

12 October 2023

Block Energy plc

("Block" or the "Company")

Q3 Operational Update

Block Energy plc, the development and production company focused on Georgia, is pleased to announce its operational update for the three months ended 30 September 2023.

Highlights

- Average production of 630 boepd during the quarter (Q2: 664 boepd)
- Third successful Project 1 well, with WR-34Z placed on production at 150 boepd
- Results from well WR-34Z validates internal field 3C contingent resources of 27.5 MMstb
- Focus now on the spud of the fourth Project I well, KRT-45Z and advancing Project III

Health, Safety & Emissions

Over 109,316 operational man-hours were worked by staff and contractors in Q3, with no Lost Time Incidents.

The Company continues to minimise emissions, in-line with its commitments, flaring only 98,572 m³ or approximately 1.1m³/d of gas over the period as a result of power shutdowns and maintenance.

Operations

Average production for Q3 was 630 boepd which, combined with a healthy realised Brent price, means Block continues to build its cash position, which can be redeployed to advance its higher impact opportunities, such as the significant multi TCF contingent gas under Project III, whilst continuing to execute Project I.

The results of well WR-34Z further validate the conclusions of the ERCE reserves report, which attributed 3.01 MMstb oil and 2.14 BSCF gas, with an NPV10 of \$57m, to a portion of the West Rustavi/Krtsanisi field. It also supports the Company's internal contingent resource report, which ascribes 3C contingent resources of 27.5MMstb to the wider field.

Well WR-34Z was drilled without incident, on time and within budget, by the Company's drilling team and is the third successful Project I well, further enhancing the Company's sub-surface model.

Corporate

During the quarter, the Company's financial position continued to improve on the back of strong sales and a higher, relative to last period, oil price. This ongoing improvement in the Company's cash position will drive additional work across its various projects, with an immediate focus on Project III.

Post period, the Company completed the evaluation of bids for a Competent Persons Report on its Lower Eocene and Upper Cretaceous gas reservoirs (Project III) and has now awarded the contract to RISC Advisory. The CPR will be shared with potential Project III farm-in partners, in due course.

Oil and Gas Production

During Q3, gross production was 58.0 Mboe (Q2: 60.4 Mboe), comprising 44.3 Mbbbls of oil (Q2: 48.5 Mbbbls) and 13.6 Mboe of gas (Q2: 11.9 Mboe). The average gross production rate for Q3 was 630 boepd (Q2: 664 boepd).

Oil Sales

In Q3 2023, the Company sold 24.9 Mbbbls of oil (Q2: 38.0 Mbbbls) for US\$1,740,000 (Q2: US\$ 2,451,000).

As of 30 September 2023, the Company had c. 17.34 Mbbbls of oil in storage.

Gas Sales

In Q3 2023, the Company sold 57.4 MMcf of gas (Q2: 50.3 MMcf) for US\$ 256,000 (Q2: US\$ 266,000).

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

"The third quarter of the year saw continued progress from the Company. Block's third consecutive well continues to add confidence to our Project I drilling strategy, whilst positioning the Company to pursue the higher impact opportunities throughout our portfolio, such as those defined within Project III and now being audited by RISC. Focus now shifts to the spud of our fourth well under this programme, KRT-45Z whilst we continue to advance our high impact strategy across Project III. I look forward to providing further updates on this activity soon."

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****

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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 unrisks 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 Mbbbls 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 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).

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.

Project I: focused on the West Rustavi/Krtsanisi development and supported by an independent Competent Person's Report from ERCE. The Rustavi/Krtsanisi development sits across licence areas XIF & XI^B. An internal report assigns 27.5 MMbbl 3C Contingent Resources.

Project II evaluation of large, undrained areas of the deeper zones of the Middle Eocene reservoir within the Patardzeuli field, within licence XI^B. Designed to evaluate and test 200 MMbbl 2C Contingent Resources.

Project III: aimed at the appraisal and monetization of substantial contingent resources of gas within the XI^B & XIF licenses, within the Lower Eocene, Paleocene and Upper Cretaceous geological formations. Internal estimates attribute 984 BCF 2C Contingent Resources.

Project IV: exploration of the extensive gas potential within the Company's wider portfolio, including licence area XIF and exploration license IX, in partnership with Georgia Oil & Gas limited.

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