

6 March 2024

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

FARM-OUT OF 60% OF AREA OFF-1 BLOCK IN URUGUAY TO CHEVRON

Challenger Energy (AIM: CEG), the Caribbean and Americas focused energy company, with production, development, appraisal, and exploration assets in the region, is pleased to announce that it and its wholly-owned Uruguayan subsidiary, CEG Uruguay SA (**'CEG Uruguay'**) have entered into a farm-out agreement with Chevron Uruguay Exploration Limited (**'Chevron'**), a wholly-owned subsidiary of Chevron Corporation (NYSE: CVX), related to a 60% interest in the AREA OFF-1 block, offshore Uruguay (the "**Transaction**").

The primary terms of the Transaction are:

- Chevron will acquire a 60% participating interest in the AREA OFF-1 block, and will assume operatorship of the block.
- CEG Uruguay will retain a 40% non-operating interest in the block.
- Chevron will pay to CEG US\$12.5 million cash on completion of the Transaction, these funds will be used to support the further development of the Company's business.
- Chevron will carry 100% of CEG Uruguay's share of the costs associated with a 3D seismic campaign on AREA OFF-1, up to a maximum of US\$15 million net to CEG Uruguay.
- Following the 3D seismic campaign, should Chevron decide to drill an initial exploration well on the AREA-OFF 1 block, Chevron will carry 50% of CEG Uruguay's share of costs associated with that well, up to a maximum of US\$20 million net to CEG Uruguay.
- Completion and financial close of the Transaction will be subject to the satisfaction of conditions precedent and customary third-party approvals from the Uruguayan regulatory authorities, which are anticipated to take several months to finalise - the parties have commenced engagement with the regulators.

Eytan Uliel, Chief Executive Officer of Challenger said:

"We are absolutely delighted to announce the farm-out of our AREA OFF-1 block in Uruguay to Chevron, a globally recognised industry leader. We firmly believe that AREA OFF-1 holds enormous potential, and this farm-out is strong validation of the high-quality technical work CEG has done to-date. Our stated strategy for AREA OFF-1 was to introduce a larger industry player as operating partner, with a view to rapidly progressing the block via an accelerated 3D seismic campaign followed by, we hope, exploration well drilling. The farm-out achieves this aim, and we look forward to continuing on our exciting journey in Uruguay, both on AREA OFF-1, now in partnership with Chevron, and also on our still wholly owned AREA OFF-3 block. We are grateful to ANCAP for the confidence shown in CEG when awarding these blocks, and we thank our stakeholders for their continuing support."

Gneiss Energy Limited acted as financial advisor to CEG on the Transaction.

ABOUT CHEVRON CORPORATION

Chevron is one of the world's leading integrated energy companies and believes that affordable, reliable and ever-cleaner energy is essential to enabling human progress. Chevron produces crude oil and natural gas; manufactures transportation fuels, lubricants, petrochemicals and additives; and develops technologies that enhance its business and the industry. Chevron aims to grow its oil and gas business, lower the carbon intensity of its operations and grow lower carbon businesses in renewable fuels, carbon capture and offsets, hydrogen and other emerging technologies. More information about Chevron is available at www.chevron.com.

ABOUT AREA OFF-1

The AREA OFF-1 block is a large offshore block covering approximately 14,557 km², located approximately 100 kms offshore Uruguay in water depths ranging from 80 meters to 1,000 meters. The Company was awarded the AREA OFF-1

licence in June 2020 under the Open Uruguay Round process. Formal signing of the licence took place on 25th May 2022, and the licence's initial four-year exploration term commenced on 25th August 2022.

Recent conjugate margin discoveries offshore Southwest Africa have triggered renewed interest in the types of plays present in Uruguay. In particular, the data and enhanced technical understanding provided from recent discoveries offshore Namibia (Venus - TotalEnergies, Graff and Jonker - both Shell) provides greater confidence that the regional petroleum system charging those discoveries is likely to be present offshore Uruguay. As a result, new exploration plays, in addition to the Lower Cretaceous deepwater turbidites discovered by Venus and others, are believed to be present and charged by the same petroleum system and source rock.

Consequently, since the award of AREA OFF-1 to the Company, there has been considerable licencing activity in Uruguay, with all other available offshore exploration blocks now licenced to Shell, APA Corporation and YPF, with significant work program commitments including 3D seismic acquisition and new well drilling. To the south, AREA OFF-1 is adjacent to AREA OFF-4, a block jointly held by APA Corporation and Shell (APA is the operator), and where two key prospects of interest straddle both blocks. To the east, AREA OFF-1 is adjacent to AREA OFF-2, which is licenced to Shell, and to the west AREA OFF-1 is adjacent to the Argentinian maritime boundary.

The Company's minimum work commitment in the initial four-year exploration period of AREA OFF-1 required licencing 2,000 kms of legacy 2D seismic data from ANCAP (the Uruguayan national oil company and energy regulatory body), reprocessing of that 2D seismic data, and completion of a geological and resource potential study. There is no requirement to acquire 3D seismic or drill a well during the initial four-year exploration period.

As at 31 December 2023, the minimum work commitment for AREA OFF-1's initial four-year exploration period had been fulfilled by the Company. In addition, the Company also completed additional work on a discretionary basis, designed to further enhance the technical understanding of the block. This additional work included Amplitude Variation with Offset (AVO) attribute analysis of select 2023 reprocessed 2D seismic lines, seabed geochemistry analysis, and acquiring a satellite seeps and slicks imaging study.

The body of technical work undertaken by the Company led, through the course of 2023, to the identification and delineation of three primary prospects on AREA OFF-1, with total estimated recoverable resource (EUR) of ~ 2.0 billion barrels of oil equivalent (BBOE) across three prospects (Pmean, unrisked), and approximately 5.0 billion BBOE in an upside case (P10, unrisked). A table summarising the estimated recoverable resource is set out below:

AREA OFF-1 EUR (mmboe), unrisked				
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

For the financial year ended 31 December 2023, there were no losses attributable to the asset and capitalised costs in relation to the work carried out by the Company amounted to approximately US\$2.1 million.

The proposed farm-out of a 60% participating interest in the AREA OFF-1 licence to Chevron (pending regulatory approvals) aims to facilitate and fund an accelerated 3D seismic acquisition (and associated interpretation work), with the intention being that such 3D seismic acquisition will occur during the initial four-year exploration period. Further announcements will be made as appropriate.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018 ("UK MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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Notes to Editors

Challenger Energy is a Caribbean and Americas focused energy company, with oil production, development, appraisal, and exploration assets in the region. The Company's primary assets are located in Uruguay, where the Company holds high impact offshore exploration licences, and in Trinidad and Tobago, where the Company has a number of producing fields and earlier-stage exploration / appraisal projects. Challenger Energy is quoted on the AIM market of the London Stock Exchange. <https://www.cegplc.com>

ENDS

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