RNS Number : 6838J
Block Energy PLC
22 May 2025

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Block Energy Plc

("Block" or the "Company")

Audited Results for the Year Ended 31st December 2024

Block Energy plc, the production and development company focused on Georgia, is pleased to announce its audited results for the year ended 31st December 2024.

Highlights:

Block continued to make progress in executing its four Project strategy in the year ended 31 December 2024:

- Continued focus on strong Health, Safety, Environment and Social ("HSES") practices, with further updates to its HSES plans, training matrixes and leadership development.
  - Delivered 283,205 operational man-hours with one Lost Time Incident ("LTI"); (2023: 299,824 with one LTI).

- Improved cash position and stable overall financial performance:
  - The Company remained cashflow positive, with the cash position again improving to 1,136,000 (713,000 in 2023 and 450,000 in 2022).
  - Decrease in G&A and other costs, despite higher Project III, CCS and Project IV related costs, reflecting ongoing cost and operational discipline within the business.
  - Strategic decision to pause Project I drilling in the year, based on strong cash position, cash requirements and marginally lower than expected natural production decline.
  - Revenue of 7,533,000 (2023: 8,366,000) reflecting natural production decline and marginally lower commodity pricing.
  - Positive EBITDA of US 1.06 million (2023: US 1.47 million), in line with expectation.

- Focus on high-impact projects saw continued good progress:
  - Published an independent engineering report on the Patardzueli-Samgori field (as part of Project III), ascribing 1,074 BCF 2C contingent resources to the field and a project net present value (10) of US 501 million
  - Published updated internal contingent resource reports on Rustavi and Teleti Project III, supporting a combined Project III project net present value (10) of US 1.67 billion.
  - Launched the farm-out campaign for Project III, with good uptake from potential industry partners with farm-out discussions and due diligence activity ongoing.
  - Published an independent evaluation of the carbon storage potential of the Patardzueli-Samgori Middle Eocene as part of the CCS project.
  - Signed a Memorandum of Understanding with JSC Rustavi Azot ("Rustavi Azot"), a subsidiary of Indorama Corporation Pte Ltd with respect to pilot studies on the CCS opportunity.
  - Commenced Phase 2 studies on the CCS project.
  - Completed work on the new 'slim hole' well engineering for Project I.
  - Farmout of Project IV progressing.

- Robust production, better than expected and in-line with the 2022 ERCE reserve report:
  - Total group production of 131,579 barrels of crude oil (2023: 151,184 barrels).
  - Total Group gas production of 274 MMCF (2023: 283 MMCF).
  - Average annual production of 485 boepd (2023: 543 boepd).
  - Production reflected natural decline, which was marginally better than expected, and the strategic decision to pause Project I drilling, to focus financial & human resources on the high-impact projects.

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

"The focus of 2024 was on advancing the Company's high-impact projects, which each saw solid progress. These projects are in-line the Company's strategy to focus on those opportunities which offer the greatest overall value potential for shareholders, with each of these offering transformative potential. With the advances made in 2024, the Company is at an inflection point, with several material catalysts possibly coming to fruition over the coming year.

As part of that decision to focus on transformative projects, the Company elected to pause Project I drilling, on the basis it remained cashflow positive and allowed additional resources to be used in these high value areas. The Company ended the year with a further improvement in its cash position, despite the inevitably decrease in production from natural decline, which was marginally less than expected".

****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:

Paul Haywood	Block Energy plc	Tel: +44 (0)20 3468 9891
(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
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^2, 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.

Chairman's Statement

Dear Shareholder,

Last year was characterised by further progress in the delivery of the Company's high impact strategy, underpinned by an improving cash position. Realisation of value from high impact assets, such as those being developed by Block, inevitably takes time. This can overshadow the progress being made behind the scenes.

The Company is now at an inflection point, with several material catalysts possibly coming to fruition over the coming year. These include the farmout of Project III, commercialisation of the Company's CCS project, following the pilot injection of carbon, and the farmout of project IV.

Reaching this point is a testament to the strategy in place, which has sought to balance progress in the high impact projects, with a balance sheet able to support these initiatives. It is also a reflection of the strength of the management team, which has successfully adapted the business by streamlining the Company and maintaining an unwavering focus on value.

Putting this in context, it is important to recognise that Block is delivering on the back of internally generated cashflows and has not sought an injection of additional equity capital for over 4 years. In the listed E&P space, this places Block in a relatively unique position.

The team in Georgia should be congratulated for their hard work in driving the Company's various projects forward while maintaining safety and protecting the environment. Having spent time with them on the ground in Georgia, I have witnessed their dedication first hand, and I would like to extend my thanks for their effort and commitment.

Their success and progress are supported by close and productive relationships with the Georgian authorities and commercial partners. These relationships are invaluable, having been built over many years, creating a sense of mutual trust and confidence.

Relationships aside, Georgia remains a positive environment in which to work and invest. It is pro-business, and investment is underpinned by a well-functioning political and legal system, which protects the right of ownership, while encouraging risk investment and business development.

Georgia sits at a crossroads for energy distribution and trade between east and west. It, as such, has easy market access, via established infrastructure, that runs close to the Company's licences. That, combined with a strong and positive culture, make it highly attractive to foreign investment. This is reflected in the country's GDP growth, which has far outstripped that of the wider EU.

The professionalism of the team is further reflected in the Company's safety record. Safety remains the foremost priority for the Company at all levels. It remains the first item on the agenda at all Board meetings and is based on a clear system of responsibility and reporting, which starts on the ground each day during the daily briefing.

The Board believes the strategy in place is the right one and that over time it will deliver on the material value inherent within the Company's assets. It is a strategy that is showing evident progress, while effectively balancing the risk and reward profile for investors and Block. The Board looks forward to continuing to support and guide the team in the year ahead and to updating shareholders further on the Company's progress.

Philip Dimmock
Non-Executive Chairman

Chief Executive Officer's Statement

Dear Shareholder,

Block Energy PLC made substantial progress in 2024, successfully advancing our multi-project strategy and delivering another year of positive cash flow. Our unwavering commitment to safety, environmental stewardship, and proactive community engagement continues to reinforce our reputation as a responsible and sustainable energy company.

Health, Safety, and Sustainability remain fundamental pillars of our operations. Despite an intensive operational schedule involving over 283,000 man-hours, we recorded only one minor Lost Time Incident (LTI) during the year. This excellent safety performance is a direct result of our robust management systems and deeply embedded safety culture. Additionally, we have significantly strengthened ties with local communities through targeted employment initiatives, comprehensive training programs, and collaborative social projects.

Project III remains central to our strategic growth, highlighted by the publication of an Independent Engineering Report

Project III remains central to our strategic growth, highlighted by the publication of an Independent Engineering Report (IER) in early 2024. This report and Block's internal contingent resource estimates identified over 2.77 TCF of 2C contingent recoverable gas resources across the Patardzeuli-Samgori, Rustavi, and Teleti fields, with an estimated Net Present Value of 1.65 billion. The ensuing farm-out process has attracted considerable industry interest. The Company remains in active discussions and due diligence processes with multiple parties around a potential farm-in to the Project III fields.

Project IV, through licence XIQ, represents another compelling farm-out opportunity, advanced by operator Georgia Oil and Gas Limited ("GOGL"). Ongoing discussions aim to secure a fully carried exploration programme, encompassing 3D seismic acquisition and targeted exploration drilling. Block Energy currently holds an initial 10% interest in XIQ, with an option to increase this to 22%. The licence includes the highly prospective Martkopi Terrace prospect, independently assessed to contain mean unrisked recoverable prospective resources of 267.2 million barrels of oil, with total XIQ licence resources estimated at 451.5 MMbbl of oil and 823.3 BCF of gas (DeGoyler MacNaughton, 2023). Block has fully funded its current obligations under the initial work programme and continues to actively pursue further unitisation opportunities in the South Samgori area alongside GOGL.

Project II is emerging as a promising farm-out candidate complemented by the significant remaining oil potential within the field of 235 MMbbl 2C resources (Block Energy, 2022), prompting us to actively explore strategic partnerships that will advance this project. The development of Project II further aligns with our goal of diversifying revenue streams across our high-value asset portfolio.

Our Carbon Capture and Storage (CCS) initiative, developed in partnership with JSC Rustavi Azot, a subsidiary of Indorama Corporation, has made notable advancements throughout the period. Early studies have affirmed our reservoirs' exceptional capacity for large-scale carbon sequestration, placing it among Eastern Europe's highest-ranking storage potentials. Current workstreams are focused on establishing clear pathways toward commercial viability within both mandatory and voluntary carbon markets, aiming to position Block Energy as a pioneering force in regional carbon management.

Strategically, in 2024, we intentionally paused further drilling on Project I, choosing to reallocate capital and human resources towards advancing higher-value, transformative projects. Nevertheless, we remain prepared to recommence drilling operations to sustain stable production levels above corporate breakeven thresholds as needed. Our disciplined financial management and rigorous approach to cost control continue to underpin this strategic flexibility.

Financially, we improved our cash position year-on-year through prudent financial and operational management, despite lower revenues received. We anticipated production from Project I (and therefore revenue in the year) to decline through the strategic decision to pause drilling and developed the budget and 2024 objectives with this in mind. At year-end, we had US 1.14 million in cash (2023: US 0.71 million), oil inventory of 11.1 Mbbl (2023: 16.6 Mbbl) and delivered positive EBITDA in the year of US 1.06 million (2023: US 1.47 million), which was in line with expectation.

To enhance our financial flexibility, we successfully extended our existing US 2.0 million senior secured loan facility to February 2026, ensuring that we have ample working capital to reinvest cashflows into our high-impact projects in order to drive value creation for our shareholders. This was achieved through spending on Projects III, CCS and II and the 2025 acquisition of an interest in the XIQ PSC (Project IV).

We acknowledge prevailing market conditions have created a disconnect between our intrinsic asset values and current market capitalisation. Independent resource assessments, however, clearly highlight the considerable upside within our portfolio. Our ongoing operational progress is explicitly aimed at bridging this valuation gap and delivering substantial shareholder value.

Looking ahead to 2025, we anticipate several critical milestones, including the advancement and commercialisation of Projects III and IV, alongside meaningful progress on Project II and further developments in our CCS initiatives. These opportunities offer material avenues for value creation, and we approach each with measured optimism and strategic prudence.

We sincerely appreciate your continued support and look forward to providing regular updates as we progress through a promising year.

Warm regards,

Paul Haywood
Chief Executive Officer
Block Energy PLC

Financial Review

Income Statement

The Group's revenue from oil and gas sales decreased to7,533,000 (2023: 8,366,000) primarily due to lower production levels from Project I. The current year revenue from sales of crude oil of6,678,000 (2023: 7,413,000) comprised the sale of 97,961 barrels (2023: 106,000 barrels), which equated to an average revenue per barrel of 68.20 (2023: 69.93).

During the year, the Group produced 131,579 barrels of crude oil (2023: 151,185 barrels). Gas production stood at 274 MMCF (2023: 282 MMCF). This gross production figure includes the State of Georgia's share of production before cost recovery and profit sharing.

The natural decline seen in Project I wells in the year was less than expected and no new wells were drilled in 2024 as part of a focus on developing the Company's high impact Projects including Project III and CCS. Production performance remains in line (slightly biased to the upside) with the 2022 ERCE reserve report type curves.

Strategically, the Company took the decision to pause drilling on Project I in order to pursue its high-impact projects. The Company remained cashflow positive and whilst not requiring any further external finance in the year, the existing loan facility was extended until February 2026.

The Group had 11,060 barrels of crude oil inventory as at 31 December 2024 (31 December 2023: 16,611 barrels).

In the year, the Group sold gas to the value of 855,000 (2023: 953,000).

The total comprehensive loss for the year was 609,000 (2023: 2,213,000). The improvement on prior year is primarily associated with the one-off 2,210,000 impairment charge in 2023, associated with the decision to fully impair Norio and Satskhenisi, although both cost of sales and administrative costs decreased in 2024 as compared to the prior year as the cost savings initiatives were completed.

With respect to operating activities before impairment, the Group delivered a loss of 202,000 (2023: profit of 74,000). EBITDA decreased to1,061,000 (2023: 1,469,000) and this was mainly attributed to reduced revenues due to lower production levels and a slight reduction in average oil and gas prices over the year.

The Company continues to closely monitor costs, operational performance and efficiency. Cost of sales (before depreciation and depletion of oil and gas assets) fell by 308,000 (from 3,826,000 to 3,518,000). Other administrative costs fell by 89,000 (from 2,657,00 to 2,568,000) and share based payments also fell by 28,000 (from 414,000 to 386,000) in the year. These savings were achieved even with increased spending on the development of Projects III and CCS, as well as corporate activity associated with the Project III farm-out, the unitisation of licences associated with Project IV and new ventures activity.

Overall, in 2024, the Company's financial performance remained stable and significant progress was made in the development of the high-impact projects, which are seen as key catalysts for the growth in shareholder value.

Liquidity, Counterparty Risk and Going Concern

Liquidity, Counterparty Risk and Going Concern

The Group monitors its cash position, cash forecasts and liquidity regularly and has a conservative approach to cash management, with surplus cash held on term deposits with major financial institutions.

The directors have prepared cash flow forecasts for a period of 12 months from the date of signing these financial statements. The Group's forecasts are reviewed regularly to assess whether any actions to curtail expenditure or cut costs are required.

The Group's operations presently generate sufficient revenues to cover operating costs and capital expenditures, supporting the continued preparation of the Group's accounts on a going concern basis.

The directors are nevertheless conscious that oil prices have been volatile during the past few years and could rise or fall in the year ahead, and that future production levels depend on both depletion rates from existing wells and the success of future drilling.

The directors also recognise that the outstanding 2.0 million secured loan is due for full redemption in February 2026 and that there are scenarios in which the Company may not be in a position to settle this liability on time. Nonetheless, the directors remain confident that the loan can either be repaid or renegotiated, or that new lenders could take a portion, or that other financing options will become available to the Company, and therefore judge that the Company retains sufficient flexibility and optionality around the loan to prepare the accounts on a going concern basis.

As part of their going concern assessment, the directors have examined multiple scenarios in which oil prices and/or future production levels fall substantially and have concluded that it remains possible that future revenues in at least some scenarios might not cover all operating costs and planned capital expenditures, creating a material uncertainty that may cast doubt over the Group's ability to continue as a going concern. Whilst acknowledging this material uncertainty, the directors remain confident of making further cost savings if required and, therefore, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Impairment

There was no impairment recognised in the year (2023: 2,210,000).

Cash Generative Units

The Company currently reports on the basis of Cash Generative Units ("CGUs") associated with West Rustavi, Rustaveli, Norio and Satskhenisi.

The Company continues to review the appropriateness of reporting on the basis of these named CGUs given its well-communicated multi-project strategy. It is expected that in 2025, based upon potential corporate development activity, that the Company will either report on the basis of a singular CGU (owing to the proximity of the licences and fields) or alternatively on a Projects basis (owing to the different stage of development between Projects I, II, III, IV and CCS).

Results and Dividends

The results for the year and the financial position of the Group are shown in the following financial statements:

- The Group has incurred a pre-tax loss of 609,000 (2023: loss of 2,213,000).
- The Group achieved positive EBITDA of 1,061,000 (2023: 1,469,000).
- The Group has net assets of 25,313,000 (2023: 25,706,000).

- The Directors do not recommend the payment of a dividend (2023: nil).

Financial Statements

Consolidated Statement of Consolidated Income for the Year Ended 31st December 2024

	Note	**Year ended 31 December 2024**	Year ended 31 December 2023
Continuing operations		**'000**	'000
Revenue	4	**7,533**	**8,366**
Cost of sales	3	(3,518)	(3,826)
Depreciation and depletion of oil and gas assets	5	(1,236)	(1,374)
Total cost of sales		(4,754)	(5,200)
Gross profit		**2,779**	**3,166**
Other administrative costs	6	(2,568)	(2,657)
Share based payments charge	22	(386)	(414)
Foreign exchange movement		(27)	(21)
Results from operating activities before impairment		**(202)**	**74**
Impairment on non-core oil and gas assets	12	-	(2,210)
Total operating loss		**(202)**	**(2,136)**
Other income	8	35	26
Finance income		33	7
Finance expense	9	(475)	(110)
		(407)	(77)
Loss for the year before taxation		**(609)**	**(2,213)**
Taxation	10	-	-
Loss for the year from continuing operations (attributable to the equity holders of the parent)		**(609)**	**(2,213)**

Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		(135)	74
Total comprehensive loss for the year (attributable to the equity holders of the parent)		**(744)**	**(2,139)**
Loss per share basic and diluted	11	**(0.08)c**	(0.31)c

Earnings before interest, tax, depreciation and amortisation (EBITDA)	3a	***1,061***	***1,469***

All activities relate to continuing operations.

The notes on pages 52 to 75 form part of these consolidated financial statements.

Consolidated Statement of Financial Position for the Year Ended 31st December 2024

	Note	**31 December 2024 '000**	31 December 2023 '000
Non-current assets			
Intangible assets		268	50
Property, plant and equipment	12	22,976	23,851
Total non-current assets		**23,244**	**23,901**
Current assets			
Inventory	13	4,299	4,377
Trade and other receivables	14	804	971
Cash and cash equivalents	15	1,136	713
Total current assets		**6,239**	**6,061**
Total assets		**29,483**	**29,962**
Equity and liabilities			
Capital and reserves attributable to equity holders of the Parent Company:			
Share capital	18	3,733	3,705
Share premium	19	34,879	34,856
Other reserves	20	5,066	4,766
Foreign exchange reserve		633	768
Accumulated deficit		(18,998)	(18,389)
Total equity		**25,313**	**25,706**
Non-current liabilities			
Borrowings	16	2,000	-
Total non-current liabilities		**2,000**	**-**
Current liabilities			
Trade and other payables	16	1,237	1,176
Borrowings	16	-	2,000
Provisions	17	933	1,080
Total current liabilities		**2,170**	**4,256**
Total liabilities		**4,170**	**4,256**
Total equity and liabilities		**29,483**	**29,962**

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2025 and were signed on its behalf by:

Paul Haywood
Director

The notes on pages 52 to 75 form part of these consolidated financial statement

Consolidated Statement of Changes in Equity for the Year Ended 31st December 2024

	Share Capital	**Share Premium**	**Accumulated Deficit**	**Other Reserves**	**Foreign Exchange Reserve**	**Total Equity**

	'000	'000	'000	'000	'000	'000
Balance at 31 December 2022	**3,565**	**34,765**	**(16,349)**	**4,525**	**694**	**27,200**
Loss for the year	-	-	(2,213)	-	-	(2,213)
Exchange differences on translation of foreign operations	-	-	-	-	74	74
Total comprehensive loss for the year	***-***	***-***	***(2,213)***	***-***	***74***	***(2,139)***
Issue of shares	133	91	-	-	-	224
Share based payments	-	-	-	414	-	414
Options exercised	7	-	-	-	-	7
Options expired	-	-	173	(173)	-	-
Total transactions with owners	***140***	***91***	***173***	***241***	***-***	***645***
Balance at 31 December 2023	**3,705**	**34,856**	**(18,389)**	**4,766**	**768**	**25,706**
Loss for the year	-	-	(609)	-	-	(609)
Exchange differences on translation of foreign operations	-	-	-	-	(135)	(135)
Total comprehensive loss for the year	***-***	***-***	***(609)***		***(135)***	***(744)***
Issue of shares	28	23	-	-	-	51
Share based payments	-	-	-	632	-	632
Shares held by EBT	-	-	-	(332)	-	(332)
Total transactions with owners	***28***	***23***	***-***	***300***	***-***	***351***
Balance at 31 December 2024	**3,733**	**34,879**	**(18,998)**	**5,066**	**633**	**25,313**

The notes on pages 52 to 75 form part of these consolidated financial statements.

Consolidated Statement of Cashflows for the Year Ended 31st December 2024

	Note	**Year ended 31 December 2024 '000**	Year ended 31 December 2023 '000
Cash flow from operating activities			
Loss for the year before tax		(609)	(2,213)
Adjustments for:			
Depreciation and depletion	5	1,236	1,374
Impairment	12	-	2,210
Finance charges		475	110
Disposal of PP&E at nil value	12	-	89
Finance income	9	(33)	(7)
Other income and finance income	8	(35)	(26)
Creditors paid in shares		31	108
Share based payments expense	7	386	414
Foreign exchange movement		(47)	22
Operating cash flows before movements in working capital		**1,404**	**2,081**
Decrease/(increase) in trade and other receivables		167	(411)
Increase in trade and other payables		(252)	(516)
Decrease in inventory		78	414
Net cash flow from operating activities		**1,397**	**1,568**
Cash flow from investing activities			
Income received		6	33
Expenditure in respect of Intangible assets		(218)	(50)
Expenditure in respect of PP&E	12	(445)	(2,040)

Expenditure in respect of PP&E	12	(445)	(3,040)
Net cash used in investing activities		**(657)**	**(3,057)**
Cash flow from financing activities			
Proceeds from borrowings	16	-	2,000
Interest paid	9	(311)	(248)
Net cash (outflow)/inflow from financing activities		**(311)**	**1,752**
Net increase in cash and cash equivalents in the year		**429**	**263**
Cash and cash equivalents at start of year		713	450
Effects of foreign exchange rate changes on cash and cash equivalents		(6)	-
Cash and cash equivalents at end of year		**1,136**	**713**

The notes on pages 52 to 75 form part of these consolidated financial statements.

Significant non-cash transactions

The only significant non-cash transactions were the issue of shares and share options detailed in notes 18 and 22.

Notes Forming Part of the Consolidated Financial Statements

Corporate Information

Block Energy Plc ("Block Energy") gained admission to trading on AIM on 11th June 2018, trading under the symbol of BLOE.

The Consolidated financial statements of the Group, which comprises Block Energy Plc and its subsidiaries, for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 21 May 2025. Block Energy is a Company incorporated in the UK whose shares are publicly traded. The address of the registered office is given in the officers and advisers section of this report. The Company's administrative office is in London, UK.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 3 to 28 and the Report of the Directors on pages 29 to 31.

1. Significant Accounting Policies

IAS 8 requires that management shall use its judgement in developing and applying accounting policies that result in information which is relevant to the economic decision-making needs of users, that are reliable, free from bias, prudent, complete and represent faithfully the financial position, financial performance and cash flows of the entity.

Basis of Preparation

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. All amounts presented are in thousands of US dollars unless otherwise stated. Foreign operations are included in accordance with the policies set out below.

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and as regards the Company financial statements, as applied in accordance with the requirements of the Companies Act 2006. The Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in accordance with UK-adopted international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised.

New and Amended Standards Adopted by the Group

There were no new or amended accounting standards that required the Group to change its accounting policies for the year ended 31 December 2024 and no new standards, amendments or interpretations were adopted by the Group.

New Accounting Standards Issued but not yet Effective

The standards and interpretations that are relevant to the Group, issued, but not yet effective, up to the date of the Financial Statements are listed below. The Group intends to adopt these standards, if applicable, when they become effective.

Standard	Effective date	Overview
IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries	1 January 2027	IFRS 18 (replacing IAS 1) introduces new profit or loss presentation requirements to enhance comparability. Early adoption is allowed, but UK/EU endorsement is pending (UK expected late 2025). IFRS 19 allows eligible subsidiaries to apply IFRS with reduced disclosures, simplifying group reporting. Early

Subsidiaries without Public Accountability: Disclosures		adoption is permitted, but special rules apply if adopted before IFRS 18. UK/EU endorsement is also pending, with UK considerations for FRS 101's framework.
Company size thresholds	6 April 2025	From 6 April 2025, UK company size thresholds will increase by ~50%, reducing reporting requirements for some businesses. Obsolete directors' report rules will be removed, and a 2025 consultation will explore further reporting simplifications.
UK Sustainability Reporting Standards	1 January 2026 (expected no earlier)	The UK Government'sendorsement of ISSB's IFRS Sustainability Disclosure Standards is expected in early 2025, with UK Sustainability Reporting Standards (UK SRS) available by Q1 2025. The FCA may require UK-listed companies to apply UK SRS, while the Government will decide on broader mandatory disclosures. UK SRS will be effective no earlier than 1 January 2026 and align with existing TCFD-based regulations, aiming to avoid reporting duplication.

The Directors have evaluated the impact of transition to the above standards and do not consider that there will be a material impact of transition on the financial statements.

Change in Crude Oil Inventory Valuation Policy

During the current financial year, the Group changed its accounting policy and departed from *IAS 2 Inventories*for the valuation of its crude oil inventory. Previously, inventories were valued at the lower of cost and net realisable value. Under the new policy, inventories are now measured at their net realisable value, which is Brent market price less the contracted discount. The Company believe that this provides a more representative view of realisable value, aligns more accurately with internal management reporting and removes the judgemental approach of allocation of certain costs.

This change has been applied prospectively from 1 January 2024 and no restatement of prior period figures has been made.

Management believes the new policy provides more relevant and reliable information due to the active market and short turnover cycle of oil products. This departure is made in accordance with IAS 1.20, as continued compliance with IAS 2 was thought to be misleading.

Had IAS 2 been applied, inventory would have been 59,000 lower and profit before tax 59,000 lower.

Basis of Consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and by other parties;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

Business Combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The difference between the consideration paid and the acquired net assets is recognised as goodwill. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. Any difference arising between the fair value and the tax base of the acquiree's assets and liabilities that give rise to a deductible difference result in recognition of deferred tax liability. No deferred tax liability is recognised on goodwill.

Acquisitions

The Group and Company measure consideration at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree
- Plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Cost related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

Asset Acquisition

Acquisitions of mineral exploration licences through the acquisition of non-operational corporate structures that do not represent a business and therefore do not meet the definition of a business combination, are accounted for as the acquisition of an asset. An example of such would be increases in working interests in licences.

The consideration for the asset is allocated to the assets based on their relative fair values at the date of acquisition.

The consideration for the asset is allocated to the assets based on their relative fair values at the date of acquisition.

Going Concern

The directors have prepared cash flow forecasts for a period of 12 months from the date of signing these financial statements. The Group's forecasts are reviewed regularly to assess whether any actions to curtail expenditure or cut costs are required.

The Group's operations presently generate sufficient revenues to cover operating costs and capital expenditures, supporting the continued preparation of the Group's accounts on a going concern basis.

The directors are nevertheless conscious that oil prices have been volatile during the past few years and could rise further but could also fall back in the year ahead, and that future production levels depend on both depletion rates from existing wells and the success of future drilling.

The directors also recognise that the outstanding 2.0 million secured loan is due for full redemption in February 2026 and that there are scenarios in which the Company may not be in a position to settle this liability. Nonetheless, the directors remain confident that the loan can either be repaid, or renegotiated, or that new lenders could take a portion, or that other financing options will be available to the Company and therefore judge that the Company retains sufficient flexibility and optionality around the loan to prepare the accounts on a going concern basis.

As part of their going concern assessment, the directors have examined multiple scenarios in which oil prices and/or future production levels fall substantially and have concluded that it remains possible that future revenues in at least some scenarios might not cover all operating costs and planned capital expenditures, creating a material uncertainty that may cast doubt over the Group's ability to continue as a going concern. Whilst acknowledging this material uncertainty, the directors remain confident of making further cost savings if required and, therefore, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Intangible Assets

Exploration and Evaluation costs

The Group applies the full cost method of accounting for Exploration and Evaluation (E&E) costs, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Under the full cost method of accounting, costs of exploring and evaluating properties are accumulated and capitalised by reference to appropriate cash generating units ("CGUs"). Such CGU's are based on geographic areas such as a licence area, type or a basin and are not larger than an operating segment - as defined by IFRS 8 'Operating segments.

E&E costs are initially capitalised within 'Intangible assets', such E&E costs may include costs of licence acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, but do not include costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the statement of comprehensive income as they are incurred. Plant and equipment assets acquired for use in exploration and evaluation activities are classified as property, plant and equipment.

However, to the extent that such an asset is consumed in developing an unproven oil and gas asset, the amount reflecting that consumption is recorded as part of the cost of the unproven oil and gas asset.

Exploration and unproven oil and gas assets related to each exploration license/prospect are not amortised but are carried forward until the technical feasibility and commercial feasibility of extracting a mineral resource are demonstrated.

Impairment of Exploration and Evaluation assets

All capitalised exploration and evaluation assets and property, plant and equipment are monitored for indications of impairment. Where a potential impairment is indicated, assessment is made for the Group of assets representing a cash generating unit.

In accordance with IFRS 6 the Group firstly considers the following facts and circumstances in their assessment of whether the Group's exploration and evaluation assets may be impaired, whether:

- the period for which the Group has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- unexpected geological occurrences render the resource uneconomic;
- a significant fall in realised prices or oil and gas price benchmarks render the project uneconomic; or
- an increase in operating costs occurs.

If any such facts or circumstances are noted, the Group perform an impairment test in accordance with the provisions of IAS 36.

The aggregate carrying value is compared against the expected recoverable amount of the cash generating unit. The recoverable amount is the higher of value in use and the fair value less costs to sell. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount. A reversal of impairment loss is recognised in the profit or loss immediately.

Property, Plant and Equipment - Development and Production (D&P) Assets

Capitalisation

The costs associated with determining the existence of commercial reserves are capitalised in accordance with the preceding policy and transferred to property, plant and equipment as development assets following impairment testing. All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons have been demonstrated are capitalised within development assets on a field-by-field basis. Subsequent expenditure is only capitalised where it either enhances the economic benefits of the development asset or replaces part of the existing development asset (where the remaining cost of the original part is expensed through the income statement). Costs of borrowing related to the ongoing construction of development and production assets and facilities are capitalised during the construction phase. Capitalisation of interest ceases once an asset is ready for production.

Depreciation

Capitalised oil assets are not subject to depreciation until commercial production starts. Depreciation is calculated on a unit-of-production basis in order to write off the cost of an asset as the reserves that it represents are produced and sold. Any periodic reassessment of reserves will affect the depreciation rate on a prospective basis. The unit-of-production depreciation rate is calculated on a field-by-field basis using proved, developed reserves as the denominator and capitalised costs as the numerator. The numerator includes an estimate of the costs expected to be incurred to bring proved, developed, not-producing reserves into production. Infrastructure that is common to a number of fields, such as gathering systems, treatment plants and pipelines are depreciated on a unit-of-production basis using an aggregate measure of reserves or on a straight-line basis depending on the expected pattern of use of the underlying asset.

Proven Oil and Gas Properties

Oil and gas properties are stated at cost less accumulated depreciation and impairment losses. The initial cost comprises the purchase price or construction cost including any directly attributable cost of bringing the asset into operation and any estimated decommissioning provision.

Once a project reaches the stage of commercial production and production permits are received, the carrying values of the relevant exploration and evaluation asset are assessed for impairment and transferred to proven oil and gas properties and included within property plant and equipment.

Proven oil and gas properties are accounted for in accordance with provisions of the cost model under IAS 16 "Property Plant and Equipment" and are depleted on unit of production basis based on the estimated proven and probable reserves of the pool to which they relate.

Impairment of Development and Production Assets

A review is performed for any indication that the value of the Group's D&P assets may be impaired such as:

- significant changes with an adverse effect in the market or economic conditions which will impact the assets; or
- obsolescence or physical damage of an asset; or
- an asset becoming idle or plans to dispose of the asset before the previously expected date; or
- evidence is available from internal reporting that indicates that the economic performance of an asset is or will be worse than expected.

For D&P assets when there are such indications, an impairment test is carried out on the CGU. CGUs are identified in accordance with IAS 36 'Impairment of Assets', where cash flows are largely independent of other significant asset Groups and are normally, but not always, single development or production areas. When an impairment is identified, the depletion is charged through the Consolidated Statement of Comprehensive Income if the net book value of capitalised costs relating to the CGU exceeds the associated estimated future discounted cash flows of the related commercial oil reserves.

The CGU's identified by the company are Corporate along with West Rustavi, Rustaveli, Satskhenisi and Norio given they are independent projects under individual Production Sharing Contracts ("PSCs"). An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment charges may no longer exist or may have decreased. If such an indication exists, the Group estimates the recoverable amount. A previously recognised impairment charge is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment charge was recognised. If this is the case the carrying amount of the asset is increased to its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment charges been recognised for the asset in prior years.

Property, Plant and Equipment and Depreciation

Property, plant and equipment which are awaiting use in the drilling campaigns, and storage, are recorded at historical cost less accumulated depreciation. Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives, as follows:

- PP&E - 6 years

The carrying value of Property, plant and equipment is assessed annually and any impairment charge is charged to the Consolidated Statement of Comprehensive income.

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Inventories

Crude oil inventories are stated at Brent less any contractual discounts. This is adjusted if the sale of inventories after that date gives additional evidence about its net realisable value at the balance sheet date.

The cost of crude oil is expensed in the period in which the related revenue is recognised.

Inventories of drilling tubulars and drilling chemicals are valued at the lower of cost or net realisable value, where cost represents the weighted average unit cost for inventory lines on a line-by-line basis. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Decommissioning Provision

Provisions for decommissioning are recognised in full when wells have been suspended, or facilities have been installed.

A corresponding amount equivalent to the provision is also recognised as part of the cost of either the related oil and gas exploration and evaluation asset or property, plant and equipment as appropriate. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements.

Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the related asset.

The unwinding of the discount on the decommissioning provision is included as a finance cost.

Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take over one accounting period to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Taxation and Deferred Tax

Income tax expense represents the sum of the current tax and deferred tax charge for the period.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases and is accounted for using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Judgement is applied in making assumptions about future taxable income, including oil and gas prices, production, rehabilitation costs and expenditure to determine the extent to which the Group recognises deferred tax assets, as well as the anticipated timing of the utilisation of the losses.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted and are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange prevailing at the reporting date: 1.29 /£1 (2023: 1.27/£1). Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Exchange differences are taken to the Statement of Comprehensive Income.

The Company's functional currency is the pound sterling and its presentational currency is the US dollar and accordingly the financial statements have also been prepared in US dollars. The functional currencies of Block Norioskhevi Ltd, Satskhenisi Limited, Georgia New Ventures Inc and Block Rustaveli Limited are the US dollar and the functional currencies of their branches in Georgia are the Georgian Lari.

Foreign Operations

The assets are translated into US dollars at the exchange rate at the reporting date and income and expenses of the foreign operations are translated at the average exchange rates. Exchange differences arising on translation are recognised in other comprehensive income and presented in the other reserves category in equity.

Determination of Functional Currency and Presentational Currency

The determination of an entity's functional currency is assessed on an entity by entity basis. A company's functional currency is defined as the currency of the primary economic environment in which the entity operates. The functional currency of the Parent Company is the pound sterling, because it operates in the UK, where the majority of its transactions are in pounds sterling. The functional currencies of Block Norioskhevi Ltd, Satskhenisi Limited, Georgia New Ventures Inc and Block Rustaveli Limited are the US dollar, because the majority of their transactions by value is in US dollars, and the functional currencies of their branches in Georgia are the Georgian Lari, because the majority of their transactions by value is in Georgian Lari.

The presentational currency of the Group for year ended 31 December 2024 is US dollars. The presentational currency is an accounting policy choice.

Revenue

Revenue from contracts with customers is recognised when the Group satisfies its performance obligation of transferring control of oil or gas to a customer. Transfer of control is usually concurrent with both transfer of title and the customer taking physical possession of the oil or gas, which is determined by reference to the oil or gas sales agreement. This performance obligation is satisfied at that point in time.

The transaction price is agreed between the Group and the customer, with the amount of revenue recognised being determined by considering the terms of the Production Sharing Contract ("PSC") and the oil sales agreement for each oil sale or the gas sales agreement for each gas sale.

Finance Income and Expenses

Finance costs are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Finance expenses comprise interest or finance costs on borrowings.

applicable. Finance expenses comprise interest or finance costs on borrowings.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities, for which fair value is measured or disclosed in the Financial Statements, are categorised within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

Financial Assets

Financial assets are initially recognised at fair value, and subsequently measured at amortised cost, less any allowances for losses using the expected credit loss model, being the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss (FVTPL) or as other financial liabilities. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged or cancelled, or they expire.

Financial liabilities are classified at FVTPL when the financial liability is either held for trading or it is designated at FVTPL. A financial liability is classified as held for trading if it has been incurred principally for the purpose of repurchasing it in the near term or is a derivative that is not a designated or effective hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Share Based Payments

The fair value of options granted to Directors and others in respect of services provided is recognised as an expense in the Statement of Comprehensive Income with a corresponding increase in equity reserves - 'other reserves'.

On exercise of, or expiry of unexercised share options, the proportion of the share-based payment reserve relevant to those options is transferred from other reserves to the accumulated deficit. On exercise, equity is also increased by the amount of the proceeds received.

The fair value is measured at grant date and charged over the accounting periods which the option becomes unconditional.

The fair value of options are calculated using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Vesting conditions are non-market and there are no market vesting conditions. These vesting conditions are included in the assumptions about the number of options that are expected to vest. At the end of each reporting period, the Company revises its estimate of the number of options that are expected to vest. The exercise price is fixed at the date of grant and no compensation is due at the date of grant. Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of the goods and services received.

Warrants issued for services rendered are accounted for in accordance with IFRS 2 recognising either the costs of the service if it can be reliably measured or the fair value of the warrant (using the Black-Scholes model). The fair value is recognised as an expense in the accounting period that the warrant is granted and there is no revision to this estimate in future accounting periods.

Warrants issued as part of share issues have been determined as equity instruments under IAS 32. Since the fair value of the shares issued at the same time is equal to the price paid, these warrants, by deduction, are considered to have been issued at nil value.

Employee Benefit Trust (EBT)

The Group has consolidated its Employee Benefit Trust in the current year as it is under its control. Shares held by the

EBT are recorded in equity as a deduction in Other Reserves. When the Group issues shares to the EBT to satisfy employee share-based payments, the shares are recorded at cost in Other Reserves, consistent with the share-based payment expense recognised. This accounting treatment aligns the issuance of shares with the associated IFRS 2 charge recognised in equity.

2. Critical Accounting Judgments, Estimates and Assumptions

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continuously evaluated based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Recoverable Value of Development & Production assets - Judgement, Estimates and Assumptions

Costs capitalised in respect of the Group's development and production assets are required to be assessed for impairment under the provisions of IAS 36. Such an estimate requires the Group to exercise judgement in respect of the indicators of impairment and also in respect of inputs used in the models which are used to support the carrying value of the assets. Such inputs include estimates of oil and gas reserves, production profiles, oil price, oil quality discount, capital expenditure (including an allocation of salary costs), inflation rates, and pre-tax discount rates that reflect current market assessments of (a) the time value of money; and (b) the risks specific to the asset for which the future cash flow estimates have not been adjusted. The Directors concluded that there were no indications of impairment in the current year.

Asset Decommissioning Provisions - Estimates and Assumptions

The Group's activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate of the asset decommissioning costs in the period in which they are incurred. Such estimates of costs include pre-tax discount rates that reflect current market assessments of (a) the time value of money; and (b) the risks specific to the asset for which the future cash flow estimates have not been adjusted. Actual costs incurred in future periods could differ materially from the estimates.

Additionally, future changes to environmental laws and regulations, life of development and production assets, estimates and discount rates could affect the carrying amount of this provision. The Board assessed the extent of decommissioning required as at 31 December 2024 and concluded that a provision of933,000 (2023: 1,080,000) should be recognised in respect of future decommissioning obligations at Rustaveli, West Rustavi, Satskhenisi and Norio (see note 17).

Share Options and Warrants - Estimates and Assumptions

Share options issued by the Group relate to the Block Energy Plc Share Option Plan and warrants issued relates to the cost of borrowing. The grant date fair value of such options and warrants is calculated using a Black-Scholes model whose input assumptions are derived from market and other internal estimates.

The key estimates include volatility rates and the expected life of the options, together with the likelihood of non-market performance conditions being achieved (see note 22).

Impairment of Investments and Loans to Subsidiaries - Parent Company only

The Company assesses at each reporting date whether there is any objective evidence that investments/receivables in subsidiaries are impaired. To determine whether there is objective evidence of impairment, a considerable amount of estimation is required in assessing the ultimate realisation of these investments/receivables, including valuation, creditworthiness and future cashflow. Although no impairment of investments was indicated at year end the Company identified certain intercompany receivables as being impaired.

During the year the Company carried out an assessment of the expected credit loss arising on intercompany receivables. This was calculated as a total loss allowance of8,402,000 (2023: 8,097,000) therefore an additional amount of 305,000 (2023: 4,387,000) was provided for in the current year parent company financial statements.

3. Segmental Disclosures

IFRS 8 requires segmental information for the Group on the basis of information reported to the chief operating decision maker for decision making purposes. The Company considers this role as being performed by the Board of Directors. The Group's operations are focused on oil and gas development and production activities (Oil and Gas Extraction segment) in Georgia and has a corporate head office in the UK (Corporate segment). Based on risks and returns the Directors consider that there are two operating segments that they use to assess the Group's performance and allocate resources being the Oil and Gas Extraction in Georgia, and the corporate segment including unallocated costs.

The Board of Directors primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA), see below, to assess the performance of the operating sectors.

3 a) Adjusted EBITDA

Adjusted EBITDA excludes discontinued operations and the effects of significant items of income and expenditure which might have an impact on the quality of earnings, such as restructuring costs, legal expenses, and impairments where the impairment is the result of an isolated, non-recurring event.

	31 December 2024	31 December 2023
Adjusted EBITDA	**'000**	'000
Oil and Gas extraction - Georgia	2,758	3,331
Corporate and other	(1,697)	(1,862)
Total adjusted EBITDA	**1,061**	**1,469**

Adjusted EBITDA reconciles to operating profit before income tax as follows:

	31 December 2024 '000	31 December 2023 '000
Total adjusted EBITDA	**1,061**	**1,469**
Depreciation and depletion	(1,236)	(1,374)
Impairment	-	(2,210)
Finance and other income	68	33
Finance costs and foreign exchange	(502)	(131)
Loss before income tax from continuing operations	**(609)**	**(2,213)**

3 b) Other profit and loss disclosures

Year ended 31 December 2024	**Oil and Gas Extraction '000**	**Corporate and other '000**	**Group Total '000**
Revenue	7,533	-	7,533
Cost of sales	(3,518)	-	(3,518)
Depreciation and depletion	(1,235)	(1)	(1,236)
Administrative costs	(944)	(1,624)	(2,568)
Share based payments	(312)	(74)	(386)
Finance and other income	64	4	68
Net Finance costs and Forex	(92)	(410)	(502)
Profit/(loss) from operating activities	**1,496**	**(2,105)**	**(609)**
Total non-current assets	**23,240**	**4**	**23,244**

Year ended 31 December 2023	**'000**	**'000**	**'000**
Revenue	8,366	-	8,366
Cost of sales	(3,826)	-	(3,826)
Depreciation and depletion	(1,373)	(1)	(1,374)
Impairment	(2,210)	-	(2,210)
Administrative costs	(1,209)	(1,862)	(3,071)
Finance and other income	19	14	33
Net Finance costs and Forex	(69)	(62)	(131)
Loss from operating activities	**(302)**	**(1,911)**	**(2,213)**
Total non-current assets	**23,901**	**-**	**23,901**

3 c) Segment assets and liabilities

Segmental Assets	**31 December 2024 '000**	31 December 2023 '000
Oil extraction - Georgia	29,050	29,452
Corporate and other	433	510
	29,483	**29,962**

Segmental Liabilities	**31 December 2024 '000**	31 December 2023 '000
Oil extraction - Georgia	1,514	1,522
Corporate and other	2,656	2,734
	4,170	**4,256**

4. Revenue

	Year ended 31 December 2024 '000	Year ended 31 December 2023 '000
Crude oil revenue	6,678	7,413
Gas revenue	855	953
	7,533	**8,366**

5. Depreciation and Depletion on Oil and Gas assets

	Year ended 31 December 2024 '000	Year ended 31 December 2023 '000
Depreciation of PP&E	311	307
Depletion of oil and gas assets	925	1,067

	1,236	**1,374**

6. Expenses by nature

	Year ended 31 December 2024	Year ended 31 December 2023
	'000	'000
Employee benefit expense	1,367	1,413
Share option charge	386	414
Professional and legal	557	465
Fees to Auditor in respect of the Group audit	115	97
Regulatory fees	28	30
Operating lease expense	79	68
Office and other costs	422	584
	2,954	**3,071**

7. Directors and employees

	Year ended 31 December 2024	Year ended 31 December 2023
	'000	'000
Employment costs (inc. Directors' remuneration):		
Wages and salaries	1,637	1,286
Pensions	33	30
Social security costs	58	97
	1,728	1,413
Share based payments	386	414
	2,114	**1,827**

The share-based payments comprised the fair value of options granted to Directors and employees in respect of services provided.

Wages and salaries include amounts that are recharged between subsidiaries. Some of these costs are then capitalised as development and production assets (193,000), reported within cost of sales (168,000) and the remainder are classified in administration expenses (1,367,000).

The average monthly number of employees during 2024 was 114 (2023: 147) split as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Management	5	8
Technical	94	110
Administration	15	29
	114	**147**

	Year ended 31 December 2024	Year ended 31 December 2023
	'000	**'000**
Amounts attributable to the highest paid Director:		
Director's salary and bonus	581	466
Pension	28	15
Share based payments	24	67
	633	**548**

Key management and personnel are considered to be the Directors.

8. Other income

	Year ended 31 December 2024	Year ended 31 December 2023
	'000	'000
Other income	4	26
Impairment reversal	31	-
	35	**26**

9. Finance Expense

	Year ended 31 December 2024	Year ended 31 December 2023
	'000	'000
Interest paid and payable on borrowings (note 16)	311	248
Warrant cost of borrowings (note		

Warrant cost of borrowings (note 21)	244	125
Arrangement fee	-	55
	555	428
Less borrowing costs capitalised (note 12)	(124)	(361)
	431	**67**
Unwinding of decommissioning provision (note 17)	44	43
	475	**110**

10. Taxation

Based on the results for the year, there is no charge to UK or foreign tax. This is reconciled to the accounting loss as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
UK taxation	**'000**	'000
UK Group loss on ordinary activities	(609)	(2,213)
Loss before taxation at the average UK standard rate of 25% (2023:23.5%)	(143)	(520)
Effect of:		
Zero tax rate income	(1,883)	(1,966)
Disallowable expenses	89	125
Tax losses for which no deferred income tax asset was recognised	2,581	4,304
Current tax	**-**	**-**

The Group offsets deferred tax assets and liabilities if, and only if, it has a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to corporation taxes levied by the same tax authority. Due to the tax rates applicable in the jurisdictions of the Group's subsidiary entities (being 0% in both years) no deferred tax liabilities or assets are considered to arise.

The Group has not recognised deferred income tax assets for tax losses carried forward for entities in which it is not considered probable that there will be sufficient future taxable profits available for offset. Unrecognised deferred income tax assets relate to unused tax losses. The Company has UK corporation tax losses available to carry forward against future profits of approximately 7,307,000 (2023: 6,698,000 - estimated).

11. Loss Per Share

The calculation for loss per Ordinary Share (basic and diluted) is based on the consolidated loss attributable to the equity shareholders of the Company is as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Loss attributable to equity Shareholders ('000)	(609)	(2,213)
Weighted average number of Ordinary Shares	729,860,105	702,875,778
Loss per Ordinary share (/cents)	(0.08)c	(0.31)c

Loss and diluted loss per Ordinary Share are calculated using the weighted average number of Ordinary Shares in issue during the year. Diluted share loss per share has not been calculated as the options and warrants have no dilutive effect given the loss arising in the year.

12. Property, Plant and Equipment

	Development & Production Assets '000	**PPE/Computer / Office Equipment / Motor Vehicles '000**	**Total '000**
Cost			
At 1 January 2023	29,115	2,072	31,187
Additions*	3,286	115	3,401
Disposals	-	(151)	(151)
Change in decommissioning provision	(686)	-	(686)
Foreign exchange movements	4	(4)	-
At 31 December 2023	**31,719**	**2,032**	**33,751**
Additions*	408	161	569
Disposals	-	(27)	(27)
Change in decommissioning provision	(160)	-	(160)
Foreign exchange movements	-	(9)	(9)
At 31 December 2024	**31,967**	**2,157**	**34,124**
Accumulated depreciation			
At 1 January 2023	5,711	661	6,372
Disposals	(3)	(54)	(57)
Charge for the year	1,067	307	1,374

Impairment	2,210	-	2,210
At 31 December 2023	**8,985**	**914**	**9,899**
Disposals	-	5	5
Charge for the year	925	311	1,236
Foreign exchange movements	(1)	9	8
At 31 December 2024	**9,909**	**1,239**	**11,148**
Carrying Amount			
At 31 December 2023	22,733	1,118	23,851
At 31 December 2024	**22,058**	**918**	**22,976**

*This includes additions of 124,000 (2023: 361,000) which relates to capitalised borrowing costs.

Carrying amount of property plant and equipment by cash generative unit (CGU):

	Norio '000	Satskhenisi '000	West Rustavi '000	Rustaveli '000	Corporate '000	Total '000
Carrying amount:						
At 31 December 2024	**8**	**-**	**16,530**	**5,952**	**486**	**22,976**
At 31 December 2023	14	28	16,967	6,403	439	23,851

The impairment charge in prior year of 2.2m arose on the production and development assets held by Norio and Satskhenisi following a decision to define these assets as non-core to the business operations. This was a result of an extensive review of the cost of operations and decision not to allocate additional capital for the further development of these CGUs. Following this decision, the oil and gas assets at Norio and Satskhenisi were written down tonil. The remaining assets within this CGU relate to non-oil and gas assets only.

13. Inventory

	31 December 2024	31 December 2023
	'000	'000
Spare parts and consumables	3,230	3,286
Crude oil	1,069	1,091
	4,299	**4,377**

14. Trade and Other Receivables

	31 December 2024	31 December 2023
	'000	'000
Trade debtors	574	233
Other receivables	118	420
Prepayments	112	318
	804	**971**

The fair value at amortised cost is considered to be equivalent to the book value as none of these receivables are considered to be impaired.

15. Cash and Cash Equivalents

	31 December 2024	31 December 2023
	'000	'000
Cash and cash equivalents	**1,136**	**713**

Cash and cash equivalents consist of balances in bank accounts used for normal operational activities. The vast majority of the cash was held in an institution with a Standard & Poor's credit rating of A-1.

16. Trade and Other Payables

	31 December 2024	31 December 2023
	'000	'000
Trade and other payables	740	1,041
Accruals	497	135
	1,237	**1,176**

Trade and other payables principally comprise amounts outstanding for corporate services and operational expenditure.

In 2023, the Company entered into a 2,000,000 (2022: nil) loan with a simple interest rate of 16% becoming payable every quarter. This was drawn down in two tranches, with 1,060,000 being drawn down on 1 February 2023 and the remainder of 940,000 being drawn down on 10 May 2023. The maturity date of this loan was set at 18 months from the date of the drawdowns and so has been recognised as a short-term loan in the prior year accounts.

On 31 July 2024, the Company announced the extension of this loan facility for a further 18 months to 2 February

2026, with each lender receiving further warrants with an exercise price of 0.85p and expiry date of 30 July 2027. 91,185,133 warrants were issued which corresponds to an exercise value equal to 50% of the total loan commitments under this facility. More details of these warrants and their valuation are set out in note 21. The loan has been reclassified into non-current liabilities in the current year to reflect this extension.

The loan was advanced for the purpose of the drilling of side tracks and associated works as part of the Company's Project development strategy in relation to the development of the Middle Eocene reservoir within West Rustavi/Krtsanisi (Project I).

17. Provisions

	31 December 2024	31 December 2023
Decommissioning provision	**'000**	'000
Brought forward	1,080	1,723
Unwinding of discount on provision	44	43
Change in decommissioning provision in the year	(191)	(686)
Carried forward	**933**	**1,080**

Decommissioning provisions are based on management estimates of work and the judgement of the Directors. By its nature, the detailed scope of work required, and timing of such work is uncertain.

18. Share Capital

Called up, allotted, issued and fully paid	**No. Ordinary Shares**	**No. Deferred Shares**	**Nominal Value**
As at 31 December 2022	**680,362,741**	**2,095,165,355**	**3,565,575**
Issue of equity on 4 January 2023	764,340	-	2,353
Issue of equity on 6 February 2023	5,622,613	-	16,922
Issue of equity on 7 March 2023	924,997	-	2,855
Issue of equity on 5 April 2023	1,876,413	-	5,896
Issue of equity on 03 August 2023	35,124,708	-	111,798
As at 31 December 2023	**724,675,812**	**2,095,165,355**	**3,705,399**
Issue of equity on 28 May 2024	2,264,648	-	7,220
Issue of equity on 28 May 2024	6,455,477	-	20,580
As at 31 December 2024	**733,395,937**	**2,095,165,355**	**3,733,199**

On 28 May 2024, the Company issued 2,264,648 Ordinary Shares to two service providers in lieu of cash settlement for services provided to the Company with a total value of £24,000 (30,604).

On 28 May 2024, the Company issued 6,455,477 Ordinary Shares to the Employee Benefit Trust at par value.

On 4 January 2023, the Company issued 414,879 Ordinary Shares to two service providers in lieu of cash settlement for services provided to the Company with a total value of £5,145 (6,335).

On 4 January 2023, the Company issued 349,461 Ordinary Shares to three Non-Executive Directors, on exercise of their nil cost options.

On 3 February 2023, the Company issued 296,556 Ordinary Shares to three Non-Executive Directors on exercise of their nil cost options.

On 6 February 2023, the Company issued 5,173,662 Ordinary Shares to the Employee Benefit Trust at par value.

On 6 February 2023, the Company issued 152,395 Ordinary Shares to two service providers in lieu of cash settlement for services provided to the Company with a total value of £2,421 (2,915).

On 7 March 2023, the Company issued 646,849 Ordinary Shares to two service providers in lieu of cash settlement for services provided to the Company with a total value of £7,783 (9,608).

On 7 March 2023, the Company issued 278,148 Ordinary Shares to two Non-Executive Directors, on exercise of their nil cost options.

On 5 April 2023, the Company issued 1,400,025 Ordinary Shares to two Non-Executive Directors, on exercise of their nil cost options.

On 5 April 2023, the Company issued 476,388 Ordinary Shares to two service providers in lieu of cash settlement for services provided to the Company with a total value of £4,783 (6,011).

On 3 August 2023, the Company issued 30,000,000 Ordinary shares to the Employment Benefit Trust at par value.

On 3 August 2023, the Company issued 5,124,708 Ordinary shares to three service providers in lieu of cash settlement for services provided to the Company with a total value of £68,589 (87,326).

The Ordinary Shares consist of full voting, dividend and capital distribution rights and they do not confer any rights for redemption. The Deferred Shares have no entitlement to receive dividends or to participate in any way in the income or profits of the Company, nor is there entitlement to receive notice of, speak at, or vote at any general meeting or annual general meeting.

19. Share Premium Account

	'000
Balance at 1 January 2024	34,856
Premium arising on issue of equity shares	23

	'000
Balance at 31 December 2024	**34,879**

	'000
Balance at 1 January 2023	34,765
Premium arising on issue of equity shares	91
Balance at 31 December 2023	**34,856**

20. Reserves

The following describes the nature and purpose of each reserve within owners' equity.

Reserves	**Description and purpose**
Share capital	Amount subscribed for share capital at nominal value.
Share premium account	Amount subscribed for share capital in excess of nominal value, less attributable costs.
Other reserves	The other reserves comprises the fair value of all share options and warrants which have been charged over the vesting period, net of the amount relating to share options which have expired, been cancelled and have vested. It also comprises the shares issued to the EBT so their value is matched against the options charged to this reserve. This movement has been shown in the Consolidated Statement of the Changes in Equity and is also set out in the table below
Foreign exchange reserve	Exchange differences on translating the net assets of foreign operations
Accumulated deficit	Cumulative net gains and losses recognised in the income statement and in respect of foreign exchange.

Other Reserves	**'000**
Balance at 1 January 2024	4,766
Share based payments	320
Share based payments - 2023 Bonus payments	312
Netting of EBT loan	(332)
Balance at 31 December 2024	5,066
Balance at 1 January 2023	4,525
Share based payments	414
Options movement	(173)
Balance at 31 December 2023	**4,766**

The Employee Benefit Trust (EBT) loan has been netted off against reserves as the shares held by the trust are considered part of the group and, accordingly, have been treated like treasury shares for consolidation purposes.

21. Warrants

	Number of Warrants	**31 December 2024 weighted average exercise price**	Number of Warrants	31 December 2023 weighted average exercise price
Outstanding at the beginning of the year	54,241,837	2.2p	10,809,194	4p
Granted in the year	91,185,133	0.85p	44,682,643	1.8p
Expired in the year	-	-	(1,250,000)	4p
Outstanding at the end of the year	145,426,970	1.33p	54,241,837	2.2p

As at 31 December 2024, all warrants were available to exercise and were exercisable at prices between 0.85p and 12.5p (31 December 2023: 1.7p and 12.5p). The weighted average life of the warrants is 2.0 years (31 December 2023: 2.1 years).

The warrants granted during the year related to the cost of borrowing and therefore a fair value was calculated using the Black Scholes Model. This resulted in fair value charge of244,000 being assigned to the warrants granted to the lenders. The inputs used for the model are shown below in note 22.

22. Share Based Payments

During the year, the Group operated a Block Energy Plc Share Option Plan (Share Option Scheme).

Under IFRS 2, an expense is recognised in the statement of comprehensive income for share based payments, to recognise their fair value at the date of grant. The application of IFRS 2 gave rise to a charge of386,000 for the year ended 31 December 2024. The equivalent charge for the year ended 31 December 2023 was414,000. The Group recognised total expenses (all of which related to equity settled share-based payment transactions) under the current plans of:

	Year ended 31 December 2024	Year ended 31 December 2023
	'000	'000

Share option scheme	386	414
	386	**414**

Share Option Scheme
The vesting period varies between 0 days to 3 years. The options expire if they remain unexercised after the exercise period has lapsed and have been valued using the Black Scholes model.

The following table sets out details of all outstanding options granted under the Share Option Scheme.

	2024 Options	**2024 Weighted average exercise price**	2023 Options	2023 Weighted average exercise price
Outstanding at beginning of year	99,785,841	0.01	100,106,152	0.02
Granted during the year	30,909,737	0.01	26,701,508	0.01
Exercised during the year	-	-	8,540,800	0.00
Expired during the year	300,001	0.02	18,481,019	0.03
Outstanding at the end of the year	**130,395,579**	**0.01**	**99,785,841**	**0.01**
Exercisable at the end of the year	95,190,127		83,823,460	

The weighted average exercise price of the share options exercisable at 31 December 2024 is 0.01 (31 December 2023: 0.01). The weighted average contractual life of the share-based payments outstanding at 31 December 2024 is 9.44 years (31 December 2023: 9.16 years).

The estimated fair values of these share options, and the inputs used in the Black-Scholes model to calculate those fair values are as follows:

Date of grant	**Number of options**	**Estimated fair value**	**Share price**	**Exercise price**	**Expected volatility**	**Expected life**	**Risk free rate**	**Exp. dividends**
30 June 2017	1,200,000	0.04	0.01	0.03	84%	5.5 years	1.16%	0%
6 April 2018	4,400,000	0.05	0.04	0.03	84%	10 years	1.34%	0%
11 June 2018	18,098,332	0.04	0.05	0.05	84%	10 years	1.23%	0%
21 October 2019	6,325,000	0.05	0.06	0.15	109%	9.0 years	0.63%	0%
1 March 2021	10,800,00	0.04	0.04	0.06	192%	9.5 years	0%	0%
8 April 2022	25,200,000	0.01	0.02	0.02	105%	10 years	1.75%	0%
28 May 2024	8,301,887	0.01	0.013	0.013	70.5%	10 years	4.55%	0%
	Number of warrants							
31 December 2020	8,750,167	0.04	0.04	0.04	190%	5 years	0%	0%
1 February 2023	25,330,249	0.003	0.012	0.017	70.5%	3 years	3.76%	0%
10 May 2023	19,352,394	0.003	0.013	0.019	70.5%	3 years	3.57%	0%
2 August 2024	91,185,133	0.004	0.009	0.009	70.5%	3 years	3.71%	0%

All share-based payment charges are calculated using the fair value of options.

For the options and warrants granted in 2023 and 2024, expected volatility was determined by reviewing benchmark values from comparator companies. For the options granted prior to 2023, expected volatility was determined by reference to the volatility of historic trading prices of the Company's shares.

23. Financial Instruments

Capital Risk Management
The Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company and the Group is to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, foreign exchange and other reserves and retained earnings as disclosed in the Consolidated Statement of Changes of Equity.

The Group is exposed to a number of risks through its normal operations, the most significant of which are interest, credit, foreign exchange and liquidity risks. The management of these risks is vested to the Board of Directors.

The sensitivity has been prepared assuming the liability outstanding was outstanding for the whole period. In all cases presented, a negative number in profit and loss represents an increase in finance expense/decrease in interest income.

Credit Risk
Credit risk is the risk that the Group will suffer a financial loss as a result of another party failing to discharge an obligation and arises from cash and other liquid investments deposited with banks and financial institutions and receivables from the sale of crude oil.

For deposits lodged at banks and financial institutions these are all held through a recognised financial institution. The maximum exposure to credit risk is 1,136,000 (2022: 713,000). The Group does not hold any collateral as security.

The carrying value of cash and cash equivalents and financial assets represents the Group's maximum exposure to credit risk at year end. The Group has no material financial assets that are past due.

The Company has made unsecured loans at a simple interest rate of 5% to its subsidiary companies. The loans are repayable on demand. A small amount of these loans have been made to subsidiaries which though revenue generating are not profit making, therefore there is a risk that they will not be fully recoverable. An assessment of the expected credit loss arising on intercompany loans is detailed in note 6 to the parent Company financial statements.

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Company comprises of currency risk (discussed below) and interest rate risk. Since there are no variable interest-bearing loans in the Group (the Group Borrowings are set at a fixed rate of 16%), no risk is therefore identified.

Currency Risk

Currency Risk

Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation-related risks are therefore not included in the assessment of the entity's exposure to currency risks. Translation exposures arise from financial and non-financial items held by an entity (for example, a subsidiary) with a functional currency different from the Group's presentational currency. However, foreign currency-denominated inter-company receivables and payables which do not form part of a net investment in a foreign operation would be included in the sensitivity analysis for foreign currency risks; this is because, even though the balances eliminate in the consolidated balance sheet, the effect on profit or loss of their revaluation under IAS 21 is not fully eliminated.

A 10% increase in the strength of the pound sterling against the US dollar would cause an estimated increase of 94,000 (2023: 221,000 increase) in the loss after tax of the Group for the year ended 31 December 2024, with a 10% weakening causing an equal and opposite decrease. The impact on equity is the same as the impact on loss after tax.

The Group's cash and cash equivalents and liquid investments are mainly held in US dollars, pounds sterling and Georgian Lari. At 31 December 2024, 1% (2023: 16%) of the Group's cash and cash equivalents and liquid investments were held in pounds sterling, 67% (2023: 78%) in Georgian Lari and 32% (2023: 6%) in US dollars.

Liquidity Risk

Liquidity risk arises from the possibility that the Group and its subsidiaries might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. In addition to equity funding, additional borrowings have been secured in the past to finance operations. The Company manages this risk by monitoring its financial resources and carefully plans its expenditure programmes. Financial liabilities of the Group comprise trade payables which mature in less than twelve months.

Type	<3 months	1-3months	1-2 years	Total
	'000		'000	'000
Trade payables	1,237	-	-	1,237
Borrowings	-	-	2,000	2,000
Total	**1,237**	-	**2,000**	**3,237**

24. Categories of Financial Instruments

In terms of financial instruments, these solely comprise of those measured at amortised cost and are as follows:

	31 December 2024	31 December 2023
	'000	'000
Liabilities at amortised cost	740	1,042
Borrowings at amortised cost	2,000	2,000
	2,740	**3,042**
Cash and cash equivalents at amortised cost	1,136	713
Financial assets at amortised cost	804	971
	1,940	**1,684**

A fixed and floating charge has been placed over the assets owned by the Group as security for the 2m borrowings taken out in the year. This will be discharged in full on payment of these secured liabilities.

25. Subsidiaries

At 31 December 2023 and 2024, the Group consists of the following subsidiaries, which are wholly owned by the Company.

Company	**Country of Incorporation**	**Proportion of voting rights and equity interest**
Block Norioskhevi Ltd	British Virgin Islands	100%
Satskhenisi Ltd	Marshall Islands	100%
Georgia New Ventures Inc.	Bahamas	100%
Block Operating Company LLC	Georgia	100%
Block Rustaveli Limited	British Virgin Islands	100%
Didi Lilo & Nakarala Limited	British Virgin Islands	100%

Subsidiaries - Nature of business

The principal activity of Georgia New Ventures Inc, Satskhenisi Ltd, Block Norioskhevi Ltd, Block Rustaveli Limited and Didi Lilo & Nakarala Limited is oil and gas development and production.

The principal activity of Block Operating Company LLC is to be the operator of the oil and gas licenses held in Georgia.

Registered office

The registered office of Georgia New Ventures Inc. is Bolam House, King and George Streets, P.O. Box CB 11.343, Nassau, Bahamas.

The registered office of Satskhenisi Ltd is Trust Company Complex, Ajeltake road, Ajeltake Island, Majuro, Marshall Islands MH96960.

The registered office of Block Rustaveli Limited, Block Norioskhevi Ltd and Didi Lilo & Nakarala Limited is Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, 3rd Floor, Yamraj Building, Market Square, P.O. Box 3175, Road Town, Tortola, British Virgin Islands.

The registered office of Block Operating Company LLC is 13A Tamarashvili Street, Tbilisi 0162, Georgia.

26. Commitments

Commitments at the reporting date that have not been provided for were as follows:

Operating lease commitment

At year end the total of future minimum lease payments under non-cancellable operating leases for each of the following periods was:

	31 December 2024	31 December 2023
	'000	'000
Within 1 year	69	81
Between 1 and 5 years	-	-
Total	69	81

Short term leases are leases with a lease term of 12 months or less without a purchase option and are recognised on a straight-line basis as an expense in the profit or loss account.

27. Related Party Transactions

The Directors consider that there is no ultimate controlling party.

Key management personnel comprises of the Directors and details of their remuneration are set out in Note 7 and the Remuneration Report.

The Company extended its 2m loan facility during the year with further warrants granted to lenders. This included the following related parties, who also received further warrants as set out below:

Paul Haywood - 115,000 loan facility 5,243,145 warrants at a fair value cost of 14,000

28. Events Occurring After Year End

On 7 February 2025, the Company announced the issue of bonus options and shares for senior executives within the Company. These had been accrued in the accounts at year end. The Remuneration Committee elected to settle the bonuses by way of issue of 35,912,008 ordinary shares of 0.25p each ("Ordinary Shares") and 10,548,289 nil-cost options over Ordinary Shares ("Options"). The number of Ordinary Shares and Options has been determined by dividing the respective bonus by the Volume Weighted Average Price ("VWAP") of the Company's Ordinary Shares for January 2025 which equals 0.7385p per Ordinary Share.

On 27 March 2025, the Company announced the acquisition of a 10% participating interest in the XIQ Production Sharing Contract with an option to increase to 22%. The consideration was 1, with the Company being responsible for contributing its share of the 2025 work programme which is 77,000. This was acquired through the 100% acquisition of the subsidiary GOG SLADS Limited, a company incorporated in the British Virgin Islands on 12 March 2020 under BVI company number 2033094.

Copies of the Report & Accounts are available on the Company's website http://www.blockenergy.co.uk/ and have been posted to shareholders.

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