

16 February 2023

**Challenger Energy Group PLC**  
("Challenger Energy" or the "Company")

**2023 Strategy and Work Program Update**

Challenger Energy (AIM: CEG), the Caribbean and Americas focused oil and gas company, with oil production, appraisal, development and exploration assets across the region, provides the following update on its 2023 strategy and work program:

- **Uruguay:** The Company's focus in 2023 will be to rapidly progress its Uruguay asset, given recent increased industry interest in Uruguay generally, and in the Company's AREA OFF-1 block in particular, following conjugate margin drilling success by Shell (the Graff well) and TotalEnergies (the Venus well) and the award of offshore Uruguayan licences to majors including Shell, APA Corporation (formerly, Apache) and YPF. The Company anticipates completing its work commitment for the initial 4-year exploration period early in Q2 2023 (2D seismic reprocessing and various technical studies). In parallel, the Company is seeking to advance a farm-out for the block, with the dual objective of realising upfront cash and funding at least an accelerated 3D seismic acquisition program. The Company is also evaluating various business development options in that country, including offshore green energy opportunities on or proximate to the AREA OFF-1 block.
- **Trinidad and Tobago:** The Company's 2023 strategy is to focus on its core operations, being the Goudron and Inniss-Trinity fields in the south-east of Trinidad, from which most of the Company's production is derived and where almost all equipment / resources are deployed. Various options to expand activity in this core area are being considered, including new licence applications, M&A, and joint programs with neighbouring operators. In parallel, the Company is seeking to monetise assets not in this core area, so as to maximise cash and offset risk and work program commitments, but at the same time retain upside exposure. In line with this approach on 20 December 2022 the Company announced the conditional disposal of the Cory Moruga licence, and on 14 February 2023 the disposal of Caribbean Rex (in both cases, with back-in rights retained). The disposal of these non-core assets represents less than 10% of current production. Trinidad in-country costs have been reduced and certain management changes have been implemented.
- **Suriname:** The Company has secured an extension to the initial exploration term of the Weg Naar Zee PSC in Suriname, whereby, subject to completion of an agreed technical study by the end of April 2023, the Company will have a further 12 months (until April 2024) in which to undertake drilling and testing of a pilot well. While the technical study is being completed, the Company is considering various farm-out / partnering options.
- **The Bahamas:** The Company continues discussions with the Government of The Bahamas in relation to the extension of the Company's licences into a third, three-year exploration period. At the same time, the Company is seeking alternative means of achieving value from its considerable historic investment in The Bahamas.
- **Cash and funding requirements:** The Company's cash balance as at the start of 2023 was approximately US\$2.7 million (inclusive of US\$0.5 million restricted cash held in support of a performance guarantee supplied in Uruguay). The Company has no material debts, and as a result of the recently announced transaction related to the South Erin licence, no drilling obligations in Trinidad in 2023. The Company thus anticipates that all planned 2023 Trinidad field activities, including routine maintenance, heavy workovers and enhanced oil recovery programs, can be supported from local operating cashflows. Subject to completion of the recently announced transactions, the Company expects cash inflows through 2023 of more than US\$3 million (additional inflows may also result from transactions involving other non-core assets, and from a successful farm-out of the Uruguay asset), and expects corporate overhead cost for 2023 to be under US\$2.5 million.

Eytan Uliel, Chief Executive Officer of Challenger Energy, said:

*"During 2022 we reset Challenger Energy's business following earlier non-commercial exploration*

*drilling outcomes. We cut costs, reassessed priorities, reshaped operations, recapitalised, and settled legacy creditors. Now, as we start 2023, the focus is on those areas that offer the best scope for near-term value upside. Uruguay is most obvious, and the plan for AREA OFF-1 is to complete our initial low-cost work program and then proceed rapidly to farm-out the asset, as well as build a broader business in the country. In Trinidad, the goal is to drive profitability from the main producing assets, while seeking to monetise non-core assets which add no or little production but carry significant commitments, ideally whilst retaining exposure to any upside. The two transactions recently announced are consistent with this approach.*

*Overall, Challenger Energy starts 2023 in a strong place. Existing cash and identified inflows mean we are not under funding pressure. The business in Trinidad has been refocussed on its core producing assets while the risk and cost of non-core assets are being passed to others, but we still retain exposure to success upsides. In Uruguay, we have an asset that through 2022 became increasingly more valuable, and where the objective for 2023 is clear: to capitalise on that value. I look forward to providing updates as the year progresses."*

**For further information, please contact:**

**Challenger Energy Group PLC**  
Eytan Uliel, Chief Executive Officer

Tel: +44 (0) 1624 647 882

**WH Ireland - Nomad and Joint Broker**  
Antonio Bossi / Darshan Patel / Enzo Aliaj

Tel: +44 (0) 20 7220 1666

**Arden Partners plc - Joint Broker**  
Simon Johnson

Tel: +44 (0) 20 7614 5900

**CAMARCO**  
Billy Clegg / Hugo Liddy / Sam Morris

Tel: +44 (0) 20 3757 4980

**Notes to Editors**

Challenger Energy is a Caribbean and Americas focused oil and gas company, with a range of exploration, appraisal, development and production assets and licences, located onshore in Trinidad and Tobago, and Suriname, and offshore in the waters of Uruguay and The Bahamas. In Trinidad and Tobago, Challenger Energy has four (4) producing fields, two (2) appraisal / development projects and a prospective exploration portfolio in the South West Peninsula. In Suriname, Challenger Energy has an onshore appraisal / development project. Challenger Energy's exploration licences in Uruguay, the South West Peninsula of Trinidad, and The Bahamas offer high-impact value exposure within the overall portfolio value.

Challenger Energy is quoted on the AIM market of the London Stock Exchange.

<https://www.cegplc.com>

**ENDS**

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [ms@seg.com](mailto:ms@seg.com) or visit [www.ms.com](http://www.ms.com).

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

**END**

UPDQELFFXLLXBBF