

2 February 2023

Block Energy plc

("Block" or the "Company")

Secured Loan Facility & Related Party Transactions

Block Energy plc, the production and development company focused on Georgia, is pleased to announce it has closed a senior secured loan facility ("Loan Facility") of USD 1.06 million (c. £0.86 million at 1 February 2023), with various existing shareholders and members of Block's management team.

The funds raised provide the Company with additional headroom to accelerate its Project I development programme. This includes additional wells and side-tracks, following completion of well WR-B01Za, which is currently being drilled.

The Loan Facility is for a term of 18 months, commencing 2 February 2023, at which point the principal is repayable in full. The loan carries an interest rate of 16% p.a., payable quarterly in arrears in cash. The Company can elect to repay amounts outstanding under the Loan at the end of each quarter, in part or in full, subject to a 2% early repayment fee.

A debenture has been provided by the Company to the lenders as security, providing a fixed and floating charge over the Company's property and assets.

Each lender will receive warrants exercisable at any point during the three years from the Closing Date. The exercise price of each warrant shall be 1.7 pence per ordinary share. The number of warrants to be issued to each lender shall correspond to an exercise value equal to 50% of their respective loan commitment under the Loan Facility ("Warrant Value"). Therefore, the number of warrants to be issued to lenders as part of the USD 1.06 million loan in aggregate is 25,330,249.

The loan facility can be increased up to a maximum of USD 2.00 million during the term of the loan, from the USD 1.06 million already committed, with the existing lenders having a right of first refusal for a period of 20 business days to participate in any extension.

Related Party Transactions

The Company's Chief Executive Officer, Paul Haywood has provided USD 90,000 of the Loan, and its current Chief Operating Officer and former board director, Ken Seymour, has provided USD 100,000 of the Loan.

Mr Haywood and Dr Seymour are each treated as a related party of the Company pursuant to the AIM Rules. Consequently, the participation of Mr Haywood and Mr Seymour in the provision of the Loan Facility constitutes a related party transaction for the purposes of AIM Rule 13.

The Independent Directors (being Jeremy Asher and Philip Dimmock), consider, having consulted with SPARK Advisory Partners Limited, the Company's nominated adviser, that the terms of the related parties' participation in the Loan Facility are fair and reasonable insofar as Shareholders are concerned.

Commenting, Phil Dimmock, Chairman of Block Energy plc, said:

"The Loan Facility will allow Block to accelerate its Project I development programme, with the aim of increasing near-term cashflows, without the need for dilutive financing. It also means Block can acquire long-lead items, required for the drilling of additional sidetracks and wells on the West Rustavi/Krtstanisi field. This Loan Facility strengthens our position going into a busy 2023, when we aim to increase production from Project I and progress our other three Projects."

****ENDS****

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE UK VERSION OF THE MARKET ABUSE REGULATION NO 596/2014 WHICH IS PART OF ENGLISH LAW BY VIRTUE OF THE EUROPEAN (WITHDRAWAL) ACT 2018, AS AMENDED. ON PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INFORMATION IS CONSIDERED TO BE IN THE PUBLIC DOMAIN.

For further information please visit <http://www.blockenergy.co.uk/> or contact:

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Notes to editors

Block Energy plc is an AIM-listed independent oil and gas company focused on production and development in Georgia, applying innovative technology to realise the full potential of previously discovered fields.

Block has a 100% working interest in Georgian onshore licence blocks IX and X^B. Licence block X^B is Georgia's most productive block. During the mid-1980s, production peaked at 67,000 bopd and cumulative production reached 100 MMbbls and 80 MMbbls of oil from the Patardzeuli and Samgori fields, respectively. The remaining 2P reserves across block X^B are 64 MMboe, comprising 2P oil reserves of 36 MMbbls and 2P gas reserves of 28 MMboe. (Source: CPR Bayphase Limited: 1 July 2015). Additionally, following an internal technical study designed to evaluate and quantify the undrained oil potential of the Middle Eocene within the Patardzeuli field, the Company has estimated gross unrisks 2C contingent resources of 200 MMbbls of oil.

The Company has a 100% working interest in licence block X^F containing the West Rustavi onshore oil and gas field. Multiple wells have tested oil and gas from a range of geological horizons. The field has so far produced over 75 Mbbls of light sweet crude and has 1.07 MMbbls of gross 2P oil reserves in the Middle Eocene. It also has 38 MMbbls of gross unrisks 2C contingent resources of oil and 608 Bcf of gross unrisks 2C contingent resources of gas in the Middle, Upper and Lower Eocene formations (Source: CPR Gustavson Associates: 1 January 2018, ERCE 2022).

In 2022, a Competent Person's Report provided by ERCE, ascribed 3P reserves of 3.01 million barrels, with an NPV project value of USD 57 million, to just a portion of the West Rustavi/Krtsanisi Middle Eocene reservoir.

Block also holds 100% and 90% working interests respectively in the onshore oil producing Norio and Satskhenisi fields.

The Company offers a clear entry point for investors to gain exposure to Georgia's growing economy and the strong regional demand for oil and gas.

Glossary

- bbls: barrels. A barrel is 35 imperial gallons.
- Bcf: billion cubic feet.
- boe: barrels of oil equivalent.
- boepd: barrels of oil equivalent per day.
- bopd: barrels of oil per day.
- Mbbls: thousand barrels.
- Mboe: thousand barrels of oil equivalent.
- Mcf: thousand cubic feet.
- MMbbls: million barrels.
- MMboe: million barrels of oil equivalent.
- MMcf: million cubic feet.

Notification and public disclosure of transactions by persons discharging managerial responsibilities ("PDMRs") and persons closely associated ("PCA") with them.

1	Details of the person discharging managerial responsibilities / person closely associated					
a)	Name	Paul Haywood				
2	Reason for notification					
a)	Position / status	CEO				
b)	Initial notification /Amendment	Initial notification				
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor					
a)	Name	Block Energy plc				
b)	LEI	213800E2J8QA1J6KN415				
4	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transaction					
a)	Description of the financial instrument, type of instrument Identification code	Issue of warrants to acquire ordinary shares in Block Energy pl ISIN GB00BF3TBT48				
b)	Nature of the transaction	Grant of warrants as part of subscribing in the Loan Facility				
c)	Price(s) and volumes(s)	<table border="1"> <thead> <tr> <th>Price(s)</th> <th>Volumes</th> </tr> </thead> <tbody> <tr> <td>1.7p</td> <td>2,150,682</td> </tr> </tbody> </table>	Price(s)	Volumes	1.7p	2,150,682
Price(s)	Volumes					
1.7p	2,150,682					
d)	Aggregated information	n/a				
e)	Date of the transaction	2 February 2023				
f)	Place of the transaction	Outside a trading venue				

Notification and public disclosure of transactions by persons discharging managerial responsibilities ("PDMRs") and persons closely associated ("PCA") with them.

1	Details of the person discharging managerial responsibilities / person closely associated	
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a)	Name	Kenneth Seymour					
2	Reason for notification						
a)	Position / status	Chief Operating Officer (PDMR)					
b)	Initial notification /Amendment	Initial notification					
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor						
a)	Name	Block Energy plc					
b)	LEI	213800E2J8QA1J6KN415					
4	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transaction took place						
a)	Description of the financial instrument, type of instrument Identification code	Warrants to acquire ordinary shares in Block Energy plc ISIN GB00BF3TBT48					
b)	Nature of the transaction	Grant of warrants as part of subscribing in the Loan Facility					
c)	Price(s) and volumes(s)	<table><tr><td>Price(s)</td><td>Volume</td></tr><tr><td>1.7p</td><td>2,389,646</td></tr></table>		Price(s)	Volume	1.7p	2,389,646
Price(s)	Volume						
1.7p	2,389,646						
d)	Aggregated information	n/a					
e)	Date of the transaction	2 February 2023					
f)	Place of the transaction	Outside a trading venue					

Notification and public disclosure of transactions by persons discharging managerial responsibilities ("PDMRs") and persons closely associated ("PCA") with them.

1	Details of the person discharging managerial responsibilities / person closely associated	
a)	Name	Fergus Robson
2	Reason for notification	
a)	Position / status	Commercial Manager (PDMR)
b)	Initial notification /Amendment	Initial notification
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	Block Energy plc

b)	LEI	213800E2J8QA1J6KN415				
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1.7p	477,929					
d)	Aggregated information	n/a				
e)	Date of the transactions	2 February 2023				
f)	Place of the transactions	Outside a trading venue				



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