

27 March 2025

**Block Energy plc**

("Block" or the "Company")

**Acquisition of Interest in Exploration Licence**

Block Energy plc (AIM: BLOE), the production and development company focused on Georgia, is pleased to announce the acquisition of a 10% participating interest in the XIQ Production Sharing Contract ("PSC").

**Highlights**

- Acquired a 10% participating interest in the XIQ PSC, with an option to increase to 22%.
- XIQ is highly prospective, with 451.5 MMbbl oil and 823.3 BCF gas mean unrisked recoverable prospective resources (DeGolyer and MacNaughton, June 2023).
- Martkopi Terrace prospect is the key target, with 267.2 MMbbl mean unrisked recoverable prospective resources.
- First-year work programme includes Martkopi-10 well re-entry and an environmental baseline study.
- Farm-out discussions ongoing, with third parties considering participation in a seismic and drilling work programme.
- Transaction fully funded from existing cash resources, with obligations under the Joint Operating Agreement ("JOA") fully met.
- Company baseline production remains stable, and above Company breakeven.

**Paul Haywood, Chief Executive Officer of Block Energy plc, commented:**

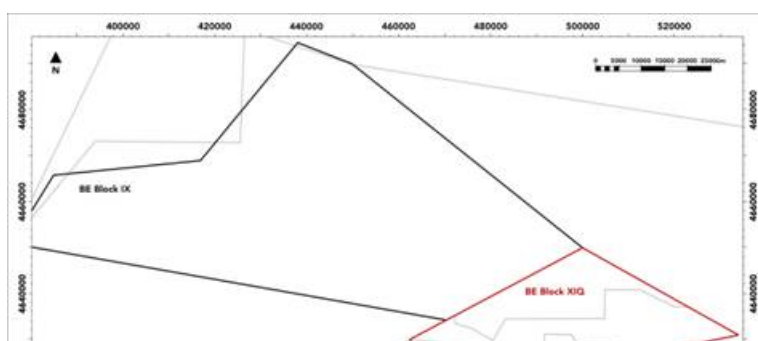
"We are delighted to acquire an interest in the highly prospective XIQ licence, further strengthening our portfolio of strategic, high-impact assets. The DeGolyer and MacNaughton resource report combined with the 22% participating interest held by Georgia's national oil company underline the quality of this opportunity. We look forward to supporting our partners at GOGL as they progress discussions with potential farm-in partners.

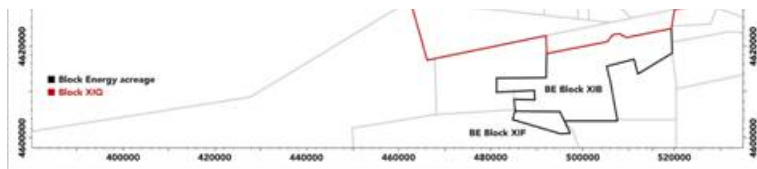
"Meanwhile, our stable production base continues to underpin a strategy that balances high-impact appraisal and exploration objectives with financial discipline. This year is shaping up to be an exciting one for the Company, and we look forward to providing further updates soon."

**Background to the Acquisition**

The XIQ licence is located north of Block's existing XIB PSC and contains significant exploration potential, with an independent resource report by DeGolyer and MacNaughton (2023) estimating mean unrisked recoverable prospective resources of 451.5 million barrels ("MMbbl") of oil and 823.3 billion cubic feet ("BCF") of gas.

The XIQ PSC is operated by Georgian Oil and Gas Limited ("GOGL"), alongside the State oil company of Georgia, Georgian Oil and Gas Corporation ("GOGC"). GOGL is currently in advanced discussions with multiple parties regarding a potential farm-out of the licence.





**MAP 1: Regional Map Showing XIQ Licence Location in Relation to Block's Existing PSCs**

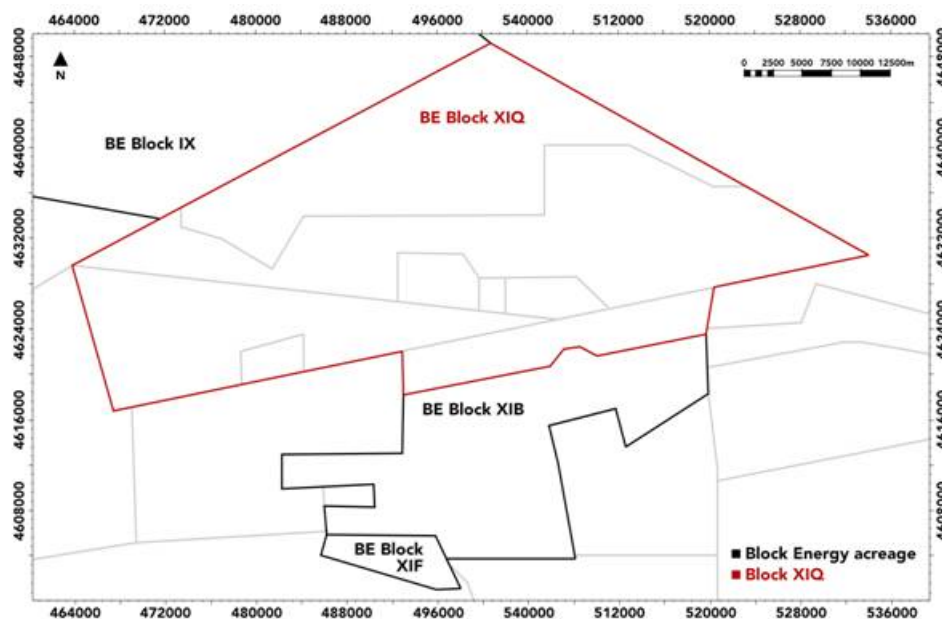
As previously announced, [in December 2022](#), Block farmed out portions of XIB, known as Didi Lilo and South Samgori, to GOGL. Under the agreement, GOGL undertook a 210 km 2D seismic programme and the reprocessing of 1,000 km of legacy seismic data. The transaction completed in March 2023 following GOGL's fulfilment of these obligations.

In 2024, Block and GOGL determined that unitising multiple PSCs into an enlarged single PSC, including XIC, XIK, XIM, XIN, XIQ, and Didi Lilo (the "Combination Project"), would enhance commercial viability and strengthen potential farm-in partner discussions. To support this, Block relinquished Didi Lilo to facilitate the unitisation of these licences under a single PSC.

As part of this process, Block secured two back-in options:

- **Option 1:** The right to acquire 10% of XIQ within 180 days of the Combination Project's completion (now exercised). The consideration is USD 1; however, Block is responsible for contributing its share of the 2025 work programme which is USD 77,000.
- **Option 2:** The right to acquire an additional 12% (for a total of 22%) within 365 days, or 90 days post farm-out, whichever is sooner. The consideration for Option 2 will be aligned with third-party farm-in terms, or, if no farm-out occurs, based on historical transactions involving GOGC.

Block has now exercised Option 1 and holds a 10% participating interest in the XIQ PSC.



**MAP 2: PSC Map Highlighting XIQ and Adjacent Licences Involved in the Combination Project**

### XIQ PSC Overview

The XIQ PSC covers 1,260 km<sup>2</sup> and was awarded in 2022 with a 25-year term. Following Block's acquisition, the participating interests are:

- Georgian Oil and Gas Limited (Operator) - 68%
- Georgian Oil and Gas Corporation (GOGC) - 22%
- Block Energy plc - 10%

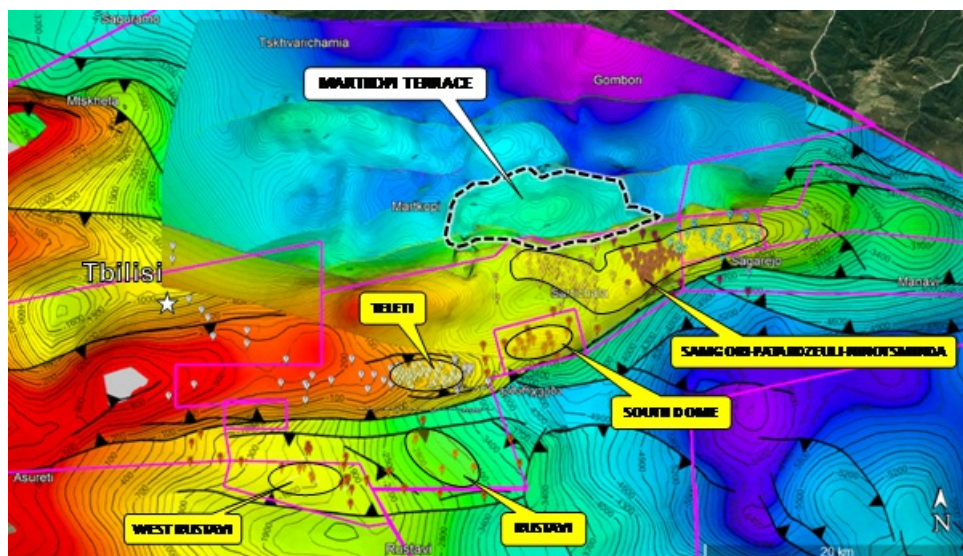
The first-year work programme includes: i) Environmental baseline study and ii) Re-entry of the Martkopi-10 well to evaluate its suitability for deepening or side-tracking. Block has already met its share of the first-year work programme costs from its existing cash resources.

### Martkopi Terrace - Key Exploration Prospect

The Martkopi Terrace prospect, located within the XIQ PSC, is Block's initial exploration focus. It is a highly prospective

Middle Eocene structure, estimated to contain 267.2 MMbbl mean unrisked prospective recoverable oil resources.

Martkopi Terrace is located 7 km north of the Patardzueli-Samgori oil field, which historically produced 180 MMbbl. The Martkopi-10 well, drilled in the 1970s, did not reach the Middle Eocene target. The upcoming re-entry programme will assess the well's condition and determine potential for deepening or sidetracking.



MAP 3: Structural Map of the Martkopi Terrace Prospect and Nearby Fields

#### Farm-Out Discussions

The Operator, GOGL, is in advanced negotiations with third parties regarding a potential farm-out of XIQ. While no assurance can be given that a transaction will conclude, discussions are focused on securing a carried exploration programme, including 3D seismic acquisition and exploration drilling. Block will update shareholders as appropriate.

#### Funding and Financial Position

Block has funded its share of the initial work programme using existing cash resources and has met all obligations under the Joint Operating Agreement for the next 12 months.

#### South Samgori - Further Opportunities

As part of Block's 2023 farm-out of XIB, a portion of the licence, known as South Samgori, was also farmed out to GOGL (with Block and GOGL each holding 50% of South Samgori). Efforts to unitise multiple licences in this area are ongoing in a similar transaction structure to the Didi Lilo/XIQ Combination Project. Block retains two back-in options on any future enlarged PSC covering South Samgori and continues to work alongside GOGL to advance the process.

ENDS

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#### Summary of Map Placements

1. **Regional Map** - Shows XIQ in relation to XIB and Block's broader Georgian portfolio.
2. **PSC Map** - Highlights XIQ and adjacent licences forming part of the Combination Project.
3. **Structural Map** - Displays the Martkopi Terrace prospect and nearby producing fields.

\*\*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.

*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.*

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

(Chief Executive Officer)

**Neil Baldwin**  
(Nominated Adviser)

Spark Advisory Partners Limited

Tel: +44 (0)20 3368 3554

**Peter Krens**  
(Corporate Broker)

Tennyson Securities

Tel: +44 (0)20 7186 9030

**Mark Antelme**  
**Philip Dennis**  
**Ali AlQahtani**  
(Financial PR Adviser)

Celicourt Communications

Tel: +44 (0)20 7770 6424

#### Notes to editors

Block Energy plc is an AIM quoted 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 5,516 km<sup>2</sup>, including the XIB licence which has over 2.77TCF of 2C contingent gas resources, with an estimated Net Present Value 10 ("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.

#### 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.

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