

17 April 2023

Block Energy plc

("Block" or the "Company")

Q1 Operational Update

Block Energy Plc, the exploration and production company focused on Georgia, is pleased to announce its operations update for the three months ended 31 March 2023.

Highlights

- Over 106,976 operational man-hours worked in Q1 2023, with one minor Lost Time Incident ('LTI').
- As announced after the quarter end, drilling operations on well WR-B01Za proved successful, providing back-to-back drilling successes on Project I.
- Completion of farmout of non-core areas of licence X1B in exchange for work programme valued at c. US\$3m gross to Georgia Oil and Gas Limited.
- As announced after the quarter end, an MOU signed with the Ministry of Economy and Sustainability.
- Q1 production of 36.0 Mboe (Q4: 34.4 Mboe) or an average of 400 boepd (Q4: 374 boepd).
- Q1 revenue of US\$1,190,000¹ (Q4: US\$1,840,000).
- Secured senior loan facility of US\$2.0m with US\$1.06 million drawn.

¹ Oil Revenue of c. US\$ 1.0 million not included in this quarterly report as sales happened after quarter end.

Health, Safety & Emissions

Over 106,976 operational man-hours were worked by staff and contractors in Q1, with one minor LTI and no serious incidents.

The Company again sought to minimise emissions, in-line with its commitments, but needed to flare 60,656 m³ of gas due to unplanned shutdowns and WR-B01Za testing operations.

Operations

As planned, the WR-B01Za trajectory penetrated and followed a seismic lineation running parallel to and around 500m to the west of the lineation penetrated by JKT-01Z. The well crossed a fault immediately before entering the productive part of the fracture system, which caused unstable wellbore conditions. The Company's drilling team conducted a successful low-cost wellbore intervention resulting in a production rate of 269 boepd (241 bopd oil & 4,800 m³/d gas), as notified on 3 April 2023. Following this reporting period, the well was handed over to the production team and remains on production.

The results of JKT-01Z followed by WR-B01Za provide back-to-back drilling success, further validating the Company's reservoir understanding and confirming its ability to accurately place horizontal wells in areas of good productivity.

Total production from Project I sidetrack wells exceeds 250,000 boe gross to date.

Corporate

The Company has completed the previously announced agreement for a 50% farm-out of non-core areas of Licence XIB to Georgia Oil & Gas Limited, in exchange for a work programme with an estimated value of \$3m gross, comprising \$2.5m for 2D seismic acquisition and \$0.5m for seismic reprocessing ("Project IV").

As announced on 9th March 2023 (<https://bit.ly/409ej7i>), the farmout provides the Company with direct exposure to a high-impact exploration play, targeting prospective resource volumes of 3.1 TSCF gas and 1,400 MMbbl oil, which is benefiting from a material work programme at no cost to the Company. None of the existing fields, current production nor future development plans associated with Projects I, II and III, within Licence XIB, are subject to the farm-out.

Additionally, the Company secured a senior loan facility of US \$2.0m, of which US\$ 1.06 million has been drawn down. The funds provide Block with the resources to accelerate its Project I development programme, which includes the recent successful drilling of well WR-B01Za.

Oil and Gas Production

During Q1, gross production (including the state of Georgia's share) was 36.0 Mboe (Q4: 34.4 Mboe), comprising 26.8 Mbbls of oil (Q4: 27.4 Mbbls) and 9.2 Mboe of gas (Q4: 7.0 Mboe). The average gross production rate for Q1 was 400 boepd (Q4: 374 boepd).

Oil Sales

In Q1 2023, the Company sold 13.3 Mbbls of oil (Q4: 21.3 Mbbls) for US\$ 999,000 (Q3: US\$ 1,691,000), at a weighted average price of US\$75 per barrel (Q4: US\$ 79 per barrel). The decrease in sales, compared to production, relates to the timing of liftings.

As of 31 March 2023, the Company had c. 12,500 bbls of oil in storage, which is expected to be sold in April, generating approximately US\$1.0m in revenue at the current Brent price and therefore falls into the next reporting period.

Gas Sales

In Q1 2023, the Company sold 37.7 MMcf of gas (Q4: 27.3 MMcf) for US\$ 194,900 (Q4: US\$ 149,000), resulting in a weighted average price of approximately US\$ 5.57/Mcf (Q4: US\$ 5.45/Mcf).

Block Energy plc's Chief Executive Officer, Paul Haywood, said:

"The first quarter of 2023 saw a robust start to the year. The Company continued to deliver on its successful drilling and asset development programme, with the results of WR-B01Za leading to record group production levels being realised outside this reporting period.

"Our focus on operational excellence and cost discipline has allowed us to deliver good results this quarter, further demonstrating our resilience and ability to create value for our shareholders. We remain busy on many fronts, and look forward to providing further updates on our progress in due course."

Stephen James BSc, MBA, PhD (Block's Subsurface Manager) has reviewed the reserve, resource and production information contained in this announcement. Dr James is a geoscientist with over 40 years of experience in field development and reservoir management.

****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.

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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 XIB. Licence block XIB 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 XIB 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 unrisked 2C contingent resources of 200 MMbbls of oil.

The Company has a 100% working interest in licence block XIF 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 0.9 MMbbls of gross 2P oil reserves in the Middle Eocene. It also has 38 MMbbls of gross unrisked 2C contingent resources of oil and 608 Bcf of gross unrisked 2C contingent resources of gas in the Middle, Upper and Lower Eocene formations (Source: CPR Gustavson Associates: 1 January 2018).

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.
- MD: measured depth.
- MMbbls: million barrels.
- MMboe: million barrels of oil equivalent.
- MMcf: million cubic feet.
- TVD: True Vertical Depth.

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