

31 July 2024

Block Energy plc

("Block" or the "Company")

Trading Update

Secured Loan Facility & Related Party Transactions

Block Energy plc, the production and development company focused on Georgia, is pleased to provide the following trading update and announces the extension of its current \$2.0 million senior secured loan ("Loan") on substantially similar terms to those previously announced on 12 May 2023.

Asset Performance:

- Production has performed above forecast and the Company's average production rate for July 2024 was 534 boepd, primarily driven by good performance from Project I wells.
- The restructure which commenced in January 2024 was completed, resulting in efficiencies across the Georgian cost base at the end of Q1 2024.
- The Company has remained cashflow positive throughout 2024.
- Operations continue safely.

Project I Update:

- Production has remained robust from Project I, with select operational investments undertaken to maximise netbacks.
- Significant engineering work on drilling technologies has been undertaken which potentially provide material savings on single well capex requirements and expand the Company's suite of available donor wells for sidetracks.
- The Company remains ready to drill additional Project I wells when appropriate to ensure that cashflow remains positive and it can effectively execute its four project strategy.

Project II Update:

- A technical review of the existing well stock and workover proposals from an engineering and subsurface perspective aimed at increasing incremental oil production from Project II has been completed.
- The Company is studying various technologies for enhanced oil recovery on the Patardzueli field including water shut-off, infill drilling, jet drilling and polymer flood amongst other alternatives. These studies involve discussions with a range of vendors and potential investors around providing capital and or services for these programmes.

Project III Update:

- The farm-out process, led by LAB Energy, continues to attract interest with multiple parties entering the data room.
- As discussions with potential partners continue, the Company looks forward to updating shareholders in due course.

Project IV Update:

- The operator, Georgia Oil and Gas, continues to lead a farm-out process associated with this high-impact exploration project.
- Several parties are in the data room and discussions continue.

CCS Update:

- Stage 2 studies, with the aim of developing a costed engineering solution and commercialisation strategy, of a pilot CO₂ injection scheme are progressing well.
- The studies are expected to take approximately 14 weeks, after which the Company will be in a position, subject to agreements on cost sharing, to undertake injection of CO₂ on its storage project.

Loan Facility:

The \$2.0 million Loan facility ("Loan Facility") previously announced on 2 February 2023 (and amended and announced on 12 May 2023) has been amended further. This amendment has the effect of extending the Loan Facility for a further 18 months (to 2 February 2026), and has been agreed by all parties to the Loan Facility. Extending the facility supports the Company's working capital position, providing additional headroom for reinvesting cashflows into the Company's extensive portfolio of opportunities, generating future value and returns for shareholders.

The terms of the extended Loan remain substantially the same as the previous loan: carrying an interest rate of 16% p.a., payable quarterly in arrears in cash. The Company can continue to elect to repay amounts outstanding under the Loan at the end of each quarter, in part or in full, subject to a 2% early repayment fee.

The debenture provided by the Company to the lenders as security, providing a fixed and floating charge over the Company's property and assets, is also extended for the same period as the Loan.

Lending parties associated with management and the Company have agreed to subordinate their position to the two institutional lenders in the Loan Facility in the event of default.

Each lender will receive further warrants ("New Warrants") exercisable at any point up until 30 July 2027. The exercise price of each warrant shall be 0.85 pence per ordinary share. The number of New Warrants to be issued to each lender shall correspond to an exercise value equal to 50% of their respective loan commitment under the Loan Facility. Therefore, the number of New Warrants to be issued to lenders as part of the extension of the \$2.0 million Loan in aggregate is 91,185,133.

No fees or commissions were paid by the Company as part of the extension of the Loan.

Related Party Transactions

Paul Haywood, Chief Executive Officer, has previously lent to the Company \$115,000 in aggregate under the Loan Facility (as announced on 2 February 2023 and 12 May 2023.) Fergus Robson, Commercial Manager (and PDMR) has previously lent to the Company \$20,000 (via Covalent Commercial Limited).

Messrs Haywood and Robson will receive 5,243,145 and 911,851 New Warrants, respectively as a result of the amended Loan agreement.

The Independent Directors (being Jeremy Asher and Philip Dimmock), consider, having consulted with SPARK Advisory Partners Limited, the Company's nominated adviser, that the terms of the amended Loan Facility, to which Paul Haywood and Fergus Robson are party, are fair and reasonable insofar as shareholders are concerned.

Commenting, Phil Dimmock, Chairman of Block Energy plc, said:

"Block is currently generating positive cashflows and remains financially strong, thanks to continued robust production and reservoir management initiatives across Project I. Project II has also seen progress, including a detailed review of existing wells and workover proposals aimed at increasing oil production, with work focused on production engineering solutions to unlock this resource. We are making significant progress in our farm-out campaigns for Projects III and IV, with several interested parties actively engaged in our data room.

"On our Europe-leading CCS project, we are conducting a second study to develop a comprehensive engineering solution and commercialization strategy for a pilot CO₂ injection scheme. Furthermore, the extension of the loan facility provides Block with financial flexibility, allowing the Company to make strategic near-term investments that are expected to enhance shareholder value.

"Looking ahead, we remain committed to driving growth and delivering value. We extend our gratitude to our shareholders for their continued support and confidence in our vision."

****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.

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

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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 X^B. Licence block X^B 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 X^B 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 X^F 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 1.07 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, ERCE 2022).

In 2022, a Competent Person's Report provided by ERCE, ascribed 3P reserves of 3.01 million barrels, with an NPV project value of \$57 million, to just a portion of the West Rustavi/Krtsanisi Middle Eocene reservoir.

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.
- MMbbls: million barrels.
- MMboe: million barrels of oil equivalent.
- MMcf: million cubic feet.

Notification and public disclosure of transactions by persons discharging managerial responsibilities ("PDMRs") and persons closely associated ("PCA") with them.

1	Details of the person discharging managerial responsibilities / person closely associated					
a)	Name	Paul Haywood				
2	Reason for notification					
a)	Position / status	CEO				
b)	Initial notification /Amendment	Initial notification				
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor					
a)	Name	Block Energy plc				
b)	LEI	213800E2J8QA1J6KN415				
4	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions					
a)	Description of the financial instrument, type of instrument Identification code	Issue of warrants to acquire ordinary shares in Block Energy plc ISIN GB00BF3TBT48				
b)	Nature of the transaction	Grant of New Warrants in relation to amendment to Loan Facility				
c)	Price(s) and volumes(s)	<table border="1"> <thead> <tr> <th>Price(s)</th> <th>Volumes</th> </tr> </thead> <tbody> <tr> <td>0.85p</td> <td>5,243,135</td> </tr> </tbody> </table>	Price(s)	Volumes	0.85p	5,243,135
Price(s)	Volumes					
0.85p	5,243,135					
d)	Aggregated information	n/a				
e)	Date of the transaction	31 July 2024				
f)	Place of the transaction	Outside a trading venue				

Notification and public disclosure of transactions by persons discharging managerial responsibilities ("PDMRs") and persons closely associated ("PCA") with them.

1	Details of the person discharging managerial responsibilities / person closely associated	
a)	Name	Fergus Robson

