UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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Chairman's Statement

Dear fellow shareholders,

I am delighted to present the following statement in support of the interim results for the six months ended 30 June 2023.

During the period, the Board has worked tirelessly and has made excellent progress in delivering the Company's strategy which is to pursue the acquisition of value enhancing opportunities to develop and grow a self-funding upstream oil & gas company.

On 16 December 2022, the Company was pleased to announce that it had entered into a conditional Share Purchase Agreement with Tulip Oil Holding B.V. and Deutsche Rohstoff A.G. for the purchase of the entire issued and to be issued share capital of Rhein Petroleum GmbH, (the "Transaction"), an established company with a full-cycle portfolio of largely operated production, development, appraisal and exploration assets located onshore Germany.

The Company successfully completed a fundraise of £6.0 million with new and existing shareholders in March 2023 despite challenging market conditions, providing capital to complete the Transaction. Critically, as the upfront consideration for the Transaction was paid in shares, the net funds raised for the acquisition process were to be deployed into the work programme and the Company was able to acquire the existing production facility, production, reserves and resources associated with Rhein Petroleum for zero upfront cash consideration. Following receipt of shareholder approval, the Company completed the Transaction on 11 April 2023. This represented a transformational, value enhancing transaction for shareholders, which was fully aligned with Beacon Energy's growth strategy and provides the Company with a strong platform, underpinned by core value, to deliver the longer-term growth strategy.

Immediately upon completion of the Transaction, the Company secured a drilling rig to drill the Schwarzbach-2 development well on the Erfelden field. Drilling operations commenced on 19 June 2023. Notwithstanding operational issues encountered during drilling, the Schwarzbach-2(2.) ("SCHB-2(2.)") well reached total drill depth of 2,255m metres (1,717 metres True Vertical Depth) on 13 August 2023 with electric wireline well logging completed shortly thereafter.

On 11 September 2023, the Company announced an update on the SCHB-2(2.) well. The key updates in respect of the SCHB-2(2.) well were as follows:

- The SCHB-2(2.) well encountered an excellent 34-metre gross interval containing 28 metres of oil-bearing net reservoirs in the Pechelbronner-Schichten ("PBS") sandstones within the Stockstadt Mitte segment of the Erfelden field.
- These oil-bearing reservoirs were encountered approximately 25 metres high and 10 metres thicker than prognosis, with porosities averaging 18% in the Lower PBS and 21% in the Upper PBS, with no water-bearing sands in the 42m hydrocarbon column.
- With all these metrics above or at the top of the range of pre-drill expectations, the likelihood is that this will result in a material upgrade to recoverable reserves in Stockstadt Mitte and a de-risking of 2.4 million barrels of contingent resources already ascribed to Schwarzbach South.
- Based on these excellent reservoir properties and the light oil recovered, standard oil-industry analysis indicates that an initial production rate in excess of 900 barrels of oil per day ("bopd") could be achieved. Higher rates of production have been achieved on historic wells in the area.

- Following perforation and acidization, reservoir clean-up operations commenced on 8 September 2023, and since that time the well has produced a mixture of oil, gas and drilling fluids.
- Given delays in the programme, the drilling rig was released on 10 September 2023, with clean-up of the well to continue on site.

As a result of excellent drilling results and increased expectations around recoverable volumes and production, the Company successfully completed an oversubscribed fundraise of £4.3 million with new and existing shareholders on 15 September 2023. The additional funds will be utilised to satisfy outstanding costs associated with the well, fund further activities required to realise the full potential of the well and provide liquidity during the well clean-up process. As a result, the Company moves considerably closer to its goal of becoming a self-funding business.

Outlook

With the SCHB-2(2.) now safely and successfully completed, the Company's priority is establishing flowrates through clean-up of the wellbore, and eventual installation of an Electrical Submersible Pump. Based on the technical data acquired through the drill which demonstrated the high quality reservoir encountered at the well location, the Company's technical analysis indicates that with a successful clean-up operation and implementation of artificial lift initiatives, the well has the potential to deliver in the region of 900 bopd net production to Beacon. At those flow rates, the Company would expect to deliver operating cash flows in excess of US$1.5 million per month (assuming $80/bbl Brent).

In parallel, work will commence immediately to quantify expected reserve and resources increases and existing development plans will be updated to reflect learnings from the SCHB-2(2.) well and increased resource base with the aim of accelerating drilling and maximising the value of this highly attractive asset.

It only remains for me to thank our new and existing shareholders for their ongoing support of the Company, management team and our strategy. We are very excited about the year ahead with an active work programme designed to create long-term value for Beacon's shareholders. We very much see the acquisition of Rhein Petroleum and the drilling of our first well as the first steps in our strategy to build a material international upstream oil and gas business with a focus on cash generative assets and those with the potential to add significant value in the short to medium term.

We look forward to providing updates on our progress as we move through the rest of the year.

Mark Rollins
Non-Executive Chairman
29 September 2023

Interim Consolidated Statement of Comprehensive Income

	Notes	Unaudited Six months ended 30 Jun 2023 $'000	Audited Period ended 31 Dec 2022 $'000	Unaudited Six months ended 31 Oct 2022 $'000
Income:				
Operating income		313	-	-
Other income		2	-	-
Total income		**315**	-	-
Crude oil purchase from partners		(130)	-	-
Operating expenses		(448)	-	-
Operating loss		**(263)**	-	
Other administrative expenses	4	(659)	(1,004)	(896)
Net loss before Finance Costs and Taxation		**(922)**	**(1,004)**	**(896)**
Finance costs		(201)	(47)	(55)
Impairment of investment	6	(2,941)	-	-
Loss before tax		**(4,064)**	**(1,051)**	**(951)**
Tax expense		**324**	-	-
Loss after tax attributable to owners of the parent		**(3,740)**	**(1,051)**	**(951)**
Total comprehensive loss for the year attributable to owners of the parent		**(3,740)**	**(1,051)**	**(951)**
Basic and diluted loss per share attributable to owners of the parent during the year (expressed in US cents per share)	7	**(0.07)**	**(0.08)**	**(0.07)**

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

Interim Consolidated Statement of Financial Position

	Notes	Unaudited 30 Jun 2023 $'000	Audited 31 Dec 2022 $'000	Unaudited 31 Oct 2022 $'000
Non-current assets				
Property, plant & equipment		11,569	-	-
Intangible assets		1,597	-	-
		13,166	**-**	**-**
Current assets				
Other receivables		1,844	564	408
Restricted cash	8	2,075	-	-
Cash and cash equivalents		4,491	306	616
		8,410	870	1,024
Total assets		**21,576**	**870**	**1,024**
Current liabilities				
Trade and other payables	9	(2,070)	(411)	(493)
Non-current liability	10	(5,571)	**-**	**-**
Total liabilities		**(7,641)**	**(411)**	**(493)**
Net assets		**13,935**	**459**	**531**
Equity attributable to equity holders of the company				
Share premium		54,278	48,128	48,128
Share reserve		2,047	2,036	2,008
Merger reserve		11,055	-	-
Accumulated deficit		(53,445)	(49,705)	(49,605)
Total shareholder funds		**13,935**	**459**	**531**

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

Interim Consolidated Statement of Changes in Equity

	Share premium $'000s	Share reserve $'000	Merger Reserve $'000	Accumulated deficit $'000s	Total equity $'000s
Balance at 1 May 2022	**47,656**	**1,445**	**-**	**(48,654)**	**447**
Loss for the period to 31 October 2022 (unaudited)	-	-	-	(951)	(951)
Total comprehensive loss	-	-	-	(951)	(951)
Transactions with equity shareholders of the parent:					
Share based payments	-	563	-	-	563
Proceeds from shares issued	490	-	-	-	490
Cost of share issue	(18)	-	-	-	(18)
Balance at 31 October 2022 (unaudited)	**48,128**	**2,008**	**-**	**(49,605)**	**531**
Loss for the period to 31 December 2022 (audited)	-	-	-	(100)	(100)
Total comprehensive loss	-	-	-	(100)	(100)
Transactions with equity shareholders of the parent:					
Share based payments	-	28	-	-	28
Balance at 31 December 2022 (audited)	**48,128**	**2,036**	**-**	**(49,705)**	**459**
Loss for the period to 30 June 2023 (unaudited)	-	-	-	(3,740)	(3,740)
Total comprehensive loss	-	-	-	(3,740)	(3,740)
Transactions with equity shareholders of the parent:					
Share based payments	-	11	-	-	11
Proceeds from shares issued	7,496	-	-	-	7,496
Cost of share issue	(1,346)	-	-	-	(1,346)
Merger reserve	-	-	11,055	-	11,055
Balance at 30 June 2023 (unaudited)	**54,278**	**2,047**	**11,055**	**(53,445)**	**13,935**

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

Interim Consolidated Cash Flow Statement

	Notes	Unaudited 30 Jun 2023 $'000	Audited 31 Dec 2022 $'000	Unaudited 31 Oct 2022 $'000
Cash flows from operating activities:				
Loss before tax		(3,740)	(1,051)	(951)
Adjustments for:				
Share-based payment		11	591	563
Impairment at acquisition		2,941	-	-
Tax expense		(324)	-	-
Change in working capital items:				
Movement in other receivables		(1,280)	(475)	(319)
Movement in trade and other payables		1,659	107	189
Net cash used in operations		**(733)**	**(828)**	**(518)**
Cash flows from investing activities				
Investment in subsidiary - cash balances acquired	8	2,196	-	-
Purchase of property, plant & equipment		(1,031)	-	-
Net cash flows from investing activities		**1,165**	**-**	**-**
Cash flows from financing activities				
Proceeds from issue of share capital		7,496	490	490
Share issue costs		(1,346)	(18)	(18)
Net cash flows from financing activities		**6,150**	**472**	**472**
Net (decrease)/increase in cash and cash equivalents		**6,582**	**(356)**	**(46)**
Effect of exchange rate changes		(322)	-	-
Cash and cash equivalents at beginning of period		306	662	662
Cash and cash equivalents at end of period		**6,566**	**306**	**616**

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

Notes to the Interim Consolidated Financial Statements

1 Reporting entity

Beacon Energy plc (the "Company") is domiciled in the Isle of Man. The Company's registered office is at 55 Athol Street, Douglas, Isle of Man IM1 1LA. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the E&P business.

Events during the period

On 11 April 2023, the Company acquired the entire issued share capital of Rhein Petroleum GmbH, an upstream oil and gas business operating in Germany. The Company's shares were re-admitted to trading on AIM on 11 April 2023.

2 Basis of accounting

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the period ended 31 December 2022, which were prepared in accordance with IFRSs as adopted by the United Kingdom. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those disclosed in the Group's statutory financial statements for the year ended 31 December 2022.

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

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 May 2022 that would be expected to have a material impact on the Group.

The consolidated financial statements of the Group as at and for the period ended 31 December 2022 are available upon request from the Company's registered office at 55 Athol Street, Douglas, Isle of Man or the Company's website www.beaconenergyplc.com

These interim consolidated financial statements have been approved and authorised for issue by the Company's Board of directors on 29 September 2023.

3 Going concern

The financial statements have been prepared on a going concern basis. The Group monitors its cash position, cash forecasts and liquidity on a regular basis and takes a conservative approach to cash management.

On 11 April 2023, the Group completed the acquisition of Rhein Petroleum GmbH. Drilling operations for the SCHB-2 well commenced on 19 June 2023. The well encountered a material oil accumulation with excellent reservoir properties however, due to significant operational issues during drilling, delays and additional costs were experienced and as a result the rig had to be released in mid-September 2023, prior to completion of the clean-up of the well. Installation of the rod pump is expected to be undertaken during October 2023. In the interim period reservoir clean-up will continue into the wellbore.

Notes to the Interim Consolidated Financial Statements (continued)

As a result of excellent drilling results and increased expectations around recoverable volumes and production, the Company successfully completed an oversubscribed fundraise of £4.3 million with new and existing shareholders on 15 September 2023.

As at 28 September 2023, the Group had cash resources excluding 'restricted cash' of approximately US$6.5 million.

Management's base case is that the SCHB-2(2.) well will continue to clean-up and by the end of November 2023 production flow rates from the well will be consistent with, or exceed, the "best estimate" outlined in the Competent Persons Report ("CPR") published in December 2022.

Management have also considered a number of downside scenarios, including scenarios where the well clean-up is more protracted, the production flow rate from the well is materially below the "best estimate" outlined in the CPR, or additional activities (and expenditure) are required in order to increase flow rates.

Under the base case forecast, the Group will have sufficient financial headroom to meet forecast cash requirements for the 12 months from the date of approval of these consolidated financial statements.

However, in the downside scenarios, in the absence of any mitigating actions, the Group may have insufficient funds to meet its forecast cash requirements. Potential mitigants include deferral and/or reduction of expenditure and raising additional equity or debt funding.

Accordingly, after making enquiries and considering the risks described above, the Directors have assessed that the cash balance and forecast cash flows provide the Group with adequate headroom for the following 12 months. As a result, the Directors are of the opinion that the Group is able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements.

Nonetheless, these conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the Group were unable to continue as a going concern.

4 Expenses

Administration fees and expenses consist of the following:

	Unaudited Six months ended 30 Jun 2023 $'000	Audited Period ended 31 Dec 2022 $'000	Unaudited Six months ended 31 Oct 2022 $'000
Corporate overheads:			
Directors' fees	394	393	292
Professional fees	170	103	129
Audit fees	22	20	2
Administration costs	73	63	48
Share based payments-warrants	-	425	425
Employee costs	-	-	-
Total expenses	**659**	**1,004**	**896**

Notes to the Interim Consolidated Financial Statements (continued)

5 Directors' remuneration

The remuneration of those in office during the period ended 30 June 2023 was as follows:

	Unaudited Six months ended 30 Jun 2023 $'000	Audited Period ended 31 Dec 2022 $'000	Unaudited Six months ended 31 Oct 2022 $'000
Salaries paid in cash	171	117	88
Salary deferrals	96	110	66
Accrued entitlement to shares and warrants	98	166	138
Directors' pension	13	-	-
Directors' health insurance	16	-	-
	394	**393**	**292**

It should be noted that (a) the Directors (other than Ross Warner) have agreed to receive Director Fee Shares in lieu of a proportion of their proposed fees for the 24 month period following Admission, calculated on the basis of the Fundraise Price; and (b) Ross Warner has agreed for the 24 month period following from Admission to waive one third of the fees due to him under his NED appointment letter. Larry Bottomley and Mark Rollins have agreed to take 55 percent. and 50 percent., respectively, of their proposed fees as Director Fee shares, and Stewart MacDonald, Leo Koot and Stephen Whyte have agreed to take 33 percent. of their proposed fees as Director Fee Shares.

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

6 Business Combination

On 11 April 2023, the Company acquired the entire issued share capital of Rhein Petroleum GmbH, an upstream oil and gas business operating in Germany. This transaction can be best described as a business combination under IFRS3.

The reverse takeover transaction consisted of equity consideration of 3,488,549,633 ordinary shares and an associated consideration of 1,186,953,301 warrants at a price of 0.11 pence which is the fair value per share. On the basis that the net assets acquired exceeded the consideration paid, negative goodwill arose. This negative goodwill has been written off through the profit and loss. Details of the purchase consideration and the net assets acquired are as follows:

Goodwill

	$'000
Consideration transferred at Fair value	5,143
Less: Net identifiable assets at acquisition	(11,050)
Goodwill at acquisition	**(5,907)**
Less: Adjustments of loan balance acquired	(27,463)
Add: Deferred Tax assets on acquisition	30,409
Goodwill at reporting date	**(2,961)**

Notes to the Interim Consolidated Financial Statements (continued)

7 Earnings per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	Unaudited Outstanding at 30 Jun 2023	**Audited Outstanding at 31 Dec 2022**	**Unaudited Outstanding at 31 Oct 2022**
Loss attributable to owners of the Group (USD thousands)	(3,740)	(1,051)	(951)
Weighted average number of ordinary shares in issue (thousands)	5,496,704	1,350,063	1,291,201
Loss per share (US cents)	(0.07)	(0.08)	(0.07)

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

8 Restricted cash

At reporting date, the Group had US$2,075,000 restricted cash, which is backing guarantees to the mining authority related to future decommissioning. This amount forms part of the US$2,196,000 cash balances acquired shown within the cash flow statement.

9 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method. The increase in trade payables reflects increased spend related to the SCHB-2(2.) well.

	Unaudited Outstanding at 30 Jun 2023 US$'000	**Audited Outstanding at 31 Dec 2022 US$'000**	**Unaudited Outstanding at 31 Oct 2022 US$'000**
Trade payables	1,793	230	151
Accruals and other payables	277	181	342
	2,070	**411**	**493**

Notes to the Interim Consolidated Financial Statements (continued)

10 Non-current liabilities

The non-current liabilities consist of a loan with Tulip Oil Holding B.V and provisions in relation to future abandonment and decommissioning costs.

	Unaudited Outstanding at 30 Jun 2023 US$'000	Audited Outstanding at 31 Dec 2022 US$'000	Unaudited Outstanding at 31 Oct 2022 US$'000
Tulip Oil Holding loan payable	3,433	-	-
Provision for decommissioning	2,097	-	-
Other non-current liabilities	41	-	-
	5,571	**-**	**-**

11 Shares in issue

The number of shares in issue at the beginning of the period was 1,527,613,961. The number of options and warrants on issue at the start of the period was 618,259,511. On 11 April 2023 there was an issue of 5,491,516,026 ordinary shares for £0.011 to raise £6.0 million. A further 3,488,549,633 shares were issued as consideration shares. The number of ordinary shares in issue at the end of the period is 10,507,679,620. The number of options and warrants increased to 2,709,564,441.

Options and warrants in issue:

	Outstanding at 31 December 2022	Issued/(Expired) during the period	Outstanding at 30 June 2023
Options			
Issued Pre 1/2/2020	450,000	-	450,000
Issued 1/2/2020	13,750,000	-	13,750,000
Issued 8/7/2020	2,500,000	-	2,500,000
Issued 19/4/2021	83,710,000	-	83,710,000
Cancelled options FY 2022	(66,600,000)	-	(66,600,000)
Issued during FY 2022	30,000,000	-	30,000,000
Issued during FY 2023	-	770,542,318	770,542,318
	63,810,000	**770,542,318**	**834,352,318**
Warrants			
Issued 10/12/2020	54,545	-	54,545
Issued during 19/04/2021 – employee	3,851,159	-	3,851,159
Issued during 19/04/2021 – adviser	45,553,120	-	45,553,120
Issued warrants 26/07/2022	500,000,000	-	500,000,000
Issued warrants 11/04/2023	-	1,325,753,299	1,325,753,299
	549,458,824	**1,325,753,299**	**1,875,212,123**
Total options and warrants	**613,268,824**	**1,325,753,299**	**2,709,564,441**

Notes to the Interim Consolidated Financial Statements (continued)

12 Commitments and contingencies

There were no capital commitments authorised by the Directors or contracted other than those provided for in these financial statements as at 30 June 2023 (31 December 2022: None).

13 Subsequent events

On 15 September 2023, the Company announced that it had issued 2,867,000,000 new ordinary shares by way of placing and a Primary Bid Offer at a fundraise price of 0.15 pence to raise £4.3 million (the "Fundraise"). The net proceeds of the Fundraise together with the Company's existing cash resources will be used for general working capital prior to receipt of proceeds from the sale of commercial production from SCHB-2(2.). Following admission, the Company now has 13,374,679,620 ordinary shares in issue.