Completion of the Primary Bid Offer is conditional on the Proposals and is being undertaken to facilitate potential retail participation in the Company. The Primary Bid Shares to be issued under the Offer will represent approximately [●] per cent. of the Enlarged Share Capital on Admission. The Primary Bid Shares will be issued credited as fully paid and will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared paid or made after Admission.

[The Primary Bid Shares will be issued pursuant to separate share authorities which will be requested at the Extraordinary General Meeting.]

### 11.3 **Subscription**

Pursuant to the terms of the SPA and the Tulip Subscription Letter, Tulip has also conditionally subscribed for [●] New Ordinary Shares at the Fundraise Price and subject to the mechanisms set out in paragraph 13.3 of Part IX of this document, representing approximately 6.8 per cent. of the Enlarged Share Capital, such that, on Admission, Tulip will hold approximately [36.7] per cent. of the Enlarged Share Capital. Such New Ordinary Shares held by Tulip will be subject to a lock-in agreement, as set out in paragraph 13.8 of Part IX of this document, and also subject to a Relationship Agreement, as set out in paragraph 13.12 of Part IX of this document.

### 11.4 **Use of Proceeds**

The net proceeds of the Fundraise are estimated at £[●] million. Of the total fees and expenses associated with the Proposals of £[●] million, approximately £0.3 million has been paid from the Company's existing cash resources, with the balance to be paid from the Fundraise proceeds. The net proceeds together with the Company's existing cash resources will be used to fund the drilling and, if decided upon by Beacon, the testing of the SCHB-2 well, and if successful, to install flow lines and hook up the wells to Rhein Petroleum's production facilities. The net proceeds will also be used for general working capital requirements [and any net proceeds in excess of £6 million will be used to support German new ventures or to accelerate drilling at Schwarzbach South].

The purpose of the Fundraise is primarily to raise proceeds to fund the drilling of the SCHB-2 well in H1 2023 and general working capital requirements. A summary of the intended use of proceeds of the Placing is shown in the table below:

<i>Use of Net Proceeds</i>	<i>£m</i>
Drilling, completion and tie-back of SCHB-2 development well	[4.7]
Working capital	[1.3]
German new ventures or to accelerate drilling at Schwarzbach South	[●]
<b>Total</b>	<b>[6.0]</b>

### 11.5 **Further details of the Fundraise**

The Fundraise is conditional, *inter alia*, upon:

- the passing of the Resolutions;
- the Placing becoming unconditional in all respects (other than Admission) and not having been terminated in accordance with its terms; and
- Admission of the Enlarged Share Capital becoming effective by not later than [●] (or such later time and/or date as Strand Hanson, Tennyson Securities and Optiva Securities may agree, not being later than [●]).

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Fundraise will not proceed. A summary of the principal terms of the Placing Agreement, the Primary Bid Engagement Letter and the Tulip Subscription Letter are set out in paragraphs 13.7 and 13.17 of Part I, and 11.3 of Part IX, respectively.

The Fundraise [and the issue of the TOH Additional Shares] will result in the issue of in total [●] New Ordinary Shares (representing, in aggregate, approximately [●] per cent., of the Enlarged Share Capital). The Fundraise Shares, [and the TOH Additional Shares], when issued and fully paid, will rank *pari passu* in all respects with the New Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the Fundraise Shares. No temporary documents of title will be issued.

## 12. ADMISSION, SETTLEMENT AND DEALINGS

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on [●]. Definitive share certificates in respect of the Fundraise Shares will be printed and dispatched no later than seven days after the admission of the new ordinary shares or by [●] 2023.

## 13. CREST

The Company's Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. The system allows shares and other securities to be held in electronic form rather than paper form, although a Shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

## 14. PROPOSED CAPITAL CONSOLIDATION

Admission is also conditional upon the approval and completion of the Capital Consolidation. At the date of this document there are [1,527,613,961] Existing Ordinary Shares in issue.

The Capital Consolidation, which will take place following (and conditional on) the passing of Resolution [8] to be proposed at the Extraordinary General Meeting, will involve every ten Existing Ordinary Shares on the Record Date being consolidated into one New Ordinary Share. The rights attached to the New Ordinary Shares will be the same as the rights attaching to the Existing Ordinary Shares and the New Ordinary Shares will trade on AIM in place of the Existing Ordinary Shares.

In accordance with the Articles, the Board has decided that no Shareholder will be entitled to a fraction of a New Ordinary Share as a result of the Capital Consolidation and where any Shareholder would otherwise be entitled to a fraction only of a New Ordinary Share in respect of their holding of Existing Ordinary Shares on the date of the Extraordinary General Meeting (a "**Fractional Shareholder**"), such fractions will, in so far as possible, be aggregated with the fractions of New Ordinary Shares to which other Fractional Shareholders of the Company would be entitled so as to form full New Ordinary Shares ("**Fractional Entitlement Shares**"). These Fractional Entitlement Shares will be sold for the benefit of the Company.

The provisions set out above mean that any such Fractional Shareholders will not have a resultant proportionate shareholding of New Ordinary Shares exactly equal to their proportionate holding of Existing Ordinary Shares, and as noted above, Shareholders with only a fractional entitlement to a New Ordinary Share (i.e. those Shareholders holding a total of fewer than 10 Existing Ordinary Shares at the Record Date) will cease to be a Shareholder of the Company. Shareholders should be aware that if they hold fewer than [10] Existing Ordinary Shares on the Record Date, following the Capital Consolidation they will cease to be a shareholder in the Company and they will not be entitled to any New Ordinary Shares following the Capital Consolidation.

The Capital Consolidation will result in an issued share capital of up to [●] New Ordinary Shares prior to the issue and allotment of the Placing Shares. The final number of New Ordinary Shares in issue on Admission will be confirmed via a Regulatory Information Service announcement prior to Admission when the number of New Ordinary Shares to be cancelled pursuant to fractional entitlements resulting from the Capital Consolidation is known.

The Company will issue new share certificates to those Shareholders holding shares in certificated form to take account of the Capital Consolidation. Following the issue of share certificates in respect of the New Ordinary Shares, share certificates in respect of Existing Ordinary Shares will no longer be valid.

Existing Warrants and Options will also be consolidated such that every ten warrants/options to be consolidated into one (1) warrant/option and the exercise price of each warrant/option be amended in inverse proportion to this ratio.

## **15. OPTIONS, WARRANTS AND ACCRUED FEE ISSUES**

### ***Fee Options and Warrants***

On Admission, the Board intends to issue, in aggregate, [●] Accrued Fee Options, including to the Existing Directors, in lieu of accrued and unpaid fees of £212,185 during the period from 1 February 2022 to 31 December 2022 inclusive, calculated on the basis of the Fundraise Price, further details of which are set out in paragraph 6 of Part IX.

The issue of the Accrued Fee Options to the Existing Directors is considered to be a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies. Due to the issuance of the Accrued Fee Options to all of the directors, there is not a director, or directors, independent of the issue of the Accrued Fee Options to provide the necessary AIM Rule 13 related party transaction opinion. Accordingly, Strand Hanson Limited, the Company's Nominated Adviser, confirms it is satisfied that the terms of the participation by the Existing Directors, in the Accrued Fee Options is fair and reasonable insofar as the Company's shareholders are concerned.

### ***Share Option Scheme***

The Company has agreed, subject, among other things, to Admission, to issue, in aggregate, [●] Options such number being derived from each director's annual salary divided by the Fundraise Price), exercisable at the Fundraise Price, over New Ordinary Shares to Mark Rollins, Ross Warner, Larry Bottomley, Stephen Whyte and Stewart MacDonald to be granted on Admission, as further detailed in paragraphs 6 and 11.2 of Part IX.

### ***Share Options and Warrants***

As at the date of this document, the Company has [●] Options (pre-Capital Consolidation) and [●] Warrants (pre-Capital Consolidation) in issue.

On Admission, the Company will issue, in aggregate, [●] Adviser Warrants exercisable at the Fundraise Price to certain advisers of the Company in respect of fees associated with the Proposals, as further detailed in paragraph 13.10 of Part IX of this document.

On Admission, the Company will have a total of [●] Options (post Capital Consolidation) and [●] Warrants (post Capital Consolidation) in issue, further details of which are set out in paragraph 6 of Part IX of this document.

### ***Seller Warrants***

Pursuant to the SPA, the Company has also agreed to issue [●] TOH Warrants and [●] DRAG Warrants to Tulip and DRAG respectively, which operate as an anti-dilution mechanism in respect of any Options or Warrants in existence on Completion. The TOH Warrants and the DRAG Warrants are exercisable at nil cost and vest only if and to the extent that any Options or Warrants that existed as at the date of the SPA are exercised by the holders thereof.

## **16. LOCK-IN AND ORDERLY MARKET ARRANGEMENTS**

Lock-in and Orderly Market Agreements in respect of, in aggregate, [●] New Ordinary Shares have been entered into by (i) the Company, (ii) Strand Hanson, (iii) Tennyson Securities (iv) Optiva Securities and (v) the Locked-In Shareholders, pursuant to which each Locked-In Shareholder has, conditional on Admission, undertaken as a separate undertaking to each of the Company, Strand Hanson, Tennyson Securities and Optiva Securities that, subject to certain limited exceptions, they will not dispose of, or agree to dispose of,

New Ordinary Shares held by them or on behalf of them for a period of 12 months from the date of Admission.

Lock-in and Orderly Market Agreements in respect of, in aggregate, [●] New Ordinary Shares have been additionally entered into by (i) the Company, (ii) Strand Hanson, (iii) Tennyson Securities (iv) Optiva Securities and (v) the Locked-In Directors, pursuant to which each Locked-In Director has, conditional on Admission, undertaken as a separate undertaking to each of the Company, Strand Hanson, Tennyson Securities and Optiva Securities that, subject to certain limited exceptions, they will not dispose of, or agree to dispose of, New Ordinary Shares held by them or on behalf of them for a period of 12 months from the date of Admission.

Each Locked-In Shareholder and Locked-In Director has also undertaken that for the period of 12 months following the first anniversary of the date of Admission, subject to certain conditions, they will only dispose of New Ordinary Shares held by them in consultation with Strand Hanson, Tennyson Securities and Optiva Securities so as to ensure an orderly market for the issued share capital of the Company.

Further details regarding the Lock-in and Orderly Market Agreements are set out in paragraphs 13.8 and 13.9 of Part IX of this document.

## **17. SHARE DEALING CODE**

The Company has adopted a share dealing code which sets out the requirements and procedures for the Board and applicable employees' dealings in any of its AIM securities in accordance with the provisions of UK MAR and of the AIM Rules. Following Admission, the Company will take all reasonable steps to ensure compliance with the Company's share dealing code by the Directors, related parties and any relevant employees.

## **18. RELATIONSHIP AGREEMENT**

On [●] 2023, the Company entered into the Relationship Agreement with Tulip (as substantial shareholder) and Strand Hanson. Further detail regarding the Relationship Agreement is set out in paragraph 13.12 of Part IX of this document.

## **19. CORPORATE GOVERNANCE**

The Directors recognise the importance of sound corporate governance and have undertaken to take account of the requirements of the QCA Code to the extent that they consider it appropriate having regard to the Company's size, board structure, stage of development and resources. The Board notes that all AIM companies must provide details on their corporate websites of the recognised code that they have decided to apply, how they comply with such code and, where the company departs from such code, an explanation of the reasons for doing so. From Admission, the Enlarged Group's website at [www.beaconenergyplc.com](http://www.beaconenergyplc.com) will set out the extent of any non-compliance with the QCA Code by the Enlarged Group on Admission.

The Board will, on Admission, comprise six Directors (including the Proposed Directors) of which two are executive and four are non-executive, including the Chairman, who is deemed to be independent. The Board has significant experience in the oil & gas industry and of service on the boards of public companies. The Board considers Mark Rollins, Ross Warner and Stephen Whyte to be independent non-executive directors.

The Board believes that the proposed Board composition is appropriate in light of the balance of skills and experience of its members and the Company's size at Admission, however it will monitor this position on an ongoing basis as the Enlarged Group grows and develops and seek to make appropriate changes or additions to the composition of the Board as necessary. The Board is satisfied that all Directors will have adequate time to fulfil their roles.

The Company retains FIM Capital Limited ("**FIM**") to provide accounting and company secretarial services to the Group. FIM is responsible to the Company, among other things, for general accounting and bookkeeping, preparation of monthly group summary financial information, and preparation of consolidated full year accounts for review by the Company's auditors. Their role and work is overseen by Stewart MacDonald, the Company's Chief Financial Officer, on a weekly basis. The CEO of FIM is Graham Smith

(a former non-executive director of the Company), who is supported by a team of five other accounting professionals. FIM was established in 2006 and provides specialist investment management and fund administration services to a range of private and institutional clients, including companies quoted on the London Stock Exchange. Based on the Isle of Man, FIM operates as an independent company, regulated by the Isle of Man Financial Services Authority and the UK Financial Conduct Authority.

On Admission, the Company will have a remuneration committee, an audit committee, a nominations committee and a market disclosure committee. Details of the responsibilities of each such committee are detailed below.

### **Remuneration Committee**

The Remuneration Committee will determine the scale and structure of the remuneration of the executive Directors and approve the granting of options to Directors, senior employees and consultants and the performance related conditions thereof. The Remuneration Committee will also recommend to the Board a framework for rewarding senior management, including executive directors, bearing in mind the need to attract and retain individuals of the highest calibre and with the appropriate experience to make a significant contribution to the Enlarged Group's development and ensure that the elements of remuneration packages are competitive and help in underpinning the performance-driven culture of the Enlarged Group. The Remuneration Committee will be chaired by Mark Rollins, with its other member being Ross Warner.

### **Audit Committee**

The Audit Committee will receive reports from management and the external auditors relating to the interim report and the annual report and financial statements, review reporting requirements and ensure that the maintenance of accounting systems and controls is effective. The Audit Committee has and will continue to have unrestricted access to the Company's auditors. The Audit Committee will also monitor the controls which are in force for the Enlarged Group and any perceived gaps in the control environment. The Board believes that the size of the Enlarged Group will not justify the establishment of an independent internal audit department. The Audit Committee will be chaired by Stephen Whyte, with its other member being Ross Warner.

### **Nomination Committee**

The Nominations Committee will be responsible for reviewing and making proposals to the Board on the appointment of directors, reviewing succession plans and ensuring that the performance of directors is assessed on an ongoing basis. The Nomination Committee will be chaired by Mark Rollins, with its other member being Stephen Whyte.

### **Market Disclosure Committee (previously named the AIM Rules and UK MAR Compliance Committee)**

The Market Disclosure Committee will monitor the Company's compliance with the AIM Rules and UK MAR and seek to ensure that the Company's Nominated Adviser is maintaining contact with the Company on a regular basis and *vice versa*. The committee will ensure that procedures, resources and controls are in place with a view to ensuring the Company's compliance with the AIM Rules and UK MAR. This includes being responsible for retrieving and sourcing information pertaining to assets and projects that the Company has invested in. The committee will also ensure that each meeting of the Board includes a discussion of AIM matters and assesses (with the assistance of the Company's Nominated Adviser and other advisers, as appropriate) whether the Directors are aware of their AIM responsibilities from time to time and, if not, will ensure that they are appropriately updated on their AIM responsibilities and obligations. The Market Disclosure Committee will be chaired by Ross Warner with its other member being Stephen Whyte.

## **20. REGULATORY RIGHTS AND OBLIGATIONS**

### **Disclosure, Guidance and Transparency Rules**

The Articles set out provisions such that shareholders are required to comply with Chapter 5 of the DTR and will be required to notify the Company of the percentage of their voting rights in the Company if the percentage of voting rights which they hold, directly or indirectly, reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent., and each 1 per cent.

threshold thereafter up to 100 per cent. or reaches, exceeds or falls below any of these thresholds as a result of events changing the breakdown of voting rights.

Further details on Shareholders obligations under the Articles are set out in paragraph 4 of Part IX.

### **The Takeover Code**

Information on the provisions of the Takeover Code can be found in paragraph 10 of Part I and Part III of this document.

## **21. DIVIDEND POLICY**

The strategy of the Directors is to generate capital growth for Shareholders. They will recommend the payment of dividends when it becomes commercially prudent to do so and then subject to the availability of distributable reserves and the retention of funds required to finance future growth. The Company has not issued dividends for the period covered by the historical financial information.

## **22. TAXATION**

Information regarding certain taxation considerations for corporate and individual Shareholders in the United Kingdom with regard to Admission is set out in paragraph 14 of Part IX of this document. If an investor is in any doubt as to his or her tax position, he or she should immediately consult his or her own independent financial adviser. Investors subject to tax in other jurisdictions are strongly urged to contact their tax advisers about the tax consequences of holding the New Ordinary Shares.

## **23. EXTRAORDINARY GENERAL MEETING**

The Notice convening the Extraordinary General Meeting is set out at the end of this document. The Extraordinary General Meeting has been convened for [●]. (London time) on [●] at the offices of the Company Secretary and the Registered Agent where the following Resolutions will be proposed to approve:

- the Acquisition, for the purposes of Rule 14 of the AIM Rules;
- the Rule 9 Waiver Resolution under Rule 9 of the Takeover Code;
- the appointment of Stewart MacDonald as executive director of the Company with effect from Admission;
- the appointment of Leo Koot as non-executive director of the Company with effect from Admission;
- the Fundraise;
- the dis-application of pre-emption rights; and
- the Capital Consolidation.

**The Resolutions are inter-conditional. Completion of the Acquisition, the issue of the Placing Shares, the New Ordinary Shares constituting the Equity Consideration, the TOH Subscription Shares, [the TOH Additional Shares,] the DRAG Warrants and/or TOH Warrants, the re-admission of the Enlarged Share Capital to trading on AIM and the Capital Consolidation are conditional, amongst other matters, on Shareholders passing all Resolutions. If Shareholders do not pass the Resolutions, the Acquisition, the issue of the Placing Shares, the New Ordinary Shares constituting the Equity Consideration, the TOH Subscription Shares, [the TOH Additional Shares,] the DRAG Warrants and/or TOH Warrants, the re-admission of the Enlarged Share Capital to trading on AIM, the appointment of the Proposed Directors and the Capital Consolidation will not proceed and the Directors will need to consider alternative options for the Company. The Company will have expended significant funds in pursuing the proposed transaction and would therefore incur significant abort costs and there can be no guarantee that a suitable alternative Re-admission Transaction and/or funding on similar commercial terms to the Placing can be obtained on a timely basis or at all. Accordingly, if any of the Resolutions are not passed and a suitable alternative Re-admission Transaction and/or funding on similar commercial terms to the Placing cannot be obtained on a timely basis or at all, it is possible the Company may not be able to continue as a going concern and may ultimately be forced into administration.**

## 24. ACTION TO BE TAKEN

A Form of Proxy is enclosed with this document for use by Shareholders in connection with the Extraordinary General Meeting. To be valid, completed Forms of Proxy must be received by FIM Capital Limited, as soon as possible and in any event so as to arrive not later than [●]. (London time) on [●].

The Chairman of the meeting will direct that voting on Resolution 2 set out in the Notice will take place by way of a poll. The final poll vote will be published immediately after the Extraordinary General Meeting on the Company's website.

Any changes to the arrangements for the Extraordinary General Meeting will be communicated to shareholders before the Extraordinary General Meeting through the Company's website at [www.beaconenergyplc.com](http://www.beaconenergyplc.com).

## 25. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Parts II to VII (inclusive) of this document. You are recommended to read all the information contained in this document and not just rely on the key or summarised information. In particular, Shareholders should read in full the Risk Factors set out in Part II of this document. The technical information contained in this document has been reviewed and approved by SGS. SGS has consented to the inclusion of the technical information in this document in the form and context in which it appears.

## 26. DIRECTORS RECOMMENDATION AND IMPORTANCE OF VOTE

The Directors, who have been so advised by Strand Hanson, consider the Proposals, including the approval of the Rule 9 Waiver, to be fair and reasonable and in the best interests of the Shareholders and the Company as a whole. In providing its advice to the Directors, Strand Hanson has taken into account the commercial assessments of the Directors. Accordingly, the Directors unanimously recommend that the Independent Shareholders vote in favour of Resolution [2] and that Shareholders vote in favour of all other Resolutions to be proposed at the Extraordinary General Meeting, as they intend to do in respect of their own beneficial holdings of [●] Ordinary Shares, representing [●] per cent., of the Company's Existing Ordinary Shares.

**Shareholders should note that the Resolutions are inter-conditional. If any of the Resolutions are not passed at the Extraordinary General Meeting, the Acquisition and the Fundraise will not proceed, and the Directors will need to consider alternative options for the Company. The Company will have expended material funds in pursuing the proposed Acquisition and would therefore incur significant abort costs and it is unlikely that a suitable alternative Re-admission Transaction and/or funding on similar commercial terms to the Fundraise can be obtained on a timely basis or at all and it is likely that admission of the Company's Existing Ordinary Shares will be cancelled.**

Yours faithfully

**Mark Rollins**

*Non-Executive Chairman*

## PART II

### RISK FACTORS

Prospective investors should be aware that an investment in the Company is speculative and involves a high degree of risk. In addition to the other information in this document, the Directors consider the following risk factors are of particular relevance to the Company's activities and to any investment in the Company. It should be noted that this list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply. Any one or more of these risk factors could have a materially adverse impact on the value of the Company and its business prospects and should be taken into consideration when assessing the Company. In such circumstances, investors could lose all or part of the value of their investment. The risks are not presented in any order of priority.

Potential investors are advised to consult a person authorised under FSMA who specialises in advising on investments of this kind before making any investment decisions. A prospective investor should carefully consider whether an investment in the Company is suitable in light of its personal circumstances and the financial resources available. Prospective investors should also consider carefully all of the information set out in this document and the risks attaching to the investment in the Company, including, in particular, the risks described below, before making any investment decision.

#### RISKS RELATING TO THE COMPANY'S BUSINESS AND ASSETS

##### Transaction Risk

Completion of the Acquisition, the issue of the Placing Shares, the issue of the Primary Bid Shares, the TOH Subscription Shares, the DRAG Warrants and/or TOH Warrants, the re-admission of the Enlarged Share Capital to trading on AIM, and the Capital Consolidation is conditional, amongst other matters, on Shareholders passing Resolutions [●]. If Shareholders do not pass those Resolutions, the Acquisition, the issue of the Fundraise Shares and the re-admission of the Enlarged Share Capital to trading on AIM will not proceed and the Directors will need to consider alternative options for the Company. The Company will have expended significant funds in pursuing the proposed transaction and would therefore incur significant abort costs and there can be no guarantee that a suitable alternative Re-admission Transaction and/or funding on similar commercial terms to the Fundraise can be obtained on a timely basis or at all. Accordingly, if Resolutions [●] are not passed (or if any of the conditions precedent to the SPA or the Placing Agreement are not satisfied or waived) and a suitable alternative Re-admission Transaction and/or funding on similar commercial terms to the Fundraise can be obtained on a timely basis or at all, it is possible the Company will be unable to continue as a going concern and may ultimately be forced into administration or insolvency.

##### Security enforcement risk

As security for Tulip's claims against it under the Decommissioning Security Loan and the SPA earn-out schedule, the Company has granted a share pledge over the existing and future shares it holds in Rhein Petroleum in favour of Tulip as well as security over a portion of the oil production facility at Schwarzbach as collateral in favour of Tulip. Were Tulip to become entitled to enforce such security, and in fact exercise such entitlement, the Company would be required to transfer its holding of shares in Rhein Petroleum to Tulip and Tulip would be entitled to sell the collateral which is the subject of the asset transfer security by public auction or private sale.

##### Asset buy-back rights

The SPA contains certain asset buy-back provisions in favour of Tulip in relation to the Steig Field and Graben Field such that, (i) in the event that there is limited production or no new wells have been drilled on the Steig Field by 30 June 2026, then Tulip shall have the right to acquire the Steig Field Interests together with all related agreements and documents (including the related licences, permits and other authorisations) against payment by Tulip of nominal consideration and (ii) in the event that there is limited production or no new wells have been drilled on the Graben Field by 30 June 2028, then Tulip shall have the right to acquire the Graben Field Interests together with all related agreements and documents (including the related licences, permits and other authorisations) against payment by Tulip of nominal consideration.

### **Rhein Petroleum's production and revenues come predominantly from a single field**

Rhein Petroleum's near-term activity, revenue and production of oil and gas is based predominantly on Schwarzbach. Any disruption of production at Schwarzbach will therefore have a substantial negative impact on Rhein Petroleum's total production. If mechanical problems, storms or other events curtail a substantial proportion of Rhein Petroleum's production following the Acquisition, the Company's and the Enlarged Group's results of operations and financial condition could be adversely affected.

### **Tax risks**

There is no guarantee that the total tax loss carry forward for Rhein Petroleum in the sum of approximately EUR 69,000,000 as at the date of this document may be used to offset against future taxable income, which could have an adverse effect on the financial condition of the Company and the Enlarged Group.

There is additionally a risk that certain tax liabilities may arise in the future related to the period prior to the Company's ownership of Rhein Petroleum. Under the terms of the SPA as further described at Part IX of this document, Tulip has indemnified Rhein Petroleum for 62.5 per cent. of such tax liabilities, with the Company liable for the balance. In the event the tax liabilities arise before 31 December 2024, the Company can elect to make a further draw down on the Decommissioning Security Loan to satisfy its share of the tax liability.

### **Limited Recourse to the Sellers**

Under the SPA, the Company has limited recourse to the Sellers in terms of warranties and indemnities in relation to the underlying assets and in relation to any undisclosed liabilities or obligations. The financial position of the Enlarged Group could be significantly and/or materially prejudiced as a result. The Directors take some comfort from the fact that the Sellers are not receiving upfront cash consideration and much of the consideration takes the form of Consideration Shares or contingent consideration triggered by further successful revenue from the underlying assets. In addition, the Company has carried out due diligence on Rhein Petroleum and the underlying key assets, however, there can be no assurance that the Company would have a claim if there are any issues with the underlying key assets or any undisclosed liabilities arise. The Company had the option to seek insurance coverage for potential claims under the warranties, however having reviewed market quotes for full and partial insurance coverage and based upon the results of due diligence investigations, the Directors decided that the cost of such insurance would be disproportionate to the risks of a claim arising in connection with the Acquisition.

### **Earn-Out, Working Capital and Funding Obligations**

Under the terms of the SPA, the Company is required to pay contingent production consideration to the Sellers in cash if and when such consideration becomes payable under the terms of the SPA. Such contingent consideration consists of (a) contingent consideration in cash equal to 10% of the Net Production Proceeds from the current and existing licences (including renewals) over the Acreage; and (b) contingent consideration in cash equal to 3 per cent. of the Net Production Proceeds from the other licences held by the Company on the Completion Date, but excluding the Acreage. The obligation to pay the contingent consideration is linked to the Enlarged Group receiving revenue through the Net Production Proceeds so that, the greater the amount payable, the greater the Net Production Proceeds received. However, the Net Production Proceeds do not take into account the costs of production and an increase in costs (including without limitation any operating costs, capital costs or taxation or other exceptional costs) will affect the ability of the Company to make these payments, which shall accrue until 31 March 2025 and shall only be due and payable on 30 June 2025. There are additionally certain potential working capital payment obligations. If the Sellers' good faith calculation of the projected working capital of Rhein Petroleum is higher than the target working capital of EUR 0, the Company will be required to make a payment to Tulip on the Completion Date which is equal to the difference. Following Completion, if the actual amount of working capital of Rhein Petroleum, calculated as at 31 December 2022, is higher than the target working capital of EUR 0, the Company will be required to make a payment to Tulip within 10 Business Days following the day on which the actual working capital is determined (provided that if the amount is more than EUR 100,000 it shall be paid on the date that is 12 months after Completion). Furthermore, under the terms of the SPA the Company has committed to drill the SCH-2 well with the intention that the costs of such drilling shall be funded by the Placing. There can be no assurance that the Enlarged Group will have sufficient free cash to

make the payments of contingent consideration and working capital when due or at all or to drill the SCH-2 well.

### **Substantial shareholder**

From Admission, the Company will have a substantial shareholder, Tulip, which will hold 36.7 per cent. of the New Ordinary Shares following completion of the Acquisition and Admission. The Company will be party to a Relationship Agreement with Tulip on completion of the Acquisition and Admission, as further described at paragraph 13.12 of Part IX of this document. While this Relationship Agreement is intended to provide that the Company can operate independently of Tulip, Tulip may still be in a position to exert some significant influence over the Company and there is no guarantee that Tulip will comply with its obligations, and restrictions placed upon it, under the Relationship Agreement or that the Company will be able to enforce it effectively. As such, the Enlarged Group may be adversely affected by such influence or non-compliance.

### **The Company may face significant competition for acquisition opportunities**

There may be significant competition in some or all of the acquisition opportunities that the Company may explore. Such competition may for example come from strategic buyers, sovereign wealth funds, special purpose acquisition companies and public and private investment funds, many of which are well established and have extensive experience in identifying and completing acquisitions. A number of these competitors may possess greater technical, financial, human and other resources than the Company. The Company cannot assure investors that it will be successful against such competition. Such competition may cause the Company to be unsuccessful in executing an acquisition or may result in a successful acquisition being made at a significantly higher price than would otherwise have been the case.

### **Third party contractors and providers of capital equipment**

In common with most exploration and production companies, the Enlarged Group, or the relevant operator of assets in which it has an interest, may contract or lease services and capital equipment from third-party providers. Such equipment and services can be scarce and may not be readily available at the times and locations required.

In addition, there can be no guarantee that necessary equipment and services will be available at a reasonable cost in the future. The scarcity of such equipment and services, as well as their potentially high costs, could delay, restrict or lower the profitability and viability of the Enlarged Group projects and therefore have an adverse effect on its business.

### **Health, safety and environment**

The Enlarged Group's operations are subject to laws and regulations relating to the protection of human health and safety as well as the environment. The Company's health, safety and environment policy is to observe local legal requirements as well as to apply recognized international standards in its operations. Failure by any member of the Enlarged Group, or the relevant operator of the assets in which it has an interest, to comply with applicable legal requirements or recognised international standards may give rise to significant liabilities.

Health, safety and environment laws and regulations may over time become more complex and stringent or the subject of increasingly strict interpretation or enforcement. The terms of licences or concessions may include more stringent environmental and/or health and safety requirements. The obtaining of exploration, development or production licences and permits may become more difficult or be the subject of delay by reason of governmental, regional or local environmental consultation, approvals or other considerations or requirements.

These factors may lead to delayed or reduced exploration, development or production activity as well as to increased costs.

## **Counterparties**

The Enlarged Group may enter, into joint venture arrangements in order to pursue its projects. Any failure by the Enlarged Group's counterparties to comply with their contractual obligations (or their obligations arising under applicable laws) may have adverse consequences for the Enlarged Group.

Such delays or defaults or adverse pricing or other contractual terms could adversely affect the Enlarged Group's business, results of operations and cash flows.

The Enlarged Group intends to enter into agreements with a number of contractual counterparties in relation to the sale and supply of its hydrocarbon production volumes. The Enlarged Group is therefore subject to the risk of delayed payment for delivered production volumes or counterparty default.

In certain cases, any member of the Enlarged Group's counterparty, either legally or as a result of geographic, infrastructure or other constraints or factors, may be in practice the sole potential purchaser of such entity's production output. In such circumstances, such entity may be exposed to adverse pricing or other adverse contractual terms.

## **Retention and recruitment of skilled personnel and professional staff**

The Enlarged Group's business requires skilled personnel and professional staff in the areas of exploration and development, operations, engineering, business development, oil and gas marketing, finance and accounting. There is competition for such personnel globally and in Germany. Limitations on the Enlarged Group's ability to hire and train the required number of personnel would reduce its capacity to undertake further projects and may have an adverse impact on its operations, results and growth.

There are a limited number of persons with the requisite experience and skills to serve in the Enlarged Group's management positions. Should any existing member of the management team leave the Enlarged Group, the Enlarged Group may not be able to locate or employ qualified executives on acceptable terms. In addition, if the Enlarged Group's competitors offer, for instance, better compensation or working conditions, the Enlarged Group could potentially lose some of its key managers. If the Enlarged Group cannot attract, train and retain qualified managers, the Enlarged Group may be unable to successfully manage its growth or otherwise compete effectively in the oil and gas industry, which could adversely affect its business.

## **Licensing and other regulatory requirements**

The Enlarged Group's activities in the countries in which it operates, or intends to operate, are subject to, among other things, licences, regulations and approvals of governmental authorities including those relating to the exploration, development, operation, production, marketing, pricing, transportation and storage of oil and gas, taxation and environmental and health and safety matters. The Enlarged Group has limited control over whether or not necessary approvals of licences (or renewals thereof) are granted, the timing of obtaining (or renewing) such licences or approvals, the terms on which they are granted or the tax regime to which it or assets in which it has interests will be subject. Any delay in obtaining or renewing any licence may result in a delay in investment or development of a resource and may have a material adverse effect on the acquired business' results of operations, cash flows and financial condition. There is no guarantee that all required licences will be granted in accordance with the applications, nor that they will be granted on conditions satisfactory for the Enlarged Group to operate its business. Licences also contain conditions and requirements that must be met in order to maintain them, and may be suspended, terminated or revoked if the Enlarged Group fails to comply with the relevant requirements, whilst the Enlarged Group could also be subject to fines for failure to comply. There can also be no assurance that the relevant authorities will not significantly alter the conditions or area of, or that any third-party will not challenge, the licences held by the Enlarged Group. The occurrence of any of these risks could have a material adverse effect on the Enlarged Group's results of operations, cash flows and financial condition.

## **Market conditions**

Market conditions may have a negative impact on the Enlarged Group's ability to execute investments in suitable assets which generate acceptable returns or to raise cash in order to fund its existing business or any future investments. There is no guarantee that the Enlarged Group will be successful in sourcing suitable

assets or making any investments in assets at all or in raising cash to fund any of those assets or investments.

### **Interest rates**

Until such time as all of the net proceeds of the Fundraise are applied by the Company to fund acquisitions, the unapplied portion of the net proceeds will be held by the Company in anticipation of future acquisitions and to meet the running costs of the Company. Such deposits are likely to yield very low interest rates and lower returns than the expected returns from an investment. The Company can give no assurance as to how long it will take it to source additional transactions, if at all, and the longer the period the greater the likely impact on the Company's performance, financial condition and business prospects.

### **Costs associated with potential acquisitions**

The Company expects to incur certain third-party costs associated with the sourcing of suitable assets. The Company can give no assurance as to the level of such costs, and given that there can be no guarantee that negotiations to acquire any given assets will be successful (for example, the Company may fail to complete a proposed acquisition because it has been outbid by a competitor or does not meet the sellers' internal hold value), it may be left with substantial unrecovered transaction costs, including legal, financial, advisory or other expenses, including general and administration costs, which could have a material adverse effect on the financial condition and prospects of the Company. The greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Company's performance, share price, financial condition and business prospects.

### **Due diligence process**

The Enlarged Group intends to conduct such due diligence as it deems reasonably practicable and appropriate, based on the facts and circumstances applicable to each potential project, before making an acquisition. The objective of the due diligence process will be to identify material issues which might affect an acquisition decision. When conducting due diligence and making an assessment regarding an acquisition, the Enlarged Group will be required to rely on resources available to it, including, in the main, data provided by the vendor, public information and, in some circumstances, third party investigations. As a result, there can be no assurance that the due diligence undertaken with respect to any potential project will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such project. Further, there can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will be accurate and/or remain accurate in the period from conclusion of the due diligence exercise until the desired investment has been made. Due diligence may also be insufficient to reveal all of the past and future liabilities relating to the operations and activities of the target, including but not limited to liabilities relating to litigation, breach of environmental regulations or laws, governmental fines or penalties, pension deficits or contractual liabilities.

### **Valuation error**

In assessing the consideration to be paid for an acquisition, the Directors, amongst other things, expect to rely on market data, industry statistics and industry forecasts consisting of estimates compiled by industry professionals, organisations, analysts or publicly available information. Industry publications generally state that their information is obtained from sources they believe to be reliable but that the accuracy and completeness of such information is not guaranteed and that the forecasts or projections they contain are based on a number of significant assumptions. Although the Company intends to use sources that are believed to be reliable, it may not always have access to the underlying information, methodology and other bases for such information and may not have independently verified the underlying information and, therefore, cannot guarantee its accuracy and completeness. Accordingly, errors in any of the assumptions or methodology employed by a third party in preparing a report on which the Company may place reliance may materially adversely affect the Company's valuation and therefore returns on any acquisition, business, results of operations, financial condition and prospects.

### **Long-term nature of investments**

While an investment may be sold by the Enlarged Group at any time, it is not generally expected that this will occur for a number of years after such an acquisition is made. Investments in oil and gas assets and companies are best suited for long-term investors.

### **Illiquid nature of the Company's investment**

Return of capital to Shareholders and the realisation of gains, if any, generally will occur only upon the partial or complete disposal of an investment, or ultimately the Company itself, which is likely to be several years after first investment.

### **Increased pressure to reduce emissions**

There is increasing concern about climate change and the link between global warming and carbon emissions generated directly and indirectly by oil and gas activities. Certain pressure groups wish oil and gas to be replaced with other energy sources which generate lower emissions. In the medium to long term should energy generators and consumers switch to new forms of energy, including renewables, there will be a corresponding reduction in demand for oil and gas. Market sentiment towards oil and gas companies may be negatively impacted by both government regulation and by activism reducing available capital along with demand for the Company's shares from both the public and institutions.

### **Cyber risks**

The Enlarged Group is at risk of financial loss, reputational damage and general disruption from a failure of its information technology systems or an attack for the purposes of espionage, extortion, terrorism or to cause embarrassment. Any failure of, or attack against, the Enlarged Group's information technology systems may be difficult to prevent or detect, and the Enlarged Group's internal policies to mitigate these risks may be inadequate or ineffective. The Enlarged Group may not be able to recover any losses that may arise from a failure or attack.

## **RISKS RELATING TO THE OIL AND GAS INDUSTRY**

The Enlarged Group's projects will be subject to the normal risks of oil and gas projects, and such profits as may be derived from such projects are subject to numerous factors beyond the Enlarged Group's control. Certain of these risk factors are discussed below.

### **Hydrocarbon prices**

Historically, hydrocarbon prices have been subject to large fluctuations in response to a variety of factors beyond the Enlarged Group's control. Accordingly, the Enlarged Group can give no assurance that hydrocarbon prices will not decline further in the future. Lower hydrocarbon prices may reduce the economic viability of the Enlarged Group and/or its projects, result in a reduction in revenues or net income, impair the Enlarged Group's ability to make planned expenditures and could materially adversely affect the Enlarged Group's business, prospects, financial condition and result of operations.

### **Reserve and resource estimates**

Any future reserve and/or resource figures relating to future projects will be estimates and there can be no assurances that the reserves or resources are present, will be recovered or that they can be brought into profitable production. Reserves and resources estimates may require revisions based on actual production experience. Estimating the amount of hydrocarbon reserves and resources is a subjective process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in revisions to original estimates. Furthermore, a decline in the market price for commodities produced by projects that the Enlarged Group may invest in could render remaining reserves uneconomic to recover and may ultimately result in a restatement of reserves.

### **Exploration, development and production risks**

Exploration, development and production activities are capital intensive and inherently uncertain in their outcome. The Enlarged Group's future oil and gas, exploration, development and production projects may involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Furthermore, completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. If development activities prove unsuccessful over a prolonged period of time, the Enlarged Group may not have sufficient longer term working capital to continue to meet its obligations and its ability to obtain additional financing necessary to continue operations may also be adversely affected.

In addition, operations of the Enlarged Group or by operators of assets in which it has interests involve risks normally incident to such activities, including blowouts, oil or chemical spills, explosions, fires, equipment damage or failure, natural disasters, adverse weather conditions, mechanical failures or delay, governmental regulations or delays, geological uncertainties, unusual or unexpected rock formations and abnormal pressures. The occurrence of any of these events could result in environmental damage, injury to persons and loss of life, failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves. Consequent production delays and declines from normal field operation conditions can be expected to adversely affect revenue and cash flow levels to varying degrees.

### **Ability to exploit successful discoveries**

It is possible that a project which the Enlarged Group may have acquired or in which the Enlarged Group may have invested may not be able to exploit commercially viable discoveries in which it holds an interest. Exploitation may require external approvals or consents from relevant authorities and the granting of these approvals and consents is beyond the Enlarged Group's control. The granting of such approvals and consents may be withheld for lengthy periods, not given at all, or granted subject to the satisfaction of certain conditions which the project the Company may have acquired or in which the Enlarged Group may have invested cannot meet. As a result of such delays, the project the Enlarged Group may have acquired or in which the Enlarged Group may have invested may incur additional costs, losses of revenue or part or all of its equity in a licence.

### **Inadequate supply of, and interruptions in availability of exploration, production or supply infrastructure**

Inadequate supply of the critical infrastructure elements for drilling production, transport and processing could result in reduced production or sales volumes, which in turn could have a negative effect on the Enlarged Group's financial performance. Disruptions in the supply of essential utility services to its critical infrastructure could halt the Enlarged Group's production for the duration of the disruption and, when unexpected, may cause loss of life or damage to its drilling equipment or facilities, which may in turn affect its ability to recommence operations on a timely basis. Adequate provision of transportation services, such as timely pipeline and terminal access, are critical to distributing products and disruptions to such services, or increased costs in relation to accessing them (which may be outside the control of the Enlarged Group) may affect the Enlarged Group's operations including resulting in the shutting-in of producing wells if production cannot be off-taken. The Enlarged Group will be dependent on third party providers of utility and transportation services. Shared infrastructure, such as the shared services between Lauben and Schwarzbach, carries associated risks when multiple fields and operators feed into a common infrastructure, in particular there are risks of contamination or off-specification gas or fluids entering the shared infrastructure which may result in the rejection of gas or fluids at the terminal point and/or shutdowns of the infrastructure, all of which may affect the Enlarged Group's operations.

The Enlarged Group, may in the future, be reliant upon government and third party owned pipelines and processing facilities for the export of its oil and gas products to local and international markets. These facilities are not owned or operated by the Enlarged Group. As such, the Enlarged Group's oil and gas production levels may be adversely affected by events relating to such infrastructure, including obtaining governmental approvals or consents, repairs and maintenance, planned and un-planned shut-downs, civil conflict and terrorism, regulatory changes, competition from other suppliers and other operational matters which are unrelated to the performance of the Enlarged Group's oil and gas fields and beyond its control.

Such interruptions or delays may have a material adverse effect on the Enlarged Group's business, financial condition, prospects, results and/or future operations.

### **Equipment failure**

There is a risk of equipment failure due to, amongst other factors, wear and tear, design error or operator error which could have a material adverse effect on the Enlarged Group's operations and, in turn, the Enlarged Group's financial performance.

### **Volatility of prices**

The supply, demand and prices for commodities are volatile and are influenced by factors beyond the Enlarged Group's control. These factors include global demand and supply, exchange rates, interest rates and inflation rates and political events. With increased pressure to reduce GHG emissions by replacing fossil fuel energy generation with zero emission energy generation it is possible that peak demand for oil will be reached, and, as a result, oil price will be adversely impacted as and when this happens. A significant prolonged decline in commodity prices could impact the viability of some or all of the exploration, development and producing projects which the Enlarged Group may propose to acquire. Additionally, production from geographically isolated countries may be sold at a discount to current market prices.

### **Corporate and regulatory formalities**

Conducting exploration, development, production or other oil and gas activities has or will involve the requirement to comply with various procedures and approval formalities. It may not in the future be possible to comply or obtain waivers of all such formalities. In the case where it is not possible for the Enlarged Group to comply, or it cannot obtain a waiver, in relation to an asset that it has acquired, that asset may incur a temporary or permanent disruption to its activities and a loss of part or all of its interest in a lease or licence.

### **Climate change and related regulation**

Many participants in the oil and gas sector are large users of energy. Various regulatory measures aimed at reducing emissions and improving energy efficiency may affect the Enlarged Group's operations and acquisition opportunities. Policy developments at an international, regional, national and subnational level, including those related to the 2015 Paris Agreement and emissions trading systems, such as the Emissions Trading System of the European Union, could adversely affect the Enlarged Group's profitability if projects that it invests in have material greenhouse gas-intensive and energy-intensive assets.

In addition, the impact of climate change on any of the Enlarged Group's potential acquisitions is uncertain and will depend on circumstances at individual operating sites. These may increase costs, reduce production levels or otherwise impact the results of operations of the Enlarged Group's acquisitions.

The Company expects emission costs to increase from current levels beyond 2023 and for regulations targeting reduced emissions to have a wider geographical application than today. There is continuing uncertainty over the detail of anticipated regulatory and policy developments, including the targets, mechanisms and penalties to be employed, the timeline for legislative change, the degree of global cooperation among nations and the homogeneity of the measures to be adopted across different regions. This ambiguity, in turn, creates uncertainty over the long-term implications for the Enlarged Group's expected projects and operating costs and the constraints the Enlarged Group may face in order to comply with any such new regulations. For example, to meet regulatory targets imposed in the future, the Enlarged Group may be required to adopt new technological solutions for its assets within a limited timeframe to reduce GHG emissions, and there can be no assurance that the Enlarged Group would be successful in making such adaptations.

### **The emergence of new technologies that disrupt the oil and gas sector, or a gradual shift towards alternative fuels**

The oil and gas sector is dominated by large national and supermajor oil and gas companies, including Exxon, Shell, BP and Total, which possess significant cash and financial resources and class-leading technological expertise. These and other competitors are continuously investing substantial amounts in

research, development and innovation. In addition, world-leading technology and automotive companies, such as Apple, Google and Tesla, are also conducting extensive research into new, potentially disruptive, technologies, such as the electrification and automation of motor vehicles and ground-breaking battery technologies, which could have a significant impact on demand for oil-based products worldwide if they were to be widely adopted.

This global research effort is, in part, in response to a trend in demand towards greater fuel efficiency and a shift to alternative fuels, prompted by heightened environmental awareness among governments and consumers. There is a risk that greater-than-expected improvements in fuel efficiency over the near-term, whether due to technological advancements or more stringent regulation, could lower demand for diesel and gasoline. For example, automakers globally have, over recent years, significantly improved the efficiency of conventional internal combustion engines through technological innovation, and have developed increasingly competitive hybrid and fully-electric motor vehicles. Some countries offer programs that seek to incentivise the use of more environmentally friendly vehicles by offering subsidies or tax breaks or by directly banning the use of vehicles using conventional petroleum-based fuels beyond a certain year. Legislative changes could also be accompanied by, or serve to accelerate, a shift in consumer preference towards alternative fuels due to increased environmental awareness and the improved competitiveness of “green” technologies.

Moreover, the emergence of one or more disruptive technologies that rapidly accelerate the pace of change, or suddenly alter the direction of change, could have a negative impact on the Enlarged Group’s long-term strategy. There can be no assurance that the Enlarged Group would be successful in adjusting its business model in a timely manner to anticipate, or react to, changes in demand resulting from changes in legislation, technologies, consumer preference or other market trends, and its failure to do so could have a material adverse effect on the Enlarged Group’s strategy, financial condition, results of operations and prospects.

### **Regulatory measures and governmental commitments to energy transition**

Various regulatory measures aimed at reducing GHG emissions and improving energy efficiency may affect the Enlarged Group’s operations and acquisition opportunities. Policy developments at an international, regional, national and subnational level, including those related to the 2015 Paris Agreement and emissions trading systems, such as the EU Emissions Trading System, could adversely effect the Enlarged Group’s profitability if projects that it invests in have material GHG-intensive and energy-intensive assets. The Company expects GHG emissions costs to increase from current levels and for regulations targeting reduced GHG emissions to have a wider geographical application than today. There is continuing uncertainty over the detail of anticipated regulatory and policy developments, including the targets, mechanisms and penalties to be employed, the timeline for legislative change, the degree of global co-operation among nations and the homogeneity of the measures to be adopted across different regions. This ambiguity, in turn, creates uncertainty about the long-term implications for the Enlarged Group’s expected projects and operating costs and the constraints the Enlarged Group may face in order to comply with any such new regulations.

### **Activism and protest risk**

The Enlarged Group may be subject to activism from groups campaigning against fossil fuel extraction which could affect the Enlarged Group’s reputation, disrupt its campaigns, require the Enlarged Group to incur significant, unplanned expense to respond or react to intentionally disruptive campaigns, result in limitations or restrictions on certain sources of funding (including investment from current or other potential investors as well as funding from commercial banks), create blockades to interfere with operators or otherwise negatively impact the Enlarged Group’s business or prospects.

### **Fiscal and other risks derived from government involvement in the oil and gas industry**

The governments of countries in which the Enlarged Group currently operates or may operate have exercised and continue to exercise significant influence over many aspects of their respective economies, including the oil and gas industry. The German Government has exercised and will continue to exercise significant influence over many aspects of its economy, including the oil and gas industry. Any government action concerning the economy, including the oil and gas industry, such as a change in oil or gas pricing policy (including royalties), exploration and development policy, or taxation rules or practice, or renegotiation or nullification of existing concession contracts, could have a material effect on the Enlarged Group. Some

European countries have brought in “windfall taxes” to address the perceived financial upside that oil and gas companies are benefitting from through the increase in energy costs. There can be no assurance that the Enlarged Group will not be subject to such windfall taxes (or other exceptional costs) nor that any such measures will be temporary rather than long term changes nor that the Enlarged Group will be able to fund such measures whether from any increased revenues or at all. Furthermore, there can be no assurance that these governments will not postpone or review projects or will not make any changes to laws, rules, regulations or policies, in each case, which could materially and adversely affect the Enlarged Group’s financial position, results of operations or prospects.

### **Environmental regulation**

Environment and safety legislation (such as in relation to plugging and abandonment of wells, discharge of materials into the environment and otherwise relating to environmental protection) may affect the Enlarged Group’s ability to make or pursue investments and may change in a manner that may require more strict or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulation. There may also be unforeseen environmental liabilities resulting from oil and gas activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean-up costs and obligations and liability for toxic or hazardous substances, for which a company may become liable, as a result of its activities, may be impossible to assess against the current legal framework and current enforcement practices of the various jurisdictions. Consequently, the economic impact on the Enlarged Group’s profitability is difficult to assess. Environment and safety authorities additionally have extensive enforcement powers under environment and safety legislation. These powers extend to statutory notices to require operational steps and to prohibit certain activities or operations until compliance is achieved. A violation of environment and safety legislation, or failure to comply with the instructions of the relevant environment and safety authorities could therefore lead to, inter alia, a temporary shutdown of all, or a portion of, the Enlarged Group’s facilities and the imposition of costly compliance procedures. If environment and safety authorities shut down all, or a portion of, the Enlarged Group’s business, financial condition, results of operations and prospects would be materially and adversely affected.

### **Assessing future abandonment expenditure**

When assessing assets for acquisition, the Enlarged Group will assume certain obligations in respect of the decommissioning and abandonment of wells, fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and will require the Company to make provisions for and/or underwrite the liabilities relating to such decommissioning. It is difficult to forecast with any accuracy the future costs the Enlarged Group will incur in satisfying such decommissioning obligations. When such decommissioning costs crystallise on assets acquired, the Enlarged Group will be jointly and severally liable for them with other former or current partners in the field. If such partners default on their obligations, the Enlarged Group could remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that the Enlarged Group may incur could have a material adverse effect on its business, financial condition, results of operations and prospects.

### **Lack of Operating Schedules**

Operating Schedules exist for Lauben, Schwarzbach wells 1-4 and Steig well 1. There are additional Operating Schedules for the plugging of two wells for Rieden and plugging of two wells for Nördlicher Oberrhein. There is a risk that Operating Schedules are not granted for the other projects, specifically for additional wells required to develop the Steig or Graben fields. Under section 51 of the German Federal Mining Act, without an Operating Schedule, mining operations may in principle neither be constructed nor operated or discontinued. Furthermore, under section 145(1) of the German Federal Mining Act, in principle it is an administrative offence to manage an operation subject to an Operating Schedule without an approved Operating Schedule. As the existence of approved Operating Schedules is a prerequisite for the exploration and extraction of the resources, the lack of such Operating Schedules could prove an obstacle in the event that the Enlarged Group wished to manage an operation subject to an Operating Schedule without an approved Operating Schedule, though at present such activity is not planned in the near future by the Enlarged Group and has not been undertaken recently.

### **Land rights and lease termination and withdrawal**

As is usual under German law, for data protection reasons, some of the lease agreements provided by the Sellers are redacted copies. As a result, it is unclear if they all comply with all of the requirements of the German Civil Code. While there are technical risks of termination rights arising under the German Civil Code which the Company is unable to assess given the redacted nature of those leases, the Directors consider these risks to be relatively low. More generally, the Enlarged Group's oil and gas production activities in the countries in which it operates or intends to operate may be subject to obtaining the land rights or registrations it needs to pursue its projects.

### **Risk of Easements**

Under German law, only the landowner is entitled to inspect German land registers. It is therefore not currently known to the Enlarged Group whether, and it remains a risk that, limited personal easements or other rights in rem securing or otherwise encumbering the land covered by the licences exist for the benefit of third parties.

### **Possible Dispute**

The City of Bruchsal has raised concerns regarding the extension of the Graben-Neudorf exploration licence on the basis that the drinking water supply could be impaired by the planned wells "Steig T1" and "Steig 2 to 7." Whilst Rhein Petroleum has taken measures to protect the drinking water and the relevant authority has determined that the project has no impact on the groundwater, there remains a risk for the Enlarged Group that proposed drilling operations could be impacted by a dispute with the City of Bruchsal.

### **Existing Decommissioning Liabilities and Coverage**

Rhein Petroleum has interests in several wells, some of which have decommissioning security in place. Security is in place over the Stockstadt and Allmend wells through DRAG, which the Company intends to replace with an escrow arrangement, and plugging and abandonment of such wells is expected to occur during the course of 2023. Lauben 7 is a producing well, in relation to which security is provided by the operator, ONEO GmbH & Co. KG. As regards Schwarzbach, security is provided by DRAG as at the date of this Document but as above the intention is for this to be replaced by an escrow arrangement. Security is currently in place for Steig-1 by way of an escrow arrangement.

### **The Company will be reliant on a functioning insurance market**

The Enlarged Group intends to maintain a programme of insurance to cover exposure up to recognized industry limits. However, in the future, there may not be sufficient cover available at economic rates in conventional markets to insure all of the Enlarged Group's potential liabilities, particularly due to the inherently hazardous nature of the business of the Enlarged Group or for acts and omissions of subcontractors, operators and joint venture partners. Any contractual indemnities the Enlarged Group may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. The Enlarged Group may also suffer material losses from uninsurable or uninsured risks. Operational insurance policies are usually placed in one-year contracts and the insurance market can withdraw cover for certain risks which can greatly increase the costs of risk transfer. Such increases are often driven by factors unrelated to the Enlarged Group. In addition, insurers may come under pressure from activists to withdraw their support for the oil and gas industry reducing the underwriting capacity and increasing the cost of cover to potentially un-economic levels. The occurrence of any of these risks could adversely affect the Enlarged Group's financial performance.

### **The Company may be at risk from uninsured hazards and/or uninsured liabilities**

The Enlarged Group may be subject to substantial liability claims due to the inherently hazardous nature of its business or for acts and omissions of sub-contractors, operators or joint venture partners. Any indemnities the Enlarged Group may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. Although the Enlarged Group intends to maintain insurance in accordance with industry practice, there may be circumstances where the Enlarged Group does not have, or cannot obtain, insurance to cover certain risks at a reasonable market premium, including business interruption insurance. In addition, there can be no assurance that the proceeds of

insurance applicable to covered risks will be adequate to cover the relevant losses or liabilities. Accordingly, the Enlarged Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage that may have a material adverse effect on the Enlarged Group's business.

### **Market risk**

The scale of production from a development of a discovered oil and gas resource will be dependent upon factors over which the Enlarged Group has no control such as market conditions at that time, access to, and the operation of, transportation and processing infrastructure, the available capacity levels and tariffs payable by a particular project entity for such infrastructure and the granting of any licences or quotas that a particular project entity may require from the relevant regulatory authority. All of these factors may result in delays in production and additional costs for a particular project or, ultimately, a reduction in expected revenues for the Enlarged Group. Therefore, there is a risk that the Enlarged Group may not make a commercial return on its investment.

### **Labour disruptions**

There is a risk that strikes or other types of conflict with unions or employees may occur at any one of the Enlarged Group's investments or in any of the geographic regions in which the Enlarged Group owns assets. Any labour disruptions could increase operational costs and decrease revenues by delaying the business activities of the Enlarged Group's investments or increasing the cost of substitute labour, which may not be available. Furthermore, if such disruptions are material, they could adversely affect the Enlarged Group's results of operations, cash flows and financial condition.

### **Employment risks**

Certain of Rhein Petroleum's employment contracts do not meet the new requirements of the new German Verification Act which came into force on 1 August 2022, and as such some provisions (including the preclusion and expiration periods) within the contracts are invalid. The intention is for these employment contracts to be reviewed and amended in short order following Admission, however there remains a risk that the lack of compliance with the Verification Act could result in fines being imposed on Rhein Petroleum, as violations are treated as administrative offences punishable with fines of up to EUR 2,000 per violation. However, at present the Directors do not consider this to be a material risk given the low number of employees. Rhein Petroleum hires freelancers and contractors on a project and order related basis and there is a general risk that claims could be brought against such freelancers and contractors or agency or outsourced workers in the event that Rhein Petroleum uses such workers in the future, though again this is considered by the Directors to be a low risk given the low number of freelancers and contractors hired by Rhein Petroleum.

### **Pension Risk**

Under German law, Rhein Petroleum is obliged to offer its employees a company pension plan. The employee may demand from Rhein Petroleum that up to 4 per cent. of the respective contribution assessment ceiling in the statutory pension insurance be used for his or her occupational pension scheme by means of deferred compensation. The implementation of the employee's claim is regulated by agreement. If Rhein Petroleum is prepared to implement it through a pension fund or through another pension institution, the pension shall be implemented there; otherwise, the employee may demand that Rhein Petroleum takes out a direct insurance policy for him. Insofar as the claim is asserted, the employee must annually use an amount of at least one hundred and sixtieth of the reference amount pursuant to section 18, subsection 1 of the Fourth Book of the German Social Security Code for his or her company pension. Insofar as the employee uses parts of his or her regular remuneration for company pension provision, Rhein Petroleum can require that consistent monthly amounts be used during a current calendar year. Rhein Petroleum must additionally pass on 15 per cent. of the converted remuneration as an employer's contribution to the pension fund, Pensionskasse or direct insurance insofar as he or she saves social security contributions through the conversion of remuneration. Insofar as a company pension scheme financed by deferred compensation exists, the employee's entitlement to deferred compensation shall be excluded. There is a risk that the Enlarged Group will be liable for existing pension liabilities under the statutory regime outlined above.

## **Competition**

The oil and gas industry is very competitive and the Enlarged Group will face competition for potential investments and in the countries within which it will conduct its investment activities. Some of the Enlarged Group's competitors have access to greater financial and technical resources than the Enlarged Group and a greater ability to borrow funds to acquire assets. Competition for attractive investment opportunities may lead to higher asset prices which may affect the Enlarged Group's ability to invest on terms which the Directors consider attractive. Such conditions may have a material adverse impact on the Enlarged Group's ability to secure attractive investment opportunities and consequently may have an adverse effect on the net asset value and the market price of the Ordinary Shares.

## **RISKS RELATING TO THE ORDINARY SHARES**

### **Status of the New Ordinary Shares on AIM and risk of cancellation**

#### **Liquidity of Ordinary Shares**

Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. The market for shares in smaller public companies is less liquid than for larger public companies. Therefore, an investment in the Ordinary Shares may thus be difficult to realise. The Ordinary Shares will not be listed on the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. The price of the Ordinary Shares may be volatile, influenced by many factors, some of which are beyond the control of the Company, including the performance of the overall share market, other Shareholders buying or selling large numbers of Ordinary Shares, changes in legislation or regulations and general economic conditions.

#### **Investment risk**

The value of an investment in the Company could, for a number of reasons, go up or down. There is also the possibility that the market value of an investment in the Company may not reflect the true underlying value of the Company.

A change of control of the Company could trigger adverse consequences in certain commercial contracts to which members of the Group are party (whether triggering the ability to terminate such agreement, pre-emption/transfer rights, or the acceleration of contingent obligations under such agreement).

#### **Distributions to Shareholders**

Investors should note that payment of any future dividends will be at the discretion of the Board after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs. Pursuant to the Act, dividends may only be declared and paid if the Company has passed the defined Solvency Test under the Act that is that the directors have decided the Company can meet its debts as they fall due immediately after the distribution and that the assets of the Company are greater than its liabilities.

In addition, the Company's ability to pay distributions to Shareholders depends on the earnings and cash flows of the companies it invests in and their ability to pay the Company distributions and to repatriate funds to it. Other contractual and legal restrictions applicable to the Company and its investments could also limit its ability to obtain cash from them. If there are changes to accounting standards or to the interpretation of accounting standards, this could have an adverse impact on the Company's ability to pay dividends. The Company's right to participate in any distribution of its investee companies' assets upon their liquidation, reorganisation or insolvency would generally be subject to prior claims of such companies' creditors, including lenders and trade creditors.

#### **Investor profile**

The Placing will be marketed to institutional and sophisticated investors seeking capital appreciation. An investment in the Ordinary Shares is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may

arise from that investment (taking into account the fact that those losses may be equal to the whole amount invested). Such an investment should be seen as medium to long term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio. The value of shares can go down as well as up, any dividend returns can fluctuate widely and investors may not realise the value of their initial investment.

### **Reverse Takeovers**

A further substantial acquisition may trigger a reverse takeover transaction under AIM Rule 14, which will make that additional acquisition subject to prior Shareholder approval and re-admission to AIM or another listing venue for the enlarged entity. Shareholders should note that where a transaction is considered to be a reverse takeover transaction under AIM Rule 14, and the Shareholders approve any such transaction, trading on AIM in the Ordinary Shares will be cancelled and re-admission to AIM or another listing venue will be required to be sought in the same manner as any other applicant applying for admission of its securities for the first time. Trading in the Ordinary Shares will normally be suspended following the announcement of any such transaction until the Company has published a re-admission document in respect of the Company.

## **GENERAL RISKS**

### **Financing**

The Company's business involves significant financial expenditure. The only sources of financing currently available to the Company are through the issue of additional equity capital or through bringing in partners to fund exploration and development costs. The Company's ability to raise further funds will depend on the success of existing and acquired investments. The Company may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Company may be required to reduce the scope of its investments or anticipated expansion. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available in the future, and any incremental debt financing may involve restrictive covenants, which may limit the Company's operating flexibility. An inability to obtain sufficient funding may adversely affect the Company's business, results of operations and cash flows. It is anticipated that any development capital funding will include an equity component which may materially dilute shareholders' holdings of Ordinary Shares. In addition, shareholders may be further diluted through the exercise of the Warrants and Options, or any other warrants, options or convertible securities issued by the Company.

### **Political, economic, legal, regulatory and social risk**

The Enlarged Group's operations are exposed to the political, economic, legal, regulatory and social risks of countries in which it operates or intends to operate, in particular Germany, the Isle of Man and the United Kingdom. These risks potentially include expropriation (including "creeping" expropriation) and nationalisation of property, instability in political, economic or financial systems, uncertainty arising from undeveloped legal and regulatory systems, corruption, civil strife or labour unrest, acts of war, armed conflict, terrorism, outbreaks of infectious diseases, prohibitions, limitations or price controls on hydrocarbon exports and limitations or the imposition of duties on imports of certain goods.

Some of the countries in which the Enlarged Group may look to operate in the future could have transportation, telecommunications and financial services infrastructures that may present logistical challenges not associated with doing business in more developed locales. Certain governments in other countries have in the past expropriated or nationalised property of hydrocarbon production companies operating within their jurisdictions. Sovereign or regional governments could require the Company to grant them larger shares of hydrocarbons or revenues than previously agreed to.

Once the Enlarged Group has established hydrocarbon exploration and/or production operations in a particular country, it may be expensive and logistically burdensome to discontinue such operations should economic, political, physical, or other conditions subsequently deteriorate. All of these factors could materially adversely affect the Enlarged Group's business, results of operations, financial condition or prospects.

## **United Kingdom exit from the European Union**

Following a national referendum and enactment of legislation by the UK government, the UK formally withdrew from the European Union on 31 January 2020 and following a transition period, the UK and the European Union entered into a UK-EU Trade and Cooperation Agreement (the "Withdrawal Agreement") on 30 December 2020 to govern their future relationship. Significant political and economic uncertainty remains concerning the implementation of the Withdrawal Agreement, and this may have a significant adverse effect on global economic conditions and the stability of global financial markets. Asset valuations, currency exchange rates and credit ratings may be particularly subject to increased market volatility. Any of these factors could have a significant adverse effect on the Company's business, financial condition, results of operations and prospects.

## **Developments in global financial markets**

There can be no assurances that financial conditions in the global financial markets will not worsen or adversely affect the Enlarged Group's then prevailing financial position and performance or, indeed, those of its investments.

## **Foreign exchange movements**

The Company may continue to acquire foreign companies, hence some contracts may be priced in foreign currencies and also have employees based overseas paid in foreign currencies. It is therefore exposed to the risk that adverse exchange rate movements could cause its costs to increase (relative to its reporting currency) resulting in reduced profitability. The Company, where deemed relevant, takes steps to mitigate this risk by putting in place hedging arrangements to reduce exposure to currency risk, however these may not always be entirely effective, and residual currency risk may exist.

## **Taxation risk**

Any change in the Company's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the Ordinary Shares or the investments held by the Company, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Company and its investors are based upon tax law and practice at the date of this document, which is subject to change. Investors should seek specialist taxation advice and should not rely on the terms of this document.

Whilst the Directors will use their reasonable endeavours to structure the Enlarged Group's investments to comply with local laws and regulations, as well as with a view to mitigating the tax effect of local tax regulations, there can be no guarantee that laws and regulations which may adversely impact the Enlarged Group's ability to realise its investments will apply to some or all of the Enlarged Group's investments. In such circumstances, the Enlarged Group's ability to invest in assets in the target countries without suffering a material and adverse effect on its investments may be affected.

Given the Enlarged Group's overseas presence, it is possible that any return the Company receives from it may be reduced by irrecoverable foreign withholding or other local taxes and this may reduce any net return derived by investors from a shareholding in the Company.

The Company is aware of the economic substance regulations which have been brought into force in the Isle of Man through the Income Tax (Substance Requirements) Order 2018. It is possible that, in future accounting periods, changes may have to be made to certain management functions or processes in order for the Company to be able to satisfy the substance requirements. The implications of the economic substance regulations will be monitored by the Company as the nature of the Company's activities develops.

## **Force majeure**

The Company's proposed projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, earthquakes, explosions or other catastrophes, epidemics or quarantine restrictions, which may have a material adverse effect on the Company's future financial condition and results.

## PART III

### INFORMATION ON THE CONCERT PARTY AND ADDITIONAL DISCLOSURES REQUIRED UNDER THE CITY CODE

#### 1. OVERVIEW OF THE CONCERT PARTY

Under the City Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company to which the City Code applies. Control means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

Under presumption 10 of the City Code's definition of acting in concert, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Code applies are presumed to be acting in concert.

Tulip and DRAG are the two shareholders of Rhein Petroleum which, following completion of the Acquisition at the time of Admission, will receive the Equity Consideration in the Company. However, the Company and the Takeover Panel have agreed that Tulip and DRAG should not be treated as acting in concert with one another for the purposes of the City Code.

The City Code applies presumptions of concertedness as follows:

- a presumption that a company ("Y") will be acting in concert with another company ("Z") where one of the companies is interested, directly or indirectly, in 30 per cent. or more of the equity share capital in the other, together with any company which would be presumed to be acting in concert with either Y or Z under the presumption set out immediately below, all with each other.
- a presumption that a company ("X") is acting in concert with any company which controls, is controlled by or is under the same control as X, all with each other.

The City Code also provides that a fund manager will be treated as having an interest in securities which it manages for a client on a discretionary basis, and that a client will not be treated as having an interest in securities if it has given to an independent fund manager absolute discretion regarding dealing, voting and offer acceptance decisions.

Applying the presumptions above, Tulip, Northwharf Nominees (a member of the Barclays Group) together with other members of the Barclays Group, and Stichting Pensioenfond ABP together with members of its group are presumed to be acting in concert with one another as the Concert Party in relation to the Company.

Further details of the individual members of the Concert Party are set out below in paragraph 2 of this Part III.

On Admission and following completion of the Proposals (including, in particular, the issue to Tulip of the TOH Consideration Shares, the TOH Subscription Shares [and the TOH Additional Shares], but excluding any New Ordinary Shares to be issued to Tulip following the exercise of any TOH Warrant), the members of the Concert Party will, in aggregate, be interested in [●] New Ordinary Shares, which will represent approximately [36.7] per cent. of the Enlarged Share Capital and total voting rights of the Company, assuming no share options or warrants in respect of Ordinary Shares are exercised prior to the issue of the New Ordinary Shares and that there are no other changes to the Company's current issued share capital.

The maximum controlling position of the Concert Party is [36.7] per cent. as set out in paragraph 10 of Part I of this document.

#### 2. INFORMATION ON THE MEMBERS OF THE CONCERT PARTY

##### Background Information

Tulip is a company incorporated on 30 June 2010 in the Netherlands with its corporate seat in Waddinxveen, the Netherlands and is registered with the trade register of the Chamber of Commerce under number

50297023. It was incorporated to invest in the oil and gas sector and currently holds 90 per cent. of the shares in Rhein Petroleum. Following completion of the Acquisition, Tulip will have net assets of approximately €100 million and its business will consist of holding its investments in Beacon and other companies from legacy transactions as a passive investor, and its financial and trading prospects will depend on the performance of those investments.

The board of Tulip comprises three directors, being David Ellis, Leo Koot and Richard Jennings. Their business address is Troelstrahoeve 40, 2743 JE Waddinxveen, The Netherlands.

**Northwharf Nominees and the Barclays Group**

Northwharf Nominees, a Barclays Group entity, holds approximately 79.47% of the voting rights in Tulip. The remaining shares in Tulip are held by three minority shareholders. As regards the economic rights attaching to Tulip’s shares, those flow to Northwharf Nominees as to 99.3 per cent., with the remaining 0.7 per cent. flowing to two of the minority shareholders. Tulip is not a member of the Barclays Group and therefore not consolidated for accounting purposes.

Northwharf Nominees holds the majority of the beneficial interest in Tulip as nominee for (a) BNRI Limehouse No 1 Sarl (a company incorporated in Luxemburg with number B163191 (Luxco), a member of the Barclays Group (see further below) and (b) a number of limited partnerships through which various passive co-investors hold interests in Tulip. A member of the Barclays Group is the general partner of each of the limited partnerships referred to in (b) and in each case a member of the Barclays Group has been appointed to manage the investment on a discretionary basis. Barclays PLC is the ultimate parent company of the Barclays group which as at 31 December 2022 had total assets as on its balance sheet of £1,513.7bn.

Northwharf Nominees holds approximately 49% of the beneficial interest in Tulip as nominee for Forior Limited Partnership (“Forior”).

**ABP and APG**

Stichting Pensioenfonds ABP (“ABP”) is the sole limited partner in Forior, which, as noted above, has a beneficial interest of approximately 49 per cent. in Tulip and is presumed to be acting in concert with Tulip pursuant to presumption (2) within the definition of acting in concert in the City Code. ABP is the pension fund for the Dutch government and education employees in the Netherlands. Assets of ABP are managed by members of its group, including subsidiaries of APG Group N.V. (“APG”), the largest pension provider in the Netherlands. APG had pension assets under management of approximately €541 billion as at 30 January 2023.

**Credit ratings**

The current credit ratings publicly accorded to Barclays PLC by Standard & Poor’s, Moody’s and Fitch are as follows:

<i>Standard &amp; Poor’s</i>	<i>Moody’s</i>	<i>Fitch</i>
BBB	Baa2	A

Save as set out above, there are no current ratings or outlooks publicly accorded to any member of the Concert Party by ratings agencies.

**3. INTENTIONS OF TULIP**

The Company and Tulip have discussed, and Tulip are supportive of, the proposed strategy of the Enlarged Group, which is summarised as follows:

- developing the Erfelden field to create a self-funding business with the free cash flow from Erfelden used to deliver organic growth through the appraisal and development of the Steig and Graben discoveries and maturing the exploration portfolio while continuing to target the acquisition of discovered resources with an emphasis on cash-generative production;

The above strategy will be implemented by:

- drilling at least 3 development wells over the next 2 years, targeting the Stockstadt-Mitte block and comprising two oil producers and one water injector;
- conversion of the existing oil producer on the Schwarzbach Main block into a water supply well for the injector;
- further development of the Erfelden field through drilling the Schwarzbach South block;
- appraisal and development of the Steig and Graben discoveries over the next 3-5 years;
- de-risking those parts of the exploration prospect inventory which have the potential for delivering transformational growth;
- integrating and optimising current operational capabilities and utilising the Enlarged Group's combined resources to improve efficiencies;
- capitalising on the current deal pipeline developed over the last year and targeting the acquisition of production and near-term cash flow with upside potential; and
- targeting high margin assets with attractive fiscal terms and actively engaging in screening and executing potential acquisitions with these characteristics.

Save for the appointment of Leo Koot, one of the Proposed Directors, Tulip has confirmed to the Company that it is not proposing to seek any change in the general nature of the Enlarged Group's business.

In particular, it has confirmed that it does not intend to make any changes in relation to:

- the future of the Company's business (including any research and development functions of the Company);
- the continued employment of the employees and management of the Company and of its subsidiaries, including the conditions of employment or the balance of the skills and functions of the employees and management;
- the proposed strategy of the Company (as summarised above), meaning that there are not likely to be any repercussions on employment and on the locations of the Company's place of business, including the location of the Company's headquarters and headquarters functions;
- the deployment of the fixed assets of the Company; and
- the maintenance of the Company's Ordinary Shares being admitted to trading on AIM.

The Company does not operate any pension schemes.

Tulip's intention is to remain a long-term investor in the Company and it has entered into the Lock-in and Orderly Market Agreement pursuant to which, conditional on Admission, Tulip will undertake as a separate undertaking to each of the Company, Strand Hanson, Tennyson Securities and Optiva Securities that, subject to certain limited exceptions, it will not dispose of, or agree to dispose of, New Ordinary Shares held by it or on behalf of it for a period of 12 months from the date of Admission. Additionally, Tulip will also be subject to an orderly market provision for 12 months following the first anniversary of the date of Admission.

Under Rule 25.2 of the Takeover Code, only independent directors of the Company are able to make a recommendation to the Shareholders with respect to the proposed Rule 9 Waiver Resolution. The Directors, all being independent for the purposes of the Takeover Code and who have been so advised by Strand Hanson, believe it is fair and reasonable and in the best interests of the Shareholders and the Company as a whole that the Rule 9 Waiver Resolution be passed and hereby recommend that Independent Shareholders vote in favour of the Rule 9 Waiver Resolution. Strand Hanson, as the Company's independent financial adviser, has taken into account the Directors' commercial assessments. In accordance with the requirements of the Takeover Code, members of the Concert Party are not permitted to vote on the Rule 9 Waiver Resolution.

**For further information on the Concert Party see paragraph 6 of this Part III (Additional Disclosures Required By The Takeover Code).**

## 4. INTERESTS AND DEALINGS

### 4.1 Definitions and interpretation

For the purpose of this Part III:

- (a) “**acting in concert**” has the meaning given to it in the Takeover Code;
- (b) “**connected person**” in relation to a person: (a) such person’s close relatives; (b) the trustee(s) of any trust for the benefit of such person mentioned in (a); (c) any company or other entity in which any such person mentioned in (a) or (b), directly or indirectly, controls 30 per cent. or more of the voting rights, has the right to appoint or remove a majority of the members of its board of directors, or which is accustomed to act in accordance with the instructions of any such person because such person has the power to exercise, or actually exercises, dominant influence or control;
- (c) “**close relatives**” has the meaning given to it in the Takeover Code;
- (d) “**dealing**” has the meaning given to it in the Takeover Code and “**dealt**” has the corresponding meaning;
- (e) “**derivative**” has the meaning given to it in the Takeover Code;
- (f) “**Disclosure Date**” means the close of business on [●] 2023, being the latest practicable date prior to the publication of this document;
- (g) “**Disclosure Period**” means the period commencing 12 months prior to the Disclosure Date;
- (h) “**interest**” in relevant securities has the meaning given to it in the Takeover Code;
- (i) “**Note 11 arrangement**” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to securities which may be an inducement to deal or refrain from dealing;
- (j) “**relevant Beacon securities**” means relevant securities (such term having the meaning given to it in the Takeover Code in relation to an offeree) of Beacon, including equity share capital of Beacon (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect any of the foregoing; and
- (k) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

### 4.2 Interests and dealings in relevant Beacon securities Ordinary Shares

- (a) As at the Disclosure Date, the members of the Concert Party held the following interests in, or rights to subscribe in respect of, relevant Beacon securities:

<i>Member of the Concert Party</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of existing voting rights</i>
Held within Barclays Bank plc and managed for clients on a discretionary basis	225,000	0.015

- (b) The following table sets out dealings in relevant Beacon securities by members of the Concert Party during the Disclosure Period:

<i>Concert Party Member</i>	<i>Date</i>	<i>Price (GBP)</i>	<i>Description of dealing</i>	<i>Number of Existing Ordinary Shares</i>
Barclays Capital Securities Ltd	22/03/2022	0.0024	Buy	12,531
	22/03/2022	0.0024	Sell	12,531
	05/04/2022	0.0021	Buy	2,463
	05/04/2022	0.0021	Sell	2,463
	14/04/2022	0.0017	Buy	6,094
	14/04/2022	0.0017	Sell	6,094
	25/04/2022	0.0020	Buy	4,343
	25/04/2022	0.0020	Sell	4,343

- (c) Save as disclosed in this document, as at the Disclosure Date:
- (i) Tulip did not have any interest in, right to subscribe in respect of or any short position in relation to any relevant Beacon securities, nor has Tulip dealt in any relevant Beacon securities during the Disclosure Period;
  - (ii) none of the directors of Tulip, nor any of their connected persons, had any interest in, right to subscribe in respect of or any short position in relation to any relevant Beacon securities, nor has any such person dealt in any relevant Beacon securities during the Disclosure Period;
  - (iii) no other person acting in concert with Tulip had any interest in, right to subscribe in respect of or any short position in relation to any relevant Beacon securities, nor has any such person dealt in any relevant Beacon securities during the Disclosure Period;
  - (iv) neither Tulip nor any person acting in concert with it had any Note 11 arrangements with any other person;
  - (v) neither Tulip, nor any person acting in concert with Tulip, has borrowed or lent any relevant Beacon securities (including for these purposes any financial or collateral arrangements) during the Disclosure Period, save for any borrowed shares which have been either on-lent or sold.
- (d) Save as disclosed in this Document, at the disclosure date:
- (i) neither the Company nor the Existing Directors (including any members of their respective immediate families, related trusts or connected persons) nor any person acting in concert with the Company had any interest in or a right to subscribe for, or has any short positions in relation to any relevant securities of the Company;
  - (ii) neither the Company nor any of the Existing Directors (including any members of their respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to any ordinary shares in Tulip nor had they dealt in any ordinary shares in Tulip during the disclosure period;
  - (iii) neither the Company nor any of the Existing Directors (including any members of their respective immediate families, related trusts or connected persons) nor any person acting in concert with the Company had borrowed or lent any relevant securities of the Company, save for any borrowed shares which have either been on-lent or sold during the disclosure period;
  - (iv) the Company has not redeemed or purchased any of its relevant securities during the disclosure period.

## 5. MARKET QUOTATIONS

The following table sets out the closing middle market quotations for an Ordinary Share in the Company for the first business day of each of the six months immediately preceding the date of this document and for [●] (being the latest practicable date prior to the publication of this document):

<i>Date</i>	<i>Price per Ordinary Share</i>
[●] March 2023	0.0018 pence
1 March 2023	0.0018 pence
1 February 2023	0.0018 pence
3 January 2023	0.0018 pence
1 December 2022	0.0018 pence
1 November 2022	0.0018 pence
3 October 2022	0.0018 pence

## 6. ADDITIONAL DISCLOSURES REQUIRED BY THE CODE

- (a) The particulars of the service agreements and letters of appointment of each of the Directors is set out in paragraph 10 of Part IX of this Document.
- (b) Tulip has not entered into any form of incentivisation arrangements with the Company's management in connection with the Proposals, nor has it held any discussions with those individuals in relation thereto.

- (c) No contracts have been entered into by the Company, any other member of its Group or Tulip, not being contracts entered into in the ordinary course of business, which are, or may be material, during the period beginning two years before the publication of this document.
- (d) Save as disclosed in this, paragraph 8 of Part I, there has been no significant change in the financial or trading position of the Company since the publication of the Company's interim results for the period ended 31 October 2022 (the date to which the last unaudited interim accounts of the Company were prepared).
- (e) There are no relationships (personal, financial or commercial), arrangements or understandings between Tulip (on the one hand) and any of (i) Strand Hanson (or any person who is, or presumed to be, acting in concert with Strand Hanson), (ii) so far as Tulip is aware, any shareholder of Beacon (or any person who is, or presumed to be, acting in concert with such a shareholder) or (iii) any Existing Director (or any of their close relatives or related trusts).
- (f) Strand Hanson has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of the references to its name in the form and context in which it appears.
- (g) Lubbock Fine LLP has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of the references to its name in the form and context in which it appears.
- (h) Copies of the audited consolidated accounts of Beacon Energy plc for the financial years ended 30 April 2022 and 30 April 2021 are available, free of charge, from the Company's website at <https://www.beaconenergyplc.com/investor-relations/corporate-documents/>. The accounts have not been reproduced in this Document and are therefore incorporated by reference.
- (i) Save as disclosed in this document, no agreement arrangement or understanding (including any compensation arrangement) exists between Tulip or any member of the Concert Party and any of the Directors of Beacon or the recent directors or (so far as Tulip and the other members of the Concert Party are aware) the shareholders or recent shareholders of Beacon having any connection with or dependence upon or which is conditional upon the Rule 9 Waiver.
- (j) Save as disclosed in this document, there is no agreement, arrangement or understanding pursuant to which the beneficial ownership of any New Ordinary Shares to be acquired by Tulip pursuant to the Proposals will be transferred to any other person, except that Tulip reserves the right to transfer any such shares to any other member of its group.
- (k) The Company has confirmed that it does not intend to make any changes in relation to the continued employment of its employees and management (and those of its subsidiaries), including any material change in the conditions of employment or in the balance of the skills and functions of the employees and management.

## **7. INDEPENDENT ADVICE**

Strand Hanson Limited, of 26 Mount Row, London, W1K 3SQ, has provided competent independent advice to the Directors, in accordance with the requirements of paragraph 4(a) of Appendix 1 to the Takeover Code, in relation to the granting of the Rule 9 Waiver and the Proposals. Strand Hanson has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the references to its name in the form and context in which it appears. Strand Hanson confirms that it is independent of the Concert Party and has no commercial relationship with any of its members.

## **8. RESPONSIBILITY**

Each of the Directors accepts responsibility for the information (including any expressions of opinions and their recommendations of the Resolutions) contained in this Document, save for any information relating to the Concert Party (including the intentions of the Concert Party with relation to the Company, as set out in paragraph 3 of Part III) for which responsibility is accepted on the basis set out in the paragraph below. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document, for which they accept responsibility, is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the directors of Tulip, whose names are set out in paragraph 2 of this Part III, accepts responsibility for the information contained in this document (including any expressions of opinion) relating to (i) Tulip and the shareholders of Tulip (apart from Northwharf Nominees); and (ii) such Tulip director (and their respective close relatives, related trusts and other persons connected with them). To the best of the knowledge and belief of each director of Tulip (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the directors of Northwharf Nominees, whose names are set out under the definition of Northwharf Nominees in the Definitions section of this document, accepts responsibility for the information contained in this document relating to the Barclays Group and to the directors of Northwharf Nominees. To the best of the knowledge and belief of each director of Northwharf Nominees (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of Ron Boots, Head of Infrastructure Europe, APG Asset Management N.V. and Arjen Reinders, Head of Infrastructure Europe, APG Asset Management N.V. (the “**APG Responsible Persons**”), accept responsibility for the information contained in this document relating to Stichting Pensioenfonds ABP and APG Group N.V. To the best of the knowledge and belief of each APG Responsible Person (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. The business address of each APG Responsible Person is Basiweg 10A, 1043 AP Amsterdam, The Netherlands.

## **9. CURRENT TRADING AND RATINGS OF THE COMPANY**

The Company’s most recent interim results for the six months ended 31 October 2022 were announced on 13 January 2023 and are incorporated by reference in Part VI of this Document. The Company continues to trade in-line with the Board’s expectations.

There are no current public ratings or outlooks accorded to the Company by ratings agencies.

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

This Document, as well as copies of the following documents will be available to view at the Company’s registered offices during normal business hours on any business day and on the Company’s website ([www.beaconenergyplc.com](http://www.beaconenergyplc.com)), from the date of this Document:

- (a) the memorandum and articles of association of the Company;
- (b) the articles of association of Tulip;
- (c) the interim results for the six-month period to 31 October 2022 and the audited consolidated accounts of the Company for the financial years ended 30 April 2021 and 2022;
- (d) the audited consolidated accounts of Tulip for the financial years ended 31 December 2019 and 31 December 2020;
- (e) the written consent of Strand Hanson referred to in paragraph 6(f) of this Part III;
- (f) Material Contracts, as set out in Paragraph 13 of Part IX, in so far as they relate to the Proposals;
- (g) Director’s service agreements as set out in paragraph 10 of this Part IX;
- (h) the Competent Person’s Report;
- (i) this Document.

**PART IV**  
**COMPETENT PERSONS REPORT**

**[SGS letterhead and signature to be added for final Admission Document]**

SGS confirms that, to the best of its knowledge and belief, there has been no material change in circumstances or available information to those stated in the CPR since the effective date of the CPR (6 December 2022) and we are not aware of any significant matters arising from our evaluation that are not covered by the CPR which might be of a material nature with respect to the proposed Transaction and this document.



## **Competent Person Report (CPR) - Rhein Petroleum GmbH**

Compiled in accordance with AIM Note for Mining, Oil and Gas Companies, June 2009

**6th of December 2022**

## DISCLAIMER

This competent person report (CPR) has been prepared for, and is addressed to, Beacon Energy plc and Strand Hanson Limited, for inclusion in an Admission Document to be published by Beacon Energy in relation to the acquisition of Rhein Petroleum GmbH and associated capital raising.

This report has been prepared for the exclusive use of Beacon Energy plc and Strand Hanson Limited. SGS Nederland B.V. will not accept responsibility or liability to third parties (parties or persons other than Beacon Energy plc and Strand Hanson Limited) to whom this report may be shown or into whose hands it may come.

Beacon Energy plc and Strand Hanson Limited acknowledges that the report reflects the facts as recorded by SGS Nederland B.V. at the time of intervention only and within the limits of the instructions received from the client. The report must always be presented in its entirety. References to and citations from the report are accompanied by the report in its entirety. Beacon Energy plc and Strand Hanson Limited warrants that the meaning of the text as intended by the author of the report is not distorted by the manner in which text is reproduced in citations or the manner in which the text is otherwise referenced.

SGS Nederland B.V. has made every effort to ensure that the interpretations, conclusions and recommendations presented herein are accurate and reliable in accordance with good industry practice and its own quality management procedures. SGS Nederland B.V. does not, however, guarantee the correctness of any such interpretations, conclusions and recommendations and shall not be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation, conclusion or recommendation made by any of its officers, agents, employees or representatives.

Standard geological and engineering techniques accepted by the petroleum industry were used in estimating recoverable hydrocarbons. These techniques rely on engineering and geo-scientific interpretation and judgment; hence the resources included in this evaluation are estimates only and should not be construed to be exact quantities. It should be recognized that such estimates of hydrocarbon resources may increase or decrease in future if there are changes to the technical interpretation, economic criteria or regulatory requirements. Property descriptions, details of interests held, and well data, as obtained from Beacon Energy plc and Strand Hanson Limited, or public sources, were accepted as represented. No further investigation was made into either the legal titles held or any operating agreements in place relating to the subject properties.

Signed:



Niek Dousi  
Competent Person



Richard Keen  
Business Manager

Date: 6<sup>th</sup> of December 2022

Date: 6<sup>th</sup> of December 2022

## **PROFESSIONAL QUALIFICATIONS, VALUATION BASIS AND CONDITIONS OF USE**

SGS Nederland B.V., subsurface consultancy (SGS) has used the working interest percentages that Rhein Petroleum (RP) has in the assets, as communicated by Beacon Energy plc (the company). SGS has not verified, nor does SGS make any warrant as to Rhein Petroleum's interest in the assets. Beacon Energy plc has instructed SGS to provide an independent Competent Person's Report (CPR) documenting Reserves, Contingent Resources and Prospective Resources in relation to Company's planned acquisition of Rhein Petroleum.

This CPR was prepared in compliance with the "AIM Note for Mining, Oil and Gas Companies, June 2009", published by the London Stock Exchange.

### **Professional Qualifications**

SGS is a petroleum geosciences and engineering consultancy that provides specialist services in the assessment and valuation of upstream petroleum assets.

SGS has provided consultancy services to the oil and gas industry for over 20 years. The work for this report was carried out by SGS specialists having between 15 and 40 years of experience in the estimation, assessment and evaluation of hydrocarbon reserves.

Except for the provision of professional services provided on a fee basis, SGS, has no commercial arrangement or interest with Beacon Energy plc, or with the asset that is the subject of the report, or with any other person or company involved in the interests.

### **Data and Valuation Basis**

In estimating petroleum in place and recoverable volumes, standard industry petroleum engineering techniques have been applied. There is uncertainty inherent in the measurement and interpretation of basic geological and petroleum data. There is no guarantee that the ultimate volumes of petroleum in place or recovered from the field will fall within the ranges quoted in this report. This uncertainty has been taken into account in estimating the range of petroleum initially in place and recoverable quantities, using the industry standard system as set out in the documents entitled "Petroleum Resource Management System", 2018, (PRMS) and "Guidelines for Application of the Petroleum Resources Management System", November 2011, PRMS is a recognized oil and gas industry standard approved by the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), Society of Exploration Geophysicists (SEG), American Association of Petroleum Geologists (AAPG), European Association of Geoscientists and Engineers (EAGE), Society of Professional Well Log Analysts (SPWLA) and the Society of Petroleum Evaluation Engineers (SPEE) in 2018. SGS has used this as the "internationally recognised standard" required by the AIM Note.

SGS has independently assessed the future performance of the German assets as part of the transaction and only validated estimates of capital and operating costs at a very high level, modifying these where it is judged appropriate. Economic modelling has been carried out based on the generated forecasts of costs and production. The capital and operating costs have been combined with production forecasts based on the reserves at the 1P (Proved), 2P (Proved + Probable) and 3P (Proved + Probable + Possible) levels of confidence and the other commercial assumptions outlined in this report, in order to develop an economic assessment for this petroleum interest and properly classify the recoverable quantities. The valuations do not take into account any outstanding debt or accounting liabilities.

SGS has evaluated the petroleum assets according to PRMS requirements and the economic determination of a project is tested using an undiscounted rate. If the project/asset has a positive undiscounted cumulative cash flow for the 2P case then the project/asset is considered economic. If other commercial requirements are met then the project/asset has reserves (at least in the 2P) if the 1P case undiscounted cash flow is also economic then the project has 1P reserves. In estimating the future cash flows of the assets SGS has used extrapolated economic parameters based upon recent and current market trends. Estimates of these economic parameters, notably the future price of crude oil, is uncertain and a range of values has been considered. There is no guarantee that the actual economic parameters, in the forecast period, will be within the ranges considered.

The assessment is based on information provided by Rhein Petroleum, SGS has relied on Rhein Petroleum and Beacon Energy plc for validation of the accuracy and completeness of the data set

provided. The supplied data has been supplemented by public domain regional information where necessary.

Within this report, SGS makes no representation or warranty as to: (i) the amounts, quality or deliverability of Reserves of oil, natural gas or other petroleum; (ii) any geological, geophysical, engineering, economic or other interpretations, forecasts or valuations; (iii) any forecast of expenditures, budgets or financial projections; (iv) any geological formation, drilling prospect or hydrocarbon reserve; (v) the state, condition or fitness for purpose of any of the physical assets, including but not limited to well, operations and facilities related to any oil and gas interests or (vi) any financial debt, liabilities or contingencies pertaining to the organisation, Rhein Petroleum and Beacon Energy plc.

We affirm that from the cut-off date for delivery of this report, the 1<sup>st</sup> of November 2022, to the date of issue of this report, 6th of December 2022, that 1) there are no matters known to SGS that would require a change to this report, and 2) SGS is not aware of any matter in relation to this report that it believes should and may not yet have been brought to the attention of Beacon Energy plc.

This report has been compiled in accordance with the guidelines on the scope and content of a Competent Persons' Report as set out in the AIM Note "Guidance for Mining and Oil and Gas Companies, June 2009" for the purpose of inclusion within an AIM Admission document.

### **Conditions of Usage**

The report was compiled during September to November 2022, with the effective cut-off date for inclusion of data being the 1<sup>st</sup> of November 2022. Should substantive new data or facts become available then the report should be updated to incorporate all recent data. The reference date for the economic evaluation is the 1<sup>st</sup> of January 2023.

The copyright of this CPR document remains the property of SGS. It has been provided to Beacon Energy plc for inclusion in an Admission Document to be published by Beacon Energy in relation to the acquisition of Rhein Petroleum GmbH and associated capital raising. Notwithstanding these general conditions, SGS agrees to the publication of the CPR document, in full, in accordance with AIM Rules for Companies.

The accuracy of this report, data, interpretations, opinions and conclusions contained within, represents the best judgement of SGS, subject to the limitations of the supplied data and time constraints of the project. In order to fully understand the nature of the information and conclusions contained within the report it is strongly recommended that it should be read in its entirety.

## EXECUTIVE SUMMARY

At the request of Beacon Energy plc and Strand Hanson Limited, SGS has prepared this Competent Persons Report (CPR) relating to the acquisition of Rhein Petroleum GmbH (RP). The CPR has been prepared for inclusion in an Admission Document to be sent to shareholders of Beacon Energy plc and to be available on the company's website. It has been prepared in accordance with the AIM Note for Mining, Oil and Gas Companies, which forms part of the AIM Rules for Companies, as published by the London Stock Exchange. The resource volume assessments are reported in compliance with the definition and guidelines set out in the 2018 Petroleum Resource Management System (PRMS).

There are no material changes to resources or values evaluated as at 1<sup>st</sup> November 2022 or to the analysis and opinions expressed in this CPR.

## Licences

Rhein Petroleum has interest in a number of assets onshore Germany and the following is a list of their licenses:

SUMMARY TABLE OF ASSETS									
Country	State	Asset		Operator	Interest	Status	Licence Expiry Date	Licence area km <sup>2</sup>	Comments
		Licence	Field/Discovery/Prospect		%				
Germany	Bayern	Lauben	Lauben Field	ONEO	50%	Production	31-Dec-41	6.67	Lauben-7 well producing
		Rieden	-	ONEO	50%	Exploration	30-Nov-22	35.99	Licence to expire
	Hessen	Schwarzbach	Schwarzbach Field	Rhein Petroleum	100%	Production	31-Dec-45	8.84	Schwarzbach-1a well producing
		Nördlicher Oberrhein	Hamm Prospect	Rhein Petroleum	100%	Exploration	16-Nov-25	587.22	
			Dungau Prospect						
			Gross Rohrheim Prospect						
	Nördlicher Oberrhein II	-	Rhein Petroleum	100%	Exploration	16-Nov-25	27.70		
	Baden-Württemberg	Weschnitz	Weinheim Prospect	Rhein Petroleum	100%	Exploration	30-Jun-27	91.89	
		Graben-Neudorf	Steig Discovery	Rhein Petroleum	100%	Exploration	31-May-24	326.51	Steig-1 well suspended as a potential producer
			Feldslag Prospect						
Karlsruhe-Leopoldshafen	Graben Discovery	Rhein Petroleum	60%	Exploration	31-Dec-22	182.35	Extension application submitted 30-Aug-22		

**Figure 1-1 Overview of licenses (source: Beacon Energy plc)**

An application for the extension of the Karlsruhe-Leopoldshafen exploration licenses has been submitted and SGS has assumed that there is a reasonable expectation of success given the track record of extending licenses in Germany. RDG GmbH is a privately held company based in Germany. It engages in the development and production optimisation of existing oil and gas fields. RDG GmbH rebranded as ONEO in 2021 and they are the Operator of Lauben.

## The producing assets

The producing assets on the Lauben and Schwarzbach licences are governed under a tax royalty system. The royalty rate for Erfelden field on the Schwarzbach licence is 10% and for Lauben 0% according to Beacon Energy plc. More information on the tax-royalty regime can be found under section 11.1.

## Erfelden (Producing/Development)

Rhein Petroleum holds a 100% interest in the Schwarzbach licence. In the recent past 3D seismic was shot over Erfelden greatly enhancing the image of the structure. The Erfelden field is currently under production from one well SCHB-1a, which produced at a peak rate of 225 stb/d and is currently producing 15 stb/d. The operator is envisaging developing the so-called Stockstadt-Mitte (STK-M) block on the licence, which holds a substantial amount of STOIIIP and has been discovered by the STKM-1 well. This development targets the Meletta-Schichten (ME) and Pechelbronner-Schichten (PBS) formations. First oil is envisaged from March-2023.

### *Planned activity*

Based on client information, the operator Rhein Petroleum, to be acquired by Beacon Energy plc, intends to undertake the following principal operations:

1. Drill 2 oil producers in the Stockstadt Mitte block, targeting the Meletta, Upper- and Lower PBS
2. Drill one water injector in the Stockstadt Mitte block, targeting the Meletta, Upper- and Lower PBS
3. Convert the SCHB-1a well into a water supply well when the water injector has been drilled

The planned wells will be connected to the existing Schwarzbach processing facility.

The capital being raised in conjunction with the acquisition of Rhein Petroleum is expected, inter alia, to directly fund the drilling of the first production well on the Stockstadt Mitte block, namely SCHB-2, in Q1 2023, with further planned activities set out above expected to be fully funded from free cash flow generated from future production.

### **Lauben (Producing)**

Rhein Petroleum holds a 50% non-operated interest in the Lauben licence which is operated by ONEO. The Lauben field is currently under production from one well, Lauben-7, which is currently producing at about 40 stb/d (100%WI) and shows an exponential decline. Current water rate is stable at about 10 stb/d. No additional development activity is planned for Lauben.

### **Steig (Development/Appraisal/Exploration)**

Rhein Petroleum holds a 100% interest in the Graben Neudorf licence, which includes the Steig discovery. Steig is covered by 3D seismic. It consists of several reservoirs both proven and potential, the Meletta-Schichten (ME), Pechelbronner-Schichten (PBS) and deeper Buntsandstein. The Meletta and PBS were discovered to be oil bearing and were successfully tested by the Steig-1 well. An oil rate of about 60 stb/d was measured from the Meletta-A reservoir. The Steig PBS was tested at rates of about 160stb/d of oil, albeit at high drawdowns. Beacon Energy plc is studying a combined Steig-ME and Steig-PBS development, leading to technical and commercial synergies. In addition, further data acquisition will be carried out to further de-risk the subsurface uncertainties. Therefore, the Steig-ME development has been subclassified as "Development Unclassified," and contingent resources have been ascribed to the development. The Steig PBS contains substantial amounts of oil volumes (P50 STOIP equals some 78MMstb), but it is a complicated structure and relatively modest oil rates were tested by the Steig-1 well, due to the viscous nature of the oil. SGS has ascribed contingent resources to Steig ME and Steig PBS and the development has been subclassified as "Development Unclassified."

### **Graben East (Development/Appraisal/Exploration)**

Rhein Petroleum holds a 60% interest in the Karlsruhe-Leopoldshafen licence and is the operator. The Graben asset has historically had production from the Graben-1 and Graben-2 wells. It is a complex faulted structure now covered by 3D seismic which shows it to be bounded to the south by an E-W fault and to the east and west by normal faults splaying northwards and dividing the field into two N-S fault blocks dip-closed to the north. The oil-bearing reservoirs are the Oligocene Cyrenen-Mergel (CM) and the Meletta (ME) sands. However, modern petrophysical analysis of the legacy wells has revealed bypassed pay in the upper CM sands. The 3D seismic also suggests that the wells drilled downdip of the structure and that unproduced volumes exist updip. The focus of the Graben project therefore is to target the bypassed and updip pay suggested by the recent studies.

Preliminary development plans exist to target these reservoirs with an oil producer and water injector. Contingent Resources are carried by SGS, sub-classifying the development as “Development Pending.”

### **Exploration portfolio**

Rhein Petroleum has identified more than 10 prospects across the portfolio, including the Steig Buntsandstein structure. SGS has validated Rhein Petroleum’s process in quantifying the potential STOIIP ranges by reviewing relevant material such as maps, seismic data, offset well logs and PVT data. The Steig Buntsandstein and the Weinheim structure appear to be the most attractive targets, containing substantial amounts of potential STOIIP with P50’s of 56 MMstb and 554 MMstb respectively (aggregate across 5 potential reservoirs).

### **Methodology**

Standard industry methods were applied to generate the production forecasts: For the Erfelden development a material balance model was applied. For Lauben decline curve analysis was applied. Reservoir simulation was adopted to estimate recoverable volumes for the Steig ME. For Steig PBS and Graben East a simple volumetric evaluation was carried out.

### **Cost and Economic model**

A cost model was built by Rhein Petroleum which was shared with SGS and was validated. It is a mixed portfolio with cost sharing between Erfelden and Lauben developments. SGS has reviewed and validated pertinent cost assumptions, in terms of OPEX, CAPEX and ABEX on a high level and has adopted these costs in the portfolio economic model. The following scenarios have been assessed, among others not shown here:

1. Lauben Low – Erfelden Low
2. Lauben Best – Erfelden Best
3. Lauben High – Erfelden High

Economics of Lauben is dependent on the development of Erfelden. Erfelden Best and High (case 2 and 3) are economic with an NPV10 as of 1-Jan-2023 of 52.8 mln and 105.3 mln Euro respectively. For more details see section 11. The low case evaluated is sub-commercial at this stage, but reductions in OPEX may be realized, which could make the low case NPV0 positive.

### **Site visit**

SGS did not perform a site visit as this was outside of the scope of the evaluation. However, on the 20th and 21st September 2022, a representative of Xodus performed a site survey of the Schwarzbach and Lauben surface production facilities as part of the ongoing evaluation of the intended take-over of Rhein Petroleum by Beacon Energy plc. The report stated the Schwarzbach separator has sufficient capacity to handle the additional flow from the 3 new wells. The described facilities are unmanned and very simple in design, with a sufficient level of automation for the intended operation. Xodus concluded both sites to be in very good condition and in good state of maintenance. On the basis of the site survey, Xodus concluded the facilities present a relatively low risk to Beacon Energy plc with regards to their current condition. For more information reference is made to section 18.

### **Use of flared gas**

According to Rhein Petroleum all gas produced is consumed in operations, thereby reducing operating costs if this fuel had to be bought from external parties.

**Table 1-1 Overview of reserves, Contingent Resources and Prospective resources assigned to Rhein Petroleum's assets. Source: SGS 2022**

License	Reserves All figures in 1000bbbls	Gross			Net attributable			Operator	
		1P	2P	3P	1P	2P	3P		
Lauben	Lauben	-	126	144	-	63	72	ONEO	
Schwarchbach	Erfelden STK-Mitte and SWB-Mai	-	3,784	5,754	-	3,784	5,754	Rhein Petroleum	
	<b>Total reserves</b>	-	<b>3,910</b>	<b>5,898</b>	-	<b>3,847</b>	<b>5,826</b>		
License	Contingent resources All figures in 1000bbbls	Gross			Net attributable			chance of development	Operator
		1C	2C	3C	1C	2C	3C		
Schwarchbach	Schwarchbach South	1,669	2,417	3,315	1,669	2,417	3,315	50%	Rhein Petroleum
Karlsruhe-Leopoldhaven	Graben - East Block CM+CMD	2,000	3,200	4,800	1,200	1,920	2,880	70%	Rhein Petroleum
Graben-Neudorf	Steig ME	499	1,627	2,213	499	1,627	2,213	50%	Rhein Petroleum
	Steig PBS	13,000	17,000	22,000	13,000	17,000	22,000	50%	Rhein Petroleum
	<b>Total CR</b>	<b>17,168</b>	<b>24,244</b>	<b>32,328</b>	<b>16,368</b>	<b>22,964</b>	<b>30,408</b>		
License	Prospective Resources All figures in 1000bbbls	Gross			Net attributable			Probability of geological discovery	Operator
		1U	2U	3U	1U	2U	3U		
Karlsruhe-Leopoldhaven	Graben - West Block CM+CMD	2,600	4,100	5,900	1,560	2,460	3,540	50%	Rhein Petroleum
	Graben - West Block - ME C	730	1,100	1,600	438	660	960	40%	Rhein Petroleum
	Graben - West Block - ME B	150	500	1,100	90	300	660	40%	Rhein Petroleum
	<b>Graben Total</b>	<b>3,480</b>	<b>5,700</b>	<b>8,600</b>	<b>2,088</b>	<b>3,420</b>	<b>5,160</b>		
Graben-Neudorf	Steig Deep - Buntsandstein	9,000	16,000	24,000	9,000	16,000	24,000	30%	Rhein Petroleum
Weschnitz	Weinheim - CM+BNS+ME+PBS	92,000	150,000	234,000	92,000	150,000	234,000	42%	Rhein Petroleum
	Weinheim - Buntsandstein	18,000	30,000	45,000	18,000	30,000	45,000	15%	Rhein Petroleum
	<b>Weinheim - Total</b>	<b>110,000</b>	<b>180,000</b>	<b>279,000</b>	<b>110,000</b>	<b>180,000</b>	<b>279,000</b>		
Nordlicher Oberrhein	Hamm - PBS	918	1,435	2,081	918	1,435	2,081	45%	Rhein Petroleum
	Hamm - Buntsandstein	1,480	2,367	3,484	1,480	2,367	3,484	15%	Rhein Petroleum
	<b>Hamm - Total</b>	<b>2,398</b>	<b>3,802</b>	<b>5,565</b>	<b>2,398</b>	<b>3,802</b>	<b>5,565</b>		
	Feldschlag - BNS	996	1,585	2,417	996	1,585	2,417	40%	Rhein Petroleum
	Feldschlag - CM	568	888	1,433	568	888	1,433	40%	Rhein Petroleum
	Feldschlag - ME	675	1,094	1,690	675	1,094	1,690	20%	Rhein Petroleum
	<b>Feldschlag-Total</b>	<b>2,239</b>	<b>3,567</b>	<b>5,540</b>	<b>2,239</b>	<b>3,567</b>	<b>5,540</b>		
	Dungau	344	552	848	344	552	848	50%	Rhein Petroleum
	<b>Gross Rohrheim - Rotliegend</b>	<b>294</b>	<b>490</b>	<b>811</b>	<b>294</b>	<b>490</b>	<b>811</b>	<b>40%</b>	<b>Rhein Petroleum</b>
	<b>Total PR</b>	<b>127,755</b>	<b>210,111</b>	<b>324,364</b>	<b>126,363</b>	<b>207,831</b>	<b>320,924</b>		

All contingent- and prospective resources figures are unrisked.

SGS believes the Erfelden Stockstadt-Mitte project to be technically and commercially mature with 2P and 3P reserves assigned to it. Reserves amount to some developed reserves (SCHB-1a) but mainly undeveloped reserves. Since capital, with a reasonable expectation of being raised, is in progress, the reserves are sub-classified as "Justified For Development." The Lauben asset is limited by the End of License. Reserves, Contingent and Prospective resources are defined in section 14

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## 1 INTRODUCTION

SGS has been requested by Beacon Energy to prepare a CPR to be included in their AIM Admission document in accordance with the AIM Rules for Companies and specifically in compliance with the Note for Mining and Oil and Gas Companies (June 2009). An independent evaluation of licences held by Rhein Petroleum and in particular the main producing assets at the Erfelden project and Lauben, the Erfelden development, Graben and Steig potential developments and several exploration prospects has been performed, indicating expected NPV and Net Reserves. Beacon Energy plc and Strand Hanson Limited have asked SGS to determine Reserves and Resources according to PRMS guidelines (see section 4.1.2). SGS relied on the provision of data from existing licence holder Rhein Petroleum. This included seismic data, geological, petrophysical, engineering and cost data and information, as well as future Tax-royalty framework which may apply after the acquisition.



Figure 1-1 Location of the main assets. (Google Maps and Rhein Petroleum)

The Erfelden oil field is located in Federal State of Hessen close to the abandoned Stockstadt Main and Eich oilfields. The field is covered by 3D seismic. The field is split up into several blocks, Keuhkopf, Stockstadt Mitte, Schwarzbach Main and Schwarzbach South. Note that Keuhkopf and Schwarzbach South are not part of the Erfelden reserves assessment, as these blocks do not form part of the initial development plan of Rhein Petroleum. The key development target is Stockstadt Mitte. The Tertiary Pechelbronner-Schichten (PBS) formation is confirmed to be oil bearing in Stockstadt Main, Eich, Keuhkopf, Stockstadt Mitte and Schwarzbach Main. The overlying undeveloped Tertiary Meletta-Schichten (ME) was discovered by the STKM-1 well, which also confirmed oil presence within the PBS within the Stockstadt Mitte block. In addition, reservoir engineering analysis indicates that Stockstadt Mitte is partly in communication with Kuehkopf, sharing a common OWC. Peak oil rates of two previously drilled oil producing wells amount to ~68 and ~225 BOPD for the Kuehkopf-38 (stopped in 1985) and SCHB-1a wells (started in 2015) respectively.

A Rhein Petroleum management approved field development plan exists to develop the ME and PBS within the Stockstadt Mitte block by means of 2 deviated oil producers and 1 water injector. The wells will be tied-back to the existing Schwarzbach surface facilities. The SCHB-1a well will be converted into a water supply well. All oil wells will be ESP lifted. First oil is envisaged in March/April 2023, assuming drilling of the first well commences Q1 2023. The STOIIP in the combined ME and PBS in the best estimate case equals some 12 MMstb in the Stockstadt Mitte block. Expected peak oil rates reach ~800 BOPD in the best estimate case with an estimated recovery factor of some 32%. The recovery factors are in line with the analogue fields which reached recovery factors of some ~26 and ~40% for Eich and Stockstadt Main respectively.

The Lauben field is located in the Free State of Bavaria and presently consists of one well with no further development envisaged for this field.

In addition to existing Lauben and Schwarzbach production, SGS also evaluated the Erfelden, Graben and Steig development plans and a number of prospects that lie within the Rhein Petroleum licence areas.

The regulatory and fiscal regime is currently advantageous in Germany with stable and predictable permitting processes. The regulatory framework is likely to remain advantageous given the challenges associated with compromised gas supplies from Russia and the increasing importance for indigenous sources of energy and the environmental benefits of local supply of hydrocarbons over imported products. German oil production dates to 1858. In 2021 domestic oil and gas production amounts to some 120kboe/d. The Upper Rhine Graben is a historic oil and gas province, as over 400 exploration and appraisal wells have been drilled, discovering 57 oil and gas fields. The basin -opening Stockstadt Main oil field was discovered in the early 1950's and is adjacent to the Rhein Petroleum operated Erfelden development. Recent oil discoveries have been made by Rhein Petroleum i.e., Schwarzbach Main in 2015 and the shallow Steig formations in 2019. In 2003, a deep well to test geothermal potential serendipitously discovered the Römerberg field which doubled the total recoverable reserves in the German sector of the URG in a new play in Triassic reservoirs.

## 2 REGIONAL GEOLOGICAL OVERVIEW OF THE UPPER RHEIN GRABEN

The Upper Rhein Graben (URG) is one of several important hydrocarbon basins in Germany, including the Permian North German and Triassic Thuringian Basins to the north and the Tertiary Molasse Basin (that contains the Lauben asset) to the south (See Figure 2-1).



**Figure 2-1 The main sedimentary basins of Germany.** Source: Beacon Energy plc

The URG forms the central section of the European Cenozoic Rift System and is a mature hydrocarbon province and is in fact one of the oldest oil provinces in the world, with historical small-scale exploitation of surface oil seeps for medicinal and lubricant purposes. The main exploration phase took place after World War I.

The URG is a NNE-SSW trending 'failed rift' graben system. Some 25-35km wide, it extends for around 300km between Basel in the south to Frankfurt in the north. The URG formed over a pre-existing Hercynian shear zone during a period of extension during the middle/late Eocene to early Miocene.

Sedimentation reflects episodic interplay between marine and terrestrial processes as subsidence waxed and waned, with open marine-brackish lacustrine conditions giving way to lacustrine-fluviatile environments as uplift progressed. The syn-rift sediments are composed mainly of shales, silts and marls with minor intercalations of sands (see Figure 2-2). Along the rift margins coarse clastics are occasionally developed.

Broadly, the Tertiary reservoirs consist of the following:

**Pechelbronner-Schichten (PBS) sandstone** (Upper Eocene-Lower Oligocene). These sands were deposited in active half-grabens and form distinct wedges (see Figure 2-3). The PBS can be further sub-divided into Lower, Middle and Upper that reflects the fluvial dominated (Lower), marine dominated (Middle) and deltaic settings (Upper) of each. Provenance of the reservoir rocks are mainly the western shoulder of the URG, with some minor influx from the eastern margin.

**Meletta-Schichten (ME)**. These Rupelian sandstones are mostly marine in origin, becoming more brackish in the upper section.

**Cyrenen-Mergel (CM)** sands were deposited in the quieter, brackish lacustrine environment of the Late Rupelian.

**Bunte Niederroederner Schichten (BNS)**. These sandstones were deposited as thin stringers within the predominantly lacustrine setting of the late Rupelian-Early Chattian in a system of tectonically controlled graben lakes and braided rivers.

Below the Base Tertiary Unconformity (BTU), there are pre-rift, predominantly terrestrial, Mesozoic reservoirs of historically relatively minor importance, but with considerable future potential following the discovery the Römerberg field in 2003. These reservoirs include the Schilfsandstein and Malschenburg Sandstein of Middle and Upper Triassic age and the Buntsandstein of the Lower Triassic.

#### Source Rocks

The Fish Shale 'Fischscheifer' is the most important source rock for the URG and was deposited during a marine incursion during the early Oligocene (mid-Rupelian). 10-15m thick, it is composed of argillaceous limestones, marlstones and oil shales deposited in an low energy (restricted) anoxic marine environment. As a type-II kerogen, it is oil-prone and has excellent hydrocarbon generation potential. According to the literature, the Lias (Earliest Jurassic) is an important source rock throughout the basin, but as the Lias is absent through erosion here, long range migration from the central and southern parts of the Graben are required, Other minor Tertiary source rocks also exist, but their productivity and contribution to the URG petroleum system is probably minor.

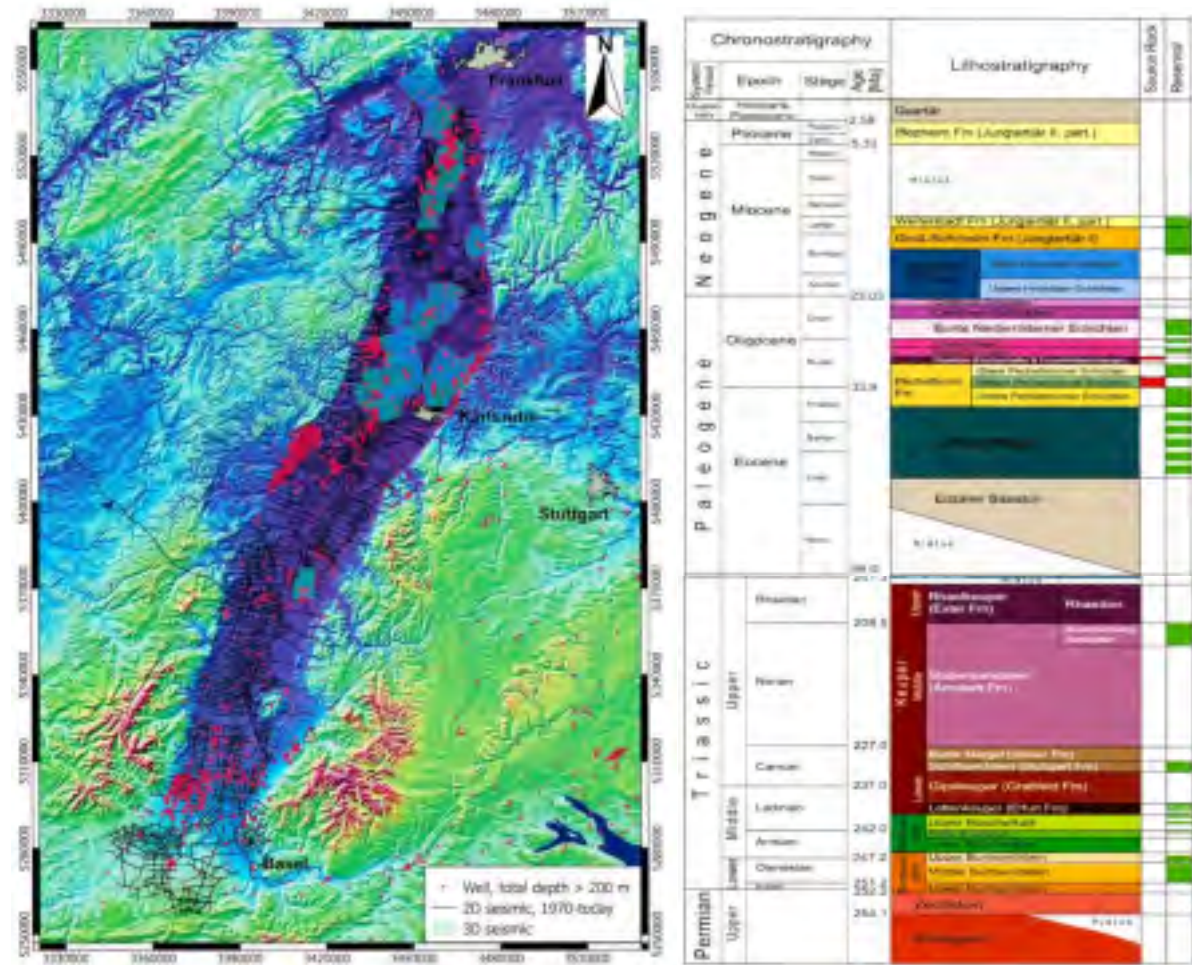


Figure 2-2 Digital elevation model of the URG (left) and the chronostratigraphy of the northern area

Timing of oil charge post-dates trap formation and is believed to be ongoing. Migration into the reservoirs is both vertical (into the PBS below and ME, CM and BNS above) and via lateral migration across faults.

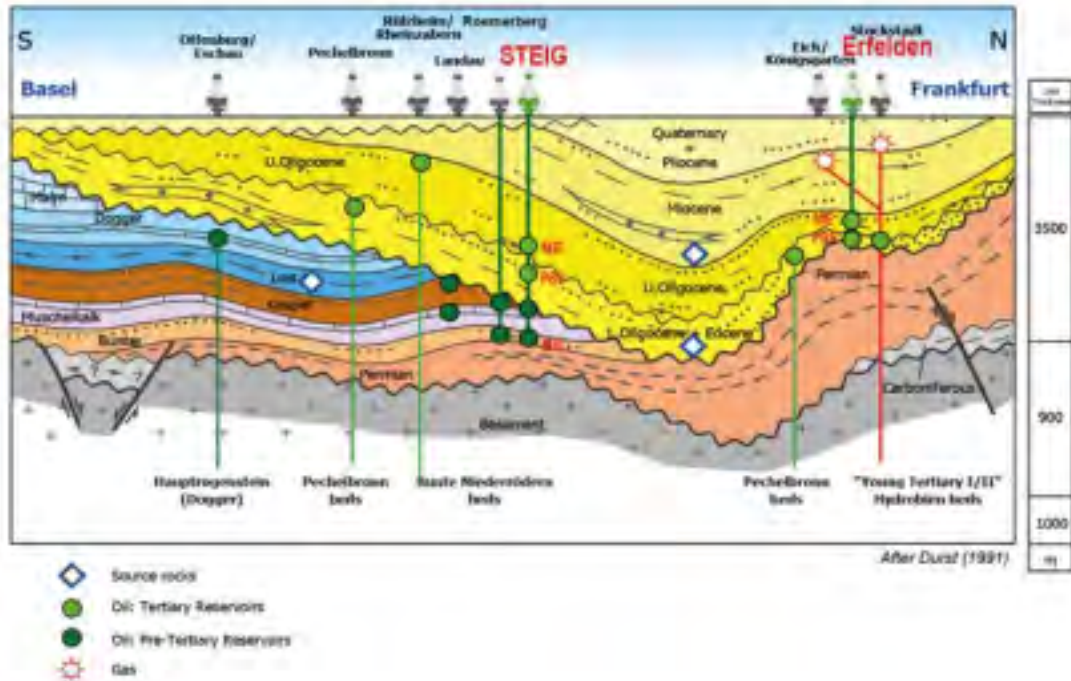
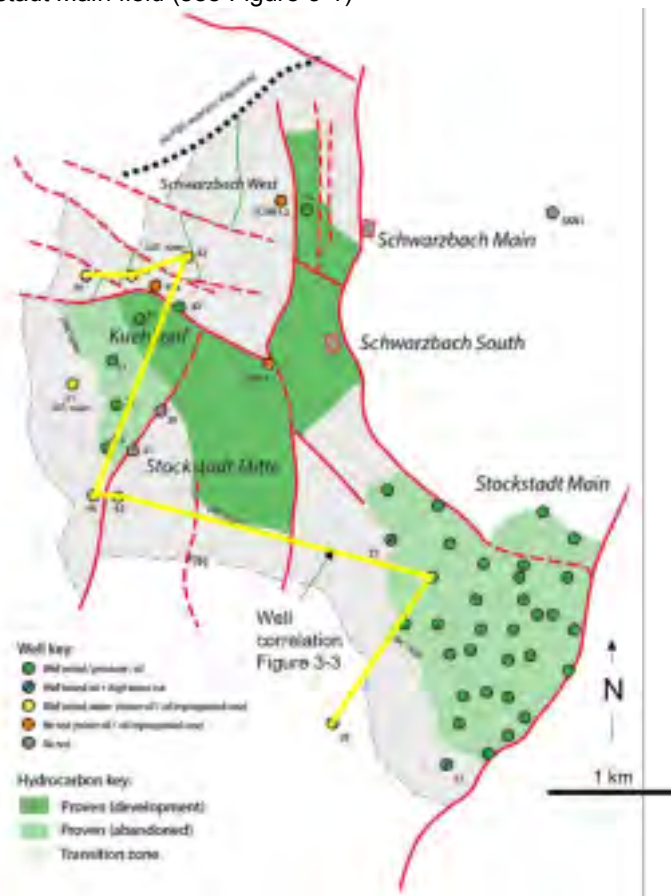


Figure 2-3 N-S geological cross section of the URG. Source: Beacon Energy plc

### 3 ERFELDEN STOCKSTADT-MITTE ME/PBS DEVELOPMENT

#### 3.1 GEOLOGICAL OVERVIEW

The Erfelden oilfield is situated on the west side of the Upper Rhein Graben (URG). It was discovered by Rhein Petroleum (RP) in 2015 when the Schwarzbach-1 well (SWB-1) discovered oil in the Oligocene Pechelbronner-Schichten (PBS) sandstones in a N-S trending structural high at around 1700m depth. There are several abandoned and active oilfields nearby, including the Stockstadt Main field (see Figure 3-1)



**Figure 3-1 The Erfelden Field complex.** Source: Rhein Petroleum

In addition to the PBS, potential for oil-bearing reservoir exists in the shallower Meletta-Schichten sands (ME) as suggested by the presence of oil in the Stockstadt Mitte-1 well (STKM-1) drilled in 1985 by Exxon.

Since these well were drilled, 3D seismic data has been acquired over the licence area (2012) greatly improving the imaging of the field.

Erfelden field is a complex of four juxtaposed fault blocks: Kuehkopf (K), Stockstadt Mitte (SKM), Schwarzbach Main (SBM) and Schwarzbach South (SBS) (Figure 3-1).

The alluvial-fluvial deposits of the PBS are confined within the URG as a syn-rift wedge, deposited in half-grabens within the developing rift. They are some of the most commercially important reservoirs in Germany.

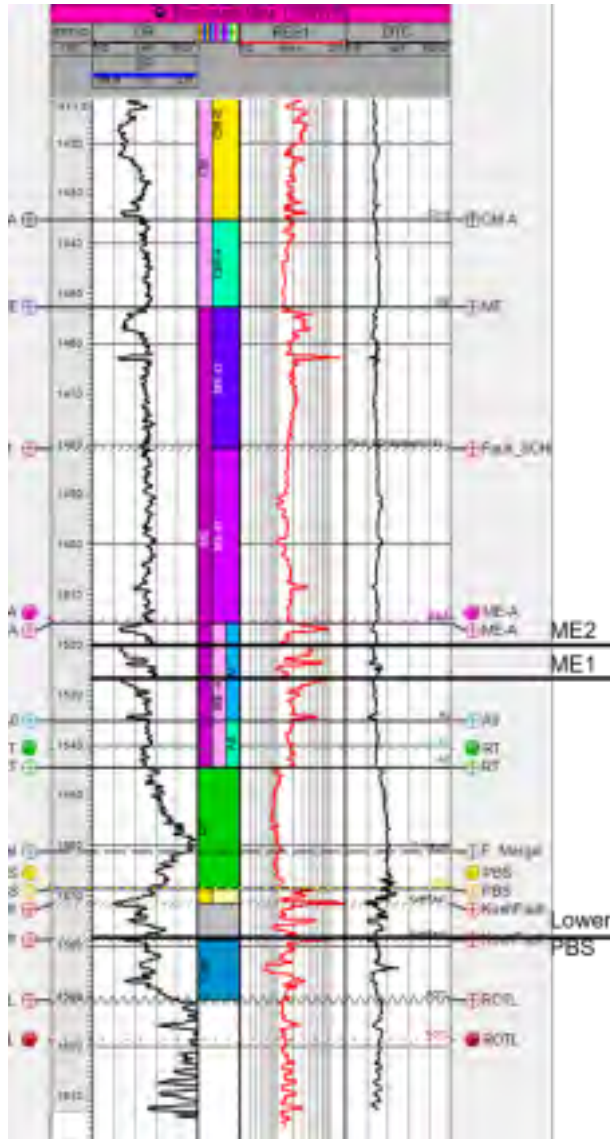
The PBS is subdivided into three intervals. The Lower PBS is a sequence of massively bedded, conglomeratic sandstones with frequent shale intercalations deposited in a high-energy fluvial environment. Towards the upper part of this lower unit, there is an increase in marine influence and a general fining upward trend (Derer et al 2003).

The shale dominated Middle PBS represents a marine flooding event and a marine-brackish depositional environment. A sea level fall led to coarser clastics sourced from both sides of the URG, deposited in fluvial-lacustrine settings (Upper PBS). Tectonic-induced subsidence and a eustatic sea level rise then led to the deposition of the Rupel Clay which is the ultimate seal for the PBS reservoir.

A relative sea level fall then gave rise to fine grained sandstones of the Meletta-Schichten, deposited largely in a delta front setting (Perkenseer et al 2013)

#### **3.1.1.1 Well data**

The majority of the wells in the Erfelden area were drilled before the 1970s. The latest wells, Schwarzbach-1 (2015) and STKM-1 (1985) have acquired a limited suite of petrophysical logs, namely SP, resistivity and in STKM-1, GR and sonic logs. Therefore, the majority of the wells in the area do not have the basic suite of logs necessary to carry out a standard petrophysical interpretation. The only consistent set of electrical logs available are SP and resistivity logs, which can be used for correlation purposes as well as to extract some basic reservoir information. In addition, core data provides some information on the petrophysical properties.



**Figure 3-2 Type log of STKM-1 well.**

**Source: SGS**

### 3.1.1.2 Reservoirs

The PBS beds have a distinctive log signature that make their recognition easy:

- The fluvial sandstones of the Lower PBS often show a blocky pattern at the base, suggesting channel amalgamation; the upper part is characterized by a positive SP and higher GR, due to transition to lacustrine/interfluvial mudstones and swamp deposits
- Offshore mudstones and minor fine-grained delta/shoreface sandstones of the Middle PBS formed under brackish-marine conditions and are showing a typical “shale” signature. It is a good correlation marker.
- The Upper PBS is more complex and consists of coarse-grained sandstones and conglomerates of fluvial origin alternate with interfluvial/lacustrine mudstones and siltstones. In general, the porous and permeable fluvial sandstones and conglomerates of the Upper PBS Beds appear as relatively isolated negative SP and low GR - single-story fluvial channels embedded in overbank fines.

Owing to their unknown hydrocarbon potential here, the sands of the Meletta beds have been neglected in the Erfelden area. However, petrophysical interpretation of STKM-1 wireline logs as well as hydrocarbon shows at surface while drilling suggest that these sands do

have hydrocarbon potential. From analogues, it is likely that this formation is producible with moderate permeabilities in Erfelden.

Because the wireline logs are insufficient for conventional petrophysical interpretations, reservoir properties are derived either from the core dataset acquired from previous Operators, or from the literature. Core data are available from 15 wells, as described in the petrophysical section. Almost all data concern the Upper PBS that is acknowledged to be considerably poorer quality than the Lower PBS. The better reservoir quality of the Lower PBS is extrapolated from production data from other fields (including Stockstadt Main) as well as from published papers. The Lower PBS is largely unknown in the wells drilled in the Erfelden area, either because it is absent, or it has been neglected because it is in the water/transition zone.

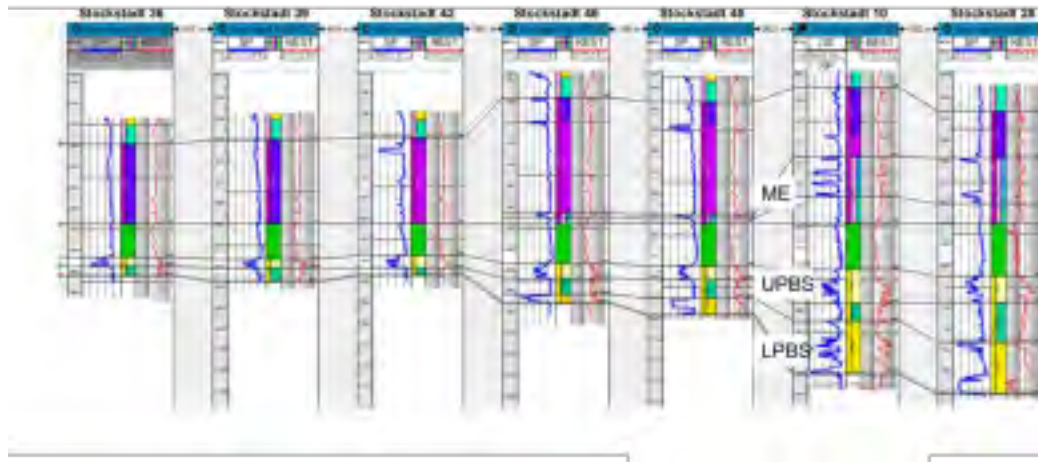


Figure 3-3 Well correlation across the Kuehkopf and Stockstadt Main field showing the progressive appearance of the Lower PBS moving southeast in agreement with the current depositional model. Note also the eastward gradual appearance of sand layers of the Meletta Fm (see fig 3-1 for location of correlation line). *Source: SGS*

The well panel in above figure shows the conformance of the geology seen in the Erfelden wells, **Figure 3-3**. In particular, the correlation panel show geometries that are in line with the geometries of the deposits expected to fill the accommodation space created following the development of a half-graben (see figure 3-4). In this type of setting little or reduced deposition occurs at the shoulders of the graben, eventually dislocated in several fault blocks, to the west. The basin depocentre (around Stockstadt Main location) is the site of the greatest sediment accumulation, whilst eastwards towards the far end of the graben the sediments are tapering out. It is also worth noting the gradual appearance of Meletta sands at the graben's depocenter.

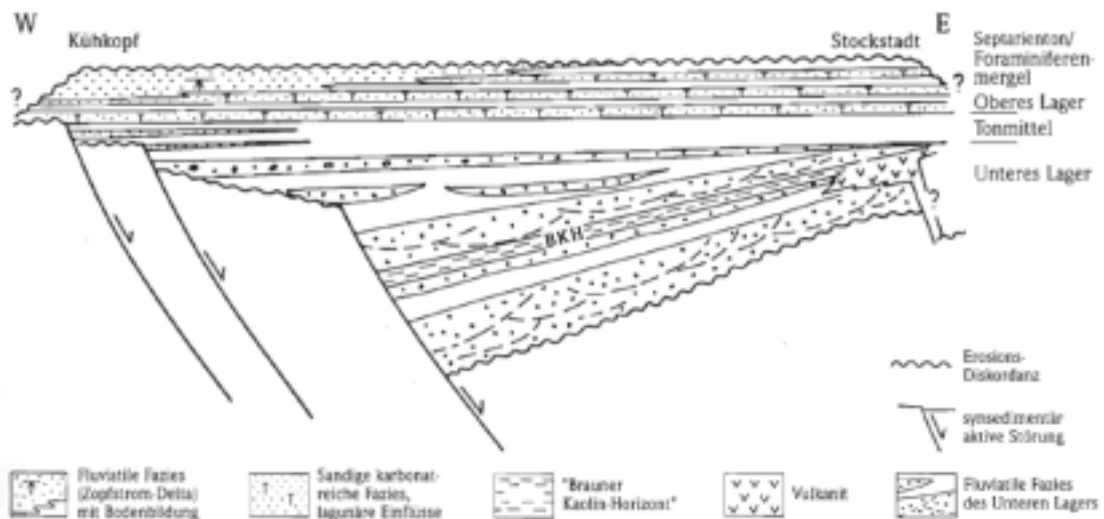
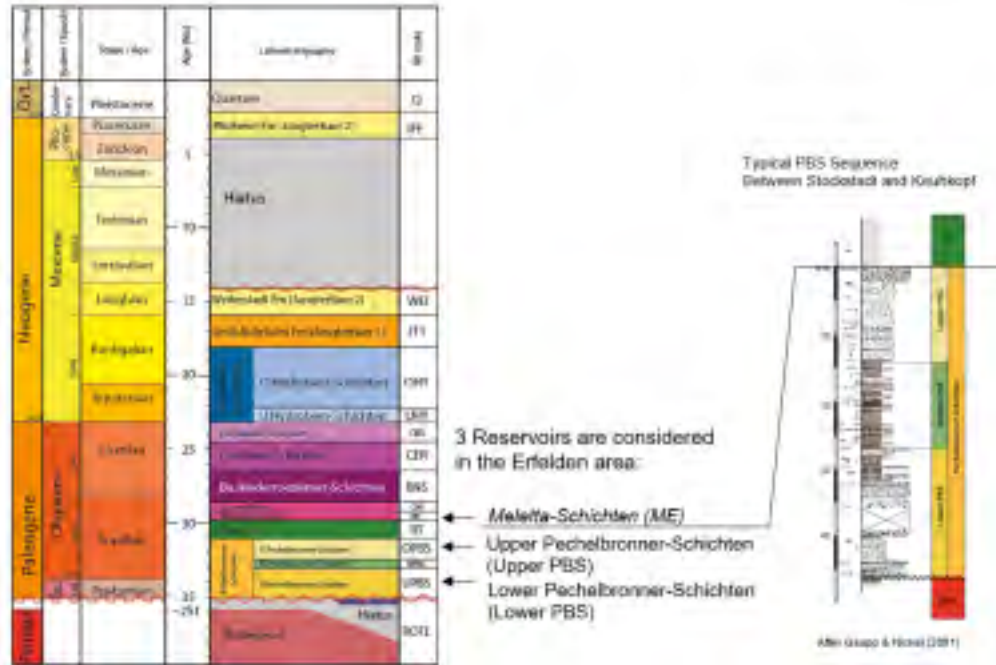


Figure 3-4 Depositional model of the PBS in the Erfelden oilfield area. *Source: Gaupp and Nickel, 2001*

It is important to highlight the significant faulting that is affecting the area. This is obviously linked to the complex tectonic evolution of the area that was affected by an extensional event in late Eocene and Oligocene which lead to the development of the Rhein Graben, subsequently replaced by a strike slip regime in the early Miocene. This change of tectonic regime has caused the re-orientation of the fault pattern from NNE-SSW oriented normal faults to a set of NNW-SSE oriented *en-echelon* faults. The complexity of the faulting can be considered one of the main

reasons for the failure of some drilling projects (e.g. STKM-1) but can also be a key factor in isolating compartments within a field, such as Schwarzbach Main in the Erfelden field that sees a different, shallower oil-water contact (perched water) than in the neighbouring fault blocks.



**Figure 3-5 Stratigraphy of the URG and standard profile and gross thickness of the PBS in the Erfelden area. Source: Beacon Energy plc**

These structural and stratigraphic complexities have been mitigated and partially resolved by the acquisition and interpretation of 3D seismic data.

### 3.1.2 EVALUATION METHODOLOGY

#### 3.1.2.1 Data used

Several Petrel projects containing the main 3D TWT seismic volumes were made available for evaluation. The projects included all the available wells, logs, checkshot information as well as time and depth interpretations. Some of the volumes are available in depth.

#### 3.1.2.2 Seismic data quality

The 3D data used for this evaluation is a pre-stack time-migrated volume which has had Q-compensation applied to reduce the effects of energy attenuation and wavelet distortion due to velocity dispersion. The entire field area is covered by these data. Overall, the seismic imaging at the target Oligocene levels is fair to good for interpretation, with good amplitude and reflector continuity observed. However, part of the Schwarzbach South block lies in the fault shadow of a major antithetic fault complex. It has been suggested that the amplitude 'chaos' observed here might be due to intense faulting, but it is perhaps more likely that the reflector continuity here has been reduced due to the complex ray paths and attenuation caused by the overlying fault (Figure 5-1). Given this block's proximity to the major fault, it is possible that the reservoir is highly fractured here, although it is uncertain how this will affect the continuity or dynamic properties of the reservoir.

#### 3.1.2.3 Seismic interpretation and mapping

To get a seismic well tie, the synthetic generated for the STKM-1 well used a 25Hz Ricker wavelet and required a 16ms upwards shift after which the tie was good at the target levels.

The following time interpretations were provided (note that the seismic data appear to have a reverse SEG polarity convention and a peak represents a negative acoustic impedance contrast):

**ME2 & ME1**

These are interpreted for the Meletta-Schichten reservoir(s). They are both picked on a trough ('hard') event but the ME1 is the better defined of the two, and is imaged as bright, fairly continuous reflector. The ME2 sand is very thin and its corresponding reflector weak and quite unstable. The STKM-1 well tie is fair at ME1 and poor at ME2.

**PBS**

The Upper and Lower PBS both lie within a prominent trough below the bright peak of the Rupel shales.

The seismic data quality allows for an unambiguous interpretation of the faults and the reflectors are correctly interpreted and correlate well across the faults. The seismic interpretations provided appear to form a sound basis for the calculation of gross rock volume. Area-depth data was obtained from the depth structure maps provided.

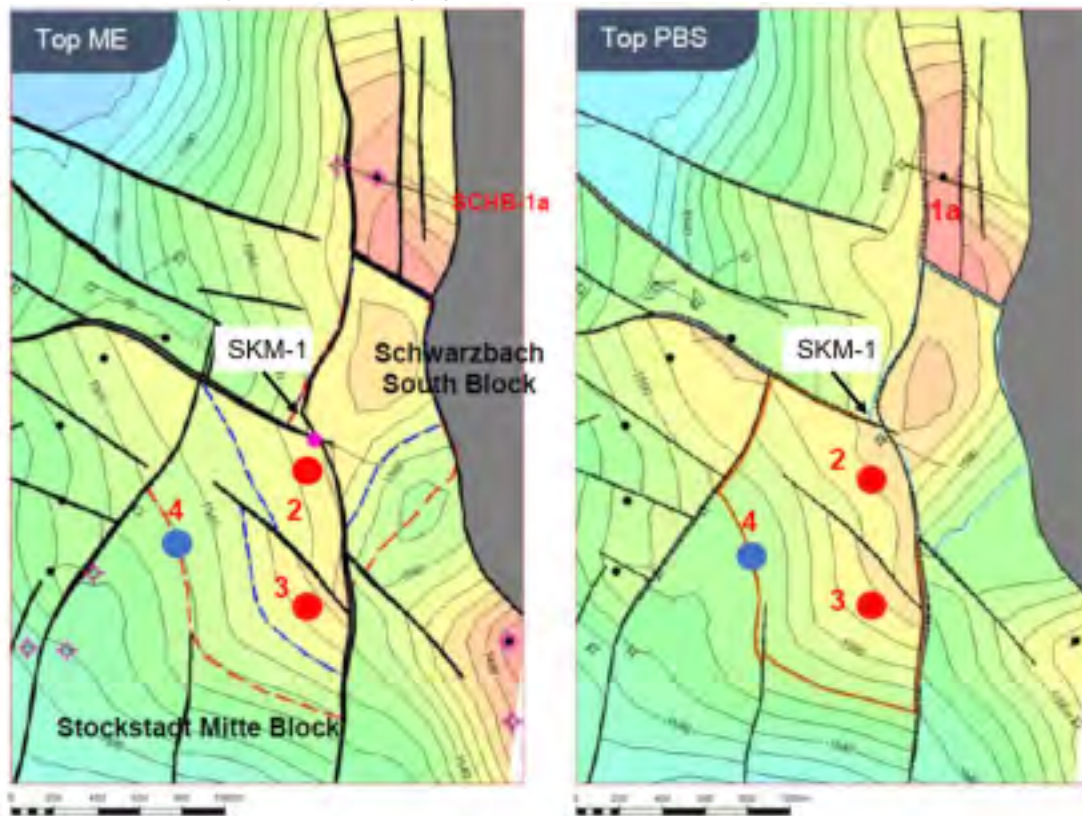


Figure 3-6 Well targets for the Development Plan. Source: Beacon Energy plc

**3.2 FIELD DEVELOPMENT PLAN**

**3.2.1 OVERVIEW FIELD DEVELOPMENT PLAN**

The operator (Rhein Petroleum) plans to drill 3 wells targeting the Stockstadt-Mitte block, comprised of 2 oil producers and one water injector. In addition, an old oil producer (SCHB-1a) will be converted into a water supply well. First oil is envisaged for the March 2023 assuming drilling of the first well commencing Q1 2023. Well onstream dates assumed are as follows:

1. 1-Mar-2023 (OP)
2. 1-Jan-2024 (OP)
3. 1-Jan-2025 (WI)

Fluids will be treated in the existing Schwarzbach facilities. More information on the facilities aspects is presented in section 10.1.

### 3.2.2 ENGINEERING ASSESSMENT

#### 3.2.2.1 PVT data

No downhole fluid sample from the Stockstadt Mitte (SKM-1) well was acquired. A surface crude sample was obtained from well Schwarzbach-1 and sent to 3 different vendors to be analysed, but none of the reports are considered as standard PVT reports. Only the composition is available for the oil, and the GOR was taken from the analogue neighbouring field, Eich. It was concluded that recombination or proper reconstruction of the hydrocarbon was not possible. Standard industry correlations were applied to generate key PVT properties. One of the reports, stated the presence of some paraffin, wax and asphaltenes, however, flow assurance issues are not expected, based on production from Kuefkopf-38 and SCHB-1a.

PVT data used in MBAL model:

- Oil API = 38
- Rsi=15 Sm<sup>3</sup>/Sm<sup>3</sup>
- No CO<sub>2</sub> and no H<sub>2</sub>S in produced gas

A simple PVT 'black oil' was modelled by matching the Rsi value at initial pressure of 172 Bar and a temperature of 124 C.

#### 3.2.2.2 Relative Permeability

There were no special core data to provide the shape or values of a relative permeability model. Relative permeability parameter ranges were taken from the nearby Eich field.

- There is no capillary pressure and transition zone.
- Sor= 0.3 – 0.35
- Nw + No = 7
- Swc = 0.35
- Kro@Somax = 0.8
- Krw@Sorw = 0.2 – 0.3
- Sweep efficiency = 60% - 70%

#### 3.2.2.3 Material balance model

Three MBAL models representing low-, best- and high cases were generated by Rhein Petroleum and adapted by SGS where required. The inputs for these cases have been shaped based on a deterministic realization table as detailed in section 3.2.2.4.

The best case was modelled with a multi-tank system where each reservoir was split into near and far tanks in order to replicate transient effects present in low permeability reservoirs. The STOIP ratio is similarly assigned to near and far tanks at 40% and 60% respectively. The 3 formations of Meletta, Lower PBS and Upper PBS were targeted in this case. The aquifer was applied using a Hurst-van Everdingen-Modified radial model for the far tanks while near tanks contained no aquifer. The productivity indices (PI) of the wells were calculated as per subsurface realization. Transmissibility between tanks were adjusted to reach oil recovery based on the analogue fields, Eich (~26%) and Stockstadt Main (~40%), i.e. some 32%.

For the low case, the approach was simplified by modelling single tank systems and targeting the Meletta and Upper PBS only. Meletta is restricted at Lowest Known Oil depth and has STOIIIP of ~1 MMstb. The Upper PBS P50 STOIIIP calculated by Rhein Petroleum and endorsed by SGS was also used for this case. The P50 STOIIIP in the low case was adopted to avoid modelling a case closer to a P99 rather than a P90 case. Aquifer and well PI was modelled in a similar fashion to the best case.



Figure 3-7 Best case MBAL model system. Source: SGS

### 3.2.2.4 Uncertainties

#### 3.2.2.4.1 Key subsurface uncertainties

SGS defined deterministic low, best and high technical case subsurface realizations for the assessment of the low, best and high estimate production forecasts, with uncertainties carried forward marked by the red, green and orange dots respectively in table below.

The key static- and dynamic uncertainties have been captured in a realization table below. It must be noted that the Lower PBS in Stockstadt-Mitte has not been penetrated by any oil-bearing wells. However, the Lower PBS is present as confirmed by the downdip STOK-45 and STOK-46, below the contact. However, considering that the Lower-PBS was the main oil producing reservoir in Eich and Stockstadt-Main, based on analogues and the depositional regional model, as well as the Lower PBS and Upper-PBS likelihood of sharing a common contact (viz-a-viz Stockstadt Main), it has been assumed that the Lower-PBS is oil bearing in the best technical case estimate. Conservatively, the Lower-PBS was excluded in the low estimate.

Table 3-1 Erfelden realization table



Mittlere Schichten Reservoir											
Layer	ETD (m)	Top Formation	Base	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI
101	1.0 (JACT)	101-102	101-102	101-102	101-102	101-102	101-102	101-102	101-102	101-102	101-102
102	2.5	102-103	102-103	102-103	102-103	102-103	102-103	102-103	102-103	102-103	102-103
103	3.5	103-104	103-104	103-104	103-104	103-104	103-104	103-104	103-104	103-104	103-104

Upper Perchthorner-Schichten Reservoir											
Layer	ETD (m)	Top Formation	Base	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI
104	4.9	104-105	104-105	104-105	104-105	104-105	104-105	104-105	104-105	104-105	104-105
105	5.8	105-106	105-106	105-106	105-106	105-106	105-106	105-106	105-106	105-106	105-106
106	6.8	106-107	106-107	106-107	106-107	106-107	106-107	106-107	106-107	106-107	106-107

Lower Perchthorner-Schichten Reservoir											
Layer	ETD (m)	Top Formation	Base	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI	2d Production PI
107	7.5	107-108	107-108	107-108	107-108	107-108	107-108	107-108	107-108	107-108	107-108
108	8.4	108-109	108-109	108-109	108-109	108-109	108-109	108-109	108-109	108-109	108-109
109	9.5	109-110	109-110	109-110	109-110	109-110	109-110	109-110	109-110	109-110	109-110

● Low Data  
● Best Case  
● High Case



### 3.2.2.5 Production forecasting

#### 3.2.2.5.1 Methodology

The approved development concept by Rhein Petroleum was adopted as the basis for the low, best and high technical case estimates, where 2 producing wells and 1 injecting well will target the respective formations. No well location optimization was performed by SGS. The deterministic scenarios from the FDP and subsurface realizations have been applied in the production forecasting process.

#### 3.2.2.5.2 Production constraints

The following constraints were applied:

- Maximum well liquid rate = 1,000stb/d
- ESP FBHP<sub>min</sub>=30bar
- WI FBHP<sub>max</sub>=175 bar (Initial pressure~173bar)
- Uptime=0.95
- Production timeframe 2022-2045=23 years

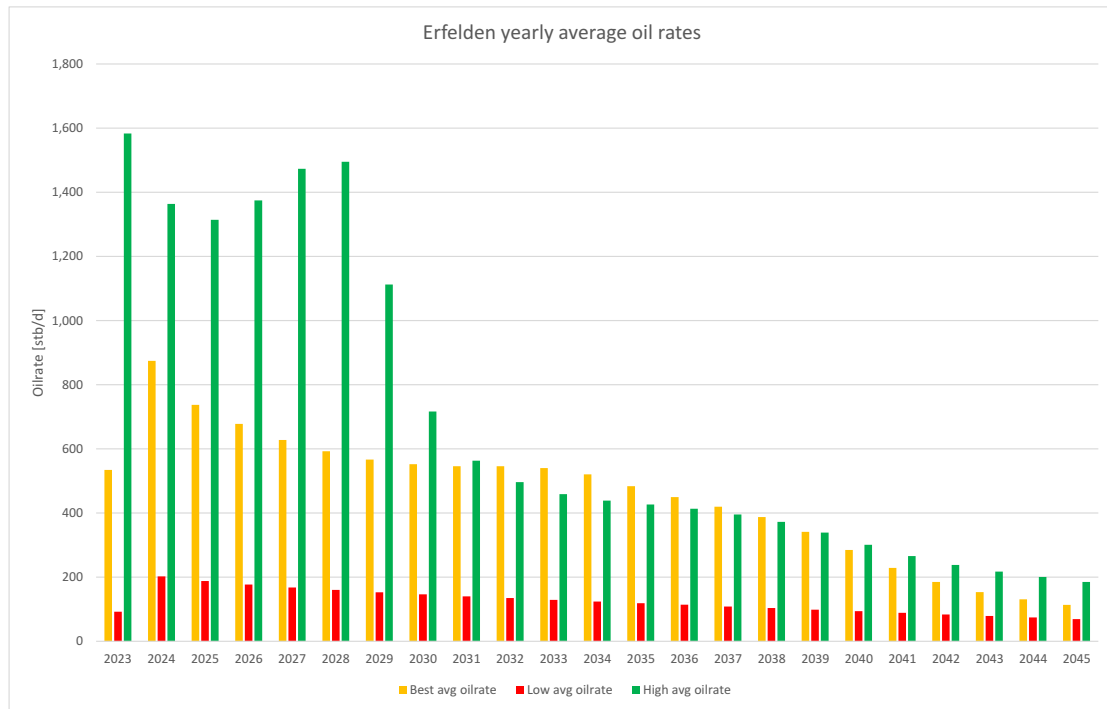
#### 3.2.2.5.3 Overview of technical recovery and recovery factors

A table showing the technical recoveries based on the development concept presented for the Low, Best and High estimates up to End of License are shown in Table 3-2.

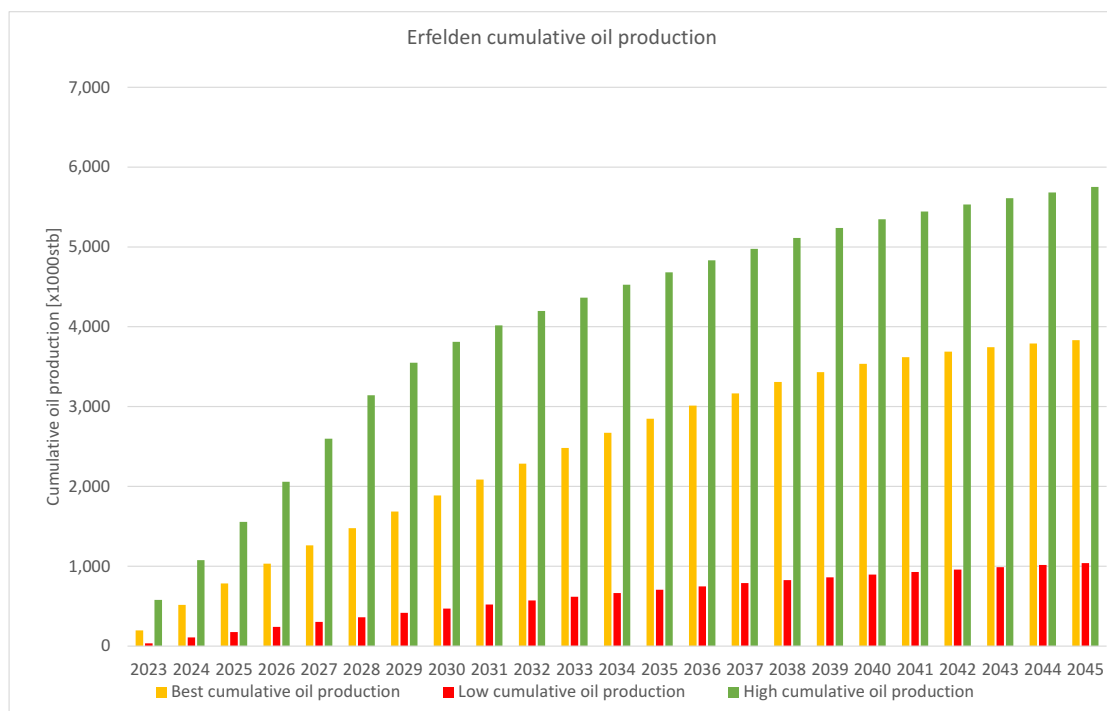
**Table 3-2 Overview of technical cases evaluated**

Case	STOIIP	Np	RF
	MMstb	MMstb	%
Low	6.8	1.0	15%
Best	11.7	3.8	32%
High	14.9	5.7	38%

STOIIP ranges defined by SGS for the individual cases. Rhein Petroleum has assessed the STOIIP ranges and these values have been endorsed by SGS. The recovery factor has been obtained using material balance modelling complemented by an analogue review. (Figure 3-10)



**Figure 3-8 Erfelden Stockstadt Mitte yearly average oil rates**



**Figure 3-9 Erfelden Stockstadt Mitte cumulative oil production**

### 3.2.2.5.4 Comparison with analogues

The chart below shows ultimate oil recovery per well from various fields. However, all analogue fields are old, were completed sub-optimally and have a high skin factor. The Stockstadt Mitte best case was calibrated to match a typical Eich well oil recovery, which is considered to be the most suitable analogue field.

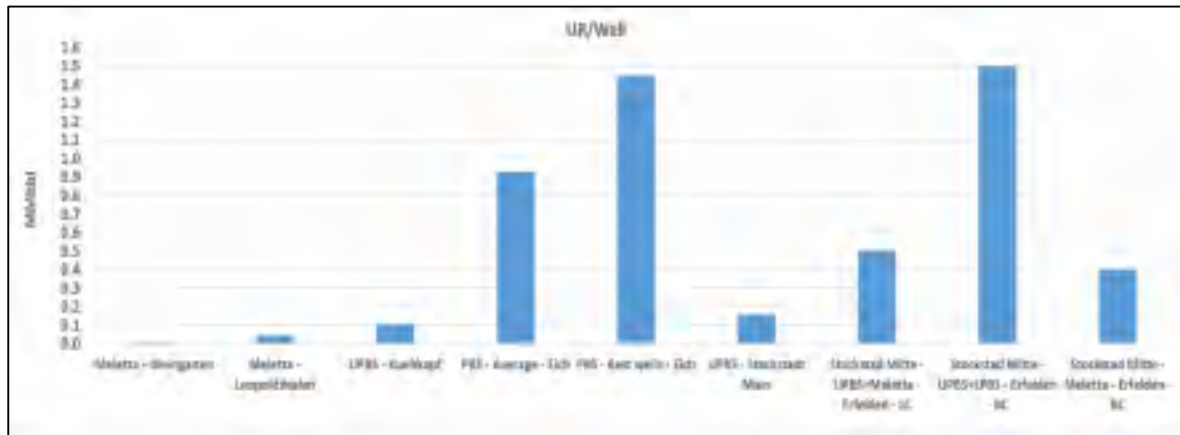


Figure 3-10 Ultimate recovery per well of Erfelden cases and analogue fields from Meletta and Lower and Upper PBS formation

### 3.2.3 RESERVES

The reserves associated with the SCHB-1a well (section 4.1) is included in the Stockstadt Mitte reserves overview provided in the following table.

Table 3-3 Erfelden Stockstadt Mitte development reserves (100% WI)

IN x1000STB	1P	2P	3P
RESERVES	0	3,784	5,754
CoP (ECONOMIC LIMIT)	N/A	Sep-2044	Dec-2045



## 4 ERFELDEN SCHWARZBACH-MAIN PRODUCING ASSET

### 4.1 TECHNICAL ASSESSMENT

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#### 4.1.1 OVERVIEW

See also section 2.1

The SCHB-1a well is currently producing oil from the Schwarzbach Main block. Oil rates are low, having declined from a peak of 225 bopd. Once the water injector development comes on stream this well will be converted into a water supply well, assumed to be in January 2025. Decline curve analysis has been adopted to estimate remaining recoveries from this well. Simple exponential declines have been applied, based on the historical trend. The remaining recoveries up to 1<sup>st</sup> January 2025, when the well is scheduled to be turned into a water production source, are presented in Table 4-1.

**Table 4-1 SCHB-1a remaining recovery up to 1<sup>st</sup> January 2025 (technical cases)**

Case	Remaining recovery
	Mstb
Low	8.4
Best	9.1
High	9.6

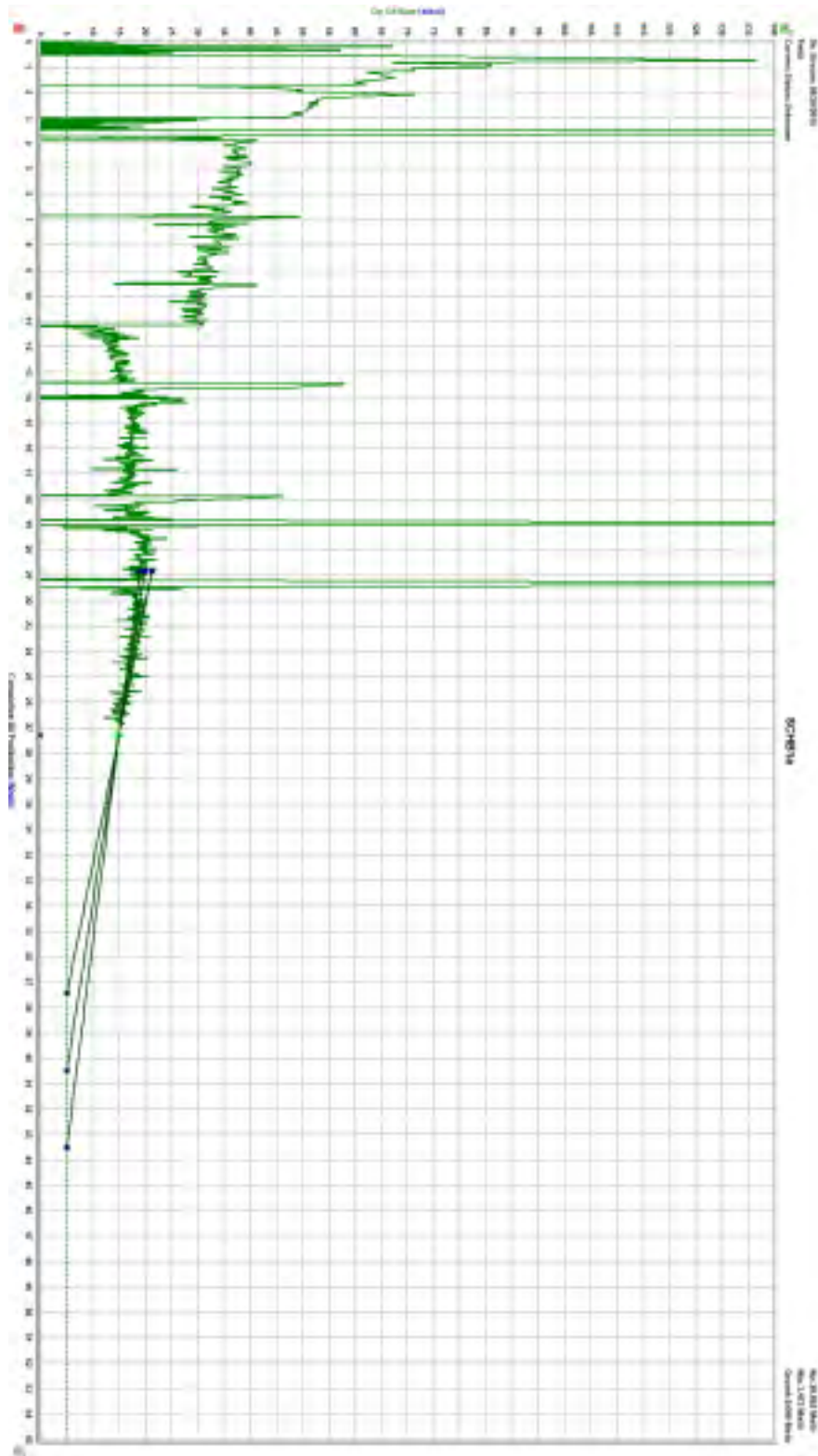


Figure 4-1 Decline Curve Analysis plot SCHB-1a well

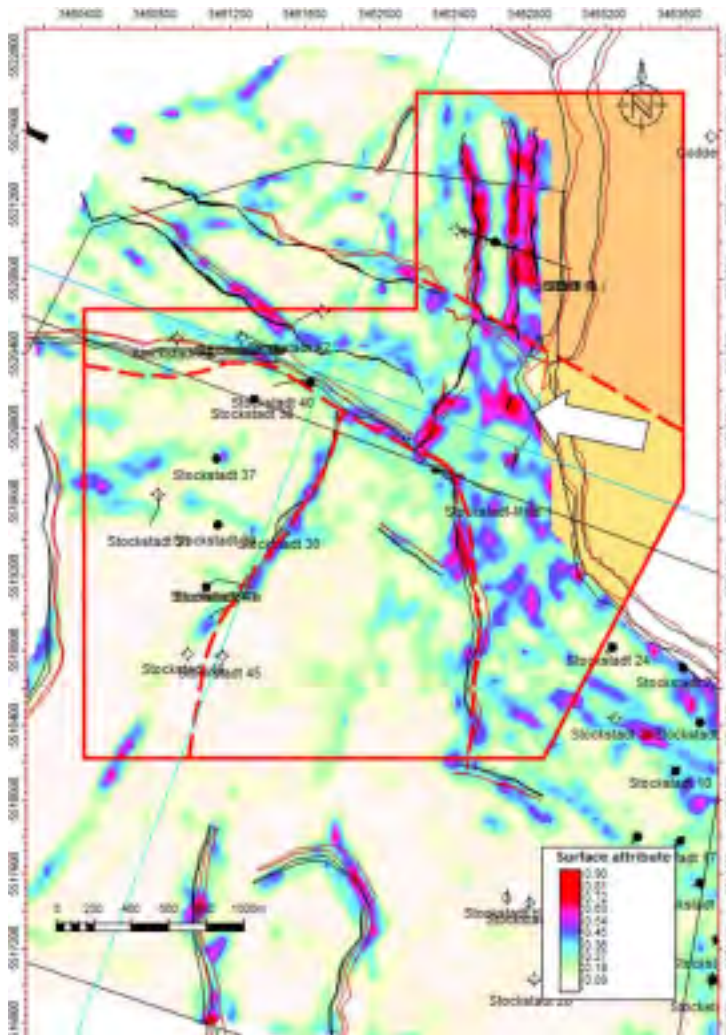


#### 4.1.2 RESERVES

The reserves associated with the SCHB-1a well is within the Stockstadt Mitte reserves overview, see section 3.2.3.

**5 ERFELDEN SCHWARZBACH-SOUTH ME/PBS DEVELOPMENT OPPORTUNITY**

**5.1 GEOLOGICAL OVERVIEW**



For the geological overview and evaluation methodology, see Section 2.1. In previous seismic amplitude studies by SGS, it has been noted that this fault-block has the potential to be severely faulted due to its proximity to the Graben Bounding Fault (GBF) (Figure 5-1). However, as mentioned in Section 2.1, this could also be due to the fault block lying underneath a major fault that has caused disruption to the seismic signal.

**Figure 5-1 Attribute extraction of seismic chaos shows the potential for intensive faulting (arrowed).**  
 Source: SGS

**5.2 TECHNICAL ASSESSMENT**

**5.2.1 ENGINEERING ASSESSMENT**

The block is as yet unpenetrated but is assumed to be oil-bearing since all surrounding blocks are oil bearing and there is a strong likelihood of sand-sand juxtaposition between the blocks. Thus it is highly likely that the area was in pressure communication after/during charging. Key uncertainties are fluid distribution (producibility), connectivity and internal faulting. Further data acquisition is required to assess whether the block contains movable hydrocarbons. Notional recovery factors

have been assigned to the block, broadly in line with recovery factors obtained from the Stockstadt-Mitte modelling work. The recoverable volumes in this block are considered to be Contingent Resources.

**Table 5-1 Schwarzbach-South STOIP, recovery factor (RF) and recoverable oil volumes overview (100% WI)**

Segment	Reservoir	STOIP (MMstb)			RF	Recoverable volumes		
		P90	P50	P10	%	P90	P50	P10
Schwarzbach South	Melleita	1.4	1.99	2.7	15	0.43	0.62	0.88
Schwarzbach South	Upper PBS	3.3	3.8	4.5	30	0.83	1.20	1.64
Schwarzbach South	Lower PBS	1.5	1.9	2.3	50	0.41	0.59	0.80

### 5.2.2 CONTINGENT RESOURCES

Contingent resources are presented below. Since more data acquisition is required to determine the more accurate STOIP ranges, compartmentalization and well productivity, SGS ascribes a chance of development (COD) risk factor of 50%. SGS subclassifies the potential development as “Development Unclarified.”

**Table 5-2 Schwarzbach South contingent resources (100% WI unrisked)**

IN x1000STB	1C	2C	3C
ALL RESERVOIRS	1,669	2,417	3,315



## 6 LAUBEN PRODUCING ASSET

### 6.1 TECHNICAL ASSESSMENT

---

#### 6.1.1 OVERVIEW

The Lauben oil field is located in the German sector of the Molasse Basin which is a Cenozoic foredeep formed as a flexural response to load induced by advancing Alpine thrust units. The thickness of the molasse deposits is close to 5000 m. The principal oil source rocks are thought to be a Permian shaly series and Middle Jurassic shales, and lower Oligocene series of the lower Marine Molasse. Oil generation from lower Oligocene shales started in the Miocene and may still be continuing. Reservoirs of the Tertiary basin fill include Eocene and Oligocene sandstones.

The Lauben oil field produced from 1958 until 1985 and delivered in the region of 140,000 barrels of oil. In 2016 Rhein Petroleum and Wintershall undertook a testing program and to evaluate the feasibility of further exploitation from the field and the group successfully reactivated the Lauben 7 well as an oil producer. Wintershall subsequently sold their 50% operated interest to RDG GmbH in 2020 who rebranded as ONEO in 2021.

Currently 1 well, Lauben-7, is producing oil. Production forecasts were generated using decline curve analysis. The results of the evaluation are presented in Figure 6-1. Simple exponential declines have been applied, based on historical trend. It is assumed that the water rate remains constant at about 10stb/d based on historical information.

Remaining oil recoveries up to the end of license 31-Dec-2041 are presented below:

**Table 6-1 Lauben remaining technical case recovery up to end of license (Gross)**

Case	Remaining recovery X1000stb
Low	104
Best	126
High	144

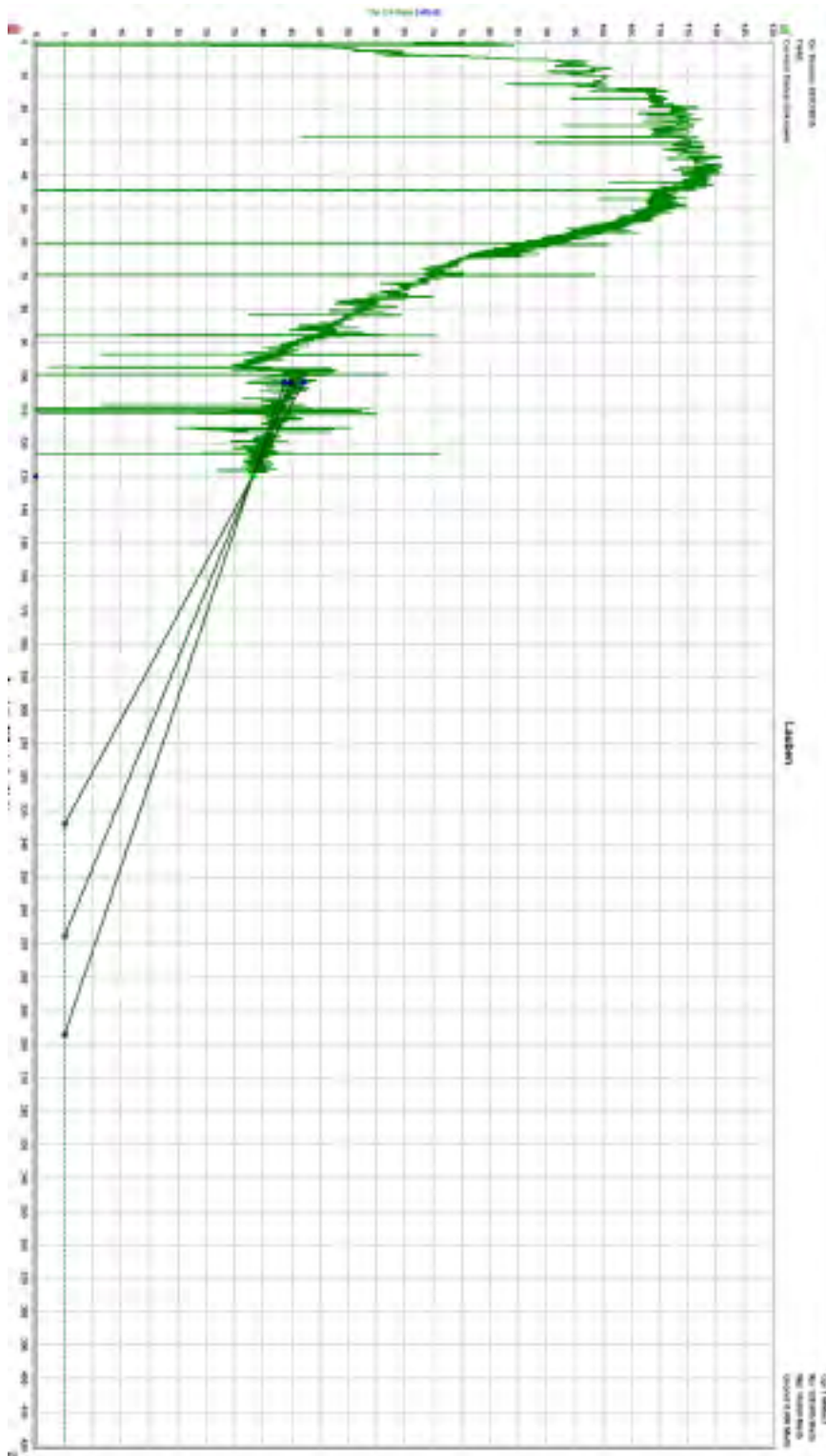


Figure 6-1 Decline Curve Analysis results Lauben-7



### 6.1.2 RESERVES

The table below shows the reserves calculated for the Lauben asset.

**Table 6-2 Overview Lauben reserves up to End of License 50% Rhein Petroleum share**

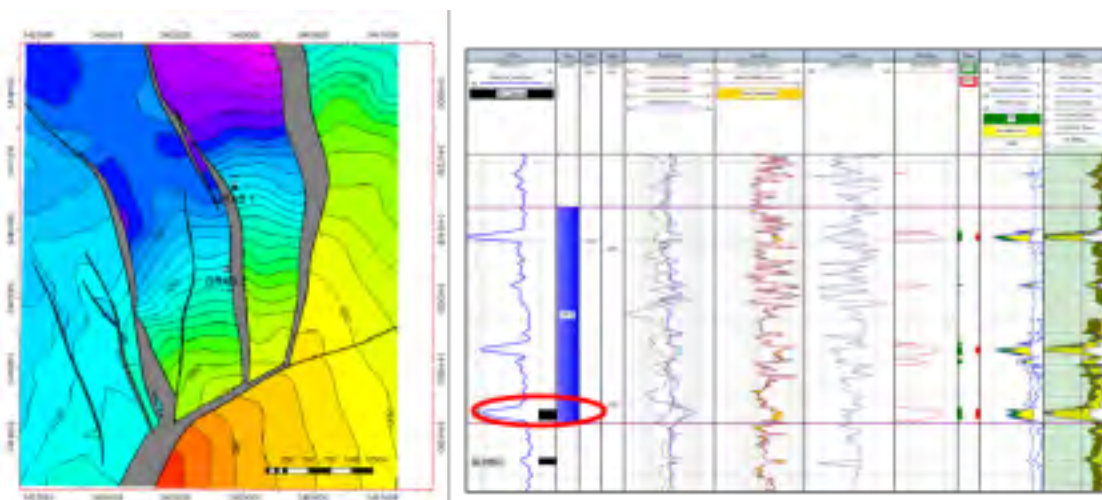
IN X1000STB	1P	2P	3P
RESERVES	0	63	72
CoP	N/A	Dec-2041	Dec-2041

## 7 GRABEN DEVELOPMENT OPPORTUNITY

### 7.1 GEOLOGICAL OVERVIEW

#### 7.1.1 OVERVIEW

The Graben asset is a complex faulted structure, bounded to the south by an E-W fault and to the east and west by normal faults splaying northwards from this fault that divide the field into two N-S fault blocks dip-closed to the north. The structure was originally mapped and drilled in the 1950s on poor quality 2D seismic where the structure was poorly defined. It is now covered with a modern 3D data set and is much better imaged.



**Figure 7-1 Graben Field Top CM-D structure map and petrophysical analysis of the Graben-1 well.** Source: SGS (map), Advance (well log)

The oil-bearing reservoirs are the Oligocene CM-D and ME sands. It was discovered in 1959 by the Graben-1 (GRAB 1) well that drilled the eastern fault block. The downdip G1 well found oil in the lower of three thin CM-D sands. Production from this sand started in 1960 and 4822 m<sup>3</sup> was produced before the well was shut in. Recent petrophysical analysis suggest that the upper two sands are also oil-bearing (Figure 7-1).

The well also found oil in the middle of three underlying ME sands and tested oil with 50% water. The upper ME sand was tested but proved inconclusive. Again, recent petrophysical analysis suggests that this sand is also potentially oil-bearing. There has been no production from the ME sands in the eastern block.

The Graben-2 (GRAB 2) well drilled further up-dip into to one of the N-S splay faults that separate the eastern from the central block. As a result, the well penetrated only the upper two CM sands in the central block, the third being faulted out. After passing through the fault, the well penetrated all three ME sands in the eastern block and found the upper sand to be oil-bearing. Oil was produced from this sand until the well was shut in in 1963 after which 2230 m<sup>3</sup> had been produced.

#### 7.1.2 EVALUATION METHODOLOGY

A Petrel project containing wells, 3D seismic and interpretations and surfaces was provided to SGS so that the basis for GRV calculation could be verified.

### 7.1.3 STOIIP RANGES

**Table 7-1 Volumetric range for Graben East Block – CM reservoir. (Rhein Petroleum estimate)**

IN x1000STB	P90	P50	P10
GRABEN – EAST BLOCK, CM-CMD	7,700	10,700	14,000

## 7.2 TECHNICAL ASSESSMENT

---

### 7.2.1 ENGINEERING ASSESSMENT

A notional RF range was applied considering the field is waterflooded with a Low of 15% (no benefit of Water injection), Best of 30% and a high of 50%, resulting in the recoverable volumes in Table 7-2. (Probabilistic multiplication of STOIIP and RF).

### 7.2.2 CONTINGENT RESOURCES

Contingent resources are presented below. Since more data acquisition is required to determine the more accurate STOIIP ranges, compartmentalization and well productivity, SGS ascribes a chance of development (COD) risk factor of 70%. SGS subclassifies the potential development as “Development Pending.”

**Table 7-2 Graben-East contingent resources (100%WI – unrisked)**

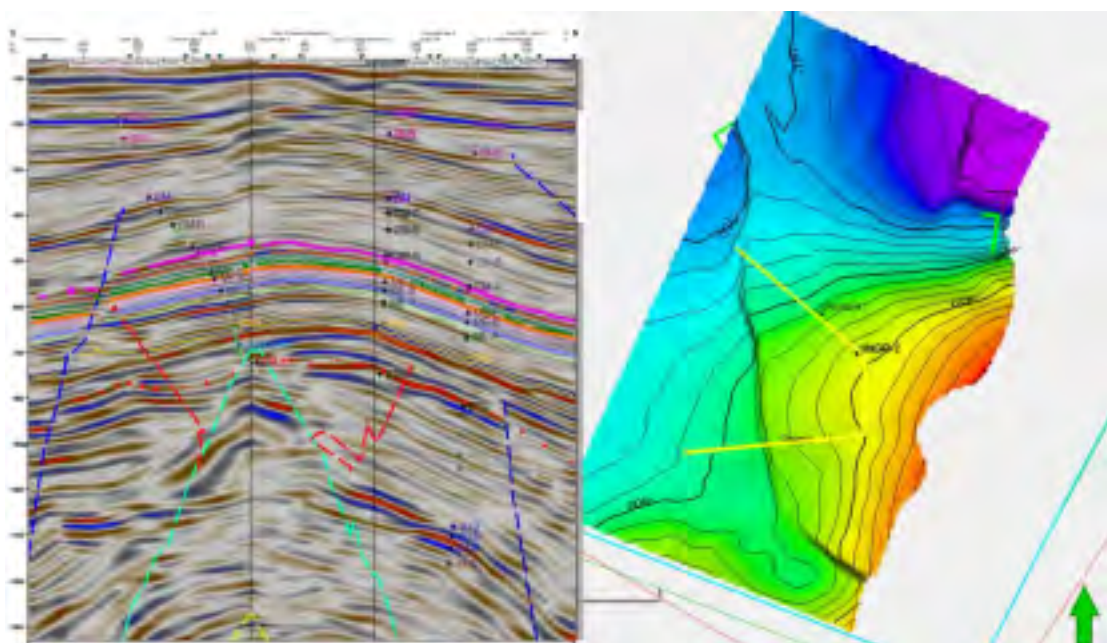
IN x1000STB	1C	2C	3C
GRABEN-EAST	2,000	3,200	4,800

## 8 STEIG DEVELOPMENT OPPORTUNITY

### 8.1 OVERVIEW

The Steig asset is an oil accumulation that was discovered by Rhein Petroleum in 2019 by well Steig-1. The well drilled through the entire Tertiary section and found oil at both Meletta and PBS stratigraphic levels. Both the Meletta and PBS, although they were tested and proved moveable hydrocarbons, require additional technical and commercial work, including among other things, further appraisal. However, together the Steig ME and Steig PBS can be envisaged as a low-risk future development programme, sub-classified by SGS as 'Development Unclearified.'

### 8.2 GEOLOGICAL OVERVIEW



**Figure 8-1** Seismic line through the Steig wells and ME-C depth structure map (Source: SGS)

Structurally, Steig is a triangular shaped hanging wall fault block, dip-closed to the north and fault bounded to the south and east (Figure 8-4). In general, Meletta beds are considered to be predominantly deep-water deposits. In Steig, they are about 100 m thick and consist of weakly stratified marls with positive SP response and relative high GR values. They show variable resistivity signal, but in clear contrast with underlying Rupelian Clay. Subordinate siltstones and fine-grained sandstones in coarsening-upward trends are present (funnel-shaped SP and GR pattern 10 to 30 meters thick).

Rhein Petroleum's first phase development plan is comprised of the Meletta sands. As part of this phase the PBS and deeper levels will be further appraised. The accumulation is also penetrated by three more wells; Untergrombach-1, 2, and 3, drilled in 1952. Of these, UNGR-2 was drilled to a shallower level and is therefore not relevant for this study. The old UNGR wells had only a very basic set of logs taken, including an SP log. Although well test data were carried out, no oil samples are reported in any of these wells from the Meletta sands, while oil samples were collected from the underlying PBS sands. The UNGR-1 shows some indications of oil being present in the ME-B.

The more recent Steig-1 well, on the other hand, drilled in the south of the structure, penetrating the Meletta at a similar depth and has acquired a more modern suite of wireline logs that clearly show oil saturation in the topmost Meletta C sand level. The presence of moveable oil is confirmed by a well test carried out at the same level. The Steig-1 well penetrated two other, deeper Meletta sands,

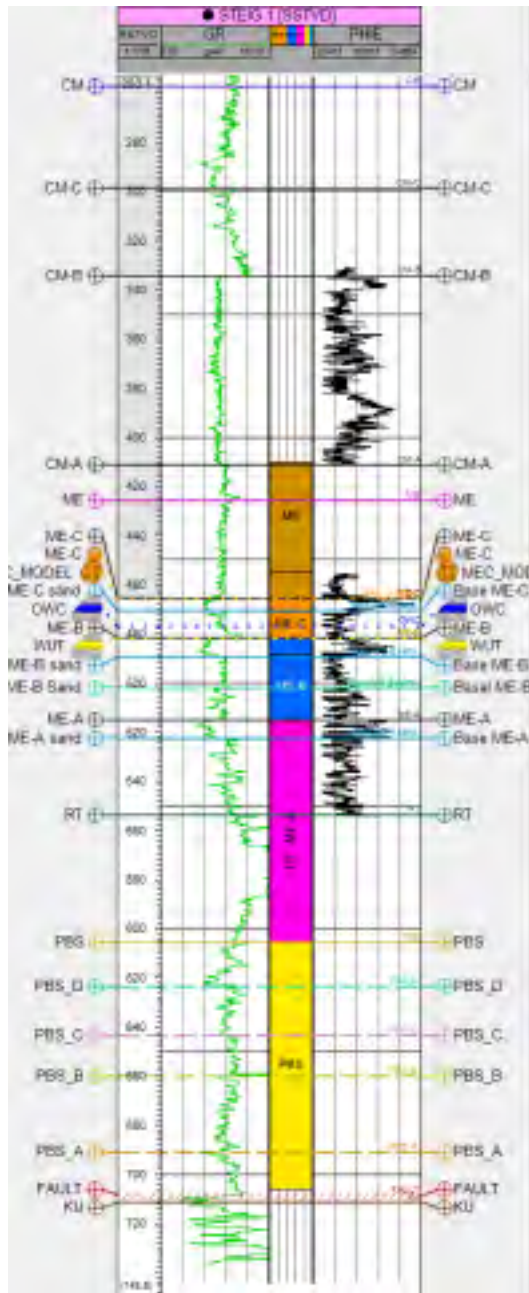


Figure 8-2 Steig-1 well section (Source: SGS).

ME-A and ME-B. Both petrophysical interpretation of well logs and well tests carried out at these levels confirm they are both water bearing (i.e. below the ODT in the C sand). However, it should be noted that the Steig-1 well has penetrated the base of the Meletta, with oil presence likely up dip within the ME-B and ME-A. On a geological timescale the inter reservoir sandy shales are not likely to be continuous or competent seals. In addition, all 3 ME sands are oil bearing in the Weingarten field, just 1-2 km South from the Steig field and the regional sedimentological model supports communication between the A, B and C sands. However, because fluid distribution and presence are subject to considerable uncertainty, the low case the A and the B sands have been excluded from the STOIP and reserves calculation.

The Steig-1 well also tested the PBS and proved moveable hydrocarbons, albeit at low rates (~160stb/d at high drawdowns).

In the same license the Steig Buntsandstein “Deep” prospect is located, see section 9.3

### 8.2.1 EVALUATION METHODOLOGY

A Petrel project containing wells, 3D seismic and interpretations and surfaces was provided to SGS so that the basis for GRV calculation could be verified.

For the Steig PBS a fully probabilistic volumetric evaluation was carried out.

### 8.2.2 STOIP RANGES

The STOIP range is large considering that the ME-B and ME-A may not hold substantial amounts of producible oil.

Table 8-1 Overview of technical cases evaluated for Steig ME

Case	STOIP	Np	RF
	MMstb	MMstb	%
Low	3.1	0.5	16%
Best	9.8	1.6	16%
High	13.1	2.2	17%

A deterministic approach was adopted for Steig ME in the calculation of the STOIP range. Conservatively, in the low case the ME-C is assumed to be oil-bearing. The best case assumes the ME-A, B and C are all charged. The low and best cases in-place volumes are underpinned by static modelling. For the high case a probabilistic P10 value was calculated assuming ME-A, B and C are charged.

**Table 8-2 Overview Steig PBS STOIP range**

Steig PBS	P90	P50	P10
	MMstb	MMstb	MMstb
STOIP	55.0	77.7	104.6

### 8.2.3 ENGINEERING ASSESSMENT

Reservoir simulation results indicate that the recovery factor of Steig-ME , some 17%, is modest due to the relatively viscous oil tested by the Steig-1 well. The recovery factor ranges for Steig PBS are based on similar fields i.e. from Erfelden PBS in view of Petrophysical properties and from Steig PBS, with respect to the PVT properties. Taking into consideration the above, the following recovery factor ranges have been estimated.

**Table 8-3 Steig PBS recovery factor ranges adopted**

Steig PBS	P90	P50	P10
	%	%	%
RF	15	20	30

### 8.2.4 CONTINGENT RESOURCES

Contingent resources are presented below. Since more data acquisition is required to determine the more accurate STOIP ranges, compartmentalization and well productivity, SGS ascribes a chance of development (COD) risk factor of 50%. SGS subclassifies the potential development as “Development Unclarified.”

**Table 8-4 Steig ME and Steig PBS contingent resources (100% WI – unrisks)**

IN X1000STB	1C	2C	3C
STEIG ME	499	1,627	2,213
STEIG PBS	13,000	17,000	22,000

## 9 PROSPECTIVITY ASSESSMENT

### 9.1 OVERVIEW

A number of drill-ready prospects within the Rhein Petroleum asset areas are documented within the materials made available to SGS. Prospect summary sheets and some basic petrophysical and reservoir engineering parameters were provided. Our evaluation of these prospects is therefore limited compared with what was carried out for the other assets documented above and has been confined to three material prospects, Weinheim, Steig Deep and Feldschlag.

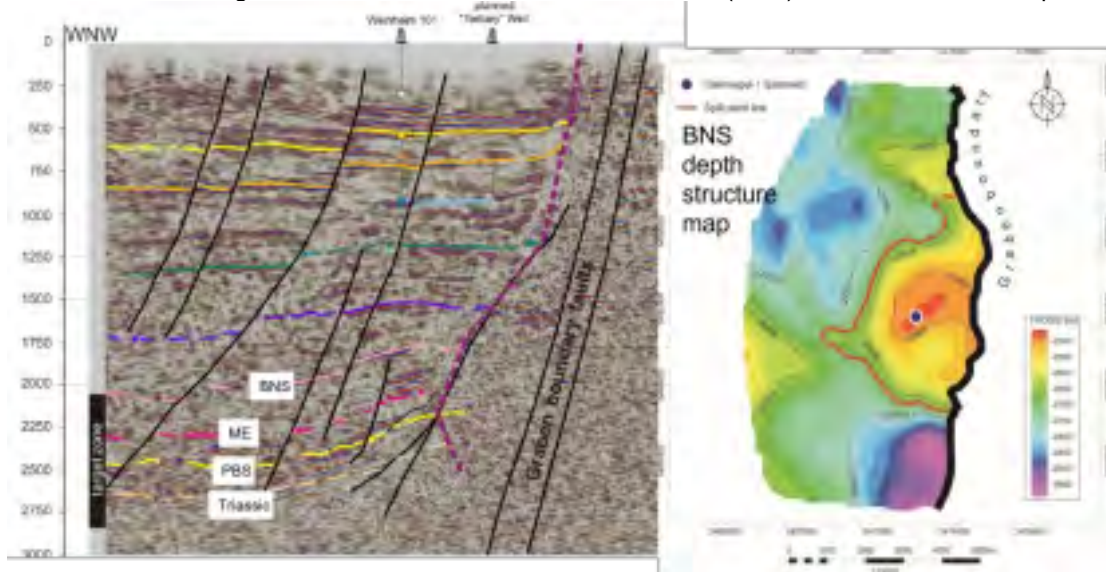
SGS risked these prospects based on the materials provided and a probability of geological discovery (PGD) given for each. It must be noted that analogue data is largely unavailable, and so the PGD values may seem somewhat conservative, but in the absence of dry-well data and the relatively immature nature of many of the deeper plays, SGS deem these PGD values to be appropriate.

The Weinheim, Graben, Steig Deep and Feldschlag prospects are considered material enough volumetrically to be considered here.

### 9.2 TECHNICAL ASSESSMENT – WEINHEIM PROSPECT

#### 9.2.1 OVERVIEW

Weinheim is a medium-risk, high-reward, down-thrown footwall fault block on the east side of the Rhein Graben, bounded to the east by the Graben Bounding Fault (GBF) itself, and dip-closed to the north, south and west (See Figure 8-1). The main targets volumetrically are the lacustrine-fluvial clastics of the Oligocene Bunte Niederoderner Schichten (BNS) reservoir. Other important



**Figure 9-1 Seismic cross-section through the Weinheim Prospect and BNS depth structure map. Source: Beacon Energy plc**

objectives are the CM, ME, PBS and Triassic Buntsandstein.

#### 9.2.2 EVALUATION METHODOLOGY

Note that this prospect has not been evaluated to the same level as Steig Deep or Graben, since no Petrel project was made available. Accordingly, SGS reviewed and assessed presentation material and assumed the volumetric estimates of the operator are valid. SGS carried out an estimation of probability of geological discovery from the limited data provided.

### 9.2.3 STOIP RANGES

**Table 9-1 Volumetric ranges for Weinheim . [source: Rhein Petroleum]**

IN MMSTB	P90	P50	P10
BNS	59	139	254
CM	33	77	140
ME	51	135	253
PBS	50	114	205
BUNTSANDSTEIN	41	89	164

### 9.2.4 RECOVERY FACTOR RANGES

A notional RF range was applied considering the field is waterflooded with a Low RF of 15% (i.e. no benefit from water injection), Best RF of 30% and a High RF of 50%

### 9.2.5 PROBABILITY OF GEOLOGICAL DISCOVERY (POS)

The structure as mapped, with the reservoirs, if present, filled to spill, can potentially contain large volumes for such a small structure. However, there are a number of risks and uncertainties that make this a high-risk-high-reward prospect.

Reservoir: The risk of there being no reservoir at all target levels is almost zero.

Structure: with the limited number of seismic sections available in the provided data pack, it is not possible to verify the structure as presented by Rhein Petroleum. According to the operator, the northern flank of the structure is difficult to map owing to poor seismic definition. In addition, there are a very limited number of seismic well ties available to aid identification of seismic reflectors. Therefore, with the information provided, whilst it is unlikely that no trap exists, SGS considers that a risk of 70% is appropriate.

Top Seal: the integrity of the reservoir-seal pairs is well established at the target level in the URG and so top seal can be considered a low risk. However, the fault sealing potential of the GBF is, as far as SGS is concerned, a potential risk. It is postulated that the footwall consists of crystalline basement adjacent to the reservoirs, but the nature of this lateral seal is not fully known. Therefore, the seal risk is considered to be 60%.

Charge: considering the multiple source rocks, extensive and proximal kitchen area and established migration pathways, this is considered a low risk, at least for the Tertiary reservoirs which is considered to be 100% charged. However, for the Triassic, SGS consider long distance migration from shallower source rocks across faults into the reservoirs to be potentially high risk.

The POS was estimated to be 42% for the Tertiary targets and 15% for the Triassic Buntsandstein target.

### 9.2.6 PROSPECTIVE RESOURCES

**Table 9-2 Weinheim Prospective Resources (100% WI Unrisked)**

IN MMSTBSTB	1U	2U	3U
Weinheim CM+BNS+ME+PBS	92	150	234
Weinheim Buntsandstein	18	30	45

### 9.3 TECHNICAL ASSESSMENT – STEIG DEEP

#### 9.3.1 OVERVIEW

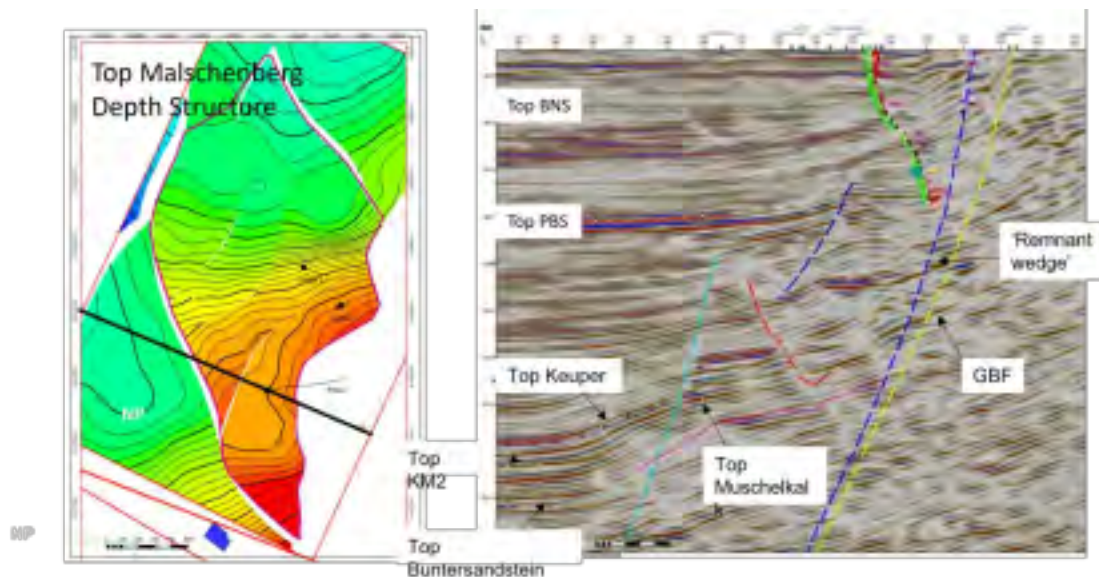
Steig Deep prospect lies under the Tertiary assets described in section 5 and is structurally part of the same downthrown fault block. Well UNGR-3 was drilled some time ago and apparently encountered hydrocarbons in the Triassic Malschenberg sandstone but was not tested. Prospectivity exists in the Malschenberg, Schilfsandstein, Lettenkeuper and Buntsandstein of the Triassic.

#### 9.3.2 EVALUATION METHODOLOGY

A Petrel project was provided to SGS within which the basis for GRV estimation could be verified.

#### 9.3.3 INTERPRETATION AND MAPPING

(See also section 8) In SGS' opinion, Rhein Petroleum's geophysical interpretation of the Steig deep prospect has been performed according to industry standards and leads to an acceptable representation of the structure.



**Figure 9-2 Malschenberg top depth map and seismic line through the Steig-1 well. Source: SGS**

The seismic interpretation review was based on technical presentations provided by Rhein Petroleum as background information, and a Petrel project from 2021 containing reprocessed 3D seismic data set, faults, interpreted horizons, geological well markers, and input for the structural model. A stretch version of the seismic volumes was also provided in depth domain using the velocity model called "Steig Vint model update 28102020".

The main horizons have been interpreted in TWT domain based on the 2020 Pre-STM from the KAN survey reprocessing.

The seismic quality is impacted by being at the edge of the seismic survey and the significant faulting in the overburden. However, the Pre-STM reprocessed in 2020 shows good reflectivity at Meletta level and reasonable for deeper reflectors.

The Base Tertiary Unconformity doesn't correspond to a distinct reflector and is therefore sometimes challenging to interpret. In some areas, alternative interpretations can be considered, especially near the graben boundary fault. The impact on this is in the final depth conversion.

### 9.3.4 STOIP RANGES

**Table 9-3 Volumetric range for Steig Deep, Buntsandstein reservoir**

IN MMSTB	P90	P50	P10
BUNTSANDSTEIN	15	56	82

### 9.3.5 RECOVERY FACTOR RANGES

A notional recovery factor (RF) range was applied considering the field is waterflooded with a Low RF of 15% (i.e. no benefit from water injection), Best RF of 30% and a High RF of 50%

### 9.3.6 PROBABILITY OF GEOLOGICAL DISCOVERY (POS)

A chance of geological discovery of 30% has been ascribed to the prospect.

### 9.3.7 PROSPECTIVE RESOURCES

**Table 9-4 Steig Deep, Buntsandstein reservoir Prospective Resources (100% WI Unrisked)**

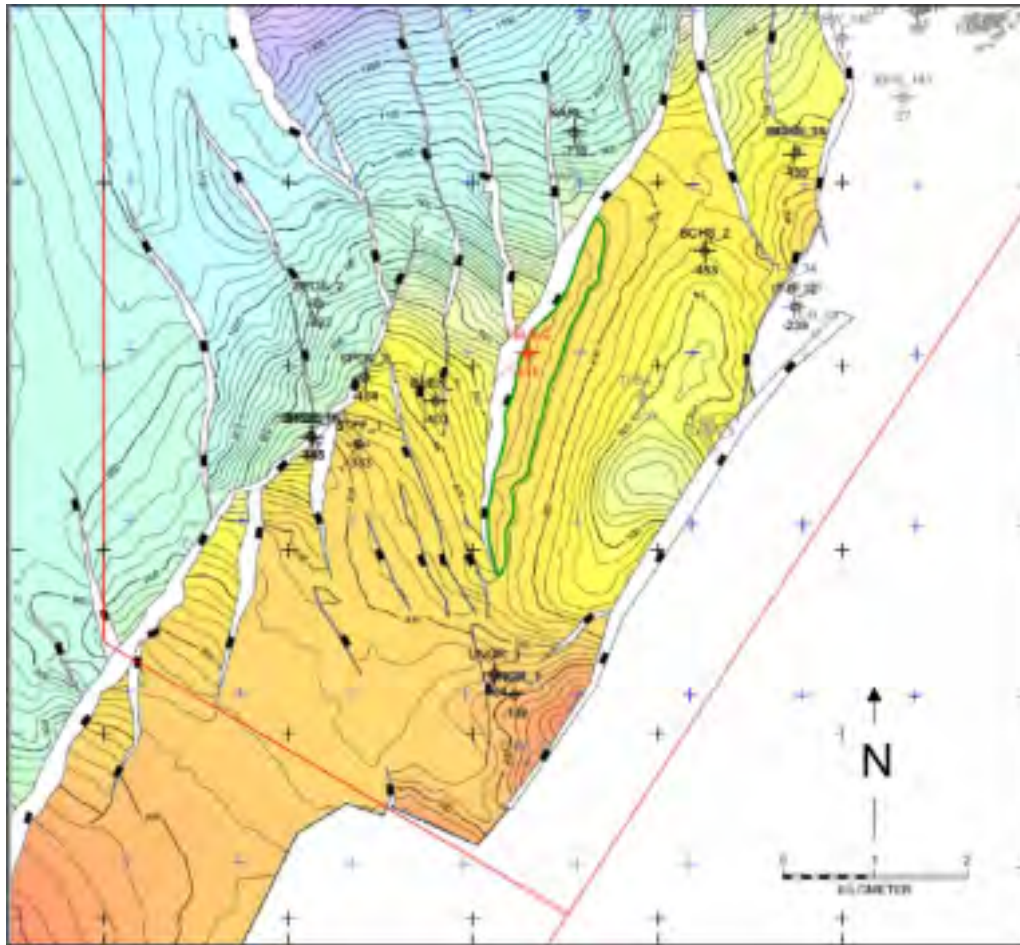
IN X1000STB	1U	2U	3U
Steig Deep - Buntsandstein	9,000	16,000	24,000

## 9.4 TECHNICAL ASSESSMENT – FELDSCHLAG

Located near the Huttenheim, Graben and Leopoldshafen oil fields, Feldschlag is an elongated, east-dipping two-way dip closed footwall structure, bounded to the west by a NE-SW normal fault (see Figure 9-3)

### 9.4.1 OVERVIEW

The primary reservoirs are at BNS, CM and Meletta. Recent 3D seismic has allowed for a robust interpretation of the associated reflectors. The throw on the bounding fault reduces towards the south of the structure and there is a risk that here the lateral seal can lose its integrity through juxtaposition of sands across this fault.



**Figure 9-3** Feldschlag prospect Top BNS depth structure. *Source: Beacon Energy plc*

#### 9.4.2 EVALUATION METHODOLOGY

Note that this prospect has not been evaluated to the same level as Steig Deep or Graben, since no Petrel project was made available. Accordingly, SGS reviewed and assessed presentation material and assumed the volumetric estimates of the operator are valid. SGS carried out an estimation of geological risk from the limited data provided.

#### 9.4.3 STOIPP RANGES

**Table 9-5** Volumetric ranges for Feldschlag [Source Rhein Petroleum].

IN MMSTB	P90	P50	P10
BNS	2.4	4.6	8.8
CM	1.3	2.7	5.1
ME	1.6	3.1	6.0



#### 9.4.4 RECOVERY FACTOR RANGES

A notional recovery factor (RF) range was applied considering the field is waterflooded with a Low RF of 15% (i.e. no benefit from water injection), Best RF of 30% and a High RF of 50%

#### 9.4.5 PROBABILITY OF GEOLOGICAL DISCOVERY (POS)

SGS consider reservoir, top seal and charge to be low risk, whereas lateral seal is potentially a problem in the south of the structure. Overall POS assigned to Feldschlag – BNS and Feldschlag – CM of 40% and a POS of 20% for the deeper Feldschlag – ME.

#### 9.4.6 PROSPECTIVE RESOURCES

**Table 9-6 Prospective Resources range for Feldschlag (100% WI Unrisked)**

IN x1000STB	1U	2U	3U
Feldschlag - BNS	996	1,585	2,417
Feldschlag - CM	568	888	1,433
Feldschlag - ME	675	1,094	1,690

## 10 OPERATIONAL AND CAPITAL EXPENDITURES

### 10.1 SURFACE FACILITY DESIGN

The Erfelden field will be redeveloped by drilling 3 new wells: 2 production wells and one injection well, and the conversion of the existing Schwarzbach 1a producer well to a water source well. The existing Schwarzbach production location will be modified to accommodate the new wells and the required water treatment.

Produced oil is degassed and dewatered, and subsequently trucked to a nearby refinery. Produced water is treated and injected.

### 10.2 CAPEX

An estimate of the various CAPEX elements was provided by Rhein Petroleum. The CAPEX estimates are summarised in Table 10-1. SGS has reviewed the cost estimate and found them to be reasonably well underpinned by evidence. Drilling costs were backed by itemized cost estimates. The total drilling CAPEX amounts to over 80% of the total CAPEX estimate. Facilities cost estimates provided a less detailed breakdown, but the overall involved CAPEX was fairly limited and in line with the simple design of the existing facilities. The assumptions underpinning the OPEX estimates could not be verified, but the calculated OPEX was found to be in line with historical OPEX data. To reflect current market conditions, a 10% inflation factor was applied to the calculated OPEX estimates. Since the drilling costs are the most significant contributor to the overall CAPEX, the total CAPEX as provided by Rhein Petroleum have been adopted as given.

For Erfelden, a drilling CAPEX of 13.0 mln€ was presented for the three wells, and a facilities CAPEX of 2.7 mln€ for preparation of the wellsite, construction of flowlines for the three new wells and from the water source well to the injection well, including filters and pumps (forward looking).

The breakdown of the development CAPEX for both fields is presented in Table 10-1:

**Table 10-1 Capital Cost (CAPEX) breakdown (Real Terms 2022) in mln€.**

Cost Item	Erfelden
Drilling cost	<b>13.0</b>
No. of Producer well / Injection wells/water supply well	(2/1)
Facilities cost	<b>2.7</b>
<b>Total CAPEX</b>	<b>15.7</b>

### 10.3 OPEX

The OPEX estimate for the two fields is based on a number of fixed and variable cost elements, for which the underlying assumptions are briefly discussed in the following paragraphs.

For Erfelden, the fixed OPEX is estimated at 0.56 mln€/a, including G&A cost allocation. Variable OPEX is calculated on the basis of cost factors for oil trucking and lifting (2.15 €/bbl), produced water treatment and lifting (0.72 €/bbl), and water sourcing and injection (0.72 €/bbl).

Well workover costs for ESP replacements have been separately calculated, based on an assumed ESP replacement of once every three years for each production and for the water supply well, with estimated cost for ESP replacement of 0.273 mln€ for a producer well and 0.153 mln€ for the water source well.

**Table 10-2 Operational Cost (OPEX) breakdown (Real Terms 2022), in mln€/a**

Cost Item	Erfelden
Annual fixed OPEX	<b>0.56</b>
Annual variable OPEX (well W/O)	<b>0.23</b>
Annual variable OPEX Liquids (2025)	<b>0.68</b>

#### 10.4 ABEX

In accordance with previously assumed abandonment costs, the abandonment costs (ABEX) have been estimated at 0.5 mln€ + 10% of the facilities CAPEX.

Abandonment costs for wells are assumed to follow the same formula and are included in the ABEX estimate. Thus calculated ABEX for the field are presented in Table 10-3.

**Table 10-3 Abandonment Cost (ABEX) breakdown (Real Terms 2022) in mln€**

Cost Item	Erfelden
Abandonment Cost*	<b>3.1</b>

[\*] ABEX including assumed notional 10 mln€ existing facilities, based on engineering judgment by SGS

## 11 ECONOMICS

### 11.1 INTRODUCTION

SGS has determined the economics of the Lauben field and the Erfelden project developments.

SGS has re-used an economic model that was applied for a reserves assessment YE21 to determine the Reserves for Rhein Petroleum. The model is a 'portfolio' model, whereby the economics for various scenarios can be executed to ultimately determine the economics of the combined portfolio.

The economic model has been reviewed and Inputs have been updated with latest available information. In the model a so-called 'earn out' royalty was added, which is a 10% of gross production (less any state royalties paid) payable to the Seller. The Earn Out royalty will accrue from 1.1.23 until 31.3.2025 and then be paid on 30.6.2025. Earn Out during the quarter ending 30.6.25 will be paid on 30.9.25. Thereafter, the Earn Out will be paid one quarter in arrears.

In the course of our review, SGS has executed the following scenarios:

- Lauben Technical Low + Erfelden Technical Low
- Lauben Technical Best + Erfelden Technical Best
- Lauben Technical High + Erfelden Technical High

The table below reflects the key economic results of the scenarios pertaining to Lauben and Erfelden.

**Table 11-1 Economics & Reserves overview**

<b>Base scenario</b>	<b>(Economic)</b>	<b>Cumulative</b>	<b>NPV</b>	<b>Break-</b>	<b>CoP</b>
<b>(incl. €34.5 TLCF)</b>	<b>Production</b>	<b>Cash</b>	<b>@10%</b>	<b>even</b>	<b>Month</b>
	<b>mmbbl</b>	<b>€ mln</b>	<b>€ mln</b>	<b>Month</b>	<b>Month</b>
Erfelden Low	0.000	N/A	N/A	N/A	N/A
Erfelden Best	3.847	€ 95.0	€ 52.8	Sep-23	Sep-44
Erfelden High	5.824	€ 160.1	€ 105.3	Jun-23	Dec-45

SGS has determined that the Erfelden Best-scenario is economic and can therefore be deemed 'Reserves' according to PRMS guidelines. The table below represents the cumulative volumes from 1/1/2023 onwards that can be economically produced until the Economic Limit, e.g. until the point that the lifecycle cumulative free after tax cashflow has reached its maximum, which in the Base-case is September 2044.

**Table 11-2 Erfelden and Lauben Summary of Best and High reserves**

		<b>Best</b>	<b>High</b>
<b>Field</b>	<b>Reserves</b>	<b>Reserves</b>	<b>Reserves</b>
Erfelden	mmbbl	3.784	5.754
Lauben	mmbbl	0.063	0.071
<b>Grandtotal</b>	<b>mmbbl</b>	<b>3.847</b>	<b>5.824</b>

In sections 16 and 17, the detailed cashflow-calculations have been included, whereby value marked in Red font are not part of the economic cashflow.

**Table 11-3 Erfelden Best Summary of annual profiles**



Year	Production (mln bbbbl)	Revenues (€ mln)	Opex (€ mln)	Capex (€ mln)	Abex (€ mln)	Tax & Royalties (€ mln)	Earn Out Royalty (€ mln)	Economic Free Cashflow (€ mln)
2023	0.19	€ 15.6	-€ 2.5	-€ 9.5	€ 0.0	-€ 2.8	€ 0.0	€ 0.8
2024	0.32	€ 24.9	-€ 2.9	-€ 5.8	€ 0.0	-€ 4.5	€ 0.0	€ 11.7
2025	0.28	€ 20.2	-€ 2.6	-€ 0.4	€ 0.0	-€ 3.5	-€ 5.0	€ 8.7
2026	0.25	€ 18.0	-€ 2.4	€ 0.0	€ 0.0	-€ 3.3	-€ 1.7	€ 10.5
2027	0.24	€ 16.2	-€ 2.4	€ 0.0	€ 0.0	-€ 4.7	-€ 1.5	€ 7.6
2028	0.22	€ 14.9	-€ 2.4	€ 0.0	€ 0.0	-€ 4.4	-€ 1.4	€ 6.7
2029	0.21	€ 12.9	-€ 2.4	€ 0.0	€ 0.0	-€ 3.6	-€ 1.2	€ 5.6
2030	0.21	€ 11.3	-€ 2.5	€ 0.0	€ 0.0	-€ 3.1	-€ 1.0	€ 4.7
2031	0.20	€ 11.3	-€ 2.5	€ 0.0	€ 0.0	-€ 3.1	-€ 1.0	€ 4.7
2032	0.20	€ 11.5	-€ 2.6	€ 0.0	€ 0.0	-€ 3.1	-€ 1.0	€ 4.8
2033	0.20	€ 11.6	-€ 2.6	€ 0.0	€ 0.0	-€ 3.2	-€ 1.0	€ 4.8
2034	0.19	€ 11.5	-€ 2.7	€ 0.0	€ 0.0	-€ 3.1	-€ 1.0	€ 4.7
2035	0.18	€ 10.9	-€ 2.7	€ 0.0	€ 0.0	-€ 2.9	-€ 1.0	€ 4.3
2036	0.17	€ 10.3	-€ 2.7	€ 0.0	€ 0.0	-€ 2.7	-€ 0.9	€ 4.0
2037	0.16	€ 9.8	-€ 2.7	€ 0.0	€ 0.0	-€ 2.6	-€ 0.9	€ 3.7
2038	0.14	€ 9.3	-€ 2.7	€ 0.0	€ 0.0	-€ 2.4	-€ 0.9	€ 3.3
2039	0.13	€ 8.4	-€ 2.7	€ 0.0	€ 0.0	-€ 2.1	-€ 0.8	€ 2.8
2040	0.11	€ 7.2	-€ 2.7	€ 0.0	€ 0.0	-€ 1.7	-€ 0.7	€ 2.1
2041	0.09	€ 5.9	-€ 2.7	€ 0.0	€ 0.0	-€ 1.2	-€ 0.6	€ 1.4
2042	0.07	€ 4.8	-€ 2.6	€ 0.0	-€ 0.3	-€ 0.9	-€ 0.5	€ 0.6
2043	0.06	€ 4.1	-€ 2.7	€ 0.0	€ 0.0	-€ 0.6	-€ 0.4	€ 0.4
2044	0.05	€ 3.5	-€ 2.7	€ 0.0	€ 0.0	-€ 0.4	-€ 0.3	€ 0.0
2045	0.04	€ 3.1	-€ 2.7	€ 0.0	-€ 2.8	-€ 0.3	-€ 0.3	-€ 2.9
<b>Economic Life</b>	<b>3.847</b>	<b>€ 253.3</b>	<b>-€ 57.3</b>	<b>-€ 15.7</b>	<b>-€ 3.1</b>	<b>-€ 59.7</b>	<b>-€ 22.8</b>	<b>€ 95.0</b>

**Table 11-4 Erfelden High Summary of annual profiles**

Year	Production	Revenues	Opex	Capex	Abex	Tax & Royalties	Earn Out Royalty	Economic Free Cashflow
	(mln bbbl)	(€ mln)	(€ mln)	(€ mln)	(€ mln)	(€ mln)	(€ mln)	(€ mln)
2023	0.54	€ 44.9	-€ 3.3	-€ 9.5	€ 0.0	-€ 8.7	€ 0.0	€ 23.4
2024	0.53	€ 40.6	-€ 3.3	-€ 5.8	€ 0.0	-€ 9.8	€ 0.0	€ 21.7
2025	0.47	€ 34.6	-€ 3.4	-€ 0.4	€ 0.0	-€ 11.1	-€ 10.0	€ 9.7
2026	0.51	€ 35.7	-€ 3.4	€ 0.0	€ 0.0	-€ 11.6	-€ 3.2	€ 17.5
2027	0.54	€ 37.2	-€ 3.5	€ 0.0	€ 0.0	-€ 12.0	-€ 3.3	€ 18.3
2028	0.55	€ 37.3	-€ 3.5	€ 0.0	€ 0.0	-€ 12.1	-€ 3.4	€ 18.3
2029	0.43	€ 26.1	-€ 3.3	€ 0.0	€ 0.0	-€ 8.1	-€ 2.7	€ 12.0
2030	0.27	€ 15.1	-€ 3.0	€ 0.0	€ 0.0	-€ 4.4	-€ 1.5	€ 6.2
2031	0.21	€ 11.8	-€ 2.9	€ 0.0	€ 0.0	-€ 3.2	-€ 1.1	€ 4.6
2032	0.19	€ 10.6	-€ 2.9	€ 0.0	€ 0.0	-€ 2.8	-€ 1.0	€ 3.9
2033	0.17	€ 10.0	-€ 3.0	€ 0.0	€ 0.0	-€ 2.6	-€ 0.9	€ 3.5
2034	0.16	€ 9.7	-€ 3.0	€ 0.0	€ 0.0	-€ 2.5	-€ 0.9	€ 3.3
2035	0.16	€ 9.6	-€ 3.1	€ 0.0	€ 0.0	-€ 2.4	-€ 0.9	€ 3.2
2036	0.15	€ 9.5	-€ 3.1	€ 0.0	€ 0.0	-€ 2.4	-€ 0.9	€ 3.1
2037	0.15	€ 9.3	-€ 3.2	€ 0.0	€ 0.0	-€ 2.3	-€ 0.8	€ 3.0
2038	0.14	€ 8.9	-€ 3.2	€ 0.0	€ 0.0	-€ 2.2	-€ 0.8	€ 2.7
2039	0.13	€ 8.3	-€ 3.3	€ 0.0	€ 0.0	-€ 2.0	-€ 0.8	€ 2.4
2040	0.11	€ 7.6	-€ 3.3	€ 0.0	€ 0.0	-€ 1.7	-€ 0.7	€ 1.9
2041	0.10	€ 6.8	-€ 3.3	€ 0.0	€ 0.0	-€ 1.4	-€ 0.6	€ 1.5
2042	0.09	€ 6.1	-€ 3.2	€ 0.0	-€ 0.3	-€ 1.2	-€ 0.6	€ 0.9
2043	0.08	€ 5.7	-€ 3.3	€ 0.0	€ 0.0	-€ 1.0	-€ 0.5	€ 0.9
2044	0.07	€ 5.4	-€ 3.3	€ 0.0	€ 0.0	-€ 0.9	-€ 0.5	€ 0.6
2045	0.07	€ 5.1	-€ 3.4	€ 0.0	€ 0.0	-€ 0.8	-€ 0.5	€ 0.4
2046	0.01	€ 0.4	-€ 1.5	€ 0.0	-€ 2.8	€ 0.0	-€ 0.1	-€ 2.9
<b>Economic Life</b>	<b>5.824</b>	<b>€ 395.9</b>	<b>-€ 74.6</b>	<b>-€ 15.7</b>	<b>-€ 3.1</b>	<b>-€ 107.1</b>	<b>-€ 35.6</b>	<b>€ 160.1</b>

### 11.1 CORPORATE INCOME TAX AND ROYALTIES

In Germany, the independent 'Bundesländer' have their own regime for Royalties. Municipalities have their own Trade Tax. On top of the State-taxation, there's a Federal Income Tax. The tax-assumptions for the various fields have been reflected in the table below.

Based on advice from the Client and their Tax-advisor, Grant Thornton AG, the base case assumption is that there is a 50% chance that the total Tax Loss Carry Forward (TLCF) for Rhein Petroleum per 30/09/2022 (€69 mln) may be used to offset against future taxable income. For valuation-purposes, a risked value of €34.5mln has been included as Opening Balance for TLCF per 1/1/2023. The Maximum Direct Loss Deductible per annum is € 1mln. On top of that, a maximum of 60% of any remaining Taxable Income after subtracting the €1 mln direct loss deduction can be offset against carried forward Tax-losses. Royalty Rates are dependent on the relevant rate applied by the specific Federal State.

Annual depreciation for Tax-purposes is computed based on the methodology of Unit of Production.

**Table 11-5 German fiscal regime**

Bundesland	Royalty Rate	Field	Trade Tax
Hesse	10%	Erfelden	13.91%
Baden-Wuerttemberg	15%	Steig	12.60%
Bavaria	0%	Lauben	10.90%

The Federal Corporate Income Tax (CIT) rate is 15% and an additional 0.825% (=5.5% of German CIT-rate) Solidarity Tax, which is confirmed by the Due Diligence report from the Tax advisor of the Client (Grant Thornton AG) and is also consistent with Tax Summaries-information as published by PWC (<https://taxsummaries.pwc.com/germany>). Trade Tax has is imposed by Local Cities/Municipalities and for Erfelden as a base-rate of 3.5% multiplied with a factor per City/Municipality. The assumption of 13.91% for Erfelden is in line with the advice from the Tax advisor of the Client and appears to be reasonable when reviewing the local website of the nearest Municipality ( <https://www.mabya.de/rechner/gewerbesteuer-riedstadt-buechnerstadt/>).

The Royalty Rate of 10% for Erfelden and 0% for Lauben was advised by the Client and has been assumed in the economic valuation.

### 11.1 OIL PRICE AND FOREIGN EXCHANGE RATE

For the Oil-price assumption, SGS has included the Intercontinental Exchange (ICE) End-of-Day Brent Crude Futures curve of 14/11/2022 for the period up till and including March 2029 (see below).

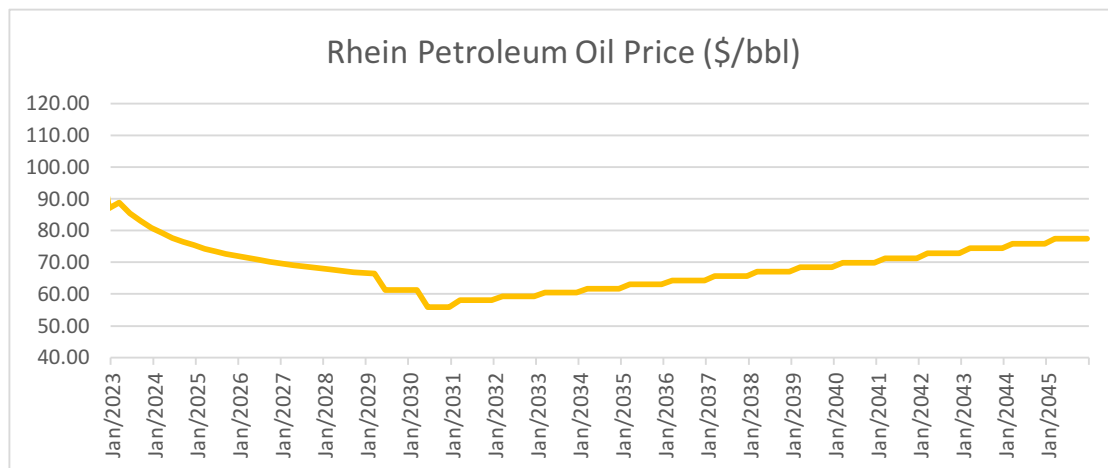
<https://www.theice.com>.

For the period thereafter SGS assumed the Rystad Forecast (published on 9/9/2022) of 2030 adjusted for an annual inflation of 2% as provided by the Client.

For the Foreign Exchange Rate to convert USD to EUR a rate of 1.04 USD/EUR has been used, as published by the European Central Bank at 16/11/2022. (<https://www.ecb.europa.eu/>).

A discount of \$3 / bbl has been assumed for the actual Sales price of crude from Erfelden to the refinery, based on current discount for crude sales of the Lauben field.

The graph below reflects the net Oil price assumption for Rhein Petroleum.



**Figure 11-1 SGS adopted oil price forecast (including USD 3 quality discount)**

### 11.2 ECONOMICS

Technical production profiles have been established by SGS which have been used as input to run final economics. In the section 16 and 17 detailed profiles can be found, split by field and by Quarter.

SGS has established that for the Erfelden Best scenario the cumulative cashflow and the Net Present Value at a discount rate of 10% (NPV10) is positive.

The charts below reflect the Quarterly Cashflows for the Erfelden Best Base Case scenario.



**Figure 11-2 Erfelden cashflows and cumulative discounted cashflows**

### 11.3 FURTHER ABANDONMENT LIABILITIES

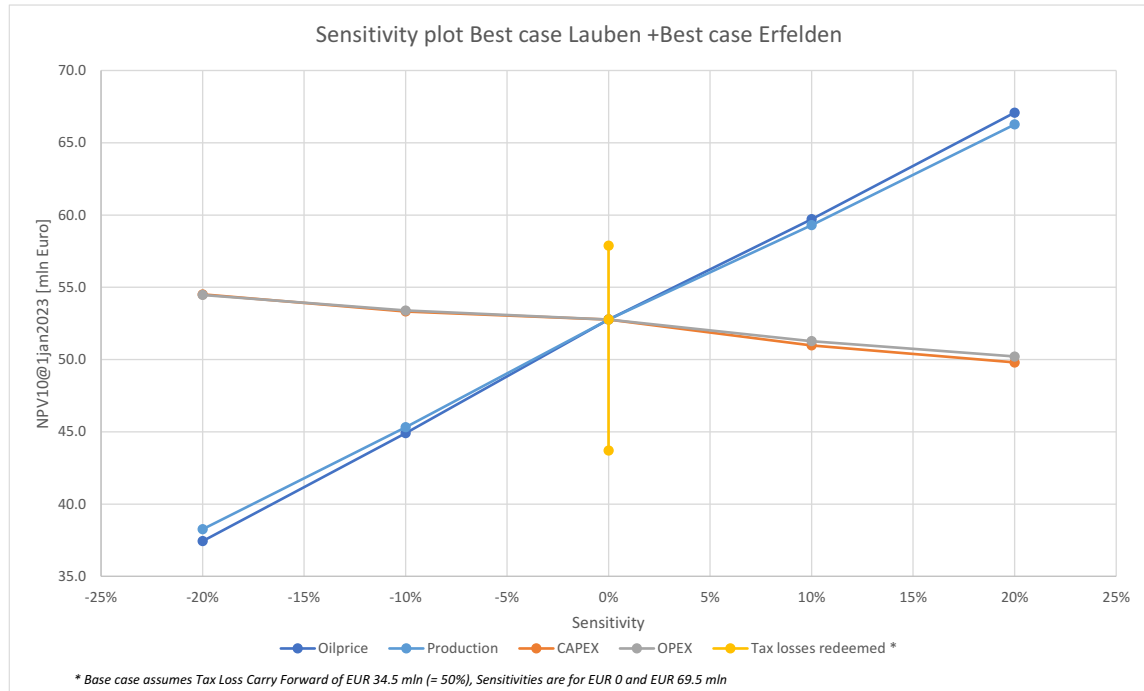
The Rhein Petroleum portfolio includes wells at Bedernau Stockstadt and Allmend which are scheduled to be decommissioned within 12 months of closing at an estimated cost to Rhein Petroleum of 1.385 mln €.

### 11.1 SENSITIVITIES

Sensitivities on the NPV10 have been compiled on the scenario 'Lauben Best + Erfelden Best' and the results have been plotted in the graph below.

The Base NPV10 is 52.8 mln €.

Key sensitivities are those on the Oil Volumes, the Oil Price and the Tax Loss Carry Forward, whereas the economics are not very sensitive to changes in Opex and/or Capex.



**Figure 11-3 Spider-plot economic sensitivities**

## 12 AVAILABLE DATA

An extensive data package was available, as provided by Rhein Petroleum, including amongst others:

1. Introductory slide-packs on board approved field development plans
2. A Petrel project entitled "2021\_Stockstadt\_Erfelden\_Phase1and2" was used for the evaluations.
3. A Petrel project entitled "2021\_r5\_Steig\_Development\_Phase1" was made available for the evaluations. (static and dynamic)
4. Seismic cubes in ZGY format
5. Material balance model for Erfelden
6. Steig well-test information
7. Petrophysical information for relevant wells, including IP projects
8. Analogue data from several nearby fields close to Erfelden and Steig
9. Facilities information on Erfelden, Lauben and Steig
10. Costing information on Erfelden development
11. Economic portfolio model Erfelden, Lauben and Steig
12. Fiscal terms applicable to Erfelden, Lauben and Steig
13. Other non-technical data related to permitting and license aspects, e.g., the HBP application for Steig
14. Wintershall report on the Weingarten development from the 90s.
15. Prospect summary slide-packs
16. Graben field Petrel model
17. Outline of earn-out terms and conditions
18. FDPs for Erfelden and Steig-ME
19. Xodus site visit report.

### 13 UNITS & GLOSSARY

List of key abbreviations and units used in this assessment.

ABEX	abandonment costs
bbl	barrel
BHP	bottom hole pressure
BOPD	barrels of oil per day
BOEPD	barrels of oil equivalent per day
CAPEX	capital expenditure
CH	hydrocarbon column height
CoP	cessation of production
DST	drill stem test (i.e. production test)
EoL	expiration of licence
FDP	Field Development Plan
FEED	front end engineering design
FTHP	flowing tubing head pressure
FWL	free water level
ODT	oil down to
OWC	Oil Water Contact
GRV	gross rock volume
IRR	internal rate of return
k	thousand (10 <sup>3</sup> ) (metric system)
Km	kilometres
M	million (10 <sup>6</sup> ) (metric system)
MBAL	Material Balance
ME	Meletta-Schichten
m <sup>3</sup>	cubic meter
mln	million (metric system)
MM	million
NN	Normal Null
NPV	Net Present Value
NTG	net to gross
OCM	operating committee meeting
OPEX	operating expenditure
PBS	Pechelbronner-Schichten
Phi	porosity
PLA	production licence application
PLT	production logging tool
PRMS	Petroleum Resources Management System
PTA	pressure transient analysis
rm <sup>3</sup>	reservoir cubic meter
RF	recovery factor
RP	Rhein Petroleum GmbH
RT	real terms
SGS	Societe Generale de Surveillance
SPA	sales and purchase agreement
ss	subsea



stb	stock tank barrel (at standard conditions)
STOIIP	Stock tank oil initially in place
Sw	water saturation
TCM	technical committee meeting
THP	tubing head pressure
TVDss / tvdss	true vertical depth subsea
TWT	two-way time (seismic)
UR	ultimate recovery
URF	ultimate recovery factor
URG	Upper Rhein Graben
WI	working interest
WUT	water up to

**Standard Conditions** are defined at:

pressure=1.01325 bara & temperature= 15°C

Oil conversion factor:

$$1 \text{ sm}^3 = 6.2893 \text{ bbl}$$

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## 15 RESERVES AND RESOURCES OVERVIEW

### Overview of reserves, Contingent Resources and Prospective resources

License	Reserves	Gross			Net attributable			Operator
		1P	2P	3P	1P	2P	3P	
	All figures in 1000bbbls							
Lauben	Lauben	-	126	144	-	63	72	ONEO
Schwarzbach	Erfelden STK-Mitte and SWB-Mai	-	3,784	5,754	-	3,784	5,754	Rhein Petroleum
	Total reserves	-	3,910	5,898	-	3,847	5,826	
	Contingent resources							
License	All figures in 1000bbbls	Gross			Net attributable			chance of development
		1C	2C	3C	1C	2C	3C	Operator
Schwarzbach	Schwarzbach South	1,669	2,417	3,315	1,669	2,417	3,315	Rhein Petroleum
Karlsruhe-Leopoldshaven	Graben - East Block CM+CMD	2,000	3,200	4,800	1,200	1,920	2,880	Rhein Petroleum
	Steig ME	499	1,627	2,213	499	1,627	2,213	Rhein Petroleum
Graben-Neudorf	Steig PBS	13,000	17,000	22,000	13,000	17,000	22,000	Rhein Petroleum
	Total CR	17,168	24,244	32,328	16,368	22,964	30,408	
	Prospective Resources	Gross			Net attributable			Probability of geological discovery
License	All figures in 1000bbbls	1U	2U	3U	1U	2U	3U	Operator
Karlsruhe-Leopoldshaven	Graben - West Block CM+CMD	2,600	4,100	5,900	1,560	2,460	3,540	Rhein Petroleum
	Graben - West Block - ME C	730	1,100	1,600	438	660	960	Rhein Petroleum
	Graben - West Block - ME B	150	500	1,100	90	300	660	Rhein Petroleum
	Graben Total	3,480	5,700	8,600	2,088	3,420	5,160	
Graben-Neudorf	Steig Deep - Buntsandstein	9,000	16,000	24,000	9,000	16,000	24,000	Rhein Petroleum
	Weinheim - CM+BNS+ME+PBS	92,000	150,000	234,000	92,000	150,000	234,000	Rhein Petroleum
	Weinheim - Buntsandstein	18,000	30,000	45,000	18,000	30,000	45,000	Rhein Petroleum
	Weinheim - Total	110,000	180,000	279,000	110,000	180,000	279,000	
	Hamm - PBS	918	1,435	2,081	918	1,435	2,081	Rhein Petroleum
	Hamm - Buntsandstein	1,480	2,367	3,484	1,480	2,367	3,484	Rhein Petroleum
	Hamm - Total	2,398	3,802	5,565	2,398	3,802	5,565	
	Feldschlag - BNS	996	1,585	2,417	996	1,585	2,417	Rhein Petroleum
	Feldschlag - CM	568	888	1,433	568	888	1,433	Rhein Petroleum
	Feldschlag - ME	675	1,094	1,690	675	1,094	1,690	Rhein Petroleum
	Feldschlag-Total	2,239	3,567	5,540	2,239	3,567	5,540	
	Dungau	344	552	848	344	552	848	Rhein Petroleum
	Gross Rohrheim - Rotliegend	294	490	811	294	490	811	Rhein Petroleum
	Total PR	127,755	210,111	324,364	126,363	207,831	320,924	



**16 ERFELDEN BEST COST AND SALES PROFILES (RHEIN PETROLEUM WI)**

Year	Production	Revenues	Opex	Capex	Abex	Tax &	Earn Out	Economic
	(min bbbbl)	(€ mln)	(€ mln)	(€ mln)	(€ mln)	Royalties (€ mln)	Royalty (€ mln)	Free Cashflow (€ mln)
Mar-23	0.00	€ 0.3	-€ 0.5	-€ 3.9	€ 0.0	€ 0.0	€ 0.0	-€ 4.2
Jun-23	0.07	€ 5.7	-€ 0.7	€ 0.0	€ 0.0	€ 1.0	€ 0.0	€ 4.0
Sep-23	0.06	€ 5.0	-€ 0.7	€ 0.0	€ 0.0	€ 0.9	€ 0.0	€ 3.4
Dec-23	0.06	€ 4.6	-€ 0.6	-€ 5.6	€ 0.0	€ 0.8	€ 0.0	-€ 2.4
Mar-24	0.08	€ 6.5	-€ 0.7	€ 0.0	€ 0.0	€ 1.2	€ 0.0	€ 4.6
Jun-24	0.09	€ 6.6	-€ 0.7	€ 0.0	€ 0.0	€ 1.2	€ 0.0	€ 4.7
Sep-24	0.08	€ 6.1	-€ 0.7	€ 0.0	€ 0.0	€ 1.1	€ 0.0	€ 4.3
Dec-24	0.07	€ 5.6	-€ 0.7	-€ 5.8	€ 0.0	€ 1.0	€ 0.0	-€ 1.9
Mar-25	0.07	€ 5.2	-€ 0.8	-€ 0.4	€ 0.0	€ 0.9	€ 0.0	€ 3.1
Jun-25	0.07	€ 5.2	-€ 0.6	€ 0.0	€ 0.0	€ 0.9	-€ 4.1	-€ 0.5
Sep-25	0.07	€ 5.0	-€ 0.6	€ 0.0	€ 0.0	€ 0.9	-€ 0.5	€ 3.1
Dec-25	0.07	€ 4.8	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.5	€ 2.9
Mar-26	0.06	€ 4.6	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.4	€ 2.8
Jun-26	0.06	€ 4.6	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.4	€ 2.8
Sep-26	0.06	€ 4.5	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.4	€ 2.7
Dec-26	0.06	€ 4.3	-€ 0.6	€ 0.0	€ 0.0	€ 1.0	-€ 0.4	€ 2.3
Mar-27	0.06	€ 4.1	-€ 0.6	€ 0.0	€ 0.0	€ 1.1	-€ 0.4	€ 2.0
Jun-27	0.06	€ 4.1	-€ 0.6	€ 0.0	€ 0.0	€ 1.2	-€ 0.4	€ 1.9
Sep-27	0.06	€ 4.0	-€ 0.6	€ 0.0	€ 0.0	€ 1.2	-€ 0.4	€ 1.8
Dec-27	0.06	€ 3.9	-€ 0.6	€ 0.0	€ 0.0	€ 1.2	-€ 0.4	€ 1.8
Mar-28	0.06	€ 3.8	-€ 0.6	€ 0.0	€ 0.0	€ 1.1	-€ 0.4	€ 1.7
Jun-28	0.06	€ 3.8	-€ 0.6	€ 0.0	€ 0.0	€ 1.1	-€ 0.3	€ 1.7
Sep-28	0.06	€ 3.7	-€ 0.6	€ 0.0	€ 0.0	€ 1.1	-€ 0.3	€ 1.7
Dec-28	0.05	€ 3.6	-€ 0.6	€ 0.0	€ 0.0	€ 1.1	-€ 0.3	€ 1.6
Mar-29	0.05	€ 3.5	-€ 0.6	€ 0.0	€ 0.0	€ 1.0	-€ 0.3	€ 1.6
Jun-29	0.05	€ 3.1	-€ 0.6	€ 0.0	€ 0.0	€ 0.9	-€ 0.3	€ 1.3
Sep-29	0.05	€ 3.1	-€ 0.6	€ 0.0	€ 0.0	€ 0.9	-€ 0.3	€ 1.3
Dec-29	0.05	€ 3.1	-€ 0.6	€ 0.0	€ 0.0	€ 0.9	-€ 0.3	€ 1.3
Mar-30	0.05	€ 3.0	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.3
Jun-30	0.05	€ 2.8	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.1
Sep-30	0.05	€ 2.8	-€ 0.6	€ 0.0	€ 0.0	€ 0.7	-€ 0.3	€ 1.1
Dec-30	0.05	€ 2.7	-€ 0.6	€ 0.0	€ 0.0	€ 0.7	-€ 0.3	€ 1.1
Mar-31	0.05	€ 2.8	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.2	€ 1.2
Jun-31	0.05	€ 2.8	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Sep-31	0.05	€ 2.8	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Dec-31	0.05	€ 2.8	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Mar-32	0.05	€ 2.9	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Jun-32	0.05	€ 2.9	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Sep-32	0.05	€ 2.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Dec-32	0.05	€ 2.9	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Mar-33	0.05	€ 2.9	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Jun-33	0.05	€ 2.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Sep-33	0.05	€ 2.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Dec-33	0.05	€ 2.9	-€ 0.6	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Mar-34	0.05	€ 2.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Jun-34	0.05	€ 2.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Sep-34	0.05	€ 2.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Dec-34	0.05	€ 2.8	-€ 0.7	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.1
Mar-35	0.05	€ 2.8	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.3	€ 1.1
Jun-35	0.05	€ 2.8	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 1.1
Sep-35	0.04	€ 2.7	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.3	€ 1.1
Dec-35	0.04	€ 2.6	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 1.0
Mar-36	0.04	€ 2.6	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 1.0
Jun-36	0.04	€ 2.6	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 1.0
Sep-36	0.04	€ 2.6	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 1.0
Dec-36	0.04	€ 2.5	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 0.9
Mar-37	0.04	€ 2.5	-€ 0.7	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.9
Jun-37	0.04	€ 2.5	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 0.9
Sep-37	0.04	€ 2.5	-€ 0.7	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.9
Dec-37	0.04	€ 2.4	-€ 0.7	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.9
Mar-38	0.04	€ 2.4	-€ 0.7	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.9
Jun-38	0.04	€ 2.4	-€ 0.7	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.9
Sep-38	0.04	€ 2.3	-€ 0.7	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Dec-38	0.03	€ 2.2	-€ 0.7	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Mar-39	0.03	€ 2.2	-€ 0.7	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.8
Jun-39	0.03	€ 2.2	-€ 0.7	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.7
Sep-39	0.03	€ 2.1	-€ 0.7	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.7
Dec-39	0.03	€ 2.0	-€ 0.7	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.6
Mar-40	0.03	€ 1.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.6
Jun-40	0.03	€ 1.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.4	-€ 0.2	€ 0.6
Sep-40	0.03	€ 1.8	-€ 0.7	€ 0.0	€ 0.0	€ 0.4	-€ 0.2	€ 0.5
Dec-40	0.02	€ 1.7	-€ 0.7	€ 0.0	€ 0.0	€ 0.4	-€ 0.2	€ 0.5
Mar-41	0.02	€ 1.6	-€ 0.7	€ 0.0	€ 0.0	€ 0.3	-€ 0.1	€ 0.4
Jun-41	0.02	€ 1.5	-€ 0.7	€ 0.0	€ 0.0	€ 0.3	-€ 0.1	€ 0.4
Sep-41	0.02	€ 1.4	-€ 0.7	€ 0.0	€ 0.0	€ 0.3	-€ 0.1	€ 0.3
Dec-41	0.02	€ 1.4	-€ 0.7	€ 0.0	€ 0.0	€ 0.3	-€ 0.1	€ 0.3
Mar-42	0.02	€ 1.3	-€ 0.7	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.2
Jun-42	0.02	€ 1.2	-€ 0.7	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.2
Sep-42	0.02	€ 1.2	-€ 0.7	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.2
Dec-42	0.02	€ 1.1	-€ 0.7	€ 0.0	-€ 0.3	€ 0.2	-€ 0.1	-€ 0.1
Mar-43	0.01	€ 1.1	-€ 0.7	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.1
Jun-43	0.01	€ 1.0	-€ 0.7	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.1
Sep-43	0.01	€ 1.0	-€ 0.7	€ 0.0	€ 0.0	€ 0.1	-€ 0.1	€ 0.1
Dec-43	0.01	€ 0.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.1	-€ 0.1	€ 0.1
Mar-44	0.01	€ 0.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.1	-€ 0.1	€ 0.0
Jun-44	0.01	€ 0.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.1	-€ 0.1	€ 0.0
Sep-44	0.01	€ 0.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.1	-€ 0.1	€ 0.0
Dec-44	0.01	€ 0.8	-€ 0.7	€ 0.0	€ 0.0	€ 0.1	-€ 0.1	-€ 0.1
Mar-45	0.01	€ 0.8	-€ 0.7	€ 0.0	€ 0.0	€ 0.1	-€ 0.1	€ 0.0
Jun-45	0.01	€ 0.8	-€ 0.7	€ 0.0	€ 0.0	€ 0.1	-€ 0.1	€ 0.0
Sep-45	0.01	€ 0.8	-€ 0.7	€ 0.0	-€ 2.8	€ 0.1	-€ 0.1	-€ 2.9
Dec-45	0.01	€ 0.7	-€ 0.7	€ 0.0	€ 0.0	€ 0.1	-€ 0.1	€ 0.0
<b>Grand Total</b>	<b>3.900</b>	<b>€ 257.2</b>	<b>-€ 60.3</b>	<b>-€ 15.7</b>	<b>-€ 3.1</b>	<b>-€ 60.1</b>	<b>-€ 23.1</b>	<b>€ 95.0</b>
CoP	Sep-44							
<b>Economic Cashflow</b>	<b>3.847</b>	<b>€ 253.3</b>	<b>-€ 56.9</b>	<b>-€ 15.7</b>	<b>-€ 3.1</b>	<b>-€ 59.7</b>	<b>-€ 22.8</b>	<b>€ 95.0</b>



**17 ERFELDEN HIGH COST AND SALES PROFILES (RHEIN PETROLEUM WI)**

Year	Production	Revenues	Opex	Capex	Abex	Tax &	Earn Out	Economic
	(mnb bbb)	(€ mln)	(€ mln)	(€ mln)	(€ mln)	(€ mln)	Royalties Royalty	Free Cashflow
Mar-23	0.00	€ 0.3	-€ 0.5	-€ 3.9	€ 0.0	€ 0.0	€ 0.0	-€ 4.2
Jun-23	0.19	€ 15.9	-€ 0.9	€ 0.0	€ 0.0	€ 3.1	€ 0.0	€ 11.8
Sep-23	0.19	€ 15.4	-€ 0.9	€ 0.0	€ 0.0	€ 3.0	€ 0.0	€ 11.5
Dec-23	0.17	€ 13.3	-€ 0.9	-€ 5.6	€ 0.0	€ 2.6	€ 0.0	€ 4.3
Mar-24	0.17	€ 13.2	-€ 0.9	€ 0.0	€ 0.0	€ 2.5	€ 0.0	€ 9.8
Jun-24	0.14	€ 11.0	-€ 0.8	€ 0.0	€ 0.0	€ 2.5	€ 0.0	€ 7.6
Sep-24	0.12	€ 9.0	-€ 0.8	€ 0.0	€ 0.0	€ 2.5	€ 0.0	€ 5.7
Dec-24	0.10	€ 7.4	-€ 0.8	-€ 5.8	€ 0.0	€ 2.2	€ 0.0	-€ 1.4
Mar-25	0.10	€ 7.1	-€ 0.9	-€ 0.4	€ 0.0	€ 2.2	€ 0.0	€ 3.7
Jun-25	0.13	€ 9.2	-€ 0.8	€ 0.0	€ 0.0	€ 3.0	-€ 8.3	-€ 3.0
Sep-25	0.13	€ 9.2	-€ 0.8	€ 0.0	€ 0.0	€ 3.0	-€ 0.8	€ 4.5
Dec-25	0.13	€ 9.0	-€ 0.8	€ 0.0	€ 0.0	€ 2.9	-€ 0.8	€ 4.4
Mar-26	0.12	€ 8.8	-€ 0.8	€ 0.0	€ 0.0	€ 2.9	-€ 0.8	€ 4.3
Jun-26	0.13	€ 8.9	-€ 0.8	€ 0.0	€ 0.0	€ 2.9	-€ 0.8	€ 4.4
Sep-26	0.13	€ 9.0	-€ 0.9	€ 0.0	€ 0.0	€ 2.9	-€ 0.8	€ 4.4
Dec-26	0.13	€ 9.0	-€ 0.8	€ 0.0	€ 0.0	€ 2.9	-€ 0.8	€ 4.4
Mar-27	0.13	€ 9.0	-€ 0.9	€ 0.0	€ 0.0	€ 2.9	-€ 0.8	€ 4.4
Jun-27	0.14	€ 9.4	-€ 0.9	€ 0.0	€ 0.0	€ 3.0	-€ 0.8	€ 4.7
Sep-27	0.14	€ 9.4	-€ 0.9	€ 0.0	€ 0.0	€ 3.1	-€ 0.8	€ 4.6
Dec-27	0.14	€ 9.3	-€ 0.9	€ 0.0	€ 0.0	€ 3.0	-€ 0.8	€ 4.6
Mar-28	0.14	€ 9.4	-€ 0.9	€ 0.0	€ 0.0	€ 3.0	-€ 0.8	€ 4.6
Jun-28	0.14	€ 9.5	-€ 0.9	€ 0.0	€ 0.0	€ 3.1	-€ 0.8	€ 4.7
Sep-28	0.14	€ 9.4	-€ 0.9	€ 0.0	€ 0.0	€ 3.0	-€ 0.9	€ 4.6
Dec-28	0.13	€ 9.0	-€ 0.9	€ 0.0	€ 0.0	€ 2.9	-€ 0.8	€ 4.4
Mar-29	0.12	€ 8.3	-€ 0.9	€ 0.0	€ 0.0	€ 2.7	-€ 0.8	€ 4.0
Jun-29	0.11	€ 6.7	-€ 0.8	€ 0.0	€ 0.0	€ 2.1	-€ 0.7	€ 3.1
Sep-29	0.10	€ 5.9	-€ 0.8	€ 0.0	€ 0.0	€ 1.8	-€ 0.6	€ 2.7
Dec-29	0.09	€ 5.1	-€ 0.8	€ 0.0	€ 0.0	€ 1.6	-€ 0.5	€ 2.3
Mar-30	0.08	€ 4.5	-€ 0.8	€ 0.0	€ 0.0	€ 1.4	-€ 0.5	€ 1.9
Jun-30	0.07	€ 3.8	-€ 0.8	€ 0.0	€ 0.0	€ 1.1	-€ 0.4	€ 1.6
Sep-30	0.07	€ 3.5	-€ 0.8	€ 0.0	€ 0.0	€ 1.0	-€ 0.3	€ 1.4
Dec-30	0.06	€ 3.2	-€ 0.7	€ 0.0	€ 0.0	€ 0.9	-€ 0.3	€ 1.3
Mar-31	0.06	€ 3.1	-€ 0.7	€ 0.0	€ 0.0	€ 0.9	-€ 0.3	€ 1.2
Jun-31	0.05	€ 3.0	-€ 0.7	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.2
Sep-31	0.05	€ 2.9	-€ 0.7	€ 0.0	€ 0.0	€ 0.8	-€ 0.3	€ 1.1
Dec-31	0.05	€ 2.8	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.3	€ 1.0
Mar-32	0.05	€ 2.7	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 1.0
Jun-32	0.05	€ 2.7	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 1.0
Sep-32	0.05	€ 2.6	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 0.9
Dec-32	0.04	€ 2.5	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 0.9
Mar-33	0.04	€ 2.5	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 0.9
Jun-33	0.04	€ 2.5	-€ 0.7	€ 0.0	€ 0.0	€ 0.7	-€ 0.2	€ 0.9
Sep-33	0.04	€ 2.5	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.9
Dec-33	0.04	€ 2.4	-€ 0.7	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Mar-34	0.04	€ 2.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Jun-34	0.04	€ 2.5	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.9
Sep-34	0.04	€ 2.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Dec-34	0.04	€ 2.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Mar-35	0.04	€ 2.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Jun-35	0.04	€ 2.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Sep-35	0.04	€ 2.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Dec-35	0.04	€ 2.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Mar-36	0.04	€ 2.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Jun-36	0.04	€ 2.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Sep-36	0.04	€ 2.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Dec-36	0.04	€ 2.3	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Mar-37	0.04	€ 2.3	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Jun-37	0.04	€ 2.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.8
Sep-37	0.04	€ 2.3	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.7
Dec-37	0.04	€ 2.3	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.7
Mar-38	0.04	€ 2.3	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.7
Jun-38	0.04	€ 2.3	-€ 0.8	€ 0.0	€ 0.0	€ 0.6	-€ 0.2	€ 0.7
Sep-38	0.03	€ 2.2	-€ 0.8	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.7
Dec-38	0.03	€ 2.2	-€ 0.8	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.6
Mar-39	0.03	€ 2.1	-€ 0.8	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.6
Jun-39	0.03	€ 2.1	-€ 0.8	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.6
Sep-39	0.03	€ 2.1	-€ 0.8	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.6
Dec-39	0.03	€ 2.0	-€ 0.8	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.5
Mar-40	0.03	€ 2.0	-€ 0.8	€ 0.0	€ 0.0	€ 0.5	-€ 0.2	€ 0.5
Jun-40	0.03	€ 1.9	-€ 0.8	€ 0.0	€ 0.0	€ 0.4	-€ 0.2	€ 0.5
Sep-40	0.03	€ 1.9	-€ 0.8	€ 0.0	€ 0.0	€ 0.4	-€ 0.2	€ 0.5
Dec-40	0.03	€ 1.8	-€ 0.8	€ 0.0	€ 0.0	€ 0.4	-€ 0.2	€ 0.4
Mar-41	0.03	€ 1.8	-€ 0.8	€ 0.0	€ 0.0	€ 0.4	-€ 0.2	€ 0.4
Jun-41	0.03	€ 1.7	-€ 0.8	€ 0.0	€ 0.0	€ 0.4	-€ 0.2	€ 0.4
Sep-41	0.02	€ 1.7	-€ 0.8	€ 0.0	€ 0.0	€ 0.3	-€ 0.2	€ 0.4
Dec-41	0.02	€ 1.6	-€ 0.8	€ 0.0	€ 0.0	€ 0.3	-€ 0.2	€ 0.3
Mar-42	0.02	€ 1.6	-€ 0.8	€ 0.0	€ 0.0	€ 0.3	-€ 0.1	€ 0.3
Jun-42	0.02	€ 1.6	-€ 0.8	€ 0.0	€ 0.0	€ 0.3	-€ 0.1	€ 0.3
Sep-42	0.02	€ 1.5	-€ 0.8	€ 0.0	€ 0.0	€ 0.3	-€ 0.1	€ 0.3
Dec-42	0.02	€ 1.5	-€ 0.8	€ 0.0	-€ 0.3	€ 0.3	-€ 0.1	€ 0.0
Mar-43	0.02	€ 1.5	-€ 0.8	€ 0.0	€ 0.0	€ 0.3	-€ 0.1	€ 0.2
Jun-43	0.02	€ 1.5	-€ 0.8	€ 0.0	€ 0.0	€ 0.3	-€ 0.1	€ 0.2
Sep-43	0.02	€ 1.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.3	-€ 0.1	€ 0.2
Dec-43	0.02	€ 1.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.2
Mar-44	0.02	€ 1.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.2
Jun-44	0.02	€ 1.4	-€ 0.8	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.2
Sep-44	0.02	€ 1.3	-€ 0.8	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.2
Dec-44	0.02	€ 1.3	-€ 0.8	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.1
Mar-45	0.02	€ 1.3	-€ 0.8	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.1
Jun-45	0.02	€ 1.3	-€ 0.8	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.1
Sep-45	0.02	€ 1.3	-€ 0.8	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.1
Dec-45	0.02	€ 1.2	-€ 0.8	€ 0.0	€ 0.0	€ 0.2	-€ 0.1	€ 0.1
Mar-46	0.01	€ 0.4	-€ 0.7	€ 0.0	€ 0.0	€ 0.0	-€ 0.1	-€ 0.1
Jun-46	-	€ 0.0	-€ 0.3	€ 0.0	€ 0.0	€ 0.0	€ 0.0	€ 0.0
Sep-46	-	€ 0.0	-€ 0.3	€ 0.0	€ 0.0	€ 0.0	€ 0.0	€ 0.0
Dec-46	-	€ 0.0	-€ 0.3	€ 0.0	-€ 2.8	€ 0.0	€ 0.0	-€ 2.8
<b>Grand Total</b>	<b>5.830</b>	<b>€ 396.3</b>	<b>-€ 75.7</b>	<b>-€ 15.7</b>	<b>-€ 3.1</b>	<b>-€ 107.2</b>	<b>-€ 35.7</b>	<b>€ 160.1</b>
CoP	Dec-45							
<b>Economic Cashflow</b>	<b>5.824</b>	<b>€ 395.9</b>	<b>-€ 74.2</b>	<b>-€ 15.7</b>	<b>-€ 3.1</b>	<b>-€ 107.1</b>	<b>-€ 35.7</b>	<b>€ 160.1</b>

## 18 SITE VISITS

**Figure 18-1 Schwarzbach production site plan view**



The Schwarzbach facility is an unmanned oil producing facility. It currently produces from a single well. Currently construction is underway for the introduction of an additional 3 wells. The single well is routed to the Separator for processing. The Separator has 3 compartments. The first compartment performs the 3-Phase separation

- The gas phase is routed to the heating medium system as a fuel source.
- the oil phase overflows into the oil storage compartment. The oil compartment has skimming facilities to remove any water that has been carried over.
- the water phase underflows to the water storage compartment. The water compartment has skimming facilities to remove any oil that has been carried over.

The gas produced is routed to a heating medium system where it is burned as the fuel source. The heating medium is circulated throughout the plant. Primarily it is routed to the separation and oil storage compartments to keep the oil contents warm resulting in a less viscous fluid. The remaining heating medium is circulated through hosing that is wrapped around the production piping so that its contents remain warm.

With this mode of separation and heating ensures that the oil quality specification is easily met.

When the levels within the oil and water storage tanks reach a pre-set level, offloading road tankers are scheduled to come and collect the contents. Standalone offloading facilities for the tankers are provided so that the driver can come collect the contents without the need of an operator to be present.

A cold vent stack is provided that is primarily used for venting the gas contents of the offloading road tankers when they are being filled.

**Figure 18-2 Schwarzbach production site**



**Figure 18-3 Lauben production site**



The Lauben facility is an unmanned oil producing facility. It currently produces from a single well.

The single well is routed to the Separator for processing. The Separator performs 2-Phase separation, where the gas is routed to the adjacent buffer vessel and the liquid phase is retained in the separator until it reaches a level when an offloading road tanker arrives to empty the vessel. Standalone offloading facilities for the tankers are provided so that the driver can come collect the contents without the need of an operator to be present.

The oil/water mixture is road transported to Schwarzbach for separation.

The gas produced is routed to a heating medium system where it is burned as the fuel source. The heating medium is circulated throughout the plant. Primarily it is routed to the separator to keep the liquid contents warm resulting in a less viscous fluid. The amount of gas produced is insufficient to provide enough heating medium for the liquid contents of the separator. A temporary diesel top-up system is employed in order to meet the heating requirements.

A cold vent stack is provided that is primarily used for venting the gas contents of the offloading road tankers when they are being filled.

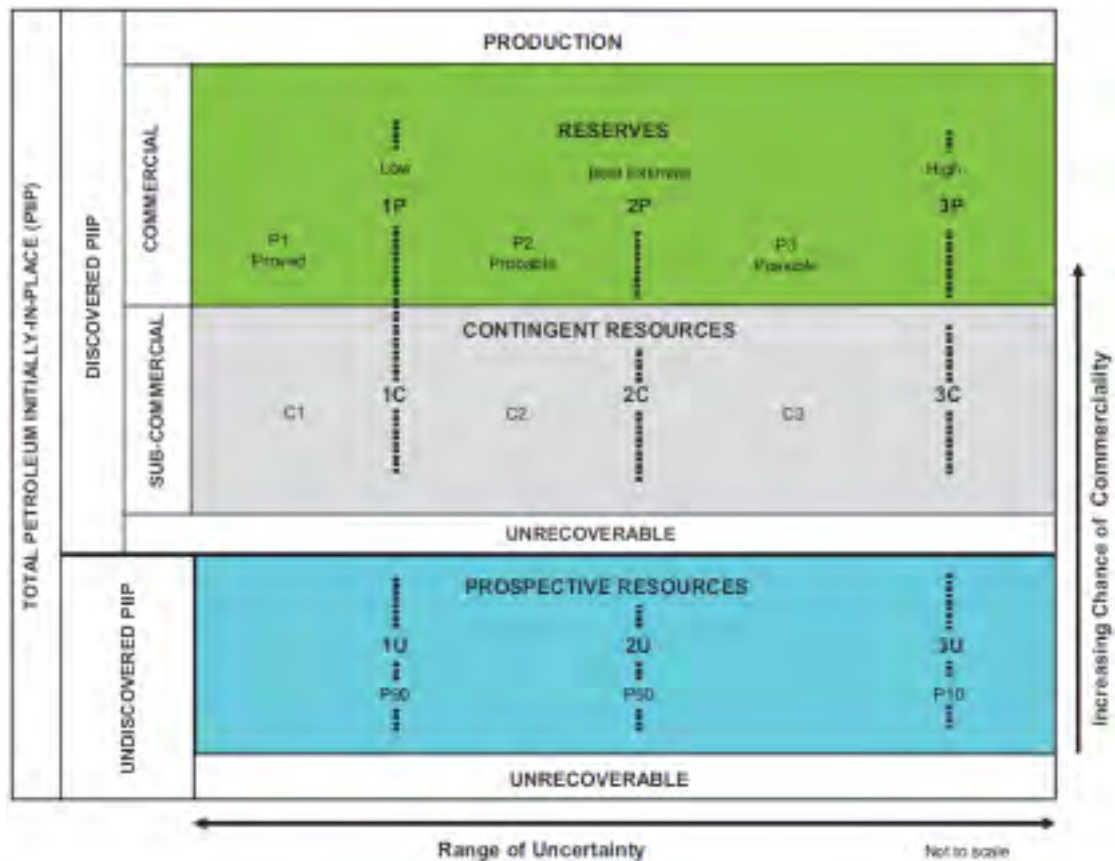
**Figure 18-4 Steig-1 well head (suspended as a potential producer)**



## 19 SPE-PRMS-2018 GUIDELINES

### Definitions

The petroleum reserves and resources definitions used in this report are those published in the documents entitled “Petroleum Resource Management System”, 2018, (PRMS) and “Guidelines for Application of the Petroleum Resources Management System”, November 2011, sponsored by the Society of Petroleum Engineers, the Society of Petroleum Evaluation Engineers, the American Association of Petroleum Geologists and the World Petroleum Council. The main definitions and extracts from the PRMS (2018) are presented below.



Source: Petroleum Resources Management System 2018

### Petroleum Initially-In-Place

The total quantity of petroleum that is estimated to exist originally in naturally occurring reservoirs, as of a given date. Crude oil in-place, natural gas in-place, and natural bitumen in-place are defined in the same manner.

### Production

The cumulative quantities of petroleum that have been recovered at a given date. Production can be reported in terms of the sales product specifications, but project evaluation requires that all production quantities (sales and non-sales), as measured to support engineering analyses requiring reservoir voidage calculations, are recognized

### Reserves



Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied.

A project is commercial when there is evidence of a firm intention to proceed with development within a reasonable time-frame. Typically, this requires that the best estimate case meet or exceed the minimum evaluation decision criteria (e.g., rate of return, investment pay-out time). There must be a reasonable expectation that all required internal and external approvals will be forthcoming. Also, there must be evidence of a technically mature, feasible development plan and the essential social, environmental, economic, political, legal, regulatory, decision criteria, and contractual conditions are met.

### **Contingent Resources**

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. Contingent Resources have an associated chance of development. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the range of uncertainty associated with the estimates and should be subclassified based on project maturity and/or economic status.

### **Prospective Resources**

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of geologic discovery and a chance of development. Prospective Resources are further categorized in accordance with the range of uncertainty associated with recoverable estimates, assuming discovery and development, and may be sub-classified based on project maturity.

Status	Definition	Guidelines
<b>Developed Reserves</b>	Expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-producing.
<b>Developed Producing Reserves</b>	Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.	Improved recovery Reserves are considered producing only after the improved recovery project is in operation.
<b>Developed Non-Producing Reserves</b>	Shut-in and behind-pipe Reserves.	<p>Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves.</p> <p>In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.</p>
<b>Undeveloped Reserves</b>	Quantities expected to be recovered through future significant investments.	Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Category	Definition	Guidelines
<p><b>Proved Reserves</b></p>	<p>Those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations.</p>	<p>If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate.</p> <p>The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.</p> <p>In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the LKH as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved.</p> <p>Reserves in undeveloped locations may be classified as Proved provided that:</p> <ul style="list-style-type: none"> <li>A. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive.</li> <li>B. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations.</li> </ul> <p>For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.</p>
<p><b>Probable Reserves</b></p>	<p>Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.</p>	<p>It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.</p> <p>Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria.</p> <p>Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.</p>

Category	Definition	Guidelines
<b>Possible Reserves</b>	Those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves.	<p>The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate.</p> <p>Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of economic production from the reservoir by a defined, commercially mature project.</p> <p>Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.</p>
<b>Probable and Possible Reserves</b>	See above for separate criteria for Probable Reserves and Possible Reserves.	<p>The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects.</p> <p>In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area.</p> <p>Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing faults until this reservoir is penetrated and evaluated as commercially mature and economically productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources.</p> <p>In conventional accumulations, where drilling has defined a highest known oil elevation and there exists the potential for an associated gas cap, Proved Reserves of oil should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.</p>

Class/Sub-Class	Definition	Guidelines
<b>Reserves</b>	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.	<p>Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the development and production status.</p> <p>To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame.</p> <p>A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.</p> <p>To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.</p>
<b>On Production</b>	The development project is currently producing or capable of producing and selling petroleum to market.	<p>The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves.</p> <p>The project decision gate is the decision to initiate or continue economic production from the project.</p>
<b>Approved for Development</b>	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin or is under way.	<p>At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies, such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget.</p> <p>The project decision gate is the decision to start investing capital in the construction of production facilities and/or drilling development wells.</p>

Class/Sub-Class	Definition	Guidelines
<b>Justified for Development</b>	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	<p>To move to this level of project maturity, and hence have Reserves associated with it, the development project must be commercially viable at the time of reporting (see Section 2.1.2, Determination of Commerciality) and the specific circumstances of the project. All participating entities have agreed and there is evidence of a committed project (firm intention to proceed with development within a reasonable time-frame)) There must be no known contingencies that could preclude the development from proceeding (see Reserves class).</p> <p>The project decision gate is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.</p>
<b>Contingent Resources</b>	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.	<p>Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality, where the development plan is not yet approved, or where regulatory or social acceptance issues may exist.</p> <p>Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.</p>
<b>Development Pending</b>	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	<p>The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g., drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time-frame. Note that disappointing appraisal/evaluation results could lead to a reclassification of the project to On Hold or Not Viable status.</p> <p>The project decision gate is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.</p>

Class/Sub-Class	Definition	Guidelines
<b>Development on Hold</b>	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay	<p>The project is seen to have potential for commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a probable chance that a critical contingency can be removed in the foreseeable future, could lead to a reclassification of the project to Not Viable status.</p> <p>The project decision gate is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.</p>
<b>Development Unclarified</b>	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.	<p>The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are ongoing to clarify the potential for eventual commercial development.</p> <p>This sub-class requires active appraisal or evaluation and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity and economic production.</p>
<b>Development Not Viable</b>	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time because of limited production potential.	<p>The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions.</p> <p>The project decision gate is the decision not to undertake further data acquisition or studies on the project for the foreseeable future.</p>
<b>Prospective Resources</b>	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
<b>Prospect</b>	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of geologic discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
<b>Lead</b>	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the Lead can be matured into a Prospect. Such evaluation includes the assessment of the chance of geologic discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.
<b>Play</b>	A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation to define specific Leads or Prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific Leads or Prospects for more detailed analysis of their chance of geologic discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

## PART V

### MINING IN GERMANY – REGULATORY FRAMEWORK

#### 1. OVERVIEW ON PERMITTING PROCEDURE

The cornerstones of the regulatory framework for mining facilities (which includes oil and gas facilities) (“**Mining Facilities**”) in Germany consist of permitting and planning rules.

As set out in more detail in the following section, Mining Facilities usually need a number of different permits, especially under mining law, water law and construction law depending on the actual work they conduct. Depending on the local planning situation, municipal land-use plans may be set up or amended to provide the basis for a Mining Facility.

##### 1.1 General Information

###### (a) **Overview of Required Permits**

Mining Facilities require a number of permits. The relevant permitting rules primarily aim at a high safety level and at minimizing environmental effects. These usually include permits and licences under mining law for exploration and exploitation, construction and operation. While the mining law permits cover subsurface and above-ground facilities in connection with the mining operation, the construction of buildings may be expected to require an additional construction permit under the laws of the relevant Federal State. In some cases, additional permits under water law will be required for the operation of the Mining Facility (especially in geothermal facilities). Depending on the circumstances of a project, other permits may be required, for example. For the use of public roads or in relation to specific site assessment requirements. The most relevant permits are described in the following sections.

In case a mining project requires the performance of an environmental impact assessment (as described below in the section “Environmental Impact Assessment”), third parties become aware of the application for the permit by way of mandatory public announcement of the application and public disclosure of relevant application documents. The authority may also decide to publish information even if this is not mandatory, for example on its website.

The characteristics of the operator are relevant for obtaining certain permits/licences and may take into account its reliability or financial means. If the project company is a special purpose vehicle, the authority may be expected not only to consider the project company, but also its (controlling) shareholder(s) when evaluating the application.

Generally, the required permits/licences grant the right to carry out the relevant activities, but do not grant any right regarding access to/use of the soil. An agreement with the land-owner(s) is required for this purpose.

###### (b) **Legal Actions against Permits**

In general, third parties can initiate legal actions such as objection proceedings (*Widerspruchsverfahren*) and/or court proceedings (*Klageverfahren*) within the applicable time limit against a permit or licence for a Mining Facility. Usually, administrative objection proceedings are the first stage of any legal action, so that the competent authority can review the permit. If the competent authority rejects the objection, the third party may bring a legal action before the competent court. Depending on the type of permit/licence (mining law, water law, construction law etc.), the applicable Federal State law (*Landesrecht*) may provide that an action is to be brought directly before court, without a preceding objection procedure.

The period for bringing a legal action against a permit/licence generally is one month. The same period applies for court claims against an objection decision (*Widerspruchsbescheid*).

For third parties which were not served the permit, the public announcement (*Bekanntmachung*) may act as the start for the one-month period. However, in the case of a permitting procedure without public participation, third parties can contest the permit/licence within a longer period

usually held to be maximum of one year from the time when the third party has learned of the decision or could have done so (so-called forfeiture – *Verwirkung*).

## 1.2 Permits under Mining Law

Mining Facilities require different permits and licences under the Federal Mining Act (*Bundesberggesetz*, “**bBergG**”) and supplementary mining regulations, which set out a specific regime for public minable resources, that can be exploited only with the permission of the competent authority (*bergfreie Bodenschätze*). These are minable resources of a high relevance for the public, such as oil and gas, geothermal resources or minerals. The competent regional mining authorities allow access to minable resources by issuing mining licences and – before any mining activities may actually be carried out – operating plans. The holder of a mining permit or licence has the exclusive right to explore and/or produce and to acquire the respective minable resources in the assigned area, so that the permit/licence holder enjoys priority over any other potential third party applicant.

### (a) **Types of Mining Permits/Licences**

Under mining law, a mining project may need the following permits, which are described in more detail below:

- (i) exploration licence (*Aufsuchungserlaubnis*);
- (ii) production licence (*Gewinnungsbewilligung*) or mining property (*Bergwerkseigentum*);
- (iii) operating plan approval(s) (*Betriebsplanzulassung(en)*).

From a legal point of view, an application for an exploration licence, production licence and an approval for an operating plan could theoretically be made simultaneously, as there are no statutory provisions that would prevent this. However, in practice, the applications for each type of permit are usually filed one after the other, because the planning usually occurs step by step. For example, the application for an production licence does not presuppose the existence of an exploration licence, although the exploitation of minable resources is usually not possible without a preceding prospection of the relevant area. The application for approval of the operating plan can only be filed once sufficient detail is known about the particulars of the project. As a result, the exploration licence, the production licence and the approval for operating plans represent individual steps towards the overall permission of a mining project. Typically, the competent authorities are not prepared to accept simultaneous application.

The duration of permitting proceedings will depend, among other things, on the specific project and also on the quality of the application.

For the mining law permits, administrative cost rules of the relevant Federal State apply. The authority may have a certain discretion in case the rules set certain fee ranges. For example, in Bavaria, the fee range for issuing an exploration licence is from EUR 250 up to EUR 5,000. The fee range for an exploitation permit is from EUR 500 up to EUR 12,500 and the fee range for an approval of an operating plan is from EUR 100 up to EUR 10,000. The authorities set the actual fee considering the administrative expense and the economic importance of the project. In addition to the administrative fees, costs for advisors for preparing the application and any required studies will arise.

### (b) **Collateral Clauses and Authority Measures**

The bBergG sets out requirements for collateral clauses (*Nebenbestimmungen*) contained in permits and licences as well as in the operating plan approvals, for example regarding the expiry of the term of a permit/licence, the extension of a permit/licence and certain information and reporting obligations. Other collateral clauses are permissible if and to the extent they are required to ensure compliance with the law, especially to safeguard certain interests recognised by the law. More detail is provided in the sections on the different types of permits/licences below.

The competent mining authority exercises ongoing mining supervision, in particular regarding compliance with the work programme which the project developer submitted as part of the application documents. The mining authority has statutory powers of supervision, and may request information, documents or conduct inspections on the premises. Moreover, the collateral

clauses of mining permits usually provide for certain notification obligations after issuing of the permit such as submitting certain constructional documents or drilling maps. The charging of separate costs for these supervision measures depends on whether or not the administrative cost rules of the relevant Federal State provide for such costs.

If the holder of a permit, licence and/or approval infringes its obligations under the permit, licence and/or approval, the mining authority may issue orders for compliance, and it may also decide on the revocation of the permit, licence and/or approval. If breach of the collateral clauses of an operating plan approval results in immediate danger for employees or third parties, the mining authority may order a preliminary stop of operations.

(c) **Exploration Licence**

An exploration licence is required for the prospection of minable resources for commercial purposes (section 7 bBergG). The exploration licence only grants the permit holder the exclusive right for the exploration of a specified underground area for purposes of exploitation, but not the exploitation itself or any mining activities. This is only allowed under production licences and operating plan approvals, described below.

(i) *Criteria for Issuing Exploration Licences*

The mining authority has to grant the permit (without discretion) if the application documents demonstrate:

- a specification of the minable resources to be explored;
- a specification of the proposed prospection area in a location plan;
- a time schedule;
- a work programme regarding type, scope and purpose of the prospection;
- commitment of the project developer to inform the mining authority of the results of the prospection on demand and without delay on completion, or at the latest with the expiry of the permit;
- for a large-scale exploration, a commitment of the project developer to grant holders of other types of exploration licence for overlapping areas the right to participate in the prospection;
- reliability of the applicant. The mining law does not define “reliability” but there is a definition in general administrative law. According to that, a licence shall generally not be granted to a person if facts indicate that such person lacks the subjective qualities to comply with the obligations under mining law. Past breaches of relevant rules or commitment of criminal offences may indicate that the applicant lacks reliability. The competent authority has a certain margin of judgment regarding how it will assess the reliability;
- evidence of sufficient financial capacity, for example financial and bank statements;
- efficient and well-planned prospection of public and mineral resources is not impeded;
- minable resources that have to be protected in the public interest are not at risk;
- no overriding public interest (such as the interests of nature and landscape protection, regional planning and traffic matters) precludes prospection in the proposed area.

Otherwise the mining authority has to deny the granting of the permit (section 11 bBergG).

(ii) *Typical Collateral Clauses in Exploration Licences*

The maximum term of an exploration licence is five years (section 16 paragraph 4 bBergG). However, the exploration licence may be extended if the exploration area could not be sufficiently explored during this time. An exploration licence typically contains (in addition to special collateral clauses) the following regulations:

- a description of the exact area for the prospection measures (together with a map of the area which is an integral part of the permit);

- a description of the work programme which has to be executed;
- the obligation of submitting an annual report on the exploration measures carried out and their results to the competent mining authority;
- the requirement that applications for an extension of the permit have to be filed in due time (usually approximately One or two months before the expiry of the permit), so that the issuing of an extension should be possible within the permit term.

(iii) *Revocation of Exploration Licences*

Under section 18 paragraphs 1 and 2 of the bBergG, the mining authority must revoke the exploration licence if subsequent facts occur, which, had they occurred earlier, would have prevented the permit being issued. Furthermore, the exploration licence must be revoked if the holder of the permit is responsible for exploration not having commenced within one year after the permit was granted or if the systematic prospection has been interrupted for more than one year. The competent authority may, for an important reason, extend that term by another year. The exploration licence may be revoked if the holder fails to apply for an exploration licence with regard to a minable resource covered by that exploration licence, although the prerequisites for granting the exploitation licence exist, and a reasonable time limit set by the mining authority for filing the application has expired.

(d) **Production Licence**

The production licence pursuant to section 8 bBergG only generally allows the extraction of minable resources for exploitation purposes, but it does not permit any specific mining activities. Therefore, one or more additional operating plan approvals are necessary which are further described below. Accordingly, while the production licence must be in place as a basis, for the actual mining works to be carried out an operating plan must be approved by the mining authority.

(i) *Exclusive and Prior Right*

The exploration licence does not automatically convert into a production licence. The project developer has to apply for an exploitation licence separately. Usually, the mining authority has to grant a production licence to the holder of an exploration licence for the same area. For the issuing of a production licence it is not necessary that the applicant also holds a exploration licence. Under the bBergG, the mining authority has to inform the holder of an exploration licence for a certain area of third-party applications for production licences for the same area. The holder of the exploration licence may then file an application for a production licence and its application will be given priority over third party applications. The holder of an exploration licence has to file its application for a production licence within three months from receiving the relevant information (see section 14 paragraph 1 bBergG).

(ii) *Criteria for Issuing Exploitation Licences*

The competent mining authority has to issue the production licence if the (written) application demonstrates:

- a specification of the minable resources to be explored;
- a specification of the places where the mineral resources were found (position, depth) in a location plan;
- a specification of the proposed production area in a location plan;
- evidence that the discovered minable resources can in fact be recovered, considering their position and quality;
- a time schedule;
- work programme regarding technical execution, underground and surface facilities;
- reliability of the applicant (see above in the section “Exploration Licence”);
- evidence of sufficient financial capacity (e.g. financial and bank statements);
- efficient and well-planned prospection of public and mineral resources is not impeded;
- mineral resources that have to be protected in the public interest are not at risk;

- no overriding public interest such as interests of nature and landscape protection, regional planning and traffic matters preclude exploration in the proposed area.

Otherwise the mining authority has to deny the granting of the licence (see section 12 bBergG).

(iii) *Typical Collateral Clauses in Production Licences*

The maximum term of a production licence (or mining property) is fifty years. It may be extended until the reservoir is depleted. The authorities typically grant production licences for 50 years. Generally, the duration of a production licence can be shorter if the applicant cannot show that a licence for 50 years would be appropriate for the exploitation of the minable resource in question.

A production licence usually contains, among other things, a description of the exact area for the exploitation (together with a map of the area which is an integral part of the permit) and a description of the work programme which has to be executed with reference to the work programme submitted as a part of the application documents.

(iv) *Revocation of Production Licences*

Under section 18 paragraphs 1 and 3 bBergG, the mining authority must revoke a production licence if subsequent facts occur, which, had they occurred earlier, would have prevented the licence being issued. The production licence must also be revoked if production has not commenced within a term of three years after the licence was granted or if the systematic production has been interrupted for more than three years. This does not apply as long as technical or economic reasons require the licence holder to delay the commencement or the resumption of the production in the area covered by the exploitation licence until a later time or if the interruption was caused by other reasons outside the responsibility of the licence holder.

(e) **Operating Plan Approvals**

Neither the exploration licence nor the production licence (or mining property) allows its holder to carry out mining activities. Any exploration and exploitation activity may only be carried out on the basis of one or more approved operating plan(s) pursuant to sections 50-57d bBergG. The exploration licence and production licence effectively set out the “if” of an exploration and exploitation, whereas the operating plan approvals set out the “how”.

An operating plan is drawn up by the applicant and has to be approved by the mining authority. The approved operating plan(s) then grant(s) the holder the exclusive right to carry out mining activities and to acquire the minable resources in the assigned area.

(i) *Types of Operating Plans*

The bBergG identifies different types of operating plans, as explained below:

- main operating plan (*Hauptbetriebsplan*);
- special operating plan (*Sonderbetriebsplan*);
- framework operating plan (*Rahmenbetriebsplan*);
- closure operating plan (*Abschlussbetriebsplan*);
- joint operating plan (*gemeinschaftlicher Betriebsplan*).

One or more main operating plans have to be prepared for the establishment and operation of a power plant according to section 52 paragraph 1 sentence 1 bBergG. Main operating plans show the planned work programme and measures regarding the operation of the plant, usually the preparation of the drilling site, the drillings itself as well as commissioning work (*Inproduktionssetzungsarbeiten*) and the operation of the plants. Individual mining measures may either be regulated by separate operating plans or included in one comprehensive operating plan.

On request of the mining authority, additional special operating plans pursuant to section 52 paragraph 2 no. 2 bBergG have to be drawn up by the project developer. Such special operating plan may relate to work and installations which are of independent significance and therefore are not included in the main operating plan. Special operating plans may contain supplemental information and clauses which could not yet be determined at the time of submitting the main operating plan.

As the duration of the main operating plan is limited to two years, there is the possibility to submit a framework operating plan, which may cover a longer period of time (section 52 paragraph 3 no. 1 bBergG). A framework operating plan does not describe the project in detail, but rather sets the general framework for a future project. In principle, the submission of a framework operating plan by the project developer to the competent mining authority is voluntary. However, the submission of a framework operating plan is mandatory for projects which require an environmental impact assessment (*Umweltverträglichkeitsprüfung*, please see below for further information).

A closure operating plan is required if and when the mining operation comes to an end.

A joint operating plan can be requested by the authority in case operations by several companies must be aligned.

(ii) *Application Procedure and Criteria for Operating Plan Approvals*

In the application procedure for every type of operating plan, the applicant has to describe the scope, the technical execution and the duration of the project. Based on this concept, the mining authority will assess the project with respect to operational safety and protection of workers, surface protection, prevention of damage to third parties/assets and other issues. As part of the approval procedure, the mining authority also hears specialised authorities, affected municipalities and affected surface landowners.

(iii) *Collateral Clauses in Operating Plan Approvals*

Approvals of operating plans usually contain a number of collateral clauses. These may, for example, relate to:

- the information of the public at an early stage of the project;
- the **provision of a security** to the mining authority (usually a bank guarantee or insurance) before the start of the drilling site construction. The security may be requested to secure the obligations of the operator. For the drilling works, the authority usually determines that the amount of security must cover the costs for restoring the surface for re-use of the soil. The operator is usually expected to provide a calculation of the costs and the authority will determine if this is credible. Otherwise the authority may set the security in its own discretion. The costs will depend on the circumstances of the specific project, especially the depth of the wells. A rough estimate would be EUR 100,000 to EUR 500,000 per well. The security must be provided to the mining authority;
- proof of insurance coverage before the start of the drilling site construction;
- carrying out of seismic control measures before the start of the drilling site construction;
- obligations to notify the start and end of the construction work for the drilling installation;
- the constructional preparation of the drilling site;
- obligations to ensure that neighbouring plants are not endangered;
- nature conservation measures, such as an ecological monitoring of the construction works, compensation and replacement measures;
- the removal of rainwater and waste water;
- performance of noise measurements within a specified period of time after start of drilling and submission of the results to the competent authority;

- reservation of additional collateral clauses (*Auflagenvorbehalt*), especially if there is a reason to suspect a threat to the operational safety or the public interest, for example due to a contamination of water, ground or air.

(iv) *Revocation of Operating Plan Approvals*

Approvals of operating plans for mining activities (prospection, exploitation and power plant) may only be revoked under extraordinary circumstances. A significant cause is required and the consequences for the permit holder have to be taken into consideration. For example, not fulfilling the conditions of the approval may cause a revocation. A revocation may also be possible in a case where the mining authority would be entitled not to issue the approval due to a subsequent change in circumstances and if failure to revoke it would be contrary to the public interest.

(f) **Environmental Impact Assessment**

For projects that require an environmental impact assessment under section 57c bBergG in connection with the Regulation on the Environmental Impact Assessment of Mining Projects (*Verordnung über die Umweltverträglichkeitsprüfung bergbaulicher Vorhaben*, “**UVP-V Bergbau**”), approval of a framework operating plan is mandatory (section 52 paragraph 2a bBergG). According to sections 57a and b bBergG, the mining authority will decide on the approval in a formal plan approval procedure (*Planfeststellungsverfahren*). A formal plan approval procedure includes a comprehensive environmental impact assessment and participation of other authorities and of the public. The formal plan approval contains all permits which would otherwise be required separately (a “one-stop shop”, *Konzentrationswirkung*, section 57a paragraph 1 sentence 1 and section 57b paragraph 3 bBergG). Projects that require an environmental impact assessment are listed in section 1 UVP-V Bergbau.

An environmental impact assessment is also required for the purpose of exploitation, if a general case-by-case screening pursuant to section 3c sentence 1 of the Act on Environmental Impact Assessment (*Umweltverträglichkeitsprüfungsgesetz*, “UVPG”) shows that an environmental impact assessment is necessary (section 1 no. 10 lit. a) UVP-V Bergbau) or, if a location-related case-by-case screening pursuant to section 3c sentence 2 UVPG shows that an environmental impact assessment is necessary (section 1 no. 10 lit. b) UVP-V Bergbau).

That is the case if the result of one of the screenings pursuant to the UVPG is that the project could have a significant impact on the environment.

The performance of a required environmental impact assessment is an integral part of the permitting procedure for the framework operating plan. It is not a separate permitting procedure, but will in general extend the permitting procedure for the operating plan. The applicant (project developer) has to submit to the competent authority all documents which are relevant for a decision on the environmental impacts of the project at the beginning of the permitting procedure. Based on these documents and the statements submitted by other public authorities and the public within the public participation period, the mining authority evaluates the project’s potential impacts on the environment and on this basis decides on the approval for the project.

### 1.3 **Permits under Water Law**

For drillings with a depth of more than 100 m, Mining Facilities using water, such as extraction and reinjection of thermal water/deep ground water, require one or more water law permits (*wasserrechtliche Erlaubnis*) under the Federal Water Act (*Wasserhaushaltsgesetz*, “**WHG**”) in connection with the Federal States’ Water Acts (*Landeswassergesetze*), see section 127 paragraph 2 bBergG. More than one water law permit may be issued for a project, for example one water law permit for the drilling and testing phase and one water law permit for the exploitation phase.

If the operating plan involves the usage of water, the competent mining authority decides upon the issuing of the water law permit with the consent of the competent water authority (section 19 paragraphs 2 and 3 WHG). While the competent authority has discretion about the issuing of the water law permit, it has to deny the issuing of the permit if a statutory reason for refusal as set out in section 12 paragraph 1 WHG exists, such as:

- (i) if harmful changes to the water are expected which cannot be avoided or compensated by including collateral clauses in the permit or
- (ii) if other requirements under public law cannot be fulfilled by the project.

The water law permit may be revoked by the competent authority, provided that there are objective reasons for the revocation and provided that a revocation is proportionate, taking into account the interests of the project developer.

Water law permits usually contain a number of collateral clauses (*Nebenbestimmungen*) and especially limit the extraction and reinjection of water to a specific amount which may lead to operational restrictions of a Mining Facility if it requires such water law permit.

For the water law permits, administrative cost rules of the relevant Federal State apply. The authority may have a certain discretion in case the rules set certain fee ranges. The following examples relate to Bavaria: The authorities set the actual fee considering the administrative expense and the economic importance of the project. In addition to the administrative fees, costs for advisors for preparing the application and any required studies will arise.

#### 1.4 Other Permits and Licences

Besides permits and licences under mining and water law, Mining Facilities may require additional permits and licences pursuant to other laws, depending on the individual project.

##### (a) **Construction Permits**

Above-ground construction measures such as the construction of buildings usually require a construction permit (*Baugenehmigung*) pursuant to the State Construction Act (*Landesbauordnung*) of the relevant Federal State, which is to be issued by the competent local construction authority. Although the construction of the above-ground facility components is often already permitted by the operating plan(s), any additional buildings (if any) and its ancillary facilities are not covered by the operating plan(s) and therefore require a separate construction permit. In the construction permit procedure, the competent authority considers the admissibility of a project under construction planning law (*Bauplanungsrecht*) and building regulations (*Bauordnungsrecht*). Regarding construction planning law, the admissibility of a project depends on the location of the project area, for example whether it will be located within the territorial scope of a land-use plan (*Bebauungsplan*) issued by the relevant local community pursuant to section 30 of the Federal Construction Code (*Baugesetzbuch*, "**BauGB**") (in which case the project is permissible if it is in line with the regulations in the land-use plan), within a so-called interior area pursuant to section 34 BauGB, or within a so-called unzoned outskirt area pursuant to section 35 BauGB. In unzoned outskirt areas, certain projects are easier to realise as they are privileged under the provisions of section 35 paragraph 1 BauGB. E.g. public energy supply projects or commercial projects which are dependent on a specific location (*Ortsgebundenheit*) are privileged under section 35 paragraph 1 no. 3 BauGB.

If a Mining Facility is not permissible under the rules for unzoned outskirt areas, a land-use plan may be set up by the affected community. Even if the Mining Facility would be permissible in an unzoned outskirt area, the community may still prefer to set up a land-use plan for the Mining Facility location. While such proceedings may delay the granting of the construction permit, the planning procedure may help to avoid/reduce local opposition to the project, especially as other public authorities and the public would be heard in an early stage of the planning procedure and their concerns may be taken into account. A land-use plan also provides increased legal certainty for the project developer, because it brings greater clarity from a planning law perspective.

##### (b) **Permits under Other Laws, Federal Immission Control Act**

Other required permits may include traffic regulation permits, such as for the usage of the access roads by heavy vehicles during the construction phase of a Mining Facility.

The general duties under the Federal Immission Control Act (*Bundes-Immissionsschutzgesetz*, "**blmSchG**") will have to be followed, for example the plant must not affect the environment more than is necessary. A separate blmSchG permit is, however, not required for Mining Facilities.

## **2. END OF LIFE PROVISIONS**

### **2.1 Permits/Licences**

Upon expiry, revocation or withdrawal of a licence the holder of this licence no longer has the right granted by such licences. However, commonly no further obligations exist under the licences.

### **2.2 Operating plans**

Under German mining law the relevant project company (being the holder of the permit and operating plan) is obliged to inform the mining law authority if it plans to end its business. A specific closure-operating plan is then required which determines all measures which the operator needs to take before it is allowed to close the operations. Which measures are required depends to a major extent on the envisaged subsequent use of the area and can range from only minor activities to a full renaturation of the respective site. As already outlined above the operator is obliged to provide security to the mining authority to ensure that sufficient financial means are available for the works which need to be conducted.

### **2.3 Soil contamination**

Under statutory German law each person which has caused soil contamination can be held fully liable without any applicable time limits. As a result, a mining law company can, in principle, be held liable for all soil contaminations it has caused. Even if the relevant mining authority accepts a certain degree of contamination in the closure plan there is a risk that at a later date a soil remediation could be required. Operators and their shareholders should take this risk into account commercially when conducting mining activities in Germany.

## PART VI

### HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

In accordance with Rule 28 of the AIM Rules for Companies, this document does not contain historical financial information on the Company which would otherwise be required by Section 20 of Annex I of the UK Prospectus Delegated Regulation.

The following documents are instead incorporated by reference into this document:

- the unaudited consolidated financial statements of Advance set out in the interim results of the Company for the six months ended 31 October 2022 (the “**2022 Interim Results**”)
- the consolidated financial statements of Beacon set out in the annual report and accounts of the Company for the financial year ended 30 April 2022, together with the audit report thereon (the “**2022 Annual Report**”);
- the consolidated financial statements of Beacon set out in the annual report and accounts of the Company for the financial year ended 30 April 2021, together with the audit report thereon (the “**2021 Annual Report**”); and
- the consolidated financial statements of Advance set out in the annual report and accounts of the Company for the financial year ended 31 December 2020, together with the audit report thereon (the “**2020 Annual Report**”).

Lubbock Fine LLP, of 65 St Paul’s Churchyard, London, EC4M 8AB United Kingdom, has issued an unqualified audit opinion on the consolidated financial statements of Beacon for each of the years ended 30 April 2022, 2021 and 2020.

The 2022 Interim Results, 2022 Annual Report, the 2021 Annual Report and the 2020 Annual Report are available at: [www.beaconenergyplc.com](http://www.beaconenergyplc.com) and contain information which is relevant to this document.

#### **Change of Accounting Year-end**

Following the Acquisition, Beacon intends to conform its year-end to that of Rhein Petroleum and therefore to change its accounting year-end to 31 December. As such, the Company expects to publish audited financial statements for the 8-month period from 1 May 2022 to 31 December 2022 during Q2 2023.

## PART VII

### HISTORICAL FINANCIAL INFORMATION ON RHEIN PETROLEUM

#### SECTION A: HISTORICAL INFORMATION ON RHEIN PETROLEUM (INTERIM RESULTS TO 30 JUNE 2022)

##### Rhein Petroleum GmbH Interim Results as per 30th of June 2022

#### Interim Statement of Comprehensive Income

		<i>Unaudited Six months ended 30 June 2021 EUR '000</i>	<i>Unaudited Six months ended 30 June 2022 EUR '000</i>
<b>Revenues</b>		476	969
Cost of Goods sold		-153	-253
Expenses	4	-1,660	-1,773
<b>EBITDA</b>		-1,337	-1,057
Depreciation		-102	257
<b>EBIT</b>		-1,441	-800
Other Items		-909	-957
<b>Net Income before Tax</b>		-2,350	-1,757
Taxes	8		1
<b>Net Income</b>		-2,350	-1,756

## Interim Statement of Financial Position

		<i>Unaudited</i> 30 June 2021 EUR '000	<i>Audited</i> 31 December 2021 EUR '000	<i>Unaudited</i> 30 June 2022 EUR '000
	<i>Notes</i>			
<b>Non Current Assets</b>				
Property, plant & equipment	5	6,563	8,136	9,258
Other Non Current Assets		–	–	–
		<u>6,563</u>	<u>8,136</u>	<u>9,258</u>
<b>Current Assets</b>				
Trade and other Current Assets		194	264	290
Inventory		149	148	170
Current Tax Assets		189	–	633
Cash and Cash Equivalents		525	2,274	1,788
		<u>1,057</u>	<u>2,686</u>	<u>2,881</u>
<b>Total Assets</b>		<u>7,620</u>	<u>10,822</u>	<u>12,139</u>
<b>Equity</b>				
Issued Capital		125	125	125
Share Premium		78,476	78,476	78,476
Retained Earnings		–91,325	–90,666	–92,423
		<u>–12,724</u>	<u>–12,065</u>	<u>–13,822</u>
<b>Liabilities</b>				
Non Current Liabilities		19,604	22,149	24,709
Current Liabilities		740	738	1,252
		<u>20,344</u>	<u>22,887</u>	<u>25,961</u>
<b>Total Equity and Liabilities</b>		<u>7,620</u>	<u>10,822</u>	<u>12,139</u>

## Interim Statement of Changes in Equity

	<i>Share Premium EUR '000</i>	<i>Issued Capital EUR '000</i>	<i>Accumulated Deficit EUR '000</i>	<i>Total Equity EUR '000</i>
<b>Balance at 01 January 2021</b>	78,476	125	-88,975	-10,374
Result for the period to 30 June 2021 (unaudited)	-	-	-2,350	-2,350
Total comprehensive loss	-	-	-2,350	-2,350
<b>Balance at 30 June 2021 (unaudited)</b>	78,476	125	-91,325	-12,724
Result for the period to 31 December 2021	-	-	659	659
Total comprehensive loss	-	-	659	659
<b>Balance at 31 December 2021</b>	78,476	125	-90,666	-12,065
Loss for the period to 30 June 2022 (unaudited)	-	-	-1,756	-1,756
Total comprehensive loss	-	-	-1,756	-1,756
<b>Balance at 30 June 2022 (unaudited)</b>	78,476	125	-92,423	-13,821

## Interim Cash Flow Statement

	<i>Notes</i>	<i>Unaudited Six months ended 30 June 2021 EUR '000</i>	<i>Unaudited Six months ended 30 June 2022 EUR '000</i>
<b>Cash flows from operating activities</b>			
Loss after tax (net income)		-2,350	-1,756
Depreciation		103	257
Interest		890	1,117
Taxes and others		24	-171
		-1,333	-553
<b>Cash flow from investing activities</b>		569	-1,332
<b>Cash flow from financing activities</b>			
Increase of shareholder loan principal		1,605	2,516
Interest paid		-890	-1,117
		715	1,399
<b>Cash and cash equivalents at beginning of Period</b>		574	2,274
Cash and cash equivalents at end of period		525	1,788

## Notes of the Interim Financial Statements

### 1. Reporting entity

Rhein Petroleum GmbH is domiciled in Mittermaierstrasse 31, 69155 Heidelberg/Germany. The company is registered in the Trade Register B at Chamber of Commerce Mannheim under number HRB 703075.

The Company is primarily involved in the exploration, upstream development and production of crude oil in the area of the Upper Rhein Graben in the southwest of Germany and in some areas of the Allgaeu in Bavaria.

### 2. Basis of accounting

These interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". These interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31.12.2021, which were prepared in accordance with IFRSs as adopted by the European Union. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company'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 reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key source of estimation uncertainty were the same as those disclosed in the Company's statutory financial statements for the year ended 31 December 2021.

The interim consolidated financial statements are presented in EURO rounded to the nearest thousand 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 2022 that would be expected to have a material impact on the Company.

The financial statements of the Company as at and for the year ended 31 December 2021 are available upon request from the Company's registered office at Mittermaierstrasse 31, 69115 Heidelberg in Germany.

### 3. Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

The operations of the Company are currently financed by the sales revenues of its productions of Schwarzbach 1 and Lauben 7 wells and if necessary, by the granted principal loan agreement with its main shareholder Tulip Oil Holding BV.

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

Management's base case is that the exploration and development project Schwarzbach 2-4 is started in May 2022 and set-up with the erection of the drilling site as an extension of the current production site of the Schwarzbach 1 well.

The drilling of the wells Schwarzbach 2-4 will increase the production of crude oil as planned by more than 1000 bbl per day and should lead to the financing and development of further projects in 2024 as well as to the repayment of the shareholder loan from Tulip Oil Holding BV.

#### 4. Expenses

Operating Costs and General & Administration expenses consist of the following:

	<i>Unaudited Six months ended 30 June 2021</i>	<i>Unaudited Six months ended 30 June 2022</i>
<b>Operating Expenses</b>		
– Field operating expenses	535	340
– Maintenance	50	13
– Well Maintenance operating expenses	461	150
– Non operating expenses	202	76
	<u>1,248</u>	<u>579</u>
<b>G&amp;A Expenses</b>		
– Salaries and Contractors	1,770	820
– Administration Costs	142	73
– Occupancy	128	145
– Professional Services	36	21
– Other G&A	59	23
	<u>2,135</u>	<u>1,082</u>
<b>Total Expenses</b>	<u><u>3,383</u></u>	<u><u>1,661</u></u>

#### 5. Capital Expenditures

Capital expenditures are capitalized expenditures for assets added to the respective position in the balance sheet on basis of their purchasing or manufacturing costs.

	<i>Unaudited Six months ended 30 June 2021</i>	<i>Unaudited Six months ended 30 June 2022</i>
Project Steig	12	–
Project Schwarzbach 1	649	568
Project Schwarzbach 2,3,4	202	755
Project Lauben 7	1,036	–
General Capex (office)	42	4
Capitalized interests of shareholder loan	171	103
<b>Total Capex</b>	<u><u>2,112</u></u>	<u><u>1,430</u></u>

#### 6. Commitments and contingencies

There were no capital commitments authorized by the Directors or contracted other than those provided in these financial statements as of 30 June 2022.

#### 7. Subsequent events

None

**SECTION B: HISTORICAL INFORMATION AND ACCOUNTANTS REPORT  
ON RHEIN PETROLEUM**

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Dear Sirs

We report on the financial information set out in Part VI of the admission document dated [●] March 2023 (“Admission Document”). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 to the financial information.

This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, or consenting to its inclusion in the Admission Document.

### **Responsibilities**

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

### **Basis of Opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

**Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its losses, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in Note 2 to the financial information and International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of part (a) of Schedule Two to the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules.

Yours faithfully

**Lubbock Fine LLP**

Regulated by the Institute of Chartered Accountants in England and Wales

## SECTION C: HISTORICAL INFORMATION ON RHEIN PETROLEUM

### STATEMENT OF COMPREHENSIVE INCOME

		<i>For the year ended 31 December 2021 €'000</i>	<i>For the year ended 31 December 2020 €'000</i>	<i>For the year ended 31 December 2019 €'000</i>
Revenue	4	2,696	1,001	1,741
Cost of sales		(275)	(12,999)	(2,493)
<b>Gross profit</b>		<u>2,421</u>	<u>(11,998)</u>	<u>(752)</u>
Other income		5	60	35
Administrative expenses	6	(2,025)	(2,651)	(1,457)
Other expenses		(205)	(274)	(140)
<b>Operating profit/(loss)</b>		196	(14,863)	(2,314)
Finance costs	7	(1,886)	(1,374)	(2,478)
<b>Loss on ordinary activities before taxation</b>		(1,690)	(16,237)	(4,792)
Taxation		(1)	2	(26)
<b>Loss from continuing operations</b>		<u><u>(1,691)</u></u>	<u><u>(16,235)</u></u>	<u><u>(4,818)</u></u>

The accompanying notes form an integral part of this historical financial information.

## STATEMENT OF FINANCIAL POSITION

		<i>As at</i> <i>31 December</i> <i>2021</i> €'000	<i>As at</i> <i>31 December</i> <i>2020</i> €'000	<i>As at</i> <i>31 December</i> <i>2019</i> €'000	<i>As at</i> <i>31 December</i> <i>2018</i> €'000
	<i>Note</i>				<i>Note 25</i>
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	8,136	6,242	17,715	12,379
		<u>8,136</u>	<u>6,242</u>	<u>17,715</u>	<u>12,379</u>
<b>Current assets</b>					
Trade and other receivables	13	264	221	308	234
Inventories		148	138	138	208
Cash and cash equivalents	9	2,274	574	596	253
		<u>2,686</u>	<u>933</u>	<u>1,042</u>	<u>695</u>
<b>Total Assets</b>		<u>10,822</u>	<u>7,175</u>	<u>18,757</u>	<u>13,074</u>
<b>Shareholders' equity</b>					
Share Capital	15	125	125	125	125
Share Premium	16	78,476	78,476	78,476	58,476
Accumulated deficit		<u>(90,666)</u>	<u>(88,975)</u>	<u>(72,740)</u>	<u>(67,922)</u>
<b>Total Shareholders' equity</b>		<u>(12,065)</u>	<u>(10,374)</u>	<u>5,861</u>	<u>(9,321)</u>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Lease liabilities	21	186	–	105	–
Financial liabilities	12	19,490	14,460	9,650	20,346
Provisions	17	2,363	2,237	2,410	1,680
		<u>22,039</u>	<u>16,697</u>	<u>12,165</u>	<u>22,026</u>
<b>Current liabilities</b>					
Lease liabilities	21	110	110	101	–
Current tax liabilities		362	69	23	28
Employee benefits		72	99	62	3
Trade payables		102	191	166	175
Provisions		202	384	379	163
		<u>848</u>	<u>853</u>	<u>731</u>	<u>369</u>
<b>Total Liabilities</b>		<u>22,887</u>	<u>17,549</u>	<u>12,896</u>	<u>22,395</u>
<b>Total equity and liabilities</b>		<u>10,822</u>	<u>7,175</u>	<u>18,757</u>	<u>13,074</u>

The accompanying notes form an integral part of this historical financial information.

**STATEMENT OF CHANGES IN EQUITY**

	<i>Share Capital €'000</i>	<i>Reserves €'000</i>	<i>Accumulated Deficit €'000</i>	<i>Total equity €'000</i>
<b>Balance at 31 December 2018</b>	<u>125</u>	<u>58,476</u>	<u>(67,922)</u>	<u>(9,321)</u>
Loss for the period to 31 December 2019	<u>–</u>	<u>–</u>	<u>(4,818)</u>	<u>(4,818)</u>
Total comprehensive loss	<u>–</u>	<u>–</u>	<u>(4,818)</u>	<u>(4,818)</u>
Share premium injection	<u>–</u>	<u>20,000</u>	<u>–</u>	<u>20,000</u>
<b>Balance at 31 December 2019</b>	<u>125</u>	<u>78,476</u>	<u>(72,740)</u>	<u>5,861</u>
Loss for the period to 31 December 2020	<u>–</u>	<u>–</u>	<u>(16,235)</u>	<u>(16,235)</u>
Total comprehensive loss	<u>–</u>	<u>–</u>	<u>(16,235)</u>	<u>(16,235)</u>
<b>Balance at 31 December 2020</b>	<u>125</u>	<u>78,476</u>	<u>(88,975)</u>	<u>(10,374)</u>
Loss for the period to 31 December 2021	<u>–</u>	<u>–</u>	<u>(1,691)</u>	<u>(1,691)</u>
Total comprehensive loss	<u>–</u>	<u>–</u>	<u>(1,691)</u>	<u>(1,691)</u>
<b>Balance at 31 December 2021</b>	<u><u>125</u></u>	<u><u>78,476</u></u>	<u><u>(90,666)</u></u>	<u><u>(12,065)</u></u>

The accompanying notes form an integral part of this historical financial information.

## STATEMENT OF CASH FLOWS

	<i>For the year ended 31 December 2021 €'000</i>	<i>For the year ended 31 December 2020 €'000</i>	<i>For the year ended 31 December 2019 €'000</i>
<b>Cash flows from operating activities</b>			
Loss after tax	(1,691)	(16,235)	(4,818)
Depreciation	366	11,435	1,224
Release of impairment	(1,526)	–	–
Decrease in trade and other receivables	(96)	143	(49)
Decrease in trade and other payables	(55)	29	(23)
Increase in inventories	(10)	–	114
Increase in provisions	(55)	(170)	947
Decrease in other assets not attributable to investing or financing activities	53	(56)	(15)
Increase in other liabilities not attributable to investing or financing activities	528	81	375
Loss/(profit) on disposal of fixed assets	–	177	(35)
Interest expense	1,886	1,374	2,478
Income tax expense	1	(2)	(26)
<b>Net cash outflows from operating activities</b>	<u>(599)</u>	<u>(3,224)</u>	<u>172</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposals	–	–	35
Purchase of property, plant and equipment	(734)	(138)	(6,560)
Loss/(profit) on disposal of fixed assets	–	–	–
<b>Net cash used in investing activities</b>	<u>(734)</u>	<u>(138)</u>	<u>(6,525)</u>
<b>Cash flows from financing activities</b>			
Proceeds from equity contributions	–	–	20,000
Proceeds from the issue of bonds/(payments for redemption on bonds)	3,040	3,372	(13,216)
Interest paid	(7)	(32)	(44)
<b>Net cash generated from financing activities</b>	<u>3,033</u>	<u>3,340</u>	<u>6,740</u>
<b>Net increase in cash and cash equivalents</b>	1,700	(22)	387
Cash and cash equivalents at the beginning of financial period	574	596	209
Foreign currency translation differences	–	–	–
<b>Cash and cash equivalents at the end of the financial period</b>	<u><u>2,274</u></u>	<u><u>574</u></u>	<u><u>596</u></u>

The accompanying notes form an integral part of this historical financial information.

## NOTES TO THE FINANCIAL INFORMATION

### 1. Accounting policies

#### (a) General information

Rhein Petroleum GmbH (the Company) is a private limited liability Company incorporated in Germany. The address of its registered office and principal place of business is Mittermaierstr. 31, 69115 Heidelberg/Germany. The company was founded in June 2007 and is registered in the Trade Register B at Chamber of Commerce Mannheim under number HRB 703075.

The focus of the Company is the exploration, upstream development and production of crude oil in the south of Germany especially in the so- called "Oberrheingraben" and in the "Allgaeu".

#### *Financial reporting period*

This historical financial information cover the three years ending 2021, which ended at the balance sheet date of 31 December 2021.

#### (b) Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

### 2. Basis of preparation

#### (a) Statement of compliance

This historical financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

#### (b) Basis of measurement

The financial information has been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- Derivative financial instruments are measured at fair value (comparative figures only);
- Non-derivative financial instruments are measured at fair value through profit and loss account ("FVTPL"); and
- Contingent consideration assumed in a business combination at fair value.

#### (c) Functional and presentation currency

The financial information is presented in Euro, which is the Company's functional currency. All amounts have been rounded to the nearest EUR 1 thousand, unless otherwise stated.

#### (d) Use of judgements and estimates

In preparing the financial information, management has made judgements and estimates that affect the application of the Company'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 estimated are recognised prospectively.

#### *Judgements*

There are no significant judgements made in applying the accounting policies to the Company's financial statements, other than as covered below.

### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are included below.

- Carrying value of property, plant and equipment (note 10):  
Management performs impairment reviews on the Company's property, plant and equipment assets at least annually with reference to indicators in IAS 36 Impairment of Assets. Where indicators are present, and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

Key assumptions and estimates in the impairment models relate to: commodity prices and the long-term corporate economic assumptions thereafter, pre-tax discount rates that are adjusted to reflect risks specific to individual assets, commercial reserves and the related cost profiles.

- Commercial resources estimates used in the calculation of depreciation and impairment of property, plant and equipment (note 11):  
P1 proved reserves and P2 probable reserves are estimates of the amount of oil that can be economically extracted from the Company's oil assets. P1 and P2 relates to PRMS (Petroleum Resources Management System), which is the basis for the SGS reserves audit. The Company estimates its resources using standard recognised evaluation techniques. The estimate is reviewed at least annually by management and is reviewed as required by independent consultants.

P1 proven and P2 reserves are determined using estimates of oil in place, recovery factors and future commodity prices, these having an impact on the total amount of recoverable reserves. Future development costs are estimated taking into account the level of development required to produce the resources by reference to operators, where applicable, and internal engineers.

- Abandonment provision (note 17):  
Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope, amount of expenditure and risk weighting may also change. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning.

The estimated decommissioning costs are reviewed annually by internal experts and the results of the review are then assessed alongside estimates from Operators. Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and price levels.

- Current tax charge and deferred tax assets (note 8):  
Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs.

Current tax is calculated based on the best available information. Changes between the tax charge included in the financial statements and the subsequent tax filings are recognised prospectively as a prior year adjustment.

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

- Measurement of fair values (note 18):

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Company 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 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, 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.

- Presumption of going concern:

The Company closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and different production rates from the Company's producing assets. In the currently low commodity price environment, the Company has taken appropriate action to reduce its cost base and increase liquidity. The Company's ability to continue as a going-concern is ensured by the financial support with an agreed intercompany loan of its parent company. This loan has been in place since July 21, 2016 and was last extended to December 31, 2023 as of September 2, 2022. In 2023 and 2024 two major projects are expected to contribute to a positive cash flow from operating activities. However, if these plans cannot be realized, the continuation of the company's activities will depend in particular on whether the majority shareholder continues to provide appropriate financial support.

(e) **Changes in accounting policies**

The Company has consistently applied the accounting policies to all periods presented in these financial statements.

(f) **Statement of cash flows**

The statement of cash flows is prepared in accordance with indirect method and constitutes an explanation of the change in net cash, defined as cash and cash equivalents. In the statement of cash flows, a differentiation is made between cash flows from operating, investing and financing activities.

Cash flows in currencies other than the Euro, are translated at the exchange rates, prevailing at the date of the transaction. The Company uses periodically fixed average exchange rates that effectively approximate the exchange rates on transaction dates.

### 3. Accounting policies

(a) **Foreign currencies**

The Euro is the functional and presentation currency of the Company. Transactions in foreign currencies are translated to the respective functional currencies of Company entities at exchange rates at the dates of the transactions. Income and expense items are translated at the average exchange rates for the period.

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 other operating expenses or finance costs.

(b) **Revenue**

Sales revenue represents the sales value, net of VAT, of the Company's share of liftings in the year. Revenue is recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(c) **Operating profit**

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

(d) **Joint arrangements**

The Company is engaged in oil exploration, development and production through unincorporated joint arrangements; these are classified as joint operations in accordance with IFRS 11. The Company accounts for its share of the results and net assets of these joint operations. In addition, where the Company acts as Operator to the joint operation, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint operation are included in the Company's balance sheet.

(e) **Finance income and finance costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Finance costs of debt are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Arrangement fees and issue costs are deducted from the debt proceeds on initial recognition of the liability and are amortised and charged to the income statement as finance costs over the term of the debt.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

(f) **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax. For purposes of corporate income tax the Company is an independent taxable entity and is not part of a fiscal unity for corporate income tax purposes.

Current and deferred tax are provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

*Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to 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.

### *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 Company 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 business plans for individual subsidiaries in the Company. 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.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company 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.

### (g) **Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

#### (i) *As a lessee*

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as

those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (less than EUR 5,000) and short-term leases (period less than one year), including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### *As a lessee*

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(h) **Inventory**

Inventories, other than oil products, are stated at the lower of cost and net realisable value. Cost is determined by the first in first-out method and comprises direct purchase costs, costs of production and transportation and manufacturing expenses. Net realisable value is determined by reference to prices existing at the balance sheet date.

Oil product is stated at net realisable value and changes in net realisable value are recognised in the income statement.

(i) **Intangible assets**

*Recognition and measurement*

*Research and development*

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

*Other intangible assets*

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

The Company allocates goodwill to cash-generating units (CGUs) or Groups of CGUs that represent the assets acquired as part of the business combination. The fields (licences) within the Company are considered CGU's for the purposes of impairment testing.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount, using the 'Value in Use' method, of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(j) **Exploration, evaluation and production assets**

The Company adopts the successful efforts method of accounting for exploration and evaluation costs. Pre-licence costs are expensed in the period in which they are incurred. All licence acquisition, exploration and evaluation costs and directly attributable administration costs are initially capitalised in cost objects by well, field or exploration area, as appropriate. Interest payable is capitalised insofar as it relates to specific development activities.

These costs are then written off as exploration costs in the income statement unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment.

All field development costs are capitalised as property, plant and equipment. Property, plant and equipment related to production activities are depreciated in accordance with the Company's depreciation accounting policy.

(k) **Commercial reserves**

P1 developed producing and P2 reserves are estimates of the amount of oil that can be economically extracted from the Company's oil assets. The Company estimates its reserves using standard recognised evaluation techniques. The estimate is reviewed at least annually by management and is reviewed as required by independent consultants.

(l) **Depreciation based on depletion**

All expenditure carried within each field is depreciated from the commencement of production on a unit of production basis, which is the ratio of oil production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field-by-field basis or by a Company of fields which are reliant on common infrastructure. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to recover the commercial reserves remaining. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil prices and future costs.

In order to discount the future cash flows the Company calculates CGU-specific discount rates. The discount rates are based on an assessment of the Company's post-tax Weighted Average Cost of Capital (WACC). The post-tax WACC is subsequently grossed up to a pre-tax rate.

Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single CGU for impairment purposes.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any amortisation that would have been charged since the impairment.

(m) **Provisions**

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

*Restructuring*

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

*Onerous contracts*

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

#### *Abandonment provision*

An abandonment provision for decommissioning is recognised in full when the related facilities or wells are installed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of abandonment, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements.

Changes in the estimated timing of abandonment or abandonment cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the abandonment provision is included as a finance cost.

#### (n) **Property, plant and equipment**

##### *Recognition and measurement*

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2015, the Company's date of transition to EU-IFRS, was determined with reference to its fair value at that date.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separable items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the profit and loss account.

##### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### *Depreciation*

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the aforementioned depreciation based on depletion accounting policy for all assets related to oil fields and straight-line method over the estimated useful lives for all other property, plant and equipment. Depreciation is recognised in the profit and loss account.

The estimated useful lives of property, plant and equipment depreciated using the straight-line method is 3 to 5 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (o) **Employee benefits**

##### *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 Company has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

##### *Pension plans*

The Company does not have any pension plans. Some employees are paid a pension contribution as part of their remuneration and are responsible for organising their pensions personally.

##### *Termination benefits*

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(p) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(q) **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(r) **Financial Instruments**

*Recognition and Initial Measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

*Classification and Subsequent Measurement*

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company

may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets – Subsequent measurement and gains and losses:*

- Financial assets at FVTPL – These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Debt investments at FVOCI – These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- Equity investments at FVOCI – These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

*Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*Derecognition Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all of substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

*Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit and loss account.

*Share capital – Ordinary shares*

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS12.

### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### (s) **Impairment**

#### *Non-derivative financial assets*

The Company recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

#### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

#### *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### *Non-financial assets*

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and 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. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(t) **Fair value**

'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 Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company'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 Company 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 Company 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 Company 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 Company 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.

(u) **Standards issued that are not effective**

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Onerous Contract – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendment to IFRS 1, IFRS 9, IAS 41)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Insurance Contracts (IFRS 17)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

(v) **Operating segments**

As the Company currently has only one revenue stream it does not recognise any separate reportable segments.

(w) **Geographical information**

As the Company currently only has activities located in Germany it does not disclose any additional geographical information.

#### 4. Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over the oil sold to a customer. In addition to the slight increase in production volumes, the increase in sales in 2021 is mainly due to higher crude oil prices.

	<i>For the year ended 31 December 2021 €'000</i>	<i>For the year ended 31 December 2020 €'000</i>	<i>For the year ended 31 December 2019 €'000</i>
Petroleum revenue	1,031	600	1,397
Other revenue	1,665	401	344
Total revenue	<u>2,696</u>	<u>1,001</u>	<u>1,741</u>

#### 5. Impairments

Impairment tests of individual cash- cash-generating units are performed when impairment triggers are identified. In 2020 the company's production facilities were fully impaired as the impairment test showed that the expected value of calculated extracted oil could no longer be generated in the foreseeable future due to oil price developments and lower expected exploitation volumes. In 2021 there was a partial write back of EUR 1,674,000 of the previously recognised impairment on the company's production facilities, due to positive future expectations.

#### 6. Administrative expenses

	<i>For the year ended 31 December 2021 €'000</i>	<i>For the year ended 31 December 2020 €'000</i>	<i>For the year ended 31 December 2019 €'000</i>
Salary & Contractors	1,756	1,788	1,568
Other Headcount Related	14	10	12
Travel & Entertainment	25	38	77
Training & Meetings	–	(1)	2
It & Communication	117	85	60
Occupancy	18	15	19
Professional Services	36	30	15
Other	59	686	(296)
Total administrative expenses	<u>2,025</u>	<u>2,651</u>	<u>1,457</u>

There was an average of eleven employees of the Company in 2021.

The compensation received by the directors of Rhein Petroleum GmbH is included in the consolidated financial statements of the parent, Tulip Oil Holding B.V.

“Other” includes the recovery of cost from our joint venture partners.

## 7. Net finance costs

	<i>For the year ended 31 December 2021 €'000</i>	<i>For the year ended 31 December 2020 €'000</i>	<i>For the year ended 31 December 2019 €'000</i>
Interest on loans from affiliates	1,879	1,343	2,434
Other finance costs	7	31	44
<b>Net finance costs</b>	<u>1,886</u>	<u>1,374</u>	<u>2,478</u>

## 8. Taxation

	<i>For the year ended 31 December 2021 €'000</i>	<i>For the year ended 31 December 2020 €'000</i>	<i>For the year ended 31 December 2019 €'000</i>
Total income tax charge/(credit)	1	(2)	26
<b>Deferred tax</b>			
Origination and reversal of temporary differences	–	–	–
	<u>1</u>	<u>(2)</u>	<u>26</u>

The income tax credit for the year can be reconciled to the accounting profit as follows:

	<i>As at 31 December 2021 €'000</i>	<i>As at 31 December 2020 €'000</i>	<i>As at 31 December 2019 €'000</i>
Accounting loss before tax	1,690	16,237	4,792
Income tax benefit of 30%	(507)	(4,871)	(1,438)
Movement in unrecognised losses	(3,740)	4,583	1,227
Changes in prior year estimates	4,248	286	237
Tax charge for the year	<u>1</u>	<u>(2)</u>	<u>26</u>

Tax losses constitute Corporate Income Tax ("CIT") losses. CIT losses can be carried forward for a period of nine years from the originating year. CIT losses are expected to be recovered in the coming years.

The company has unrecognised losses carried forward of EUR 74,272,000 (2020: EUR 86,738,000, 2019: EUR 71,463,000) which have not been recognised as a deferred tax asset due to the uncertainties around the future utilisation of these.

## 9. Cash and cash equivalents

	<i>As at 31 December 2021 €'000</i>	<i>As at 31 December 2020 €'000</i>	<i>As at 31 December 2019 €'000</i>
Cash in hand	–	–	–
Cash at bank	2,274	574	596
<b>Cash and cash equivalents</b>	<u>2,274</u>	<u>574</u>	<u>596</u>

## 10. Property, plant and equipment

	<i>Assets under construction €'000</i>	<i>Production facilities including wells €'000</i>	<i>Other €'000</i>	<i>Total €'000</i>
<b>Acquisition cost 31.12.2018</b>	622	16,016	31	16,669
Additions/other movements	6,058	1,040	3	7,101
Reclassification	123	(123)	–	–
	<u>6,803</u>	<u>16,933</u>	<u>34</u>	<u>23,770</u>
<b>Acquisition cost 31.12.2019</b>	6,803	16,933	34	23,770
Additions/other movements	134	9	3	146
Reclassification	(8)	8	–	–
	<u>6,929</u>	<u>16,950</u>	<u>37</u>	<u>23,916</u>
<b>Acquisition cost 31.12.2020</b>	6,929	16,950	37	23,916
Additions/other movements	292	–	4	296
Reclassification	–	–	–	–
	<u>7,221</u>	<u>16,950</u>	<u>41</u>	<u>24,212</u>
<b>Acquisition cost 31.12.2021</b>	7,221	16,950	41	24,212
<b>Accumulated depreciation and impairments 31.12.2018</b>	–	(4,280)	(10)	(4,290)
Depreciation	–	(1,056)	(6)	(1,062)
Impairment	(703)	–	–	(703)
Reclassification	–	–	–	–
	<u>(703)</u>	<u>(5,336)</u>	<u>(16)</u>	<u>(6,055)</u>
<b>Accumulated depreciation and impairments 31.12.2019</b>	(703)	(5,336)	(16)	(6,055)
Depreciation	–	(129)	(5)	(134)
Impairment	–	(11,485)	–	(11,485)
Reclassification	–	–	–	–
	<u>(703)</u>	<u>(16,950)</u>	<u>(21)</u>	<u>(17,674)</u>
<b>Accumulated depreciation and impairments 31.12.2020</b>	(703)	(16,950)	(21)	(17,674)
Depreciation	–	(69)	(7)	(76)
Impairment	–	1,674	–	1,674
Reclassification	–	–	–	–
	<u>(703)</u>	<u>(15,345)</u>	<u>(28)</u>	<u>(16,076)</u>
<b>Accumulated depreciation and impairments 31.12.2021</b>	(703)	(15,345)	(28)	(16,076)
<b>Book value 31.12.2019</b>	<u>6,100</u>	<u>11,597</u>	<u>18</u>	<u>17,715</u>
<b>Book value 31.12.2020</b>	<u>6,226</u>	<u>–</u>	<u>16</u>	<u>6,242</u>
<b>Book value 31.12.2021</b>	<u><u>6,518</u></u>	<u><u>1,605</u></u>	<u><u>13</u></u>	<u><u>8,136</u></u>

Assets under construction relates to wells drilled but not yet producing. Other mainly consists of fixtures, fittings and office equipment.

## 11. Depreciation

	<i>As at 31 December 2021 €'000</i>	<i>As at 31 December 2020 €'000</i>	<i>As at 31 December 2019 €'000</i>
Depreciation of tangible fixed assets	76	134	1,062
Impairment of tangible fixed assets	(1,674)	11,485	703
	<u>–</u>	<u>11,619</u>	<u>1,765</u>

In 2020 and 2021, the impairment charge arises from an adjustment of the abandonment related fixed asset values.

## 12. Interest bearing loans with affiliate

	<i>As at</i> <i>31 December</i> <i>2021</i> <i>€'000</i>	<i>As at</i> <i>31 December</i> <i>2020</i> <i>€'000</i>	<i>As at</i> <i>31 December</i> <i>2019</i> <i>€'000</i>
Balance at beginning of the year	14,460	9,650	20,346
Additional loans issued	5,030	4,810	–
Repayment of loans	–	–	(10,696)
Balance at end the year	<u>19,490</u>	<u>14,460</u>	<u>9,650</u>

The Company has entered into a loan agreement with Tulip Oil Holding B.V. to finance the current and future activities until the company will generate its own cash flows. The loan is unsecured and bears an interest rate of 12.5 per cent. per annum. The loan agreement matures on 31 December 2023.

## 13. Trade and other receivables

	<i>As at</i> <i>31 December</i> <i>2021</i> <i>€'000</i>	<i>As at</i> <i>31 December</i> <i>2020</i> <i>€'000</i>	<i>As at</i> <i>31 December</i> <i>2019</i> <i>€'000</i>
Trade receivables	194	104	131
Current taxation assets	–	68	23
Prepayments	58	44	32
Joint venture receivables	12	5	122
<b>Trade and other receivables</b>	<u>264</u>	<u>221</u>	<u>308</u>

## 14. Proposed appropriation of result

The Company proposes to transfer the loss of the year of EUR 1.7 million to retained earnings in accordance with Article 4.1 of Articles of Association. This article states that the profits and losses are at the disposal of the shareholders.

## 15. Share capital

	<i>Share capital</i>	
	<i>Number of</i> <i>share quotas</i>	<i>€'000</i>
31 December 2019	<u>125,000</u>	<u>125</u>
31 December 2020	<u>125,000</u>	<u>125</u>
31 December 2021	<u>125,000</u>	<u>125</u>

The share capital of Rhein Petroleum GmbH consists of 125,000 ordinary shares with a par value of EUR 1. Tulip Oil Holding B.V. is the majority shareholder of the company (90.0 per cent.). The minority shareholder is Deutsche Rohstoff AG, Mannheim (10.0 per cent.).

## 16. Share premium

	<i>As at</i> <i>31 December</i> <i>2021</i> <i>€'000</i>	<i>As at</i> <i>31 December</i> <i>2020</i> <i>€'000</i>	<i>As at</i> <i>31 December</i> <i>2019</i> <i>€'000</i>
Share premium	<u>78,476</u>	<u>78,476</u>	<u>78,476</u>

## 17. Abandonment provision

	<i>As at</i> <i>31 December</i> <i>2021</i> <i>€'000</i>	<i>As at</i> <i>31 December</i> <i>2020</i> <i>€'000</i>	<i>As at</i> <i>31 December</i> <i>2019</i> <i>€'000</i>
Abandonment provision at beginning of the year	2,236	2,411	1,680
Accretion expense – present value calculation	8	12	37
Additions	196	447	1,148
Change in estimates and incurred liabilities	(77)	(633)	(455)
<b>Abandonment provision at the end of the year</b>	<u>2,363</u>	<u>2,237</u>	<u>2,410</u>
Within 1 year	–	–	–
After 1 year	<u>2,363</u>	<u>2,237</u>	<u>2,410</u>

The changes in estimates are related to a re-assessment by management of the cost to decommission its assets based on actual experience, timing of decommissioning and the discount rate applied.

The estimate for the abandonment provisions is based on executing a concept for decommissioning in accordance with the Petroleum Activities Act and international regulations and guidelines.

Abandonment provisions are determined using an inflation rate of 1.6 per cent. (2020: 1.0 per cent., 2019: 1.5 per cent.) and a discount rate of 0.5 per cent. (2020: 0.5 per cent., 2019: 0.5 per cent.).

## 18. Financial instruments

### **Financial risk management objectives**

The Company is exposed to a variety of risks including commodity price risk, interest rate risk, credit risk, foreign currency risk and liquidity risk. The use of derivative financial instruments (derivatives) is governed by the Group's policies approved by the Board. Compliance with policies and exposure limits are monitored and reviewed internally on a regular basis. The Company does not enter into or trade financial instruments, including derivatives, for speculative purposes.

### **Fair values of financial assets and liabilities**

The Company considers the carrying value of all its financial assets and liabilities to be materially the same as their fair value. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

	<i>As at</i> <i>31 December</i> <i>2021</i> <i>€'000</i>	<i>As at</i> <i>31 December</i> <i>2020</i> <i>€'000</i>	<i>As at</i> <i>31 December</i> <i>2019</i> <i>€'000</i>	<i>Fair value</i> <i>hierarchy</i>
<b>Financial assets</b>				
Trade and other receivables	206	109	252	Level 3
Cash and cash equivalents	<u>2,274</u>	<u>574</u>	<u>596</u>	Level 3
<b>Total financial assets</b>	2,480	683	848	
<b>Financial liabilities</b>				
Interest bearing loans from affiliates	19,490	14,460	9,650	Level 3
Other financial liabilities	296	110	106	Level 3
Trade and other payables	<u>102</u>	<u>191</u>	<u>166</u>	Level 3
<b>Total financial liabilities</b>	<u>19,888</u>	<u>14,761</u>	<u>9,922</u>	

The Company has no material financial assets that are past due. No financial assets are impaired at the balance sheet date.

### ***Risk management framework***

Effective management and control systems are in place for the identification of risks. In addition to the internal monitoring system carried out by Rhein Petroleum GmbH, the Company is also integrated into the Group's risk management system.

The Managing Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. They are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed when needed to reflect changes in market conditions and the Company's activities.

### ***Commodity price (market) risk***

Market risk is the risk that changes in market prices e.g. as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of material risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

The Company does not use derivatives to mitigate the commodity price risk associated with its underlying oil revenues.

### ***Cash flow and interest rate risk***

The Company's exposure to interest cost fluctuation is limited as funding is via an intragroup loan which carries a fixed interest rate of 12.5 per cent. until its expiry on December 31, 2023. No interest rate hedging has been taken out by the Company. The Company's financial assets and liabilities, excluding trade and other receivables and other payables, at 31 December 2021, 2020 and 2019 were all denominated in Euro. No other currencies of cash or debt are held.

Cash flow risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing cash flow is to develop its existing portfolio through oil exploration, review commercial opportunities and also to seek funding from its parent company as needed.

### ***Credit risk***

The Company has a credit policy that governs the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals. The primary credit exposures for the Company are its receivables generated by the marketing of crude oil and amounts due from JV partners. These exposures are managed at the Group level. The Company's oil sales are predominantly made to international oil market participants including the oil majors, trading houses and refineries. JV partners are predominantly international major oil market participants. Material counterparty evaluations are conducted utilising international credit rating agency and financial assessments. Where considered appropriate, security in the form of trade finance instruments from financial institutions with appropriate credit ratings, such as letters of credit, guarantees and credit insurance, are obtained to mitigate the risks.

### ***Expected credit loss assessment***

The Company performs an expected credit loss assessment on an asset by asset basis due to the relatively small number of individual financial assets. The Company applies the lifetime method for assessing expected credit losses.

### ***Cash and cash equivalents***

The Company held cash and cash equivalents of EUR 2.3 million at 31 December 2021 (2020: EUR 0.6 million, 2019: EUR 2.3 million). The cash and cash equivalents are held with bank and financial institution counterparties which are rated at least AA-.

Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

The Company uses a similar approach for assessment of ECL's for cash and cash equivalents to those used for debt securities.

The Company has not recognised an allowance for credit losses over cash and cash equivalents in 2021, 2020 or 2019.

### ***Foreign currency risk***

The Company conducts and manages its business predominately in EUR, the operating currency of the industry in which it operates. From time to time the Company undertakes certain transactions denominated in other currencies. There were no material foreign currency financial derivatives in place at 31 December 2021 (2020: EUR nil, 2019: EUR nil).

As at 31 December 2021, there were no material monetary assets or liabilities of the Company that were not denominated in the functional currency of the respective subsidiaries.

The Company does not see material movements arising from foreign currency fluctuations.

### ***Liquidity risk***

The Company manages its liquidity risk on a regularly basis as part of daily accounting and the monthly reporting. Financing is mainly provided by intercompany loan.

Ultimate responsibility for liquidity risk management rests with the Managing Directors, which have established an appropriate liquidity risk management framework covering the Company's short, medium and long-term funding and liquidity management requirements with the financial support of the parent company.

The Company's forecast, taking into account the risks described above, show that the Company will be able to operate within its current debt facilities and have sufficient financial support from its parent company for the following 12 months.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	<i>Weighted average effective interest rate (%)</i>	<i>1-3 months €'000</i>	<i>3 months to 1 year €'000</i>	<i>1-5 years €'000</i>	<i>5 years €'000</i>	<i>Total €'000</i>
<b>31 December 2021</b>						
Interest-bearing loans from affiliates	12.5	–	–	19,490	–	19,490
Other financial liabilities	–	296	–	–	–	296
Trade and other payables	–	102	–	–	–	102
<b>Total</b>		<u>398</u>	<u>–</u>	<u>19,490</u>	<u>–</u>	<u>19,888</u>
<b>31 December 2020</b>						
Interest-bearing loans from affiliates	12.5	–	–	14,460	–	14,460
Other financial liabilities	–	110	–	–	–	110
Trade and other payables	–	191	–	–	–	191
<b>Total</b>		<u>301</u>	<u>–</u>	<u>14,460</u>	<u>–</u>	<u>14,761</u>
<b>31 December 2019</b>						
Interest-bearing loans from affiliates	12.5	–	–	9,650	–	9,650
Other financial liabilities	–	106	–	–	–	106
Trade and other payables	–	166	–	–	–	166
<b>Total</b>		<u>272</u>	<u>–</u>	<u>9,650</u>	<u>–</u>	<u>9,922</u>

## 19. Related party transactions

Details of transactions between the Company and other related parties are disclosed below.

### ***Intra group financing***

Rhein Petroleum GmbH has entered into a loan agreement with Tulip Oil Holding B.V. to finance the business activities until the company will generate its own cash flows. The loan is unsecured and bears an interest rate of 12.5 per cent. per annum.

### ***Compensation of key management and key management personnel***

The Directors of Rhein Petroleum GmbH and management personnel are the only key management members as defined by IAS 24 – Related Party Disclosures. This function is provided by certain management companies and their personnel to Rhein Petroleum GmbH as well as by personnel employed by Tulip Oil Holding B.V. from which recharges to the Company are conducted.

The Company is wholly and directly controlled by its ultimate parent Tulip Oil Holding B.V.

Transactions with other related parties are set out below:

		<i>As at</i>	<i>As at</i>	<i>As at</i>
		<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
		<i>2021</i>	<i>2020</i>	<i>2019</i>
		<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
<b>Transactions with relates parties</b>				
TOH	Personnel services provided	(441)	(814)	(547)
TOH	IT services (inc. software)	(117)	(104)	(43)
TOH	Travel costs & other	(22)	(9)	(62)
TOH	Intercompany loan	(19,490)	(14,460)	(9,650)
TON	Personnel services and other	–	–	2
TOH	Personnel services and other	–	–	22
TONO	Personnel services and other	(102)	–	344
<b>Outstanding balances receivable/(payable) at the year end</b>				
TOH	Personnel services provided	(31)	(52)	(46)
TOH	IT services (inc. software)	–	(8)	(8)
TOH	Travel costs & other	–	(6)	(18)
TOH	Intercompany loan	(19,490)	(14,460)	(9,650)
TON	Personnel services and other	–	–	1
TOH	Personnel services and other	(2)	2	3
TONO	Personnel services and other	(7)	22	49

In the above, TOH refers to Tulip Oil Holding B.V. and TONO is Tulip Oil Netherlands Offshore B.V., a 100 per cent. subsidiary of TOH.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. No expense has been recognised in the current year or prior year for bad and doubtful debts in respect of amounts owed by related parties

## 20. Commitments

There are no commitments of the Company at either 31 December 2021, 2020 or 2019. Lease payments are presented in Note 21.

Rhein Petroleum GmbH is an independent taxable entity and is not part of a fiscal unity for corporate income tax purposes.

## 21. Leases

### **Leases as lessee**

In 2021, the Company has leased office facilities under operating leases until the end of 2023, with an option to renew the lease after that date until December 31, 2024. The option was exercised.

The Company also leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Company is a lessee is presented below.

### **Right-of-use assets**

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

	<i>Office facilities</i> €'000
Balance at 1 January 2019	205
Depreciation charge for the year	(104)
Additions to right-of-use assets	96
Derecognition of right-of-use assets	–
	<hr/>
Balance at 31 December 2019	197
Depreciation charge for the year	(92)
Additions to right-of-use assets	–
Derecognition of right-of-use assets	(4)
	<hr/>
Balance at 31 December 2020	101
Depreciation charge for the year	(85)
Additions to right-of-use assets	265
Derecognition of right-of-use assets	–
	<hr/>
Balance at 31 December 2021	<u>281</u>

### **Amounts recognised in statement of cash flows**

	<i>31 December</i> <i>2021</i> €'000	<i>31 December</i> <i>2020</i> €'000	<i>31 December</i> <i>2019</i> €'000
Total cash outflow for leases	<u>110</u>	<u>112</u>	<u>115</u>

The cash outflow above includes amounts that have been capitalised.

### **Extension options**

There is no option to extend the lease further than 2024. The contract will expire on December 31, 2024.

The future minimum lease payments under non-cancellable leases payable as at 31 December are shown in the table below.

	<i>As at</i> <i>31 December</i> <i>2021</i> €'000	<i>As at</i> <i>31 December</i> <i>2020</i> €'000	<i>As at</i> <i>31 December</i> <i>2019</i> €'000
Within one year	110	110	101
More than 1 year, less than 3 years	<u>186</u>	<u>–</u>	<u>105</u>
<b>Total</b>	<u>296</u>	<u>110</u>	<u>206</u>

The following related amounts were recognised in the profit and loss account.

	<i>As at</i> <i>31 December</i> <i>2021</i> €'000	<i>As at</i> <i>31 December</i> <i>2020</i> €'000	<i>As at</i> <i>31 December</i> <i>2019</i> €'000
Lease expense	113	112	102
Car and other lease expense	<u>7</u>	<u>11</u>	<u>14</u>
<b>Total</b>	<u>120</u>	<u>123</u>	<u>116</u>

## 22. Reconciliation of investing cash flows

	<i>Year ended 31 December 2021 €'000</i>	<i>Year ended 31 December 2020 €'000</i>	<i>Year ended 31 December 2019 €'000</i>
Proceeds from disposals of PPE	–	–	35
Payments made for investments of PPE	(734)	(138)	(6,560)
<b>Total</b>	<u>(734)</u>	<u>(138)</u>	<u>(6,525)</u>

## 23. Reconciliation of financing cash flows

	<i>Year ended 31 December 2021 €'000</i>	<i>Year ended 31 December 2020 €'000</i>	<i>Year ended 31 December 2019 €'000</i>
Proceeds from equity contributions			20,000
Proceeds from the issue of bonds/(payments for redemption on bonds)	3,041	3,372	(13,216)
Interest paid	(7)	(32)	(44)
<b>Total</b>	<u>3,034</u>	<u>3,340</u>	<u>6,740</u>

## 24. Subsequent events

There have been no subsequent events after the balance sheet up to the signing of this financial information which require either adjustment or disclosure.

## 25. Conversion to IFRS

The periods shown represent the first periods for which the Company has prepared financial information under International Financial Reporting Standards (IFRS).

This financial information, for the year ended 31 December 2019, 31 December 2020 and 31 December 2021, is the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2021, the Company prepared its financial statements in accordance with the local generally accounting principles (German GAAP – HGB).

Accordingly, the Company has prepared financial information that complies with IFRS applicable as at 31 December 2019, 31 December 2020 and 31 December 2021 together with the comparative period data for the year ended 31 December 2018, as described in the summary of significant accounting policies. In preparing the financial information, the Company's opening statement of financial position was prepared as at 1 January 2019, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its financial statements prepared under German accounting standards, including the statement of financial position as at 1 January 2019, and the financial statements as of, and for, the year ended 31 December 2019, 2020 and 2021.

**Group reconciliation of equity as at 1 January 2019 (date of transition to IFRS)**

		<i>Local GAAP</i>	<i>Reclassifications and Remeasurements</i>	<i>IFRS as at</i>
	<i>Notes</i>	<i>€'000</i>	<i>€'000</i>	<i>1 January 2019 €'000</i>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	A,B	12,140	239	12,379
		<u>12,140</u>	<u>239</u>	<u>12,379</u>
<b>Current assets</b>				
Inventories		253	–	253
Current tax assets		2	–	2
Trade and other receivables		232	–	232
Cash and cash equivalents		209	–	209
		<u>696</u>	<u>–</u>	<u>696</u>
<b>Total assets</b>		<u>12,836</u>	<u>239</u>	<u>13,075</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		125	–	125
Share premium		58,476	–	58,476
Retained earnings		(68,160)	239	(67,921)
		<u>(9,559)</u>	<u>239</u>	<u>(9,320)</u>
<b>Non-current liabilities</b>				
Lease liabilities	A	–	–	–
Financial liabilities		20,346	–	20,346
Provisions	B	1,680	–	1,680
		<u>22,026</u>	<u>–</u>	<u>22,026</u>
<b>Current liabilities</b>				
Lease liabilities	A	–	–	–
Current tax liabilities		28	–	28
Employee benefits		–	3	3
Trade payables		178	(3)	175
Provisions	B	163	–	163
		<u>369</u>	<u>–</u>	<u>369</u>
<b>Total equity and liabilities</b>		<u>12,836</u>	<u>239</u>	<u>13,075</u>

## Group reconciliation of equity as at 31 December 2019

	Notes	Local GAAP €'000	Reclassifications and Remeasurements €'000	IFRS as at 31 December 2019 €'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	A,B	16,436	1,279	17,715
		<u>16,436</u>	<u>1,279</u>	<u>17,715</u>
<b>Current assets</b>				
Inventories		139	–	139
Current tax assets		23	–	23
Trade and other receivables		179	105	284
Cash and cash equivalents		596	–	596
		<u>937</u>	<u>105</u>	<u>1,042</u>
<b>Total assets</b>		<u>17,373</u>	<u>1,384</u>	<u>18,757</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		125	–	125
Share premium		78,476	–	78,476
Retained earnings		(72,336)	(403)	(72,739)
		<u>6,265</u>	<u>(403)</u>	<u>5,862</u>
<b>Non-current liabilities</b>				
Lease liabilities	A	–	105	105
Financial liabilities		9,650	–	9,650
Provisions	B	825	1,585	2,410
		<u>10,475</u>	<u>1,690</u>	<u>12,165</u>
<b>Current liabilities</b>				
Lease liabilities	A	–	101	101
Current tax liabilities		21	–	21
Employee benefits		–	63	63
Trade payables		184	(18)	166
Provisions	B	428	(49)	379
		<u>633</u>	<u>97</u>	<u>730</u>
<b>Total equity and liabilities</b>		<u>17,373</u>	<u>1,384</u>	<u>18,757</u>

## Group reconciliation of equity as at 31 December 2020

	Notes	Local GAAP €'000	Reclassifications and Remeasurements €'000	IFRS as at 31 December 2020 €'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	A,B	5,868	374	6,242
		<u>5,868</u>	<u>374</u>	<u>6,242</u>
<b>Current assets</b>				
Inventories		139	–	139
Current tax assets		68	–	68
Trade and other receivables		153	–	153
Cash and cash equivalents		574	–	574
		<u>934</u>	<u>–</u>	<u>934</u>
<b>Total assets</b>		<u>6,802</u>	<u>374</u>	<u>7,176</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		125	–	125
Share premium		78,476	–	78,476
Retained earnings		(103,979)	15,004	(88,975)
		<u>(25,378)</u>	<u>15,004</u>	<u>(10,374)</u>
<b>Non-current liabilities</b>				
Lease liabilities	A	–	–	–
Financial liabilities		14,460	–	14,460
Provisions	B	1,144	1,093	2,237
		<u>15,604</u>	<u>1,093</u>	<u>16,697</u>
<b>Current liabilities</b>				
Lease liabilities	A	–	110	110
Current tax liabilities		69	–	69
Employee benefits		–	99	99
Trade payables		197	(6)	191
Provisions	B	488	(104)	384
		<u>754</u>	<u>99</u>	<u>853</u>
<b>Total equity and liabilities</b>		<u>(9,020)</u>	<u>16,196</u>	<u>7,176</u>

## Group reconciliation of equity as at 31 December 2021

	Notes	Local GAAP €'000	Reclassifications and Remeasurements €'000	IFRS as at 31 December 2021 €'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	A,B	7,855	281	8,136
		<u>7,855</u>	<u>281</u>	<u>8,136</u>
<b>Current assets</b>				
Inventories		148	–	148
Current tax assets		–	–	–
Trade and other receivables		264	–	264
Cash and cash equivalents		2,274	–	2,274
		<u>2,686</u>	<u>–</u>	<u>2,686</u>
<b>Total assets</b>		<u>10,541</u>	<u>281</u>	<u>10,822</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		125	–	125
Share premium		78,476	–	78,476
Retained earnings		(89,657)	(1,009)	(90,666)
		<u>(11,056)</u>	<u>(1,009)</u>	<u>(12,065)</u>
<b>Non-current liabilities</b>				
Lease liabilities	A	–	186	186
Financial liabilities		19,490	–	19,490
Provisions	B	1,363	1,000	2,363
		<u>20,853</u>	<u>1,186</u>	<u>22,039</u>
<b>Current liabilities</b>				
Lease liabilities	A	–	110	110
Current tax liabilities		362	–	362
Employee benefits		–	72	72
Trade payables		110	(8)	102
Provisions	B	272	(70)	202
		<u>744</u>	<u>104</u>	<u>848</u>
<b>Total equity and liabilities</b>		<u>10,541</u>	<u>281</u>	<u>10,822</u>

## Notes to the reconciliation of equity as at 1 January 2019 and 31 December 2019, 31 December 2020 and 31 December 2021

### (A) **Leases**

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, as explained in Note 3.G., a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the Company applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments.

As a result, the Company recognised an increase of €296,000 (2020: €110,000 2019: €205,000) of lease liabilities included under interest-bearing loans and borrowings and €281,000 (2020: €101,000 2019: €197,000) of right-of-use assets. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings.

### (B) **Abandonment provision and asset retirement**

Under IFRS, the costs for the demolition and removal of the facilities and the restoration of the site, must be capitalised in addition to the acquisition costs. A similar provision would need to be recognised, as the Company has a legal obligation to dismantle the built facilities and restore the site. This obligation meets the definition of a provision under IFRS (results from a past event, leads to an outflow of resources with economic benefits and has a high probability of occurrence).

At the date of transition to IFRS, the Company reassessed the capitalised costs and the abandonment provision. The change in estimates are related to a re-assessment by management of the cost to decommission its assets based on actual experience, timing of decommissioning and the discount rate applied. The difference between the provisions and capitalised costs has been recognised in retained earnings.

## **PART VIII**

### **UNAUDITED PRO FORMA STATEMENTS OF NET ASSETS FOR THE ENLARGED GROUP**

Set out below is an unaudited pro forma statement of net assets as at 30 June 2022 (the “Unaudited Pro Forma Financial Information”) of Beacon Energy plc (including consolidated subsidiaries) (“the Group”) and a 100 per cent. ownership of Rhein Petroleum GmbH (the “Target”) (together “the Enlarged Group”). The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared on the basis set out in the notes below to illustrate the impact of the Fundraise and proposed acquisition as if it had taken place on 30 June 2022.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only. Because of its nature it addresses a hypothetical situation and does not, therefore, represent the Enlarged Group’s actual financial position or results. Such information may not, therefore, give a true picture of the Enlarged Group’s financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future.

The Unaudited Pro Forma Financial Information is based on the unaudited net assets of the Group, and the unaudited net assets of the Target as at 30 June 2022 as shown in Part VII (Historical Financial Information). No adjustments have been made to take account of trading, expenditure or other movements subsequent to 30 June 2022, being the date of the last published balance sheet of the Target.

The Unaudited Pro Forma Financial Information does not constitute financial statements. Investors should read the whole of this Document and not rely solely on the summarised financial information contained in this Part.

Unaudited pro forma statement of net assets as at 30 June 2022

	The Group as at 30 June 2022 (Note 1) US\$'000 (unaudited)	The Target as at 30 June 2022 (Note 2) US\$'000 (unaudited)	Placing of shares (Note 3) US\$'000 (unaudited)	Acquisition (Note 4) US\$'000 (unaudited)	Loan received (Note 5) US\$'000 (unaudited)	Consolidation adjustments (Note 6) US\$'000 (unaudited)	Pro Forma Net Assets as at 30 June 2022 US\$'000 (unaudited)
<b>Non-current assets</b>							
Investment in subsidiary				–		–	–
Intangible assets							–
Financial asset				23,254		(23,254)	–
Property, plant and equipment		9,783					9,783
	–	9,783		23,254		(23,254)	9,783
<b>Current assets</b>							
Cash and cash equivalents	455	1,889	●		2,008		●
Trade and other receivables	63	976					1,039
Inventory		180					180
	518	3,045	●	–	2,008	–	●
<b>Total assets</b>	518	12,828	●	23,254	2,008	(23,254)	●
<b>Non-current liabilities</b>							
Provisions		(2,462)					(2,462)
Intercompany loans		(23,254)				23,254	–
Other liabilities		(394)			(2,008)		(2,402)
		(26,110)			(2,008)	23,254	(4,864)
<b>Current liabilities</b>							
Trade and other payables	(177)	(386)					(563)
Taxation		(652)					(652)
	(177)	(1,038)					(1,215)
<b>Total liabilities</b>	(177)	(27,148)	–		(2,008)	23,254	(6,079)
<b>Net assets</b>	341	(14,320)	●	23,254	–	–	●

Notes

The pro forma statement of net assets has been prepared on the following basis:

1. The financial information has been extracted, without material adjustment, from the financial records of the Group for the period ended 30 June 2022, and has been prepared on the same basis and accounting policies as the financial statements prepared to 30 April 2022.
2. The financial information has been extracted, without material adjustment, from the financial records of the Target for the six months ended 30 June 2022 as set out in Section ● of this document. These have been converted to US Dollars at the prevailing rate at 30 June 2022. [In addition, TOH has provided Rhein Petroleum with an additional cash contribution of £● million pursuant to the mechanisms set out in paragraph ● in part ●].
3. The Fundraise receipts are conditional on Admission. The net Fundraise receipts of US\$ ● (GBP ●) are derived as estimated Fundraise receipts of US\$ ● (GBP ●), after deducting estimated fees and expenses relating to the Proposals of US\$ ● (GBP ●).
4. The acquisition of shares in Rhein Petroleum GmbH is dependent on the Placing receipts, and this adjustment assumes the receipts shown in Note 3.

This investment is recognised as an investment in subsidiaries and is eliminated on consolidation, in line with the accounting policies of the Group. Additionally, as part of the transaction, its former parent, Tulip Oil Holding B.V. (“TOH”) will assign the loan due to it from the Target for consideration of EUR 1.

The consideration for the purchase is expected to be in the form of equity instruments in the Group, as well as contingent cash amounts in relation to future production and exploration activity. Due to the significant value in the loan assigned, it is assumed that the fair value of the other elements is nil, however, this will be subject to a fair value analysis at the date of acquisition since the consideration will be in return for shares in the Group.

For the purposes of this pro forma, it is assumed that the assets and liabilities of the Target at 30 June 2022 approximate their acquisition fair value and there are no unrecognised intangibles, contingent liabilities or other balances recognised on acquisition.

5. Alongside the acquisition, Rhein Petroleum will receive a loan of EUR 1,900,000 from TOH.
6. On consolidation the investment and the intercompany loan would be eliminated.
7. No adjustments have been made to the historical results of any entities within the Enlarged Group to reflect the trading or other transactions. The pro forma statement of net assets does not constitute financial statements.

## PART IX

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names and functions are set out on page 10 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document and for compliance with the AIM Rules, save for any information relating to the Concert Party (including the intentions of the Concert Party with relation to the Company, as set out in paragraph 3 of Part III for which responsibility is accepted on the basis of the paragraphs below). To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

SGS Nederland B.V. has made every effort to ensure that the interpretations, conclusions and recommendations presented in the CPR (Part IV) are accurate and reliable in accordance with good industry practice and its own quality management procedures. SGS Nederland B.V. does not, however, guarantee the correctness of any such interpretations, conclusions and recommendations and shall not be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation, conclusion or recommendation made by any of its officers, agents, employees or representatives

Each of the directors of Tulip, whose names are set out in paragraph 2 of Part III, accepts responsibility for the information contained in this document (including any expressions of opinion) relating to (i) Tulip and the shareholders of Tulip (apart from Northwharf Nominees); and (ii) such Tulip director (and their respective close relatives, related trusts and other persons connected with them). To the best of the knowledge and belief of each director of Tulip (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the directors of Northwharf Nominees, whose names are set out under the definition of Northwharf Nominees in the Definitions section of this document, accepts responsibility for the information contained in this document relating to the Barclays Group and to the directors of Northwharf Nominees. To the best of the knowledge and belief of each director of Northwharf Nominees (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of Ron Boots, Head of Infrastructure Europe, APG Asset Management N.V. and Arjen Reinders, Head of Infrastructure Europe, APG Asset Management N.V. (the “**APG Responsible Persons**”), accept responsibility for the information contained in this document relating to Stichting Pensioenfond ABP and APG Group N.V. To the best of the knowledge and belief of each APG Responsible Person (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. The business address of each APG Responsible Person is Basiweg 10A, 1043 AP Amsterdam, The Netherlands.

#### 2. The Company

- 2.1 The Company was incorporated as Clean Energy Brazil plc, a company limited by shares, on 19 September 2006 in the Isle of Man. On 22 November 2013, the Company de-registered as a Company incorporated under the Companies Act 1931 to a Company incorporated under the Act with Company name CEB Resources Plc. On 1 December 2015, CEB Resources plc changed its name to Andalas Energy and Power plc. On 4 February 2020, Andalas Energy and Power plc changed its name to Advance Energy plc. On 21 November 2022, Advance Energy plc changed its name to Beacon Energy plc.
- 2.2 The registered office and business address of the Company is 55 Athol Street, Douglas, IM1 1LA, Isle of Man and the central telephone number is +44 (0)1624 681 250. The address of the Company’s

website on which the information required by Rule 26 of the AIM Rules is available is <https://beaconenergypkc.com/investor-relations/aim-rule-26-compliance/>.

- 2.3 The Company's registered number is 010493V. The legal entity identifier ("LEI") for the Company is 213800TZWOUYU7UFZ5V63.
- 2.4 The Company is subject to the Act, the Takeover Code and the AIM Rules.
- 2.5 The principal legislation under which the Company operates is the Act and regulations made under the Act.
- 2.6 The ISIN number of the Existing Ordinary Shares is IM00BKSCP798. The ISIN number of the New Ordinary Shares is [●]. The Ordinary Shares have been created pursuant to the Act under the laws of Isle of Man.
- 2.7 The liability of the members of the Company is limited.

### **3. Share Capital History of the Group**

- 3.1 A summary of the changes in the Group's share capital for the period covering the last three financial years is set out as follows:
  - (a) 12 November 2020 – the Company announced that it raised £300,000 (gross) by way of a placing of 136,363,636 Ordinary Shares at a price of 0.22 pence per share. In addition to the placing shares, the Company agreed to issue 21,416,515 Ordinary Shares at such placing price to various creditors to settle outstanding amounts;
  - (b) 16 April 2021 – the Company announced that it had conducted a capital consolidation, whereby shareholders were issued one new Ordinary Share for every 10 existing Ordinary Shares. The Company awarded a total of 83,710,000 options over Ordinary Shares to directors and certain senior management. The Company made an application to the London Stock Exchange for up to 1,027,614,008 Ordinary Shares to be admitted to trading on AIM;
  - (c) 19 April 2021 – the Company announced that it had raised £21,842,600 (gross) by way of a placing of 840,100,000 Ordinary Shares at a price of 2.6 pence per share. In connection with its re-admission to AIM, the Company awarded warrants to (i) Tennyson to subscribe for 18,926,500 Ordinary Shares at a price of 2.6 pence per share, (ii) Optiva to subscribe for 21,488,500 Ordinary Shares at a price of 2.6 pence per share, and (iii) Strand Hanson to subscribe for 5,138,070 Ordinary Shares at a price of 2.6 pence per share. The Company additionally awarded 3,851,159 warrants to John Battrick to subscribe for Ordinary Shares exercisable at nil cost;
  - (d) 18 March 2022 – the Company announced that it had awarded options over 30,000,000 new Ordinary Shares to Larry Bottomley at an exercise price of 0.3 pence per share;
  - (e) 26 July 2022 – the Company announced that it had raised £425,000 (gross) by way of a placing of 405,882,354 Ordinary Shares at a price of 0.085 pence per share and the issue of one Warrant for every one Ordinary Share issued and a subscription by certain Directors to subscribe for 94,117,646 Ordinary Shares at a price of 0.085 pence per share and the issue of one Warrant for every one Ordinary Share issued; and
  - (f) Conditional upon the Resolutions being approved by Shareholders at the Extraordinary General Meeting, the Company will award a total of [●] options over Ordinary Shares to directors and certain senior management, exercisable at nil cost and Fundraise Price, as detailed in paragraph 6 of Part IX of this document.

### **4. Articles of Association**

The Articles were adopted by a special resolution passed on 16 April 2021. The following is a summary of the rights attached to the Ordinary Shares based on the Articles contain, amongst others, provisions to the following effect. This is a high level summary only which is not exhaustive and is qualified in its entirety by the full terms of the Articles:

## **Share Capital**

The share capital of the Company consists of an unlimited number of Ordinary Shares of no par value. A share may be issued with or without a par value. A share is deemed to be issued when the name of the member is entered in the members' register.

The Directors of the Company may by resolution change the par value of the share capital of the Company as they consider fit.

Subject to the provisions of the Act and rights attaching to any shares, the Company may by Special Resolution reduce its share capital in any manner provided that the Directors are satisfied the Company will satisfy the Solvency Test referred to in section 49 of the Act.

The Company may purchase, redeem or otherwise acquire its own shares for any consideration provided that the Company continues to have at least one member at all times.

## **Share Rights**

### *Rights of different classes of shares*

Subject to the Act and special rights attached to existing shares, any shares may be allotted or issued with preferred, deferred or other special rights in regard to dividends, voting, transfer, return of capital or otherwise. This may be determined by the Board of the Company or via Special Resolution.

Subject to the Act, the Company may issue redeemable shares. The date of redemption must be fixed by directors before the shares are issued. Unless as specified otherwise, the amount payable on redemption shall be the amount paid up on such shares.

The Company shall have no power to issue warrants stating the bearer's entitlement to shares, however the Company may create warrants to subscribe for shares.

The Company in a general meeting may by Ordinary Resolution consolidate all or any of its shares; redenominate all or any of such shares as shares denominated in another currency on such basis as the Board sees fit; and sub-divide such shares or any of them. The Board may then, as a result of a consolidation, division or sub-division of shares, deal with fractions of a share any member would become entitled to.

### *Voting rights*

At any general meeting a resolution put to vote shall be decided upon by a show of hands, unless a poll vote is demanded.

Subject to provisions in the Act and special terms as to voting on which any shares may have been issued or held in suspension or abrogation pursuant to the Articles, every member shall on a show of hands have one vote and on a poll every member present in person or by proxy or (being a corporation) by a duly authorised representative shall have one vote for each share of which he is the holder.

In the case of equality of votes, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote in addition to any other vote he may have.

No member shall be entitled to vote or count in a quorum in respect of any share held by him unless all calls or other sums payable by him in respect of that share have been paid to the Company.

### *Variation of rights*

Subject to the Act, if the share capital of the Company is divided into different classes, any of the rights being attached to any shares or class of shares in the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than 3 quarters of the Voting Rights, attached to the issued shares of the class or with the sanction of a Special Resolution of the members of that class. This shall also apply to the variation or abrogation of special rights attached to only some shares within a particular class. Subject to the terms of issue or rights

attached to any shares, where a class of shares is to become or cease to become a Participating Security, the class of shares shall be deemed not to be varied or abrogated by the Board.

Subject to the terms on which shares may be issued, the rights or privileges attached to any class of shares shall be deemed to be varied or abrogated by the reduction of capital paid up on the shares or by allotment of further shares ranking in priority for payment of dividend. Such rights or privileges shall also be deemed to be varied or abrogated if such newly allotted shares confer more favourable rights than the pre-existing shares but not cause such variation or abrogation where the newly created shares rank *pari passu* in all respects with or subsequent to those already issued or by the purchase or redemption by the Company of its own shares in accordance with the provisions of the Act and the Articles.

#### *Chapter 5 of DTR*

The provisions of Chapter 5 of the DTR, which relates to the requirements of shareholders to disclose their total proportion of voting rights, are deemed incorporated into the Articles and bind the Company and its Shareholders.

#### **Transfer**

Subject to the Act, if the share capital of the Company is divided into different classes, any of the rights being attached to any shares or class of shares in the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than 3 quarters of the Voting Rights, attached to the issued shares of the class or with the sanction of a Special Resolution of the members of that class. This shall also apply to the variation or abrogation of special rights attached to only some shares within a particular class. Subject to the terms of issue or rights attached to any shares, where a class of shares is to become or cease to become a Participating Security, the class of shares shall be deemed not to be varied or abrogated by the Board.

Subject to the terms on which shares may be issued, the rights or privileges attached to any class of shares shall be deemed to be varied or abrogated by the reduction of capital paid up on the shares or by allotment of further shares ranking in priority for payment of dividend. Such rights or privileges shall also be deemed to be varied or abrogated if such newly allotted shares confer more favourable rights than the pre-existing shares but not cause such variation or abrogation where the newly created shares rank *pari passu* in all respects with or subsequent to those already issued or by the purchase or redemption by the Company of its own shares in accordance with the provisions of the Act and the Articles.

#### *Transfer of shares*

Subject to the Articles, a member may transfer all or any of his shares in a manner approved by the Board.

The Board may refuse to register any transfer of certificated or uncertificated share: (i) of any class which is not fully paid, provided that where such shares are admitted to AIM such discretion may not be exercised in such a way to prevent dealings in the shares of that class from taking place on an open and proper basis; (ii) unless the transfer is in respect of one class of shares and is in favour of no more than four transferees and the instrument of transfer is deposited at the registered office or other place appointed by the board accompanied by the certificate for the shares to which it relates and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer; and (iii) if the transfer is in favour of any Non-Qualified Holder.

The Board may refuse to register any transfer of an uncertificated share where permitted by the Uncertificated Regulations.

The Board shall retain any instrument of transfer which is registered and return instruments that are refused, except in the case of fraud. If the Directors refuse to register a transfer they shall notify the transferee of the refusal within two months of the date on which the transfer was lodged with the Company in the case of a certificated share or within two months of the date on which an instruction in respect of an uncertificated share to be held in certificated form was duly received by the Company through the Uncertificated System.

### **Pre-emption rights and allotment**

Save as otherwise provided in the Articles, Directors may allot all unissued shares (with or without conferring a right of renunciation), grant options over or otherwise deal with shares to such persons as they determine. Directors shall exercise powers to allot Relevant Securities in accordance with Article 5 and with authority under an Ordinary Resolution. Where Directors allot Relevant Securities pursuant to authority that has since expired, provided such allotment is made under an offer or agreement made before expiration of such authority, the allotment stands notwithstanding the expiration of authority. No breach of Article 5 shall affect the validity of any allotment of any Relevant Security.

Unless the Company shall by Special Resolution otherwise direct, unissued shares in the capital of the Company shall only be allotted for cash in accordance with the provisions of Article 5.

All shares to be allotted (the “**Offer Shares**”) shall first be offered to the members of the Company who the Directors determine can be offered such shares without the Company incurring securities offering compliance costs which, in the opinion of the Directors, would be burdensome given the number of members in the relevant jurisdiction in relation to which such compliance costs would be incurred (the “**Relevant Members**”) The offer to Relevant Members (the “**Offer**”) shall be made in proportion to the existing shareholdings of Relevant Members.

The Offer from the Directors must be made by written notice (“**Offer Notice**”) from the Directors and specify the number and price of the Offer Shares, inviting each Relevant Member to state in writing within a period (being not less than 14 days), whether they are willing to accept any Offer Shares and, if so, the maximum number they are willing to take. On expiration of the Offer Notice, the Directors shall allocate the Offer Shares up to the maximum each Relevant Member had requested. No relevant member shall be obliged to take more than the maximum number of shares notified by him. The Directors have discretion to allot, grant options over, or otherwise deal with shares remaining unallocated after the expiration of the Offer Period in such manner as they think fit, save that those shares shall not be disposed on terms which are more favourable than terms offered to Relevant Members.

The provisions on pre-emption rights shall not apply to allotment of shares for consideration other than cash.

### **Dividends**

Subject to the provisions of the Articles, the Company may by Ordinary Resolution declare that dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. No dividend shall exceed an amount recommended by the Board and shall only be paid if the Board are satisfied the Company will satisfy the Solvency Test after the payment of the dividend.

The Board may declare and pay interim dividends provided that the Company will satisfy the Solvency test. If at any time the share capital of the Company is divided into different classes, the board may pay interim dividends on shares which rank after shares conferring preferential rights to dividends as well as on shares conferring preferential dividends unless at the time of payment any preferential dividend is in arrears. The Board shall incur no liability to shareholders for loss they may suffer on dividends declared or paid on shares ranking after those with preferential rights provided the Board has acted in good faith.

Except as otherwise provided by rights attached to all shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. Subject to this, all dividends shall pay *pro rata* according to the amounts paid up on the shares during any period in respect of which the dividend is paid. If any share is issued on terms providing that it shall rank for dividend from a particular date or as being entitled to dividends declared after a particular date it shall rank or be entitled to dividends accordingly.

All dividends and interest shall be paid to those members on the Register at the date the dividend shall be declared or at such other date as the Company by Ordinary Resolution or the Board may determine notwithstanding transfer of shares.

The Board may deduct from any dividend or other money payable to any member on or in respect of a share all such sums as may be due to from him to the Company on account of calls or otherwise in relation to the shares of the Company.

Subject to the Act, the Company may on the recommendation of the Board, by Ordinary Resolution direct payment of any dividend declared be satisfied wholly or partly by the distribution of assets. Where any difficulty arises with such distribution, the Board may (i) issue fractional certificates or authorise any person to sell and transfer any fractions or disregard fractions altogether; (ii) fix the value for distribution of such assets and determine that cash payments may be made to any members on the footing of the value so fixed, in order to adjust the rights of members; and (iii) vest any such assets in trustees on trust for the persons entitled to the dividend.

The Board may with the prior authority of an Ordinary resolution of the Company, offer to holders of Ordinary Shares the right to elect to receive Ordinary Shares credited as fully paid, in whole or in part instead of cash in respect of the whole or some part of any dividend specified by the Ordinary Resolution. The ordinary resolution may specify a particular dividend, or dividends or may specify all or any dividends within a particular period but such period may not end later than the beginning of the fifth annual general meeting following the date of the meeting at which such resolution is passed.

#### *Distribution of assets on liquidation*

The Board shall have the power to present a winding up petition to the court in respect of the Company. If the Company is wound up, surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital paid up on the shares at the commencement of the winding up petition. If such surplus assets are insufficient to repay the whole of the paid-up capital they are to be distributed to reflect the losses borne by the members in proportion to their respective paid up capital. Article 160.2 is subject to the rights attached to and shares which may be issued on special terms or conditions.

If the Company is wound up, the liquidator may, with the sanction of a Special Resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may value the assets and determine any division between members. The division should be resolved in accordance with the rights of such members, if resolved otherwise, the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 222 of the Companies Act 1931 (as applied by s.182 of the Act). The liquidator may vest assets in trustees on trust for the benefit of members. No member shall be compelled to accept any assets on which there is a liability.

A special resolution sanctioning a transfer or sale to another company passed pursuant to section 222 of the Companies Act 1931 (as applied by s.182 of the Act) may authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights and any such determination shall be binding on all the members, subject to the right of dissent and consequential rights conferred by the said section.

### **Powers of the Directors**

#### *Borrowing powers*

Borrowings by the Company owing to any persons outside the Group shall not at any time, without the previous sanction of an Ordinary Resolution of the Company exceed two times the aggregate of (i) the amount paid upon the issue share capital of the Company and (ii) the total capital and revenue reserves (including any share premium account and capital redemption reserves shown).

#### *Proceedings of the Directors*

Subject to the provisions of the Articles, the Board may meet for the despatch of business, adjourn and otherwise regulate its proceedings as it thinks fit.

One Director may summon a Board meeting at any time on reasonable notice. A Director may waive the requirement for notice. It shall not be necessary to notify a Board meeting to a Director absent from the British Isles unless he has requested to receive such notices.

The quorum necessary for the transaction of business may be determined by the Board and until otherwise determined shall be 2 persons, each being a Director or an alternate Director. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions for the time being vested in or exercisable by the Board. Any Director who ceases to be a

Director at a meeting of the Directors may continue to be present and to act as a Director and be counted in the quorum until the termination of the meeting of the Directors if no Director objects and if otherwise a quorum of Directors would not be present.

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the Chairman of that meeting shall not have a second or casting vote.

A resolution in writing executed by all the Directors for the time being entitled to receive notice of a Board meeting and not being less than a quorum shall be as valid and effective for all purposes as a resolution duly passed at a meeting of the Board.

#### *Powers of the Board*

The management of the business of the Company shall be from the Isle of Man or such other place the Board may determine. Subject to the Act, the memorandum of association, the Articles and any Special Resolution, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company. No alteration to the memorandum of association or the Company Articles or direction given by the Company shall invalidate any act prior to such alteration or direction which would have been valid had no such alteration or direction been made. Provisions as to any specific power of the Board contained elsewhere in the Articles shall not be deemed to limit the general powers given by this Article.

If the number of Directors is less than the minimum for the time being prescribed by the Articles the remaining Director or Directors shall act only for the purposes of appointing additional Director(s) to make up the minimum or of convening a general meeting of the Company for making such appointment. If there are no Director(s) able or willing to act, any 2 members may summon a general meeting for the purposes of appointing Directors. Any additional Director so appointed shall hold office until the dissolution of the annual general meeting of the Company next following such appointment unless he is re-elected during such meeting.

The Board may from time to time (i) delegate or entrust to and confer on any Director holding executive office such of its power and authority for such time and on such conditions as it thinks fit and (ii) revoke, alter or vary any of such powers.

The Board shall appoint one or more of its body as Chairman or Deputy Chairman of the Board and shall determine the period they are to hold office and may remove them from office at any time. If no such Chairman or Deputy Chairman is elected or if neither the Chairman nor Deputy Chairman is present, the Directors present shall choose one of their number to be Chairman. In the event of 2 or more joint Chairmen or two or more Deputy Chairman present in the absence of the Chairman, the Directors present shall decide which is to act as Chairman. Any Chairman or Deputy Chairman may also hold executed office under the Company.

The Board may appoint a Secretary or joint secretaries and shall have power to appoint one or more persons to be assistant or deputy secretary on such terms as it thinks fit. The Board may remove an appointed Secretary but without prejudice to claims for damages or breach of contract between him and the Company.

### **Directors**

#### *Number and appointment of Directors*

Unless and until otherwise determined by the Company by Ordinary Resolution the number of Directors (other than any alternate Directors) shall be not less than 2 or more than 10.

Subject to the Articles, the Company may by Ordinary Resolution appoint a person who is willing to act to be a Director, either to fill a vacancy, or as an addition to the existing Board, and may also determine the rotation in which any additional Directors are to retire. The total number of Directors shall not exceed any maximum number fixed in accordance with the Articles.

The Board shall have the power at any time to appoint any person who is willing to act as a Director. Any Director so appointed shall hold office only until the annual general meeting of the Company next following such appointment and shall then be eligible for re-election but shall not be taken into account in determining

the number of Directors who are to retire by rotation at that meeting. If not re-appointed at such annual general meeting, he shall vacate office at the conclusion thereof.

No person other than a Director retiring at the meeting (whether by rotation or otherwise) shall be appointed or re-appointed as a Director at any general meeting unless: (i) he is recommended by the Board; or (ii) not less than 7 nor more 35 clear days before the date appointed for the meeting notice duly executed by a member (other than the person to be proposed) qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or re-appointment stating the particulars which would be required to be included in the Company's register of directors together with notice executed by that person of his willingness to be appointed or re-appointed is lodged at the Office.

A Director shall not be required to hold any shares.

A resolution for the appointment of 2 or more persons as Directors by a single resolution requires first an Ordinary Resolution that this shall be so proposed to be agreed to by the meeting without any vote being given against it. A resolution for approving a person's appointment or for nominating a person for appointment shall be treated as a resolution for his appointment.

If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy created by his retirement, the retiring Director shall, if willing to act, be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the meeting and lost or if the retiring Director has given notice in writing to the Company that he is unwilling to be re-elected or where the default in filling the vacancy is due to the moving of a resolution in contravention of Article 85 (Resolution for Appointment) or where such Director has attained any retirement age applicable to him as Director.

#### *Retirement of Directors*

No person shall be incapable of appointment or re-appointment as a Director by reason of reaching the age of 70 or any other age, nor is any special notice required in connection with appointment, re-appointment or approval of such a person.

At every annual general meeting, one third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of 3, the number nearest to but not exceeding one third shall retire from office by rotation provided that if there is only one Director who is subject to retirement by rotation, he shall retire.

The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last appointment or re-appointment. Those Directors who were the last Directors to become Directors or who were last reappointed as Directors on the same day shall retire (unless they otherwise agree between themselves to determine who resigns by lot). A Director who retires (whether by rotation or otherwise) shall be eligible for re-election. The Directors to retire on each occasion shall be determined by the composition of the Directors on the date of the notice convening the annual general meeting and no Director shall be required to retire or be relieved from retiring or be retired for reason of any change in the number or identity of the Directors after the date of the notice but before the close of the meeting.

The retirement of any Director at a general meeting shall not have effect until the conclusion of the meeting except where a resolution is passed to elect another person in place of the retiring Director or a resolution for his re-election is put to the meeting and lost, in which case retirement shall take effect at the time of election of his replacement or the time of the losing of the resolution. A re-elected retiring Director is deemed to have been re-elected in office without a break.

#### *Removal of a Director by resolution of the Company*

The Company may by Ordinary Resolution or by written resolution consented to by members holding 75 per cent. of the voting rights, remove any Director before the expiration of his period of office and may (subject to the Articles) by Ordinary Resolution appoint another person who is willing to act to be a Director in his place. Any person so appointed shall be treated, for the purposes of determining the time at which he or any other Director is to retire by rotation, as if he had become a Director on the day on which the person in

whose place he is appointed was last appointed or re-appointed a Director. In default of such appointment the vacancy arising upon the removal of a Director from office may be filled by a casual vacancy.

#### *Vacation of office*

No Director shall vacate his office at any time by reason of the fact he has attained the age of 70 or any other age.

The office of a Director shall be vacated if:

- (a) he resigns by notice in writing delivered to the Secretary at the Office or tendered at a Board meeting in which event he shall vacate that office on the service of that notice on the Company or at such later time as is specified in the notice or he offers in writing to resign from his office and the Directors resolve to accept such offer; or
- (b) he ceases to be a Director by virtue of any provision of the Act, is removed from office pursuant to the Articles or becomes prohibited by law from being a Director; or
- (c) he becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally; or
- (d) an order is made by any court of competent jurisdiction (whether in the Isle of Man, the United Kingdom or elsewhere) on the ground (howsoever formulated) of mental disorder for his detention or for the appointment of a guardian or receiver or other person to exercise powers with respect to his property or affairs or he is admitted to hospital in pursuance of an application for admission for treatment under any statute for the time being in force in the Isle of Man or the United Kingdom relating to mental disorder or, in any other territory, in pursuance of an application for admission under analogous legislation or regulations and the Board resolves that his office be vacated; or
- (e) he shall be absent, without the permission of the Board from Board meetings for 6 consecutive months (whether or not an alternate director appointed by him attends) and the Board resolves that his office be vacated; or
- (f) he is requested to resign by notice in writing addressed to him at his address as shown in the register of Directors and signed by all the other Directors (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company); or
- (g) he is convicted of an indictable offence and the Directors shall resolve that it is undesirable in the interests of the Company that he remains a Director of the Company; or
- (h) the conduct of that Director (whether or not concerning the affairs of the Company) is the subject of either (i) an application to the Isle of Man High Court pursuant to the Company Officers (Disqualification) Act 2009 or (ii) an investigation by the police of any jurisdiction and the Board shall resolve that it is undesirable that he remains a Director; or
- (i) he has been disqualified from acting as a director.

A resolution of the Board declaring a Director to have vacated office under the terms of Article 94 (Vacation of Office by Director) shall be conclusive as to the fact and grounds of vacation stated in the resolution.

#### *Alternate directors*

Each Director may appoint any other Director or any person approved for that purpose by the Board to be his alternate and may remove from office an alternate director so appointed by him. Appointment of an alternate Director shall be effective when his consent to act has been received at the Office. An alternate Director need not hold a share qualification and shall not be counted in reckoning any maximum number of Directors allowed by the Articles.

An alternate Director shall cease to be an alternate Director if his appointor revokes his appointment or his appointor ceases for any reason to be a Director; or if any even happens in relation to him which, if he were a Director otherwise appointed, would cause him to vacate office.

### *Directors' remuneration and expenses*

The Directors, other than alternate Directors, shall be entitled to received fees for their services as directors such sum as the Board may determine (not exceeding £500,000 per annum or such other sum as the Company in general meeting shall from time to time determine). Fees payable pursuant to Article 101 shall be distinct from salary, remuneration or other amounts payable to a Director pursuant to any other provisions of the Articles.

Each Director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company.

If by arrangement with the Board any Director shall perform or render any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office (including, without limitation, acting as chairman of any audit committee of the Company), he may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as the Board may from time to time determine.

The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with the provisions of the Articles may be either a fixed sum of money or may altogether or in part be governed by business done or profits made or otherwise determined by the Board and may be in addition to or in lieu of any fee payable to him for his services as Director pursuant to the Articles.

### *Pensions and other benefits*

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities to any person who is or has at any time been a Director of the Company, or in the employment or service of the Company or of any holding company, subsidiary, predecessor in business of the Company or of any such holding company or subsidiary and for any member of his family or dependents.

The Board may procure the establishment and maintenance of a pension or superannuation fund, scheme or arrangement and pay insurance premiums. Any Director or former Director shall be entitled to receive and retain for his own benefit any pension or other benefit provided under Article 105 and shall not be obliged to account for it to the Company.

### **Director Conflicts**

#### *Permitted interests of Directors*

Subject to section 104 of the Act and provided that Article 125 (Disclosure of interests to the Board) is complied with, a Director:

- (a) may be a party to or be interested in any proposal with the Company or in which the Company is otherwise interested, either in regard to his tenure of any office or place of profit or as vendor, purchasers or otherwise;
- (b) may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company;
- (c) may be a member of or a director or other officer, or employed by, or a party to any transaction or arrangement with or otherwise interested in, any body corporate promoted by or promoting the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (d) shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration, superannuation payment or other benefit which he derives from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate;

and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

A Director who to his knowledge is in any way (directly or indirectly) interested in any contract, arrangement, transaction or proposal with the Company shall declare the nature of his interests at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered.

A general notice given to the Board by a Director that he is to be regarded as having an interest (of the nature and extent specified in the notice) in any contract, transaction, arrangement or proposal in which a specified firm, company, person or class of persons is interested shall be deemed to be a sufficient disclosure. No such notice shall be effective unless either it is given at a meeting of the Directors or the Director takes reasonable steps to secure that it is brought up and read at the next meeting of the Directors after it is given; and an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

#### *Restrictions on voting by Directors*

Save as provided in Article 126, a Director shall not vote on or be counted in the quorum in relation to any resolution of the Board concerning any contract, arrangement, transaction or any proposal whatsoever to which the Company to his knowledge is or is to be a party and in which he or any person Connected with him has (directly or indirectly) an interest which is material or a duty which conflicts with the interests of the Company unless his duty or interest arises only because the resolution relates to one of the following matters in which case he shall be entitled to vote and be counted in the quorum:

- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (c) where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (d) any contract concerning any other company in which he is interested, directly or indirectly and whether as an officer, member, creditor or otherwise, unless the company is one in which he has a relevant interest and for this purpose:
  - (i) a company shall be deemed to be one in which a Director has a relevant interest if and so long as he (together with persons Connected with him) to his knowledge holds an interest in shares representing 1 per cent. or more of any class of the equity share capital of that company or of the voting rights available to members of that company or if he can cause 1 per cent. or more of those voting rights to be exercised at his direction; and
  - (ii) where a company in which a Director is deemed for the purposes of this Article to have a relevant interest is materially interested in that contract;
- (e) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (f) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

An interest of a person who is connected with a Director shall be treated as an interest of the Director. A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office with the Company.

#### ***Indemnification of Directors***

Subject to the Act, every Director (other than an Auditor) shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him in exercise of his duties or powers including any liability incurred defending any proceedings which relate to anything done or omitted or alleged to have been done or omitted by him as an officer, auditor or employee of the Company

and in which judgement is given in his favour or in which he is acquitted or which are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which relief is granted to him from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

### **Shareholder Meetings**

#### *Annual general meetings*

Subject to the provisions of the Act, at least one annual general meeting shall be held in each calendar year and not more than 15 months shall pass from one annual general meeting to the next.

The board may convene a general meeting whenever it thinks fit. Upon the written request of a member or members entitled to exercise 10 per cent. or more of the Voting Rights in respect of the matter for which the meeting is requested, the Board shall convene a meeting of members or class of members.

The Chairman of the Board shall preside as Chairman at every general meeting of the Company. If there is no such Chairman or if at any meeting he shall not be present within 15 minutes after the time appointed for holding the meeting or shall be unwilling to act as Chairman, the deputy Chairman (if any) of the Board shall if present and willing to act preside as Chairman at such meeting. If no Chairman or deputy Chairman shall be so present and willing to act, the Directors present shall choose one of their number to act, or if there be only one Director present, he shall be Chairman if willing to act. If no Director will to act as Chairman of the meeting or, if no Director is present within 15 minutes of the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be Chairman of the meeting.

#### *Calling of general meetings*

Subject to provisions of the Act, annual general meetings shall be held at such times and places as the Board may determine (including electronic platforms). All general meetings other than annual general meetings, shall be called extraordinary general meetings.

The Board shall determine whether an annual general meeting or general meeting is to be held as an electronic general meeting. The Board may resolve to hold a general meeting as an electronic general meeting in addition to a physical general meeting to allow members entitled to attend a general meeting by electronic means. Those members attending by electronic means and present at the electronic general meeting shall be counted in the quorum for, and entitled to vote at, the general meeting in question in addition to those members present at the general meeting and attending the physical meeting location (if available). The meeting shall be duly constituted and its proceedings valid if the chair of the general meeting is satisfied that adequate facilities are available throughout the electronic general meeting to ensure that members attending the electronic general meeting who are not present together at the same place may, by electronic means, attend and speak and vote at it.

#### *Notice of general meetings*

An annual general meeting shall be convened by not less than 21 clear days' notice in writing. Other extraordinary general meetings shall be convened by not less than 14 clear days' notice in writing.

The notice shall specify whether the general meeting shall be an electronic general meeting in addition to its physical meeting or on its own. The notice of general meeting (including any notice given by means of a website) shall specify the place, date and time of the physical meeting (if necessary), details of any electronic platform for the meeting, whether the meeting will be an annual general meeting and the general nature of the business to be transacted. If the notice is made available by means of a website, it will be made available until the conclusion of the meeting. Any electronic platform may vary from time to time and from meeting to meeting as the board, in its sole discretion, sees fit.

Notwithstanding that a meeting is called by shorter notice than that specified in Article 55, a general meeting shall be deemed to have been duly convened if a member or members holding at least 90 percent of the voting rights in relation thereto have waived notice of the meeting.

## Quorum

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a Chairman which shall not be treated as part of the business of the meeting. 2 persons entitled to attend and to vote on the business to be transacted, shall be a quorum.

If for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to not less than 14 nor more than 28 days thereafter. If at such adjourned meeting a quorum is not present one member present in person or by proxy or (being a corporation) by a duly authorised representative shall be a quorum. If no such quorum is present or, if during the adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved. The Company shall give at least 7 clear days' notice of any meeting adjourned through lack of quorum (where such meeting is adjourned to a day being not less than 14 nor more than 28 days thereafter).

### 4.1 **Public takeover bids**

#### (a) *Takeover Code*

The Company is a public limited company subject to the Takeover Code, which will, amongst other things, regulate any takeover offer for the Company and any other transaction which has its objective or potential effect (directly or indirectly) obtaining or consolidating control of the Company. For this purpose, control is defined as an interest or interests in shares carrying more than 30 per cent. of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

#### (b) *Mandatory bids*

Under Rule 9 of the Takeover Code, if an acquisition of an interest in shares in the Company were to increase the aggregate interests of the acquirer and persons acting in concert with it to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, the persons acting in concert with it would be required (except with the consent of the Takeover Panel) to make an offer for the outstanding shares in the Company. Any such offer must, *inter alia*, be in cash (or accompanied by a cash alternative) at not less than the highest price paid by the acquirer or any person acting in concert with it for an interest in shares in the Company during the previous 12 months.

A similar obligation to make a mandatory cash offer would also arise on an acquisition of an interest in shares in the Company by a person who (together with persons acting in concert with it) is interested in shares which in the aggregate carry between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of the acquisition were to increase the percentage of shares carrying voting rights in the Company in which that person is interested.

The Ordinary Shares will also be subject to the compulsory acquisition procedures set out in section 160 of the Act, which provides that where there is a scheme or contract (within the meaning of section 160 of the Act) involving the transfer of shares in the Company to another company (the "**transferee**") and the transferee receives valid acceptances in respect of, or acquires, more than nine tenths in value of the shares to which the scheme or contract relates, that transferee is entitled to compulsorily acquire the shares which have not been acquired or contracted to be acquired.

Section 161 of the Act provides that a shareholder dissenting from a merger, consolidation or arrangement (within the meaning of section 161 of the Act) shall be entitled to payment of fair value of their shares. Under this procedure the dissenting shareholder is required to give written notice of their objection to the relevant proposed action before the vote authorising such proposed action is taken. If a merger, consolidation or arrangement is approved, there follows a set procedure of notice, confirmation and offers relating to the purchase of the dissenting shareholders shares by the Company (as set out in section 161 of the Act). Fair value for such shares, if not agreed between the Company and the dissenting shareholder in accordance with the procedure set out in section 161 of the Act, is determined by appraisers appointed in accordance with section 161 (8) of the Act.

There has been no scheme or contract (within the meaning of section 160 of the Act), or offer pursuant to Rule 9 of the Takeover Code, for any Ordinary Shares during the Company's current financial year.

## 5. Summary of share capital

5.1 A summary of the Company's share capital as at [●] 2023 (being the latest practicable date before publication of this document) (pre Admission and Capital Consolidation) is set out in the table below:

	<i>No.</i>	<i>Undiluted % of total<sup>&lt;1&gt;</sup></i>	<i>Fully diluted % of total<sup>&lt;2&gt;</sup></i>
Existing Ordinary Shares	[1,527,613,961]	[●]%	[●]%
Options (vested)	[●]	–	[●]%
Options (unvested)	[●]	–	[●]%
Warrants	[●]	–	[●]%
<b>Total</b>	<u>[●]</u>	<u>[●]%</u>	<u>[●]%</u>

(1) Calculated as a percentage of total Existing Ordinary Shares in issue.

(2) Calculated as a percentage of the total Existing Ordinary Shares plus existing Options and Warrants as at the date of this document.

5.2 A summary of the Company's share capital immediately following Admission is set out in the table below:

	<i>No.</i>	<i>Undiluted % of total</i>	<i>Fully diluted % of total</i>
New Ordinary Shares	[●]	[●]%	[●]%
Options (vested)	[●]	–	[●]%
Options (unvested)	[●]	–	[●]%
Warrants	[●]	–	[●]%
<b>Fully diluted share capital</b>	<u>[●]</u>	<u>[●]%</u>	<u>[●]%</u>

5.3 The Company's share capital as at 31 December 2022 comprised [1,527,613,961] Existing Ordinary Shares.

5.4 Since 31 December 2022, there have been no changes in share capital.

5.5 The Ordinary Shares are in registered form and are capable of being held in certificated and uncertificated form.

5.6 There are no shares not representing share capital and there are no shares in the Company held by or on behalf of the Company or by any of the subsidiary undertakings.

5.7 There is no class of shares in issue other than Ordinary Shares.

5.8 No Ordinary Shares are issued other than as fully paid.

5.9 Save as set out in this paragraph 5, there are no convertible securities, exchangeable securities or securities with warrants currently in existence in relation to the Company.

5.10 Save as otherwise stated in this document (including, without limitation, as set out in paragraph 6 of this Part IX), no member of the Group has in place in respect of its share capital any option, nor has it agreed conditionally or unconditionally to put any of its share capital under option.

## 6. Share Options and Warrants

6.1 As at the date of this document the Company has the following outstanding Options and Warrants:

Grant Date	Expiry Date	Vesting Date	Pre-Capital	Post-Capital	Post-Capital
			Consolidation	Consolidation	Consolidation
			Units	Units	Exercise price (£)
<b>Options</b>					
02/10/2018	01/10/2023	02/10/2018	450,000	45,000	2.00
01/02/2020	01/02/2025	01/02/2021	6,250,000	625,000	0.30
19/04/2021	19/04/2026	01/02/2022	27,110,000	2,711,000	0.26
17/03/2022	17/03/2027	17/09/2022	30,000,000	3,000,000	0.03
[Admission]	19/12/2027	19/06/2023	●	●	0.000
[Admission]	19/12/2027	19/06/2023	●	●	[Fundraise Price]
			<u>63,810,000</u>	<u>6,381,000</u>	
<b>Warrants</b>					
10/12/2020	09/12/2023	10/12/2020	54,545	5,454	2.20
19/04/2021	19/04/2026	19/04/2021	3,851,159	385,115	0
19/04/2021	19/04/2026	19/04/2021	18,926,550	1,892,655	0.26
19/04/2021	19/04/2024	19/04/2021	21,488,500	2,148,850	0.26
19/04/2021	19/04/2026	19/04/2021	5,138,070	513,807	0.26
26/07/2022	26/07/2025	26/07/2022	500,000,000	50,000,000	0.013
			<u>549,458,824</u>	<u>54,945,881</u>	

## 6.2 Share Option Scheme

On 19 April 2021 the Company entered into Share Option Agreements with each of John Battrick, Ross Warner, Larry Bottomley and Stephen Whyte. The key terms are as follows:

### Grant

(a) The number of Options over New Ordinary Shares granted to each recipient is as set out below:

Names	Options granted on 19 April 2021
Mark Rollins	19,840,000
Leslie Peterkin	24,450,000
Stephen West	19,840,000
Ross Warner	3,930,000
Larry Bottomley	1,670,000
Stephen Whyte	1,670,000
John Battrick	12,310,000

The exercise price is the price of 2.6 pence per share, payable by the option holder to acquire the shares under the Share Option Agreement. The exercise price shall be increased in proportion following the Capital Consolidation, such that the exercise price shall be ● pence per share.

(b) The grant date is the date of the Share Option Agreement.

(c) The Share Option Agreement will not entitle the option holder (the “**Option Holder**”) to acquire any percentage of the share capital of the Company, other than the percentage that shares actually acquired under the Option represent at any time. The grant and existence of the Option shall not restrict the Company’s freedom to issue any shares, rights to subscribe for shares, or any other securities, at any time after the grant date and on such terms as the Company may decide.

- (d) The grant of the Option does not form part of the individual's entitlement to remuneration or benefits pursuant to their roles with the Company.
- (e) The individual's rights and obligations under the terms of their appointment with the Company or any other Group member shall not be affected by the grant of the Option.
- (f) The Option Holder shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer due to being unable to exercise the Option in consequence of the loss or termination of office or employment with the Company or any Group member.

#### *Exercise*

- (g) Unless an earlier event occurs to cause it to become exercisable, the Option Holder may first exercise the Option (in whole or in part, on one or more occasions) in respect of the first 50 per cent. of shares subject to it, from 1 January 2022; and in respect of the next 50 per cent. of shares subject to it, from 1 January 2023.
- (h) No exercise is permitted at a time when exercise is prohibited by or would be a breach of the share dealing code, any law or regulation with the force of law.
- (i) The Option may only be exercised by the individual in respect of shares the subject of the Option if the individual was employed by the Company on the date on which the Option vested in respect of those shares.
- (j) The Option Holder may within 90 days following such termination pursuant to the Option Holder's service agreement or NED appointment letter exercise the Option in respect of shares vested prior to the cessation of the individual's employment by the Company provided that the individual's employment was not terminated for cause. The Option shall terminate and the individual may not exercise it in respect of vested shares or otherwise if the employment is terminated for cause. The Board of the Company may, in its absolute discretion, permit the individual to exercise the Option in respect of unvested shares after the cessation of employment.
- (k) If the Option Holder dies, their personal representatives may exercise the Option to the extent capable of exercise as at the time of the individual's death during a period ending no later than 36 months after death.
- (l) Exercise is by giving a written exercise notice to the Company setting out the number of shares over which the Option Holder wishes to exercise the Option. If that number exceeds the number over which the Option may be validly exercised at the time, the Company shall treat the Option Holder as having exercised the Option only in respect of that lesser number; and using a form that the Board will approve.
- (m) When giving an exercise notice the Option Holder must also provide payment of an amount equal to the exercise price multiplied by the number of shares specified in the notice (or evidence that the Option Holder has made arrangements acceptable to the Board to pay that amount).

#### *Option shares*

- (n) Shares allotted and issued in satisfaction of the exercise of the Option shall rank equally in all respects with the other shares of the same class in issue at the date of allotment, except for any restriction or any rights determined by reference to a date before the date of allotment.
- (o) Shares transferred in satisfaction of the exercise of the Option shall be transferred free of any lien, charge or other security interest, and with all rights attaching to them, other than any restriction or rights determined by reference to a date before the date of transfer.
- (p) If the shares are listed or traded on any stock exchange, the Company shall apply to the appropriate body for any newly issued shares allotted on exercise of an Option to be listed or admitted to trading on that exchange.

- (q) The Option Holder indemnifies the Company or any other Group member against any liability of any person to account for any Option tax liability.
- (r) The Company shall not be obliged to allot and issue any shares pursuant to the Option unless and until the Option Holder has paid to the Company or any other Group member such sum as is, in the opinion of the Company, sufficient to indemnify it in full against any Option tax liability.
- (s) The Company shall have the right not to allot and issue or procure the transfer to the Option Holder or to the Option Holder's order the aggregate number of shares to which the Option Holder would otherwise be entitled but to retain out of such aggregate number of shares such number of shares as, in the opinion of the Company, will enable the Company to sell as agent for the Option Holder (at the best price which can reasonably be expected to be obtained at the time of sale) and to pay over to the Company or any other Group member sufficient monies out of the net proceeds of sale, after deduction of all fees, commissions and expenses incurred in relation to such sale, to satisfy the Option Holder's liabilities.

#### *Change of Control*

- (t) If the Board considers that a change of control is likely to occur, the options shall be capable of exercise in full at any time within a reasonable period to be specified by the Board for that purpose and ending immediately before the offeror obtains the requisite number of shares in the Company occasioning a change of control.
- (u) If a change of control occurs, the Option Holder may exercise their Option in full at any time within 90 days after the time when the Offeror has obtained the requisite number of Shares in the Company occasioning a change of control.
- (v) The Option Holder may exercise their Options in full at any time during any period when any person is bound or entitled to acquire shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006.
- (w) The Option Holder may exercise their Option in full if a person acquires the requisite number of shares in the Company occasioning a change of control by subscribing for new shares in the Company.

#### *Miscellaneous provisions*

- (x) If the shareholders of the Company receive notice of a resolution for the voluntary winding up of the Company, the Option Holder may exercise their Option in full at any time before that resolution is passed, conditional upon the passing of such resolution, and if the Option Holder does not so exercise it, it shall lapse when the winding up begins.
- (y) The Board shall notify the Option Holder of any event that is relevant to the Options within a reasonable period after the Board becomes aware of it.
- (z) The Option Holder may not transfer or assign; or have any charge or other security interest created over the Option (or any right arising under it).
- (aa) After the Option lapses it cannot be exercised, become exercisable, be released for consideration or be of use or benefit to the Option Holder in any other way (except in respect of the Option Holder's rights before the time of lapse). The Option Holder's Options shall lapse on the earliest of the following: in respect of each tranche, the fifth anniversary of the date of grant and the third anniversary of the Option Holder's death.

If there is any variation of the share capital of the Company (whether that variation is a capitalisation issue (other than a scrip dividend), rights issue, consolidation, subdivision or reduction of capital or otherwise) that affects (or may affect) the value of the Options, the Board shall adjust the number and description of shares subject to the Option or the exercise price of the Option in a manner that the Board, in its reasonable opinion, considers to be fair and appropriate.

On 19 December 2022, the Company entered into share option agreements with each of Mark Rollins, Stewart MacDonald, Stephen Whyte, Ross Warner and Larry Bottomley, which are each

conditional on Admission. The key terms are as set out for the 19 April 2021 share option agreements above, save for the following specific terms:

- (a) Pursuant to an amendment to the share option agreements dated [●], the exercise price is either the price of £0.00 per share (the “**Zero Cost Options**”) or the Fundraise Price per share (the “**Fundraise Options**”). Each of the Existing Directors were granted Zero Cost Options and all Existing Directors, together with Stewart MacDonald, received Fundraise Options.
- (b) The grant date is the date the Company’s shareholders approve the Acquisition following the publication of this Document.
- (c) In respect of the Options awarded to Ross Warner only, such Options shall only vest and be capable of exercise if the Company or any of its subsidiaries completes a new well capable of producing hydrocarbons in paying quantities.
- (d) Unless an earlier event occurs to cause it to become exercisable, the option holder may first exercise the Option (in whole or in part, on one or more occasions) in respect of the first 50 per cent. of shares subject to it, from 19 June 2023; and in respect of the next 50 per cent. of shares subject to it, from 19 December 2023.

## **7. Corporate governance**

### **7.1 Board**

- (a) The Company is incorporated in the Isle of Man and is not subject to any corporate governance regime in its place of incorporation. However, the Company, taking into account its size and the complexity of its operations, seeks to comply with the relevant requirements of the QCA Corporate Governance Code, published in April 2018 by the Quoted Companies Alliance (the “**QCA Code**”).
- (b) The Board of Directors aims to hold monthly Board meetings. All the necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. At Board meetings, there is a formal schedule of matters reserved for consideration by the Board and other matters are delegated to Board committees. The Board is responsible for leading and controlling the Company and in particular for formulating, reviewing and approving the Company’s strategy, budget, major items of capital expenditure, acquisitions and senior personnel appointments. The Company has established subcommittees of the Board, comprising an Audit Committee, a Remuneration Committee, a Nomination Committee and a Market Disclosure Committee.

### **7.2 Audit Committee**

- (a) The Audit Committee aims to meet at least three times each year. The Audit Committee is responsible for assisting the Board’s oversight of the integrity of the financial statements and other financial reporting, the independence and performance of Lubbock Fine, the regulation and risk profile of the Group and the review and approval of any related party transactions. The Audit Committee may hold private sessions with management and Lubbock Fine without management present. Further, the Audit Committee is responsible for making recommendations to the Board on the appointment of Lubbock Fine and the audit fee and reviews reports from management and Lubbock Fine on the financial accounts and internal control systems used throughout the Company and the Group. The Audit Committee also reviews arrangements by which the staff of the Company and the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters with appropriate follow-up action. Where necessary, the Audit Committee will obtain specialist external advice from appropriate advisers.
- (b) The Audit Committee is chaired by Stephen Whyte, with the other participating member of the committee being Ross Warner.

### 7.3 **Remuneration Committee**

- (a) The Remuneration Committee meets up to twice a year. The Remuneration Committee is responsible for considering all material elements of remuneration policy, the remuneration and incentivisation of Executive Directors and senior management (as appropriate) and to make recommendations to the Board on the framework for executive remuneration and its cost. The role of the Remuneration Committee is to keep under review the Company's remuneration policies to ensure that the Company attracts, retains and motivates the most qualified talent who will contribute to the long-term success of the Company. The Remuneration Committee also reviews the performance of the CEO and CFO and sets the scale and structure of their remuneration, including the implementation of any bonus arrangements, with due regard to the interests of shareholders. The Remuneration Committee is also responsible for granting options under the Company's share option plan and, in particular, the price per share and the application of the performance standards which may apply to any grant, ensuring in determining such remuneration packages and arrangements, due regard is given to any relevant legal requirements, the provisions and recommendations in the AIM Rules and the QCA Code.
- (b) The Remuneration Committee is chaired by Mark Rollins, with the other participating member of the committee being Ross Warner.

### 7.4 **Nomination Committee**

- (a) The Nomination Committee will meet at least three times a year at appropriate intervals. The Nominations Committee will be responsible for reviewing and making proposals to the Board on the appointment of directors, reviewing succession plans and ensuring that the performance of directors is assessed on an ongoing basis.
- (b) The Nomination Committee is chaired by Mark Rollins, with the other participating member of the committee being Stephen Whyte.

### 7.5 **Market Disclosure Committee**

- (a) The Market Disclosure Committee will monitor the Company's compliance with the AIM Rules and UK MAR and seek to ensure that the Company's Nominated Adviser is maintaining contact with the Company on a regular basis and *vice versa*. The committee will ensure that procedures, resources and controls are in place with a view to ensuring the Company's compliance with the AIM Rules and UK MAR. This includes being responsible for retrieving and sourcing information pertaining to assets and projects that the Company has invested in. The committee will also ensure that each meeting of the Board includes a discussion of AIM matters and assesses (with the assistance of the Company's Nominated Adviser and other advisers, as appropriate) whether the Directors are aware of their AIM responsibilities from time to time and, if not, will ensure that they are appropriately updated on their AIM responsibilities and obligations.
- (b) The Market Disclosure Committee is chaired by Ross Warner, with the other participating member of the committee being Stephen Whyte.

7.6 Other than as set out above, there are no material changes or impacts to corporate governance, board or committees (in so far as this has been already decided by the board and/or shareholders meeting).

### 7.7 **Share dealing code**

The Directors will comply with Rule 21 of the AIM Rules relating to dealings in the Ordinary Shares and the Company has adopted a code on dealing in securities to ensure compliance by its Directors and applicable employees.

## 8. Corporate structure

8.1 The Company is the parent entity of the Group. A summary of the Group's subsidiary companies and other entities it holds shares in is set out in the table below:

<i>Name of company</i>	<i>Proportion of voting shares</i>	<i>Nature of business</i>	<i>Country of incorporation</i>
Advance Energy TL Limited	100%	Oil and gas exploration and production	England and Wales
Eagle Gas Limited	25%	Oil and gas exploration and production	England and Wales
Beacon Energy RP Limited	100%	Oil and gas exploration and production	Isle of Man

## 9. Directors

Details of the Directors and their functions in the Company are set out on page 10 of this document under the heading "Directors, Secretary and Advisers". Each of the Directors can be contacted at the registered office.

9.1 In addition to their directorships of the Company or members of the Group, the Directors are currently or have within the five years prior to the date of this document been directors or partners of the following companies and partnerships:

<i>Director</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Mark Rollins	Beacon Energy plc Noiva International SA Rollins BV Tenaz Energy plc Tenaz Energy Corp	Alpina Ltd Roquefort Therapeutics Plc
Stephen Whyte	Beacon Energy plc Nostrum Oil & Gas Plc	Echo Energy plc Genel Energy Plc Kazmunaygas NC Mckechnie Oil Limited Peturos Oil & Gas Limited Sound Energy plc
Larry Bottomley	Beacon Energy plc Beacon Energy RP Limited Advance Energy TL Limited	Chariot Oil & Gas Finance (Brazil) Limited Chariot Oil & Gas Holdings (Morocco) Limited Chariot Oil & Gas Investments (Brazil) Limited Chariot Oil & Gas Investments (Mauritania) Limited Chariot Oil & Gas Investments (Morocco) Limited Chariot Oil & Gas Investments (Namibia) Limited Chariot Oil & Gas Limited Chariot Oil & Gas Statistics Limited Enigma Oil & Gas Exploration (Pty) Limited Enigma Oil & Gas Fifteen (Pty) Limited Enigma Oil & Gas Fourteen (Pty) Limited Enigma Oil & Gas Nineteen (Pty) Limited

<i>Director</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Ross Warner	Blue Star Helium Ltd Santa Energy Pty Ltd BNL (USA Helium) Pty Ltd Black Lantern Investments Pty Limited Northcote Energy Ltd Go Exploration Pty Ltd Beacon Energy Plc	
Stewart MacDonald	16 Charlwood Place (Freehold) Limited South Atlantic Metals Limited Wallop Energy Limited Natural Carbon Capital Limited Warrah Resources Limited	Rockhopper Exploration plc Malta Oil Pty Limited Rockhopper Mediterranean Limited Melita Exploration Company Limited Rockhopper Civita Limited Rockhopper Egypt Pty Limited Rockhopper Italia SpA Rockhopper Exploration (Hydrocarbons) Limited Rockhopper Resources Limited Rockhopper Exploration (Petrochemicals) Limited Rockhopper Exploration (Oil) Limited (UK) Rockhopper Exploration (Oil) Limited (Falkland Islands) Rockhopper Croatia Limited Falkland Oil and Gas Limited Desire Petroleum Limited United Oil & Gas plc
Leo Koot	LWK – Energy Consulting Unipessoal LDA Tulip Oil Holding BV Rhein Petroleum GMBH MENA Gulf / Concordia Capital	Colombus Energy Resources Afentra Plc (f.k.a. Sterling Energy Plc) Bahamas Petroleum Company plc Avanti Energy & Real Estate BV Compania Petrolifera de Sedano SLU

9.2 As at the date of this document, no Director:

- (a) has any unspent convictions in relation to indictable offences;
- (b) has been declared bankrupt or been subject to any individual voluntary arrangement;
- (c) has been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which has entered into a company voluntary arrangement or a composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- (d) has been a partner in any partnership which has been placed in compulsory liquidation or administration or which has entered into a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

- (e) has had any asset belonging to him placed in receivership or has been a partner in any partnership which had an asset placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (f) has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body); or
- (g) has been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

## 10. Directors' service agreements, letters of appointment and employee arrangements

10.1 The following Service Agreements will be entered into on Admission by the Company. The key uniform terms for Larry Bottomley and Stewart MacDonald are as follows ("**Uniform Terms**"):

- (a) 6 months' notice from the Company to terminate;
- (b) 6 months' notice from the employee to terminate;
- (c) discretionary bonus dependent upon performance criteria determined by the Board;
- (d) full sick pay for 65 days, half sick pay for 65 days, in any 12-month period;
- (e) the provision of 10 per cent. of annual salary into private pension directly or an equivalent payment by way of additional salary;
- (f) a payment to contribute to the cost of the employee's private medical insurance;
- (g) change of control provisions which provide:
  - (i) If there is a change of control of the Company, and within three months following the change of control, the Company terminates the employment (or gives notice to do so pursuant to clause 3 of the Service Agreement other than pursuant to clause 18.2(b) of the Service Agreement), or the executive gives notice to terminate the employment pursuant to clause 3 of the Service Agreement, the Company shall, subject to the executive's compliance in the period prior to and following termination of the employment with his obligations under this agreement, and to the executive entering into a binding settlement in a form acceptable to the Company (acting reasonably) pay an amount equal to one year's base salary (as set out in clause 10.1 of the Service Agreement) to the executive, such payment to be made, subject to appropriate deductions for tax and national insurance contributions, or their equivalents in any relevant jurisdiction, within one month following termination of the employment.
- (h) appropriate post termination restrictive covenants for a period of 6 months post termination less any period of garden leave;
- (i) obligations to comply with (a) every rule of law; (b) every regulation of the London Stock Exchange or of AIM or any other Recognised Investment Exchange; (c) the QCA Code (as amended from time to time); (d) every other rule or regulation of any competent regulatory authority; (e) any published guidelines regarding corporate governance which the Board considers relevant or appropriate; (f) the share dealing rules; (g) every regulation of the Company for the time being in force in relation to dealings in shares or other securities of the Company or any other member of the Group; and (h) all requirements, recommendations or regulations, as amended from time to time, of the London Stock Exchange, the Financial Conduct Authority, UK MAR and any directly applicable regulation made under that regulation or any regulatory authorities relevant to the Company or any member of the Group and any code of practice, policies or procedures manual issued by the Company (as amended from time to time) relating to dealing in the securities of the Company or any member of the Group including the share dealing rules; and
- (j) obligations not to commit or attempt to commit the criminal offence of insider dealing nor contravene articles 14, 15 or 19 of UK MAR.

10.2 Specific terms which differ from those referred to above relate to salary only and are as follows:

- (a) Larry Bottomley, annual salary of US\$300,000; and
- (b) Stewart MacDonald, annual salary of £200,000.

- 10.3 The following new NED appointment letter will be issued on Admission:
- (a) Leo Koot: Non-executive director appointment letter.
- 10.4 The key uniform terms for Leo Koot under the terms of his NED appointment letter dated 19 January 2023 are as follows:
- (a) 4 months' notice from Leo to terminate or otherwise removed by Tulip or terminated pursuant to the terms of the Relationship Agreement;
  - (b) the term of Leo's appointment shall commence on the date the Acquisition completes, and shall continue unless terminated by Leo or otherwise removed by Tulip or terminated pursuant to the terms of the Relationship Agreement;
  - (c) remuneration of US\$60,000 per annum (subject to necessary statutory deductions including tax and employee's national insurance contributions (if applicable)), payable monthly in arrears;
  - (d) reimbursement for all Leo's reasonable travelling and other expenses incurred in performing his duties provided that the Company may require any such expenses to be duly evidenced in writing where possible;
  - (e) any termination of Leo's appointment shall be without payment of damages or compensation (except that Leo shall be entitled to any accrued fees or expenses under the terms of his NED appointment letter to the date of such termination);
  - (f) obligations to comply with (a) every rule of law; (b) every regulation of the London Stock Exchange or of AIM or any other Recognised Investment Exchange; (c) the QCA Code (as amended from time to time); (d) every other rule or regulation of any competent regulatory authority; (e) any published guidelines regarding corporate governance which the Board considers relevant or appropriate; (f) the share dealing rules; (g) every regulation of the Company for the time being in force in relation to dealings in shares or other securities of the Company or any other member of the Group; and (h) all requirements, recommendations or regulations, as amended from time to time, of the London Stock Exchange, the Financial Conduct Authority, UK MAR and any directly applicable regulation made under that regulation or any regulatory authorities relevant to the Company or any member of the Group and any code of practice, policies or procedures manual issued by the Company (as amended from time to time) relating to dealing in the securities of the Company or any member of the Group including the share dealing rules; and
  - (g) obligations not to commit or attempt to commit the criminal offence of insider dealing nor to contravene articles 14, 15 or 19 of UK MAR.
- 10.5 On 31 October 2020, the Company entered into a consulting agreement with Rachael Bewsey, who is acting general counsel of the Company, pursuant to which it was agreed that Rachael Bewsey would provide certain legal services to the Company. The term of the consulting agreement commenced on 21 October 2020 and is subject to termination on 7 days' notice by both parties. In the 12 months preceding the application for Admission, Rachael has received a total of £87,386.44 in payment from the Company for her services.
- 10.6 On 10 May 2022, the Company entered into a consulting agreement with Alex Green (acting through Green Oil and Gas Limited) pursuant to which it was agreed that Alex would provide ad hoc advisory services, as requested by the Company in relation to a potential acquisition by the Company (which did not proceed). The term of the consulting agreement commenced on 10 May 2022 and terminated on 30 November 2022. In the 12 months preceding the application for Admission, Alex Green has received a total of £21,612.50 in payment from the Company for his services.
- 10.7 On 15 August 2022, the Company entered into a consulting agreement with Stewart MacDonald (acting through Wallop Energy Limited) pursuant to which it was agreed that Stewart would provide ad hoc services relating to the supply of advisory services, as requested by the Company in relation to the Acquisition to include possible support in the management of the Acquisition. The term of the consulting agreement commenced on 15 August 2022 and shall terminate on Admission, pursuant to the terms of Stewart's Service Agreement referred to at paragraph 10.1 above. In the 12 months preceding the application for Admission, Stewart has received a total of £70,457.77 in payment from the Company for his services.

- 10.8 Save as set out in this paragraph (and the existing arrangements that will be replaced on Admission), there are no existing or proposed service agreements, consultancy agreements or letters of appointment between Ross Warner, Mark Rollins, Stephen Whyte, Larry Bottomley, Stewart MacDonald and the Company.
- 10.9 There are no arrangements under which any director has agreed to waive future emoluments nor have there been any waivers of such emoluments during the financial year immediately preceding the date of this document.
- 10.10 The aggregate remuneration paid and benefits in kind granted to the Directors in the current financial year is approximately \$[●] (£[●]). It is estimated that, under the agreements in force at the date of this document, the aggregate remuneration payable and benefits in kind to be granted to the directors in the financial year ending 30 April 2023 will be approximately \$[●] (£[●]).
- 10.11 Save as set out in paragraph 10.1(g), there are no service contracts in existence between any of the Directors and the Company/Group that provide for benefits upon termination.

## 11. Directors' shareholdings and other interests

- 11.1 The interests (all of which are beneficial, unless otherwise stated) of the Directors (including, so far as is known to the Directors having made appropriate enquiries, the interests of any persons connected with the Directors within the meaning of section 252 of the UK Companies Act 2006) in the issued share capital of the Company as at the date of this document and as they will be immediately following Admission are as follows:

### **At the date of this document**

<i>Director</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of current issued share capital (%)</i>
Mark Rollins	76,461,976	5.01
Stephen Whyte	391,266	0.03
Ross Warner	205,287	0.01
Larry Bottomley	47,058,823	3.08
Stewart MacDonald	[●]	[●]
Leo Koot	[●]	[●]

### **At Admission**

<i>Director</i>	<i>Placing Shares</i>	<i>Total Number of New Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital (%) on Admission</i>
Mark Rollins	[●]	[●]	[●]
Stephen Whyte	[●]	[●]	[●]
Ross Warner	[●]	[●]	[●]
Larry Bottomley	[●]	[●]	[●]
Stewart MacDonald	[●]	[●]	[●]
Leo Koot	[●]	[●]	[●]

11.2 On Admission, the Directors will have the following Options and Warrants over New Ordinary Shares:

<i>Director</i>	<i>Existing Options and Warrants (post Capital Consolidation) as at the date of this document<sup>(1)</sup></i>	<i>New Options (post Capital Consolidation) to be granted on Admission<sup>(2)(3)</sup></i>	<i>Total Options (post Capital Consolidation) on Admission<sup>(3)</sup></i>
Mark Rollins	[●]	[●]	[●]
Stephen Whyte	[●]	[●]	[●]
Ross Warner	[●]	[●]	[●]
Larry Bottomley	[●]	[●]	[●]
Stewart MacDonald	[●]	[●]	[●]
Leo Koot	[●]	[●]	[●]

(1) Exercisable at a price per New Ordinary Share of £[●].

(2) Exercisable at nil cost or the Fundraise Price, full details of which are set out in paragraph 6 of this Part VII of this document.

11.3 Save as set out in paragraphs 11.1 and 11.2 of Part IX, paragraph 6 of Part IX (*Share Options and Warrants*) and Paragraph 10 of Part IX (*Directors' service agreements, letters of appointment and employee arrangements*), paragraph 12 of Part IX (*Significant Shareholders*) and paragraph 15 of Part I (*Options, Warrants and Accrued Fees Issues*), no Director has any interest (whether beneficial or non-beneficial) in the share or loan capital of the Company nor (so far as is known to the Directors having made appropriate enquiries) does any person connected with any of the Directors within the meaning of section 252 of the UK Companies Act 2006 have any such interest (whether beneficial or non-beneficial).

11.4 None of the Directors nor (so far as is known to the Directors having made appropriate enquiries) any person connected with any of the Directors within the meaning of section 252 of the UK Companies Act 2006 holds a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares and/or any Placing Shares.

11.5 There are no outstanding loans or guarantees granted or provided by the Company to or for the benefit of any of the Directors.

11.6 No Director has or has had any interest, whether direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company.

11.7 No Director has or has had any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company since its incorporation or which remains in any respect outstanding or unperformed.

11.8 No Director has any conflict of interest (or potential conflict of interest) between any of the duties owed by him to the Company and his private interests or any duties owed by him to third parties

11.9 Details of any restrictions agreed by the Directors with regard to the disposal of their holdings in the Company's securities are set out in paragraph 13.8 of this Part IX.

## 12. Significant Shareholders

In addition to the interests of the Directors disclosed in paragraph 11 above, the Directors are aware of the following persons who are at the date of this document, or will immediately following Admission be, directly or indirectly interested in 3 per cent. or more of the Company's issued share capital or voting rights:

## **As at the date of this document**

<i>Significant Shareholder</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of current issued share capital (%)</i>
Patraco (Hong Kong)	[208,572,638]	[13.65]
Hargreaves Lansdown	[175,166,771]	[11.47]
Interactive Investor	[82,554,247]	[5.40]
Jarvis Investment Management	[66,717,986]	[4.37]
HDSL	[66,182,322]	[4.33]
John Geoffrey Bolitho	[64,656,948]	[4.23]
Collin Harkins	[51,688,787]	[3.38]

## **At Admission**

<i>Significant Shareholder</i>	<i>Number of New Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital (%)</i>
Tulip Oil Holding B.V.	[●]	36.7
Deutsche Rohstoff AG	[●]	3.3
Patraco (Hong Kong)	[●]	[●]
Hargreaves Lansdown	[●]	[●]
Interactive Investor	[●]	[●]
Jarvis Investment Management	[●]	[●]
HDSL	[●]	[●]
John Geoffrey Bolitho	[●]	[●]
Colin Harkins	[●]	[●]

- 12.1 None of the persons interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital or voting rights has voting rights which are different from other Shareholders.
- 12.2 Save as disclosed in this document (and in particular, please note the concert party arrangements described in Part III of this document), the Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 12.3 So far as the Directors are aware, there are no arrangements in place, the operation of which may at a later date result in a change of control of the Company.

## **13. Material contracts**

### **13.1 Introduction**

The following is a summary of (i) each material contract (other than contracts entered into in the ordinary course of business) to which the Company or its subsidiaries have entered into within the period of two years immediately preceding the date of this document; and (ii) any other contract (other than contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries which contains obligations or entitlements which are or may be material as at the date of this document.

### **13.2 Buffalo Termination and Settlement Deed**

On 24 January 2022, the Company announced that the Buffalo-10 Well, having been drilled by Carnarvon Petroleum Timor. Unipessoal Lda. ("**Carnarvon Timor**") as operator, had encountered only residual oil and would therefore be unplugged and abandoned. On 9 June 2022, the Company entered into a termination and settlement deed with Carnarvon Energy Ltd ("**Carnarvon**"), Carnarvon Timor, Timor-Leste Petroleum Pty Ltd ("**CVNA**") and Advance Energy TL Ltd ("**Advance TL**") (the "**Buffalo Termination and Settlement Deed**").

Pursuant to the terms of the Buffalo Termination and Settlement Deed, CVNA and Advance TL agreed to relinquish the contract area in Timor-Leste named TL-SO-T 19-14 (the “**Contract Area**”) and to terminate the producing sharing contract for offshore petroleum operations in the Contract Area (the “**PSC**”), each with effect from 26 May 2022 (the “**Termination Date**”). In connection with this, Carnarvon agreed to do all things necessary to de-register CVNA through the relevant corporate registry, Registo e Verificacao Empresaria.

Subject to the Release (defined below) and the payment of the Settlement Sum, CVNA, Carnarvon Timor, Advance TL and the Company additionally agreed to terminate the subscription agreement dated 17 December 2020 (the “**Subscription Agreement**”) and CVNA, Carnarvon Timor and Advance TL agreed to terminate the equity holders agreement dated 19 April 2021 (the “**Equity Holders Agreement**”) with effect from the Termination Date. It was further agreed by the parties to the Buffalo Termination and Settlement Agreement (the “**Parties**”) to terminate the various agreements, letters and other documents entered into by one or more of the Parties pursuant to or in connection with the Subscription Agreement and the Equity Holders Agreement, including the guarantee entered into between Carnarvon and the Company (the “**Other Documents**”) and, together with the Subscription Agreement and the Equity Holders Agreement, the “**Transaction Documents**”).

Each of the Parties (i) agreed to unconditionally and irrevocably release and discharge each other Party (and its respective employees, agents, directors, officers, invitees and representatives) from all claims relating to or in connection with, either directly or indirectly, the PSC and the Transaction Documents in any way (the “**Claims**”) (the “**Releases**”) (ii) covenanted that it would not (or procure that a third party would) make, bring or pursue or provide financial support or other support for any Claim, fact, matter or circumstance which is the subject of the Release (the “**Covenant**”) and (iii) indemnified the other Parties against all Claims which may be made, brought or pursued which are Claims that constitute, or result from, a breach of the Covenant or which are Claims in respect of any Claim, fact, matter or circumstance which are the subject of the Releases or which are Claims for contribution or indemnity brought by a third party in respect of a Claim against that third party in respect of any Claim, fact, matter or circumstance which is the subject of the Releases.

On behalf of Advance TL, the Company agreed to pay the settlement sum of US\$100,000 (the “**Settlement Sum**”) to Carnarvon in full and final settlement of all Claims. The Parties agreed that the Buffalo Termination and Settlement Deed may be pleaded as a full and complete defence to any Claim made, brought or pursued by a Party, or a third party on behalf of a Party in breach of the terms of the Buffalo Termination and Settlement Deed or that is a Claim which is the subject of any of the Releases.

The negotiations of the Parties and the subject matter, terms and existence of the Buffalo Termination and Settlement Deed are required to be kept confidential by the Parties, subject to certain standard exemptions.

The Buffalo Termination and Settlement Deed is governed by the laws of Western Australia.

### 13.3 **Rhein Petroleum Share Purchase Agreement**

On 15 December 2022, the Company entered into the SPA, pursuant to which it has conditionally agreed to acquire the entire issued share capital of Rhein Petroleum from the Sellers, amounting to 125,000 shares with a nominal value of €1.00 per share as at the date of the SPA (the “**Rhein Petroleum Shares**”). Subject to the terms and conditions of the SPA, each Seller has agreed to sell the Rhein Petroleum Shares held in its name, and the Company has agreed to purchase such Rhein Petroleum Shares, free from encumbrances. Subject to Completion (defined below), the Rhein Petroleum Shares, together with all rights, benefits and liabilities pertaining to Rhein Petroleum, will be for the economic benefit and risk of the Company on and from 1 January 2023.

Under the terms of the SPA, the consideration payable by the Company to the Sellers for the Rhein Petroleum Shares consists of (i) the TOH Consideration Shares[, the TOH Additional Shares,] the TOH Warrants, the DRAG Consideration Shares and the DRAG Warrants (such that following the intended Placing, the Sellers will collectively hold 33.2 per cent. of the Enlarged Share Capital of the Company; plus (ii) a contingent consideration based on the future production and exploration of the

Rhein Petroleum Assets, payable by the Company, consisting of (a) a contingent consideration in cash equal to 10 per cent. (ten per cent) of the Net Production Proceeds from the current and existing licences (including renewals) over the Acreage and (b) a contingent consideration in cash equal to 3 per cent. (three per cent) of the Net Production Proceeds from the licences held by the Company on the Completion Date, but excluding the Acreage (the **“Earn Out Consideration”**). Under the terms of the SPA and the Subscription Letter, Tulip has additionally agreed to subscribe [at the Fundraise Price] for the TOH Subscription Shares [and TOH Additional Shares] such that Tulip is expected to hold approximately 36.7 per cent. of the existing share capital of the Company as at Completion (defined below). The parties acknowledge that, as at the date of the SPA, there are existing warrants and options issued by the Company in favour of certain individuals and entities which, if capable of exercise and in fact exercised, will dilute each of DRAG and Tulip’s holding of ordinary shares in the Company. As part of the Equity Consideration, the Company has therefore agreed, subject to Completion occurring, to grant each of DRAG and Tulip with warrants on Completion pro rata to, in the case of DRAG, its respective holding of shares in the Company to be issued on Admission and, in the case of Tulip, (i) the shares in the Company to be issued to it on Admission, (ii) the TOH Subscription Shares to be issued to it pursuant to the Subscription and, (iii) if applicable, the additional TOH Additional Shares to be issued if EUR 1,385,000 is committed before Tulip’s subscription cap, being such number of shares in the Company as is equal to 6.8 per cent. of the total issued shares in the Company following Admission, is met.

Escrow completion (**“Escrow Completion”**) will take place on the first business day after the date on which the last outstanding Completion Condition (defined below) has been satisfied or waived in accordance with the terms of the SPA or at such other time as the Company and the Sellers may agree. Subject to the Completion Conditions being waived or satisfied and Escrow Completion having taken place, completion of the sale and transfer of the Rhein Petroleum Shares (**“Completion”**) shall be treated as taking place automatically on the date and time of Admission (the **“Completion Date”**).

The obligation of the Company and the Sellers to effect Completion is subject to the satisfaction of the following conditions precedent (the **“Completion Conditions”**):

- (i) the Placing Agreement having been entered into by the parties thereto and having become unconditional save for Admission (and not having been terminated prior to Admission);
- (ii) the Company having published the Admission Document following the approval of the Takeover Panel of the Admission Document for the purposes of Section 2(c) to Appendix 1 to the Takeover Code;
- (iii) certain resolutions of the Company approving the transaction having been passed without amendment at the Company’s general meeting;
- (iv) the Takeover Panel having waived, conditional upon the approval by the Independent Shareholders of the Rule 9 Waiver Resolution on a poll, any obligation which would otherwise be imposed on the Concert Party, either individually or collectively, under Rule 9 of the City Code) to make a general offer for the Company, as a result of the issue of the TOH Consideration Shares, the TOH Subscription Shares[, the TOH Additional Shares], and the exercise of TOH Warrants;
- (v) reasonable evidence of the extensions of the Licences for Karlsruhe-Leopoldshafen and the operating schedules for Schwarzbach and Steig having been granted by the relevant German authorities;
- (vi) a general meeting of the shareholders of Tulip having been held on or before 31 December 2022 which approves the Acquisition (such condition having already been satisfied); and
- (vii) Land Hessen, being the authority responsible for all permits of licences in the area of the state Hessen in Germany, having released in writing the DRAG Security and approved the DRAG Security Replacement (as the case may be).

If any of the Completion Conditions are not satisfied on or before 15 May 2023 (the **“Long Stop Date”**), either the Sellers or the Company may (but are under no obligation to) serve notice on the other and the parties must then consult in good faith with a view to determining whether the transaction may proceed by alternative means or methods or to extend the relevant time or date for satisfaction of the Completion Conditions or the Long Stop Date. If the parties are unable to reach

agreement on such alternative means or methods or such extension within 5 business days after the delivery of such notice, the SPA may be terminated with immediate effect by either the Company or the Sellers giving notice to the other parties.

Under the terms of the SPA, Tulip must deliver to the Company a written working capital statement setting out in reasonable detail the Sellers' good faith calculation (the "**Estimated Working Capital**") of the projected working capital of Rhein Petroleum, being its current assets less its current liabilities, excluding restricted cash, loans and borrowings, abandonment and decommissioning liabilities and lease liabilities (the "**Estimated Working Capital Statement**") no later than 5 Business Days before the anticipated Completion Date. The target working capital of Rhein Petroleum is EUR 0 (the "**Target Working Capital**"). If the Estimated Working Capital is either higher or lower than the Target Working Capital, then the Company or Tulip will have to pay the difference, as appropriate, to the other on the Completion Date. If there is no difference or the difference is less than EUR 10,000, then no payment will be required. Following Completion, the Company and Tulip have agreed to try to reach agreement on the actual amount of the working capital of Rhein Petroleum as at 31 December 2022 (the "**Locked Box Date**") (the "**Actual Working Capital**") based on the audited financial statements of the Company for the year ending on the Locked Box Date (the "**Locked Box Financial Statements**"). The Locked Box Financial Statements shall be delivered by the Company as soon as reasonably practicable and, in any event, within 5 Business Days after they have been audited and approved. If the Actual Working Capital is either higher or lower than the Estimated Working Capital, then the Company or Tulip will have to pay the difference, as appropriate, to the other on a date within 10 Business Days following the day on which the Actual Working Capital is determined, provided that if the amount is more than EUR 100,000 it shall be paid on the date that is 12 months after Completion.

The SPA contains certain asset buy back provisions in favour of Tulip in relation to the Steig Field and the Graben Field. Subject to Completion, the parties have agreed that if:

- (i) between Completion and 30 June 2026, there has only been production for a period of 2 continuous months or less or no new wells have been drilled on the Steig Field by Rhein Petroleum, then Tulip shall have the right (but not the obligation) to acquire the Steig Field Interests together with all related agreements and documents which govern or relate to the creation, existence and validity of the Steig Field Interests, including the related licences, permits and other authorisations against payment by Tulip of nominal consideration, being EUR 1 (the "**Steig Option**"); and
- (ii) between Completion and 30 June 2028, there has only been production for a period of 2 continuous months or less or no new wells have been drilled on the Graben Field by the Company, then TOH shall have the right (but not the obligation) to acquire the Graben Field Interests together with all related agreements and documents, which govern or relate to the creation, existence and validity of the Graben Field Interests including the related licences, permits and other authorisations against payment by Tulip of nominal consideration, being EUR 1 (the "**Graben Option**" and, together with (i), the "**Buy-Back Options**").

The Buy-Back Options are subject to time limitations and Tulip may exercise the Steig Option by written notice to the Company from 1 January 2027 until 31 January 2027 and the Graben Option by written notice to the Company from 1 January 2029 until 31 January 2029.

The SPA includes standard undertakings given by each of the Sellers in relation to the conduct of the Sellers and of Rhein Petroleum's business before Completion including but not limited to:

- (iii) not selling, transferring or creating encumbrances over any of the Rhein Petroleum Shares;
- (iv) keeping the Company informed of all matters that arise following the date of the SPA which have, or can reasonably be expected to have, a material adverse effect on Rhein Petroleum or its business;
- (v) taking all reasonable steps to maintain and renew and extend all Rhein Petroleum Assets;
- (vi) preserving and protecting Rhein Petroleum's assets and present business organisations, lines of business and relationships with customers, suppliers and third parties in all material respects consistent with past practice and operating and maintaining the Interests and conduct

operations in accordance with good oil and gas field practice to the extent consistent with past practice; and

- (vii) not selling, transferring or assigning or agreeing or arranging to sell, transfer or assign, all or part of the Interests or voluntarily surrender or relinquish any of the Rhein Petroleum Assets or their respective acreage, in whole or in part.

The SPA additionally includes certain matters which cannot be enacted by Rhein Petroleum without the prior written consent of the Purchaser.

Each Seller provides warranties in relation to (i) its authority and capacity to enter into the SPA and the related transaction documents; (ii) Rhein Petroleum and its share capital; (iii) the Interests; and (iv) anti-bribery, corruption and anti-money laundering (the “**Seller Warranties**”).

The sole and exclusive remedy of the Company for a breach of a Seller Warranty is an action for damages and the Company waives its rights to claim specific performance or any other remedy. The SPA includes typical time and financial limitations of liability in favour of the Sellers.

The SPA is governed by the laws of England and Wales.

#### 13.4 **Strand Hanson Transaction Engagement Letter**

Pursuant to an engagement letter dated 10 August 2022, Strand Hanson agreed to act as the Company’s financial adviser in connection with Admission and the Company’s nominated adviser for the purposes of the AIM Rules. In consideration of the services set out in the engagement letter, the Company agreed to pay Strand Hanson (i) an initiation fee of £20,000 upon signing of the letter or commencement of work, whichever is sooner; (ii) an interim fee of £10,000 arising at monthly intervals commencing after the satisfaction of (i); (iii) a documentation fee upon the publication/circulation of a pathfinder admission document of £40,000 and (iv) a success fee of 95,000 upon Admission, plus applicable VAT and disbursements.

#### 13.5 **Nominated adviser agreement**

The Company entered into a nominated adviser agreement with Strand Hanson on 27 November 2020 in respect of Strand Hanson acting as the Company’s nominated adviser. The agreement is subject to a minimum term of 15 months and thereafter is terminable on three months’ notice by either party. The Company has agreed to pay to Strand Hanson an annual retainer of £60,000 for acting as nominated adviser, as well as its properly incurred out of pocket expenses. Strand Hanson will, *inter alia*, assist the Company with complying with the AIM Rules. The agreement also contains a customary indemnity given by the Company to Strand Hanson in relation to the provision by Strand Hanson of its services under the agreement.

#### 13.6 **Broker Agreements**

The Company entered into a broker agreement with Tennyson Securities (the “**Tennyson Agreement**”) dated 12 January 2021 pursuant to which the Company appointed Tennyson Securities to act as broker to the Company for the purposes of the AIM Rules for Companies. The Tennyson Agreement contains certain undertakings, warranties and indemnities given by the Company to Tennyson Securities. Under the Tennyson Agreement, the Company shall pay an annual retainer fee of £60,000 (plus any VAT) to Tennyson Securities. The Tennyson Agreement is terminable upon not less than three months’ prior written notice by either the Company or Tennyson Securities.

The Company entered into a broker agreement with Optiva Securities (the “**Optiva Agreement**”) dated 2 February 2021 pursuant to which the Company appointed Optiva Securities to act as broker to the Company for the purposes of the AIM Rules for Companies. The Optiva Agreement contains certain undertakings, warranties and indemnities given by the Company to Optiva Securities. Under the Optiva Agreement, the Company shall pay an annual retainer fee of £25,000 (plus any VAT) to Optiva Securities. The Optiva Agreement is terminable upon not less than three months’ prior written notice by either the Company or Optiva Securities, however the Optiva Agreement is for an initial fixed term of 12 months.

### 13.7 **Placing Agreement**

A Placing Agreement dated [●] 2023 between (i) the Company, (ii) the Directors, (iii) Strand Hanson, (iv) Tennyson Securities and (v) Optiva Securities, pursuant to which Strand Hanson, as the Company's nominated adviser, and Tennyson Securities and Optiva Securities as the Company's Joint Brokers, have been granted certain powers and authorities in connection with the Placing and the application for Admission. Under the terms of the Placing Agreement, the Company and the Directors have given certain customary representation and warranties to the Strand Hanson and the Joint Brokers, the Company has given certain customary indemnities to the Strand Hanson and the Joint Brokers in connection with Admission, the Acquisition and other matters relating to the Group and its affairs. The liability of each Director is capped. Strand Hanson and/or the Joint Brokers may terminate the Placing Agreement in certain specified circumstances prior to Admission, principally if any of the warranties has ceased to be true and accurate or shall have become misleading in any respect or in the event of circumstances existing which make it impracticable or inadvisable to proceed with Admission. A corporate finance fee is payable to Strand Hanson upon Admission. A commission is payable to the Joint Brokers on the gross proceeds of the Placing.

### 13.8 **Shareholder Lock-in and orderly market agreements**

Lock-in and Orderly Market Agreements dated [●] 2023 between the (i) the Company, (ii) Strand Hanson, (iii) Tennyson Securities (iv) Optiva Securities and (v) the Locked-In Shareholders, pursuant to which each Locked-In Shareholder has, conditional on Admission, undertaken as a separate undertaking to each of the Company, Strand Hanson, Tennyson Securities and Optiva Securities that, subject to certain limited exceptions, they will not dispose of, or agree to dispose of, Ordinary Shares held by them or on behalf of them for a period of 12 months from the date of Admission.

Each Locked-In Shareholder has also undertaken that for the period of 12 months following the anniversary of the date of Admission, subject to certain conditions, they will only dispose of Ordinary Shares held by them in consultation with each of Strand Hanson, Tennyson Securities and Optiva Securities (in order to maintain an orderly market in the Shares) and then through Tennyson Securities and Optiva Securities.

### 13.9 **Director Lock-in and orderly market agreements**

Lock-in and Orderly Market Agreements dated [●] 2023 between the (i) the Company, (ii) Strand Hanson, (iii) Tennyson Securities (iv) Optiva Securities and (v) the Locked-In Directors, pursuant to which each Locked-In Director has, conditional on Admission, undertaken as a separate undertaking to each of the Company, Strand Hanson, Tennyson Securities and Optiva Securities that, subject to certain limited exceptions, they will not dispose of, or agree to dispose of, Ordinary Shares held by them or on behalf of them for a period of 12 months from the date of Admission.

Each Locked-In Director has also undertaken that for the period of 12 months following the anniversary of the date of Admission, subject to certain conditions, they will only dispose of Ordinary Shares held by them in consultation with each of Strand Hanson, Tennyson Securities and Optiva Securities (in order to maintain an orderly market in the Shares) and then through Tennyson Securities and Optiva Securities.

### 13.10 **Warrant Instruments**

On 19 April 2021, the Company entered into a warrant deed pursuant to which the Company granted to Tennyson Securities 18,926,550 Warrants over Ordinary Shares exercisable at the price of 2.6 pence per Ordinary Share (subject to usual adjustment and anti-dilution provisions) during the period starting on 19 April 2021 and ending on the fifth anniversary thereof.

On 19 April 2021, the Company entered into a warrant deed pursuant to which the Company granted to Optiva Securities 21,488,500 Warrants over Ordinary Shares exercisable at the price of 2.6 pence per Ordinary Share (subject to usual adjustment and anti-dilution provisions) during the period starting on 19 April 2021 and ending on the third anniversary thereof.

On 19 April 2021, the Company entered into a warrant deed with Strand Hanson pursuant to which the Company granted to Strand Hanson 5,138,070 Warrants over Ordinary Shares exercisable at

the price of 2.6 pence per Ordinary Share (subject to usual adjustment and anti-dilution provisions) during the period starting on Admission and ending on the fifth anniversary thereof.

On the date of Admission the Company will enter into a warrant deed pursuant to which the Company, conditional upon Admission, grants to Tennyson Securities [●] Warrants over New Ordinary Shares exercisable at the Fundraise Price (subject to usual adjustment and anti dilution provisions) during the period starting on Admission and ending on the fifth anniversary thereof.

On the date of Admission the Company will enter into a warrant deed pursuant to which the Company, conditional upon Admission, grants to Optiva Securities [●] Warrants over New Ordinary Shares exercisable at the Fundraise Price (subject to usual adjustment and anti dilution provisions) during the period starting on Admission and ending on the third anniversary thereof.

On the date of Admission the Company will enter into a warrant deed with Strand Hanson pursuant to which the Company, conditional upon Admission, grants to Strand Hanson [●] Warrants over New Ordinary Shares exercisable at the Fundraise Price (subject to usual adjustment and anti dilution provisions) during the period starting on Admission and ending on the fifth anniversary thereof.

The Company has entered into warrant agreements and option agreements with various persons, details of which are set out in paragraph 6.1 of this Part VII of this document.

#### 13.11 **Registry agreement**

The Company has entered into a Registry Agreement that was subsequently novated to Computershare Investor Services (Jersey) Limited (the “**Registrar**”) dated (the “**Deed of Novation**”).

The agreement which relates to the provision of registry related services for an initial term of three years until terminated by 6 months’ notice. The Registrar Agreement contains certain indemnities given by the Company to the Registrar which are customary for an agreement of this nature.

#### 13.12 **Relationship agreement**

On [●] 2023, the Company entered into the Relationship Agreement with Tulip as substantial shareholder (the “**Substantial Shareholder**”) and Strand Hanson. The Relationship Agreement is conditional on Admission occurring in accordance with the terms of the SPA, and will regulate the relationship between the Substantial Shareholder and the Company for so long as Tulip, together with its “Associates” (as defined in paragraph (c) of the definition of “related party” in the AIM Rules but excluding any member of the Group) and any persons deemed to be acting in concert with it, hold at least 15 per cent. of the issued share capital of the Company.

Under the terms of the Relationship Agreement, the Substantial Shareholder provides certain undertakings, including but not limited to procuring that it and each of its Associates shall do all such things so that *inter alia*:

- (viii) the Group is capable at all times of, and not precluded or inhibited from, carrying on business for the benefit of the shareholders as a whole and independently of the Substantial Shareholder and/or its Associates;
- (ix) all transactions, agreements or arrangements entered into between any member of the Group (on the one hand) and the Substantial Shareholder and/or its Associates (on the other hand) will be conducted at arm’s length and on normal commercial terms and any enforcement, implementation or amendment thereof by any member of the Group is approved by the Directors who are considered by the Board, in consultation with the Nomad, to be independent as determined by reference to the Quoted Companies Alliance Code, (“**Independent Directors**”) alone (following consultation with Strand Hanson for as long as it remains the nominated adviser to the Company) and be in compliance with, and disclosed in accordance with, all Applicable Laws and regulations, including those of the London Stock Exchange;
- (x) the Board shall at all times contain at least two Independent Directors and, as soon as reasonably practicable after this ceases to be the case, the Substantial Shareholder shall, and shall (insofar as it is legally able to do so) procure that each of its Associates shall, subject always to Applicable Laws, exercise their respective voting rights on any board or shareholder resolution

- to replace any Independent Director who ceases to be a Director with another Independent Director;
- (xi) any actual or potential conflicts of interest of the Substantial Shareholder and/or its Associates which may arise and of which the Substantial Shareholder is aware are declared to the Independent Directors as soon as reasonably practicable;
  - (xii) no variations are made to the Articles which shall fetter the Company's ability to carry out its business independently of the Substantial Shareholder and its Associates, prevent the election of proposed Independent Directors (other than in accordance with a resolution or recommendation of the then current Independent Directors) or which would be inconsistent with, undermine or breach any provision of the Relationship Agreement or the AIM Rules; and
  - (xiii) neither the Substantial Shareholder, nor any of its Associates, shall seek to procure or vote in favour of any resolution to cancel the Company's admission to trading on AIM other than with the unanimous consent of the Independent Directors, in connection with an offer for the entire issued share capital of the Company made by a person other than the Substantial Shareholder or its Associate or any member of the Group, or where the Shares are already or will be admitted to trading on a regulated market or recognised overseas investment exchange and with the approval of the Independent Directors.

The Substantial Shareholder has the right to nominate one person to be its representative director on the Board (the "**Representative Director**"), it being acknowledged that the Representative Director will be subject to the Company's and Strand Hanson's standard pre-appointment due diligence and vetting process. The Substantial Shareholder must not appoint or retain in office a Representative Director who, in the reasonable opinion of the Independent Directors and Strand Hanson is unsuitable as a director of a company whose securities are admitted to trading on AIM. The Substantial Shareholder may remove the Representative Director by giving notice in writing to the Company and the Representative Director (copied to Strand Hanson) and appoint another person in their place. The Company may by notice in writing immediately terminate the appointment of a Representative Director to the Board for a variety of reasons including, but not limited to, circumstances where the Representative Director:

- (i) is disqualified from acting as a director under the provision of any Applicable Law;
- (ii) is removed as an office holder in accordance with Applicable Laws or in accordance with the Articles;
- (iii) commits a material breach of his or her obligations under the terms of his or her appointment or under Applicable Law;
- (iv) Strand Hanson deems it appropriate (acting reasonably and in good faith) in accordance with its obligations pursuant to the AIM Rules for Nominated Advisers;
- (v) the Company receives a director removal notice from the Substantial Shareholder; and
- (vi) where the Substantial Shareholder and its Associates are no longer interested in 15 per cent. or more of the voting rights exercisable at general meetings of the Company.

Under the terms of the Relationship Agreement, the Substantial Shareholder indemnifies and must keep the Company indemnified against any claim connected with the removal of the Representative Director in office where such removal is required by the Company pursuant to (i), (ii) (if and to the extent that the removal of the Representative Director is due to any default or breach of the Representative Director or the Substantial Shareholder) and (iii) to (v) above (inclusive).

Without prejudice to any other rights or remedies that they may have, the parties to the Relationship Agreement (the "**RA Parties**") agree and acknowledge that if there is a breach of any provision of the Relationship Agreement or if a party has reasonable grounds for anticipating a prospective breach of any such provision, damages may not be a wholly adequate remedy for such breach or prospective breach and the appropriate remedy may be an injunction, specific performance or other equitable relief (in addition to or instead of damages).

Each RA Party provides standard warranties in relation to the other RA Parties as regards its capacity to enter into the Relationship Agreement and be bound by it, including that all approvals required prior to entry into the Relationship Agreement have been obtained.

The Relationship Agreement is governed by the laws of England.

### 13.13 **Tulip Subscription Letter**

On [●] 2023, the Company and Tulip entered the Tulip Subscription Letter pursuant to which Tulip agreed, conditional (amongst other things) on completion of the SPA, the passing of the Resolutions and on Admission, to subscribe for the TOH Subscription Shares at the Fundraising Price (the “**Subscription Commitment**”) subject to the terms set out in the Tulip Subscription Letter (the “**Subscription**”).

Acceptance of the Subscription Commitment and the obligations in respect of its Subscription Commitment is, once accepted by the Company and is not capable of termination or rescission by Tulip in any circumstances except fraud.

The Subscription Letter contains certain standard confirmations, representations and warranties given by Tulip as well as warranties given by the Company.

The Subscription Letter is governed by the laws of England.

### 13.14 **Decommissioning Security Loan**

On [●] 2023, the Company, as security provider, entered into a decommissioning security loan with Tulip as lender and Rhein Petroleum as borrower, it having been agreed under the terms of the SPA that, to the extent escrow cash is required to implement a DRAG Security Replacement, Tulip was to provide a secured loan to Rhein Petroleum (the “**Decommissioning Security Loan**”). Pursuant to the terms of the Decommissioning Security Loan, Tulip has agreed to make available to Rhein Petroleum a term loan facility in an aggregate amount equal to the total of the following:

- (i) the maximum amount of EUR 1,900,000 (“**Tranche A**”), at Completion/Admission;
- (ii) the maximum amount of EUR 250,000 (“**Tranche B**”), until 12 months following the Completion/Admission Date; and
- (iii) the amount equal to 37.5% of any tax claim Rhein Petroleum is required to pay arising from certain agreements between Rhein Petroleum and Tulip dated 17 February 2022 (the “**Tax Reimbursement Claim**”) (“**Tranche C**”), received on or before 31 December 2024.

The purpose of the Decommissioning Security Loan is for Rhein Petroleum to apply:

- (i) all amounts borrowed by it under Tranche A towards the financing of the cash amount required to be kept in escrow by Land Hessen as part of a DRAG Security Replacement;
- (ii) all amounts borrowed by it under Tranche B towards the partial financing of the development of petroleum production from a specified potential future well currently under negotiation; and
- (iii) all amounts borrowed by it under Tranche C towards the partial payment of the Tax Reimbursement Claim to any German governmental authority having the authority to impose or collect any tax.

The Decommissioning Security Loan is repayable on the earlier of:

- (i) the date on which any debt finance is raised by the Company, where such debt finance is in an amount of not less than EUR 5,000,000 or more than EUR 15,000,000 and the purpose of such debt financing is exclusively for the financing of the business of the Borrower and/or repayment of the Decommissioning Security Loan);
- (ii) 30 June 2025; or
- (iii) at any time at the discretion of Rhein Petroleum, in whole or in part subject to the voluntary repayment of loans provisions detailed further within the Decommissioning Security Loan.

The interest rate on the Decommissioning Security Loan to the extent drawn down will be 15 per cent. per annum.

As security for the Decommissioning Security Loan, on the Completion Date the Company as pledgor will enter into a share pledge agreement with Tulip as pledgee pursuant to which it will grant a pledge over its existing and future shares in Rhein Petroleum (see paragraph 13.14 below). Rhein Petroleum

will additionally provide a first ranking security over its assets in favour of Tulip (see paragraph 13.15 below).

### 13.15 **Share Pledge Agreement**

On the date of Admission, the Company will enter into a share pledge agreement with Tulip as pledgee and Rhein Petroleum as pledged company pursuant to which the Company agrees to grant a pledge (the “**Pledge**”) over all of its existing and future shares in Rhein Petroleum (together with any ancillary rights, including dividend, liquidation and all other present and future rights) as security for Tulip’s respective claims against the Company and/or Rhein Petroleum in accordance with the provisions set out in the earn-out schedule within the SPA (the “**Earn-Out Schedule**”) and the Decommissioning Security Loan.

The purpose of the Pledge is to secure the prompt and complete satisfaction of the obligations at any time due, owing or incurred by the Company and Rhein Petroleum to Tulip under the Farm-Out Schedule or Decommissioning Security Loan. The Pledge shall rank prior to any other security interest or third party right in existence at present or created in the future in respect of the Company’s existing and future shares in Rhein Petroleum.

### 13.16 **Security Transfer Agreement**

On the date of Admission, Rhein Petroleum as guarantor will enter into a security transfer agreement with Tulip as secured party (the “**Security Transfer Agreement**”) pursuant to which it agrees to transfer to Tulip a particular part of the oil production facility of Schwarzbach as collateral (the “**Collateral**”) to secure all claims of Tulip against Rhein Petroleum arising from or in connection with the Decommissioning Security Loan. The Collateral shall be transferred upon the signing of the Security Transfer Agreement.

Subject to giving Rhein Petroleum due notice (save for certain limited reasons, such as in the case of Rhein Petroleum’s insolvency) Tulip shall be entitled to a compulsory sale of the Collateral if Rhein Petroleum does not fulfil Tulip’s claims arising from or in connection with the Decommissioning Security Loan or does not do so in due time.

The Security Transfer Agreement imposes certain standard obligations in respect of the Collateral on Rhein Petroleum and includes certain typical guarantees in favour of Tulip.

The Security Transfer Agreement is governed by German law.

### 13.17 **Primary Bid Engagement Letter**

On 3 March 2023, the Company entered into an engagement letter with Primary Bid (the “**Primary Bid Engagement Letter**”) appointing Primary Bid as arranger of the Primary Bid Offer. The Primary Bid Engagement Letter contains certain customary confirmations by Primary Bid in favour of the Company relating to the conduct of the Primary Bid Offer and certain customary acknowledgements and warranties by the Company in favour of Primary Bid relating to the Primary Bid Shares. Pursuant to the Primary Bid Engagement Letter, Primary Bid shall only make the Primary Bid Offer available to Retail Clients, who are professionally advised private investors who are capable of evaluating the risks and merits of such an investment, and are resident and located in the United Kingdom. Conditional on Admission, the Company has agreed to pay Primary Bid a commission of 5 per cent., subject to a minimum fee of £20,000, based on the aggregate value of the Primary Bid Shares subscribed at the Fundraise Price pursuant to the Primary Bid Offer (plus any applicable VAT).

## 14. **Taxation**

### 14.1 **Isle of Man Taxation – General**

#### *Tax residence in the Isle of Man*

The Company is resident for taxation purposes in the Isle of Man by virtue of being incorporated in the Isle of Man. It is also intended that the Company will be tax resident in the Isle of Man as a result of being centrally managed and controlled there.

### *Capital taxes in the Isle of Man*

The Isle of Man has a regime for the taxation of income, but there are no capital duty, stamp taxes or inheritance taxes in the Isle of Man. No Isle of Man stamp duty or stamp duty reserve tax will be payable on the issue or transfer of, or any other dealing in, New Ordinary Shares.

### *Zero rate of corporate income tax in the Isle of Man*

The Isle of Man operates a zero rate of tax for most corporate taxpayers. This will include the Company. Under the regime, the Company will technically be subject to taxation on its income in the Isle of Man, but the rate of tax will be zero; there will be no withholding to be made by the Company on account of Isle of Man tax in respect of dividends paid by the Company. The Company will be required to pay an annual return fee in the Isle of Man. The current level of the annual return fee is £380 per annum.

### *Deductions in respect of Isle of Man employees*

The application of the zero rate of corporate income tax described above does not affect the liability of a company to deduct and account for income tax under the Isle of Man Income Tax (Instalment Payments) Act 1974 and national insurance contributions, if applicable, although this is not expected to be relevant to the Company as it does not have, nor does it currently intend to engage, any Isle of Man employees.

### *Isle of Man probate*

In the event of the death of a sole holder of New Ordinary Shares, an Isle of Man grant of probate or administration may be required, in respect of which certain fees will be payable to the Isle of Man government.

## 14.2 **United Kingdom – Taxation of chargeable gains**

If a Shareholder sells or otherwise disposes of all or some Ordinary Shares (including a disposal on a winding-up of the Company), they may, depending on their circumstances, incur a liability to UK taxation on any chargeable gain realised.

### *Individual Shareholders*

The current headline rates of capital gains tax for the 2022/23 tax year are 10 per cent. and 20 per cent. for individuals for gains other than those made which relate to disposals of residential property and/or carried interest receipts relating to investment management services provided. Certain reliefs or allowances may be available depending on the individual circumstances of the Shareholder, including the availability of an annual exempt amount which allows an individual to make a certain amount of gain each year before such gain become subject to tax in the UK. For 2022/23, this annual exempt amount is £12,300.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

For these purposes, the same thresholds apply for Scottish taxpayer Shareholders as in respect of other Shareholders resident in the UK. Scottish taxpayer Shareholders may wish to consult their own professional advisers if they are in any doubt as to their tax position in respect of disposals.

### *Corporate Shareholders*

Corporate Shareholders within the charge to UK corporation tax which realise a gain will, subject to the availability of any exemptions, reliefs and/or allowable losses, be subject to corporation tax (at a current rate of 19 per cent., increasing from 1 April 2023 to various marginal rates depending broadly on the profits of the company with a maximum rate of 25 per cent.).

### *Indexation*

In the case of individuals, indexation allowance is not available.

Corporate Shareholders will be entitled to an indexation allowance in computing the amount of a chargeable gain accruing on a disposal of the Ordinary Shares, which will provide relief for the effects of inflation by reference to movements in the UK retail price index up to December 2017 (but not from January 2018 onwards).

#### 14.3 **United Kingdom – Stamp duty and stamp duty reserve tax**

The comments below relating to stamp duty and stamp duty reserve tax (“**SDRT**”) apply whether or not a Shareholder is resident in the UK, but it should be noted that certain categories of person, including market makers, brokers, dealers and other specified market intermediaries, are entitled to exemption from stamp duty and SDRT in respect of purchases of securities in specified circumstances.

There should be no liability to stamp duty or SDRT arising on the allotment of Ordinary Shares by the Company.

The registration of and the issue of definitive share certificates to Shareholders should not give rise to any liability to stamp duty or SDRT.

In addition, neither stamp duty nor SDRT should arise on the transfers/sale of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- A. the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term “**listed**” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- B. AIM continues to be accepted as a “**recognised growth market**” as construed in accordance with section 99A of the Finance Act 1986).

If either of the above assumptions do not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances. In such circumstances, any unconditional agreement (whether written or verbal) to sell Ordinary Shares will normally give rise to a liability on the purchaser to SDRT, at the rate of 0.5 per cent. of the actual consideration paid. If an instrument of transfer (usually a stock transfer form) is subsequently produced it will generally be subject to stamp duty at the rate of 0.5 per cent. of the actual consideration paid (rounded up to the nearest £5).

However, an exemption from stamp duty is available where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate amount or value of the consideration exceeds £1,000. When stamp duty is duly paid on the instrument, or the instrument is certified as exempt, the SDRT charge will be cancelled and any SDRT already paid will be refunded. Stamp duty and SDRT are generally the liability of the purchaser.

#### 14.4 **United Kingdom – Taxation of dividends**

Liability to tax on dividends will depend upon the individual circumstances of the Shareholder.

A Shareholder resident outside the UK may be subject to non UK taxation on dividend income under local law. A Shareholder who is resident outside the UK for tax purposes should consult their own tax adviser concerning their tax position on dividends received from the Company.

##### *Individual Shareholders*

Different rates of tax apply to different bands of a UK tax resident individual Shareholder’s dividend income, which for these purposes includes UK and non UK source dividends and certain other distributions in respect of shares.

For the tax year 2022/23, the first £2,000 of dividend income received by an individual Shareholder in a tax year (the “**Nil Rate Amount**”) is exempt from UK income tax, regardless of what tax rate would otherwise apply to that dividend income. If an individual Shareholder receives dividends in excess of the Nil Rate Amount in a tax year, the excess is taxed at the following dividend rates for the tax year 2022/23: 8.75 per cent. (for individuals not liable to tax at a rate above the basic rate), 33.75 per cent. (for individuals subject to the higher rate of income tax) and 39.35 per cent. (for individuals subject to the additional rate of income tax).

For the purposes of individual tax on dividend income, the same thresholds apply for Scottish taxpayer Shareholders as in respect of other Shareholders resident in the UK. Scottish taxpayer Shareholders may wish to consult their own professional advisers if they are in any doubt as to their tax position in respect of dividends.

Dividend income that is within the dividend Nil Rate Amount counts towards an individual’s basic or higher rate limits, and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating into which tax band any dividend income over the nil rate amount falls, savings and dividend income are treated as the highest part of an individual’s income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

#### *Corporate Shareholders*

It is likely that most dividends paid on the Ordinary Shares to UK resident corporate Shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules. If a dividend paid on the Ordinary Shares to a UK resident corporate Shareholder does not fall within one of the exempt classes, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to corporation tax on the gross amount of the dividend at a current rate of 19 per cent.

Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

**THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AND HMRC PUBLISHED PRACTICE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES TO SUCH LAWS, REGULATIONS AND PRACTICE OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO THEIR TAX POSITION OR WHERE THEY ARE RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT THEIR PROFESSIONAL ADVISER.**

#### **15. Related party transactions**

Save as set out in the historical financial information on the Company incorporated by reference in Part IV, paragraph 6 of Part IX (Share Options and Warrants) and paragraph 10 of Part IX (Directors’ service agreements and letters of appointment) and paragraph 15 of Part I (Options, Warrants and Accrued Fee Issues) in this document, the Group has not entered into a related party transaction during the period since [●] up to the date of this document.

#### **16. Principal investments**

Save as set out or referred to in this document.

- (a) no significant investments have been made by the Company since incorporation and up to the date of this document;

- (b) no significant investments by the Company are in progress;
- (c) there are no joint ventures or undertakings to which the Company holds a proportion of the capital that are likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses; and
- (d) there are no future significant investments by the Company in respect of which a legally binding commitment has already been made.

## **17. Working capital**

The Directors are of the opinion having made due and careful enquiry that, taking into account the estimated net proceeds of the Placing, the working capital available to the Company will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

## **18. Litigation**

The Company is not nor has it during the 12 months preceding the date of this document been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

## **19. No significant change**

There has been no significant change in the financial or trading position of the Company since [●] being the date to which the unaudited consolidated interim financial information on the Company was prepared and of Rhein Petroleum since [●], being the date to which the unaudited financial information on Rhein Petroleum was prepared, save as disclosed in this document.

## **20. Consents**

Each of Lubbock Fine LLP, SGS Nederland B.V., Strand Hanson Limited, Tennyson Securities and Optiva Securities has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

## **21. General**

- 21.1 The total costs and expenses payable by the Company in connection with or incidental to the Placing and Admission are estimated to be approximately £[●] (exclusive of VAT). The gross proceeds of the Placing are estimated to be approximately £[●] and the net proceeds of the Placing are estimated to be approximately £[●].
- 21.2 Of the Fundraise Price, zero pence represents the nominal value of each new Ordinary Share and an amount equal to the full Fundraise Price represents the premium.
- 21.3 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 21.4 Save as disclosed in this document, so far as the Directors are aware, there have not, in relation to the Company, been:
  - (a) any significant recent trends in production, sales, inventory, costs and selling prices between the end of the last financial year of the Company and the date of this document; or
  - (b) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on the Company's prospects for at least the current financial year.
- 21.5 Save as disclosed in this document, the Directors are not aware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

- 21.6 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission or has entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:
- (a) fees totalling £10,000 or more;
  - (b) securities in the Company with a value of £10,000 or more calculated by reference to the Fundraise Price; or
  - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 21.7 The Directors confirm that, where information in this document has been sourced from a third party, this information has been accurately reproduced and that, so far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 21.8 Lubbock Fine are the auditors of the Company and are a member firm of the Institute of Chartered Accountants in England and Wales.
- 21.9 The accounting reference date of the Company is 30 April in each year. The current accounting reference period of the Company ends on 30 April 2023.
- 21.10 There are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are of fundamental importance to the Company's business or profitability.
- 21.11 Save as disclosed in this document, the Company has no employees other than the Directors but will engage temporary employees or consultants on fixed term arrangements or on a consultancy basis as required. On average during the most recent financial year, the Company has engaged no temporary employees on a consultancy basis.
- 21.12 There have been no takeover bids by third parties in respect of the Company's equity which have occurred during the last financial year or the current financial year.

## **22. Availability of this document**

Copies of this document will be available to the public free of charge at the registered office address of the Company during normal business hours on any day (except Saturdays, Sundays and public holidays) for a period of one month from the date of Admission. This document will also be available for download from the Company's website.

# BEACON ENERGY PLC

(the “Company”)

*(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 2006 with company number 010493V)*

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the members of the Company will be held at FIM Capital Limited, 55 Athol Street, Douglas, Isle of Man. IM1 1LA on [●] 2023 at [9.00] a.m. to consider and, if thought fit, pass the following resolutions.

Capitalised terms shall have the meaning set out in the admission document accompanying the notice of this meeting.

### Special Business, Ordinary Resolutions

1. THAT, subject to and conditional upon the passing of Resolutions 2, 3, 4, 5, 6, 7 and 8, the proposed acquisition by the Company of the entire issued and to be issued share capital of Rhein Petroleum GmbH, which comprises a reverse takeover for the purposes of Rule 14 of the AIM Rules for Companies, pursuant to the terms of the SPA is hereby approved and ratified and the Directors of the Company (or any duly constituted committee thereof) be and are hereby authorised to take all steps necessary to effect that transaction with such modification, variations, amendments or revisions and to do, or procure to be done, such other things in connection with the transaction as they consider appropriate.
2. THAT, subject to and conditional upon the passing of Resolutions 1, 3, 4, 5, 6, 7 and 8, the waiver, which has been granted by the Panel on Takeovers and Mergers, of any obligation which would otherwise be imposed on the Concert Party), either individually or collectively, under Rule 9 of the UK City Code on Takeovers and Mergers to make a general offer for the Company as a result of the issue of the TOH Consideration Shares, the TOH Subscription Shares, the [TOH Additional Shares] or the exercise of the TOH Warrants, be approved.
3. THAT, subject to and conditional upon the passing of Resolutions 1, 2, 4, 5, 6, 7 and 8, the directors of the Company be generally and unconditionally authorised in accordance with article 5.2 of the Articles to exercise all of the powers of the Company to:
  - (a) allot the Fundraise Shares;
  - (b) allot the New Ordinary Shares constituting the Equity Consideration;
  - (c) issue the DRAG Warrants and TOH Warrants and to allot the New Ordinary Shares following an exercise of any such DRAG Warrants and/or TOH Warrants;
  - (d) allot the New Ordinary Shares (or to grant rights to subscribe for or to convert any security into such New Ordinary Shares) (in addition to the authorities conferred in sub-paragraph (a) and (c)) up to an aggregate maximum number of [●] New Ordinary Shares (representing approximately [●] per cent., of the Company's Enlarged Share Capital;
  - (e) allot the New Ordinary Shares in connection with the exercise or conversion of the Options and Warrants;

such authority to expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date 15 months after the date of passing this Resolution, provided that this authority shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require New Ordinary Shares to be allotted after this authority expires and the Directors may allot New Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

4. THAT, subject to and conditional upon the passing of Resolutions 1, 2, 3, 5, 6, 7 and 8, Stewart MacDonald be appointed as executive director of the Company with effect from Admission.
5. THAT, subject to and conditional upon the passing of Resolutions 1, 2, 3, 4, 6, 7 and 8, Leo Koot be appointed as non-executive director of the Company with effect from Admission.
6. THAT, subject to and conditional upon the passing of Resolutions 1, 2, 3, 4, 5, 7 and 8, following Capital Consolidation the Directors be generally and unconditionally authorised in accordance with articles 5.1 and 5.2 of the Company's articles of association to issue and allot shares (with or without conferring a right of renunciation), grant options over, offer or otherwise deal with or dispose of them to such persons at such times and generally on such terms and conditions as they may determine as follows:
  - (a) [●] Ordinary Shares of no par value in connection with the exercise or conversion of the Warrants referred to in the Announcements; and
  - (b) up to [●] Ordinary Shares of no par value (in addition to the authority conferred in sub-paragraph (a) above and in addition to the ordinary shares in issue at the date of the Extraordinary General Meeting);

such authority to expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date 15 months after the date of passing this Resolution, provided that this authority shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted after this authority expires and the directors may allot Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired

### **Special Business, Special Resolutions**

7. THAT, subject to and conditional upon the passing of Resolutions 1, 2, 3, 4, 5, 6 and 8 and the provisions of article 5.5 of the Articles requiring shares proposed to be issued for cash first to be offered to the members in proportions as near as may be to the number of the existing shares held by them respectively be and are hereby disapplied in relation to:
  - (a) the allotment of New Ordinary Shares pursuant to a rights issue and otherwise pursuant to a rights issue, open offer, scrip dividend scheme or other pre-emptive offer or scheme which is in each case in favour of holders of New Ordinary Shares and any other persons who are entitled to participate in such issue, offer or scheme where the equity securities offered to each such holder and other person are proportionate (as nearly as may be) to the respective numbers of New Ordinary Shares held or deemed to be held by them for the purposes of their inclusion in such issue, offer or scheme on the record date applicable thereto, but subject to such exclusions or other arrangements as the directors of the Company may deem fit or expedient to deal with fractional entitlements, legal or practical problems under the laws of any overseas territory, the requirements of any regulatory body or stock exchange in any territory, shares being represented by depositary receipts, directions from any holders of shares or other persons to deal in some other manner with their respective entitlements or any other matter whatever which the Directors consider to require such exclusions or other arrangements with the ability for the Directors to allot equity securities not taken up to any person as they may think fit; and
  - (b) the allotment of (i) the Fundraise Shares and (ii) the New Ordinary Shares constituting the Equity Consideration, or resulting from an exercise of DRAG Warrants and/or TOH Warrants, (iii) New Ordinary Shares resulting from an exercise or conversion of the Options and Warrants or (iv) resulting from the general authority contained at Resolution 3(d) as referred to in Resolution 3 above,

such disapplication to expire on the same date as the expiration of any authority given in Resolution 3, provided that this disapplication shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require New Ordinary Shares to be allotted after this disapplication expires and the directors of the Company may allot such New Ordinary Shares in pursuance of such an offer or agreement and in pursuance of any agreement existing prior to the passing of this Resolution as if the disapplication conferred hereby had not expired.

8. THAT, subject to and conditional upon the passing of Resolutions 1, 2, 3, 4, 5, 6 and 7, the [●] Ordinary Shares, [●] Options and [●] Warrants be consolidated into up to [●] New Ordinary Shares, [●] Options and [●] Warrants (with their corresponding exercise prices being increased in proportion) and with such shares, options and warrants having the same rights and being subject to the same restrictions as the existing Ordinary Shares, Options and Warrants as set out in the Company's articles of association for the time being, and the Company be authorised to sell any fractional amounts resulting from the consolidation (no member will be entitled to a fraction of a New Ordinary Share as a result of the consolidation and where any member would otherwise be entitled to a fraction only of a New Ordinary Share in respect of their existing Ordinary Shares such fractions will, in so far as possible, be aggregated with the fractions of New Ordinary Shares to form Fractional Entitlement Shares which shall be cancelled by the Company).

By Order of the Board

Grainne Devlin  
Company Secretary

*Registered Office:*

55 Athol Street,  
Douglas  
Isle of Man  
IM1 1LA

Date: [●] 2023

**Notes:**

1. Note that in order to comply with the City Code on Takeovers and Mergers, resolution 2 will be taken on a poll and all Shareholders who are not Independent Shareholders have undertaken not to vote on resolution 2. On a poll every member who is present, in person or by proxy, shall have one vote for every ordinary share held by him or her. On a poll, votes may be given either personally or by proxy. A member entitled to more than one vote need not use all of his or her votes or cast all of the votes he or she uses in the same way.
2. A member entitled to attend and vote may appoint a proxy or proxies who need not be a member of the Company to attend and vote in-stead of him or her.
3. A Form of Proxy is enclosed which, to be valid, must be completed and delivered, sent by post or sent by email to [corporate.governance@fim.co.im](mailto:corporate.governance@fim.co.im) or by facsimile to + 44 (0)1624 604790 together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy or copy in some other manner approved by the directors of such authority) to FIM Capital Limited, 55 Athol Street, Douglas, Isle of Man IM1 1LA so as to arrive not later than 9.00 a.m. on [●] 2023 or, in the event that the meeting is adjourned, not later than 48 hours before the time appointed for the meeting or any adjournment thereof.
4. The completion and return of a form of proxy will not, however, preclude shareholders from attending and voting in person at the meeting or at any adjournment therefore, should they wish to do so.
5. If two or more persons are jointly entitled to a share conferring the right to vote, any one of them may vote at the meeting either in person or by proxy, but if more than one joint holder is present at the meeting either in person or by proxy, the one whose name stands first in the register of members in respect of the joint holding shall alone be entitled to vote in respect thereof. In any event, the names of all joint holders should be stated on the form of proxy.
6. A vote given by a proxy or authorised representative of a company is valid notwithstanding termination of his authority unless notice of the termination is received at the Company's registrars address as set out in paragraph 3 above (or at such other place at which the instrument of proxy was duly received) at least 48 hours before the time fixed for holding the meeting or adjourned meeting at which the vote is given.
7. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2006 (Isle of Man), specifies that only those members registered in the register of members as at 9.00 a.m. on [●] 2023 (or in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjournment meeting) shall be entitled to attend or vote at the meeting in respect of the ordinary shares registered in their name at that time. Changes to entries on the register of members after 9.00 a.m. on [●] 2023 (or, in the event that the meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.

