

31 May 2023

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

URUGUAY AREA-OFF 1 UPDATE

Challenger Energy (AIM: CEG), the Caribbean and Americas focused oil and gas company, with a range of oil production, development, appraisal, and exploration assets, provides the following update in relation to the AREA OFF-1 block, offshore Uruguay.

HIGHLIGHTS

- **Volumetric assessment of AREA OFF-1's three primary prospects (Teru Teru, Anapero, Lenteja) has been completed**
- **Assessed estimated recoverable resource (EUR) of approximately 2.0 billion barrels (Pmean, unrisksd), and over 4.9 billion barrels in an upside case (P10, unrisksd)**
- **Ongoing technical work has also identified additional new leads and prospects, once evaluation is complete, expected to add to the overall AREA OFF-1 resource and prospect inventory**
- **Formal adviser-led farm-out process has been initiated; strong interest received**

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

"We continue to be encouraged by the opportunity that our AREA OFF-1 licence in Uruguay represents. Our technical work highlights how AREA OFF-1 is clearly world class acreage with massive resource potential, in what has become a global exploration hotspot. To capitalise on this, I can confirm that a farm-out process has now commenced, with very strong initial indications of interest received from multiple major oil companies. Our target is to complete a farm-out transaction by year end, so that we can continue to rapidly progress work on the block, and thereby generate value for shareholders."

DETAILS

On 26 April 2023, the Company advised of the initial results of its geotechnical work program at the Company's AREA OFF-1 licence, offshore Uruguay. Since that time, the Company has continued with various specific technical and commercial work streams, and is pleased to provide the following update.

A. Volumetric Assessment

A volumetric assessment of the the three primary prospects identified on the AREA OFF-1 block (Teru Teru, Anapero and Lenteja) has now been completed. This assessment has indicated:

- a total Oil in Place (OIP) of ~ 6.5 billion barrels of oil equivalent (BBOE) across all three prospects (Pmean, unrisksd), and over 16 BBOE in an upside case (P10, unrisksd)
- a total Estimated Ultimate Recoverable resource (EUR) of ~ 2.0 billion BBOE across all three prospects (Pmean, unrisksd), and over 4.9 BBOE in an upside case (P10, unrisksd).

Details are summarised as follows:

TABLE A: OIL IN PLACE RESOURCE, AREA-OFF-1, URUGUAY (MAY 2023)

Oil in Place (mmboe) unrisksd				
Prospect	P10	Pmean	P50	P90
Teru Teru	5,116	2,334	1,777	527
Anapero	5,267	2,190	1,493	304
Lenteja	5,730	1,969	690	59
Total	16,113	6,493	3,960	890

TABLE B: ESTIMATED RECOVERABLE RESOURCE, AREA-OFF-1, URUGUAY (MAY 2023)

EUR (mmboe) unrisksd				
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EUR (mmboe) unriskea				
Prospect	P10	Pmean	P50	P90
Teru Teru	1,647	740	547	158
Anapero	1,627	670	445	88
Lenteja	1,666	576	198	17
Total	4,940	1,986	1,190	263

The Company's internal estimates are that the economic field size for a discovery in these water and reservoir depths to be in the range of 150 to 200 million barrels. The EUR (P50) for all three primary prospects exceeds or approximates this commercial threshold.

B. Mapping, Interpretation and AVO work

As previously advised, the Company has continued with various technical workstreams to complete prospect mapping, to finalise the prospect and lead inventory, and to expand amplitude variation vs. offset (AVO) analysis from initially 6 reprocessed 2D seismic lines to 15, driven by the strong results from the initial AVO work conducted.

Whilst this work remains to be completed, AVO analysis shows strong Class II / Class III AVO anomalies have been identified for the Teru Teru and Anapero prospects and are present on multiple seismic lines, which serves to confirm the areal extent of both prospects.

C. Additional Leads and Resource Potential

Ongoing technical work has also identified further leads and prospects on AREA OFF-1. Interpretation and mapping of these additional leads and prospects is continuing. It is anticipated that once work is complete, these newly identified leads and prospects may add further to the overall AREA OFF-1 resource and prospect inventory. The Company will advise of this additional exploration potential once work is completed.

Farm-out process

As previously advised, the Company has compiled a comprehensive data-room, which includes all new work conducted inclusive of the recently completed volumetric assessment.

A formal adviser-led farm-out process has now commenced, with the Company having received several unsolicited approaches, and strong interest from leading industry participants.

The farm-out process has been structured to meet the Company's commercial objective, which is to complete a farm-out transaction prior to the end of 2023. Introducing a strategic partner(s) during 2023 will enable the Company to accelerate value realisation from the AREA OFF-1 licence, by fast-tracking 3D seismic acquisition, potentially via a multi-client acquisition in early 2024.

An update Uruguay AREA OFF-1 presentation is now available on the Company's website at www.cegplc.com.

For further information, please contact:

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Notes to Editors

Challenger Energy is a Caribbean and Americas focused oil and gas company, with a range of oil production, development, appraisal and exploration 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 a number of producing fields and appraisal / development projects. In Suriname, Challenger Energy has on onshore appraisal / development project. Challenger Energy's exploration licences in Uruguay 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>

COMPETENT PERSON STATEMENT

Technical work referred to in this announcement has been undertaken by various independent third-party specialist advisors. This technical work has been overseen by Mr. Randolph Hiscock the Company's New Business Director and Uruguay Managing Director.

In accordance with the AIM Note for Mining and Oil & Gas Companies, CEG discloses that Mr. Randolph Hiscock is the qualified person who has reviewed the technical information contained in this presentation. He has a Masters in Science (Geology) and is a member of the AAPG & PESGB, and has over 35 years' experience in the oil and gas industry. Randolph Hiscock consents to the inclusion of the information in the form and context in which it appears.

ENDS

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