

8 May 2024

Block Energy plc

("Block" or the "Company")

Carbon Sequestration MoU

Block Energy plc, the development and production company focused on Georgia, is pleased to announce a Memorandum of Understanding ("MoU") with JSC Rustavi Azot, a subsidiary of Indorama Corporation Pte Ltd ("Rustavi Azot"), one of Asia's leading chemical companies, to develop the Carbon Capture and Storage ("CCS") opportunity identified within Block's Patardzeuli-Samgori Middle Eocene reservoir. The MoU is non-exclusive, and has a duration of 1 year from 7 May 2024, extendable by mutual agreement.

Block and Rustavi Azot will form joint technical and commercial teams to begin defining a pilot CO₂ injection project and will share commercial and economic information to determine an optimal monetisation scheme.

The work will build on the initial study by Oilfield Production Consultants Ltd ("OPC") which, as announced on 16 January 2024, estimates a CO₂ storage capacity ranking - at both reservoir and basin scales - amongst the highest in Europe. The reservoir scale storage is estimated at 256 million metric tonnes, equivalent to offsetting the annual emissions of 55 million cars, and the basin scale at up to 8.7 gigatonnes, equivalent to offsetting emissions from Turkey for 20 years.

The study, led by Professor Eric Oelkers, a leading expert in the field of water-rock interactions, concluded that the Patardzeuli-Samgori Middle Eocene is suitable for the application of similar sequestration technology currently being used by Carbfix in Iceland, in which dissolved CO₂ is mineralised into naturally reactive minerals within volcanic reservoir sequences. This technique, which Professor Oelkers helped develop as co-founder of CarbFix, has the advantage of rapid and permanent sequestration with minimal risk of leakage.

About Rustavi Azot

Rustavi Azot is a key nitrogen fertilizer and industrial chemicals producer in Georgia. Rustavi Azot is a subsidiary of Indorama Corporation, Singapore. Indorama, together with its affiliate companies, produces a wide range of products for an international market, including fertilisers, chemicals and textiles. Rustavi Azot is located close to Block's licences by the town of Rustavi. Rustavi Azot is one of the largest gas consumers in Georgia and exports its products internationally, including to EU member states.

Synergies & Sustainability

The optimal geology of the Patardzeuli-Samgori reservoir, which the OPC study indicates is accessible to proven sequestration technology, and the proximity of the Rustavi Azot facility offer the conditions for one of the lowest cost carbon sequestration projects in Europe. The project supports both partners' long-term commitment to sustainability.

Commenting, Paul Haywood, Block Energy Chief Executive Officer said:

"We're delighted to enter into an MoU with Rustavi Azot, and now look forward to forming technical and commercial teams to progress this highly prospective CCS project.

With EU Emissions Trading Scheme ("ETS") prices at around USD 60/ton, the agreement is a significant step forward to developing a commercial pathway toward project development. With upstream and downstream synergies critical for any CCS project, brownfield infrastructure available for re-use, and the conditions for low-cost proven technology, we are excited to see this project develop and look forward to updating shareholders in due course."

Commenting, Mr. Jay Prakash Jajoo, General Director of JSC Rustavi Azot said:

"Indorama is pleased to enter into this MoU with Block Energy to pilot CCS. We are excited to serve our key markets with products having lower CO₂ footprints in our commitment towards reducing carbon emissions."

****ENDS****

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.

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For further information please visit <http://www.blockenergy.co.uk/> or contact:

(Chief Executive Officer)

Neil Baldwin	Spark Advisory Partners Limited	Tel: +44 (0)20 3368 3554
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(Nominated Adviser)

Peter Krens	Tennyson Securities	Tel: +44 (0)20 7186 9030
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(Corporate Broker)

Philip Dennis / Mark	Celicourt Communications	Tel: +44 (0)20 7770 6424
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Antelme / Ali AlQahtani

(Financial PR)

Notes to editors

Block Energy plc is an AIM-listed independent oil and gas production and development company with a strategic focus on unlocking the energy potential of Georgia. With interests in seven Production Sharing Contracts in central Georgia, covering an area of 4,256 km², including the XIB licence which has over 2.77TCF of 2C contingent gas resources, with an estimated Net Present Value¹⁰ ("NPV") of USD 1.65 billion, in the Patardzueli-Samgori, Rustavi and Teleti fields. (Source: IER, OPC 2024 & Internal estimates).

The Company has structured its operations around a four-project strategy. These projects, characterized by development stage, hydrocarbon type, and reservoir, are pursued concurrently to achieve multiple objectives. This includes increasing existing production, redeveloping fields, discovering new oil and gas deposits, and capitalizing on the substantial, yet untapped, gas resource across its licences. The goal is to deliver on multi TCF gas assets, strategically well located for the key EU market, supported by partner funding and cash from existing producing assets.

Located near the Georgian capital of Tbilisi, Block Energy is well-positioned to contribute significantly to the region's energy landscape. This proximity facilitates seamless operations and underscores our commitment to the economic and energy development of Georgia.

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