



## TENNYSON Morning news – Beacon Energy – Erfelden update

Tennyson Securities, Energy Research

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**Beacon Energy** (BCE LN) announced another update this morning while the SCHB-2 well continues to clean up. The company has reiterated its expectation that the well will stabilise at a rate in the region of 50-100 bopd, which, including a small amount of production from elsewhere in its portfolio, is expected to generate around €2.3-3.7m of sales per annum (at US\$85/bbl Brent). With cost cutting initiatives underway, cash operating costs are expected to fall to the region of €1.3m within the next 3-6 months (down from €2.5m currently), which will mean that the company should have a platform to grow from. There are creditors to pay, including current deferred drilling expenses which we estimate total in the low single digit millions. Beacon has engaged with 90% of these, in order to establish a deferred payment plan which will fit with the production profile of SCHB-2. Once agreements are in place, the company should be able to sign off on its accounts, which were due by this coming Monday. The shares therefore will be suspended on 1 July (Monday morning), with the expectation that the accounts will be published, and the suspension lifted, during the first half of August. Ultimately, while the results from SCHB-2 are clearly very disappointing, we believe that there is enough for the company to build from. Understandably, the share price action has reflected the uncertainties around the company's ability to survive, however we now see a clear plan to keep a grip on what still could be a valuable asset.

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