30 September 2024

Block Energy Plc

("Block" or the "Company")

Interim Results for the Six Months Ended 30 June 2024

Block Energy plc, the development and production company focused on Georgia, is pleased to announce the interim results for Block Energy plc and its subsidiaries (the "Group") for the six months ended 30 June 2024.

Highlights:

- 144,072 operational man-hours worked (1H 2023: 283,176 man-hours) with one lost time incident (1H 2023: one).
- Completed an independent engineering report on the Patardzueli-Samgori Lower Eocene and Upper Cretaceous reservoirs (Project III), ascribing 1,074 BCF 2C contingent resources to the field, and subsequently announced a further 1,700 BCF 2C contingent resources in the Rustavi and Teleti fields for total Project III 2C contingent resources of 2,774 BCF. The Company launched a farm-out campaign following these announcements.
- Signed an MoU with JSC Rustavi Azot, a subsidiary of Indorama Corporation Pte, one of Asia's largest chemicals companies, and operator of the Rustavi fertiliser factory with the most significant potential demand for carbon capture and storage.
- Remained cashflow positive throughout the period.
- EBITDA of $645,000 (1H 2023: $491,000).
- Profit for the period of $2,000 (1H 2023: loss of $432,000).
- Total production of 82.8 Mboe comprising 61.3 Mbbls of oil and 21.5 Mboe of gas (1H 2023: 96.4 Mboe, comprising 75.3 Mbbls of oil and 21.1 Mboe of gas).
    - Average daily production of 455 boepd (1H 2023: 533 boepd).
    - Well WR-34Z underperformed expectations in the first half, but good production performance was achieved following a workover.
    - Average daily production from 1 July to 27 September (being the last practicable date prior to this report) was 527 boepd.
- Oil sales of 46.6 Mbbls with revenue of $3.3 million, representing a weighted average price of $71 per barrel (1H 2023: Oil sales of 51.4 Mbbls with revenue of $3.45 million, representing a weighted average price of $67 per barrel).
- Gas sales of 93.5 MMcf with revenue of $0.38 million, representing a weighted average price of $4.1/Mcf (1H 2023: 88.0 MMcf with revenue of $0.48 million, representing a weighted average price of $5.4/Mcf).

- Oil in inventory net to the Company at the end of the period was 12.1 Mbbls (1H 2023: 11.7 Mbbls).
- Cash position of $656,000 as at 30 June 2024 (31 December 2023: $713,000).

Post period events:

On 31 July 2024, the Company announced the extension of its $2.0 million loan facility, with existing lenders, for a further 18 months (to 2 February 2026) on substantially similar terms. The Company also granted a further 91,185,133 warrants in consideration for this loan extension. These warrants are exercisable at any point up until 30 July 2027, and have an exercise price of 0.85 pence per ordinary share.

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

"*We continue to focus on the strategy we presented at the end of 2023 to develop our high-impact assets through asset level finance, and to ensure the underlying business remains cashflow positive.*

We maintain positive EBITDA, which we have grown compared to the same period last year. Production performance in the second half has improved following the workover of WR-34Z, and we have met our goal of remaining cashflow positive at current oil prices and production rates.

The farm-out of Project III, and its 2.77 TCF 2C contingent resources, is progressing. We have hosted multiple interested parties in the data room, with discussions continuing.

The development of our carbon capture storage project is well underway.

I look forward to updating shareholders on the developments in our portfolio in due course."

Stephen James BSc, MBA, PhD (Block's Subsurface Manager) has reviewed the reserve, resource and production information contained in this announcement. Dr James is a geoscientist with over 40 years' experience in field development and reservoir management.

****ENDS****

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE UK VERSION OF THE MARKET ABUSE REGULATION NO 596/2014 WHICH IS PART OF ENGLISH LAW BY VIRTUE OF THE EUROPEAN (WITHDRAWAL) ACT 2018, AS AMENDED. ON PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INFORMATION IS CONSIDERED TO BE IN THE PUBLIC DOMAIN.

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

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Notes to editors

Block Energy plc is an AIM-quoted independent oil and gas company focused on production and development in Georgia, applying innovative technology to realise the full potential of previously discovered fields.

Block has a 100% working interest in Georgian onshore licence blocks IX and XIB. Licence block XIB is Georgia's most productive block. During the mid-1980s, production peaked at 67,000 bopd and cumulative production reached 100 MMbbls and 80 MMbbls of oil from the Patardzeuli and Samgori fields, respectively. The remaining 2P reserves across block XI[B] are 64 MMboe, comprising 2P oil reserves of 36 MMbbls and 2P gas reserves of 28 MMboe. (Source: CPR Bayphase Limited: 1 July 2015). Additionally, following an internal technical study designed to evaluate and quantify the undrained oil potential of the Middle Eocene within the Patardzeuli field, the Company has estimated gross unrisked 2C contingent resources of 200 MMbbls of oil.

The Company has a 100% working interest in the West Rustavi onshore oil and gas field in licence blocks XIB & XIF. Multiple wells have tested oil and gas from a range of geological horizons. The field has so far produced over 75 Mbbls of light sweet crude and has 0.9 MMbbls of gross 2P oil reserves in the Middle Eocene. It also has 38 MMbbls of gross unrisked 2C contingent resources of oil and 608 Bcf of gross unrisked 2C contingent resources of gas in the Middle, Upper and Lower Eocene formations (Source: CPR Gustavson Associates: 1 January 2018).

Block also holds 100% and 90% working interests respectively in the onshore oil producing Norio and Satskhenisi fields.

The Company offers a clear entry point for investors to gain exposure to Georgia's growing economy and the strong regional demand for oil and gas.

Glossary

- bbls: barrels. A barrel is 35 imperial gallons.
- Bcf: billion cubic feet.
- boe: barrels of oil equivalent.
- boepd: barrels of oil equivalent per day.
- bopd: barrels of oil per day.
- 2C: the unrisked best estimate scenario of contingent resources.

- Contingent Resources: quantities of hydrocarbons which are estimated to be potentially recoverable from known accumulations but are contingent on technical or commercial factors not currently defined.
- Mbbls: thousand barrels.
- Mboe: thousand barrels of oil equivalent.
- MMbbls: million barrels.
- MMboe: millions of barrels of oil equivalent.
- MMcf: million cubic feet.
- Tcf: Trillion cubic feet.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months period ended 30 June 2024

	Notes	**6 months ended 30 June 2024 Unaudited $'000**	**6 months ended 30 June 2023 Unaudited $'000**
Continuing operations:			
Revenue		3,690	3,926
Cost of sales:			
Direct costs		(1,618)	(1,839)
Decrease in inventory		(23)	(135)
Depreciation and depletion of oil and gas assets	*6*	(590)	(827)
		(2,231)	(2,801)
Gross profit		**1,459**	**1,125**
Administrative expenses		(1,372)	(1,059)
Share based payments		(32)	(402)
Foreign exchange movements		(41)	10
		(1,445)	(1,451)
Operating profit/(loss)		**14**	**(326)**
Other income		3	4
Finance income		15	-
Finance expense		(30)	(110)
Profit/(loss) for the period before taxation		**2**	**(432)**
Taxation		-	-
Profit/(loss) for the period from continuing operations (attributable to the equity holders of the parent)		**2**	**(432)**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(113)	17
Total comprehensive loss for the period attributable to the equity holders of the parent		**(111)**	**(415)**
Profit/(loss) per share (basic)	*5*	**0.00c**	**(0.06)c**
Profit/(loss) per share (diluted)	*5*	*0.00c*	*(0.05)c*
Earnings before interest, tax, depreciation and amortisation (EBITDA)	*4*	***645***	***491***

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	30 June 2024 Unaudited $'000	31 December 2023 Audited $'000
Non-current assets			
Intangible assets		117	50
Property, plant and equipment	*6*	23,582	23,851
		23,699	23,901
Current assets			
Inventory		4,425	4,377
Trade and other receivables		1,098	971
Cash and cash equivalents		656	713
Total current assets		6,179	6,061
Total assets		**29,878**	**29,962**
Equity and liabilities			
Capital and reserves attributable to equity holders of the Company:			
Share capital	*8*	3,733	3,705
Share premium		34,879	34,856
Other reserves		5,104	4,766
Foreign exchange reserve		655	768
Accumulated deficit		(18,387)	(18,389)
Total equity		**25,984**	**25,706**
Non-current liabilities			
Borrowings	*7*	2,000	2,000
Current liabilities			
Trade and other payables		815	1,176
Provisions		1,079	1,080
Total current liabilities		1,894	2,256
Total liabilities		**3,894**	**4,245**
Total equity and liabilities		**29,878**	**29,962**

Condensed Consolidated Interim Statement of Cash Flows

For the six months period ended 30 June 2024

	Notes	**6 months ended 30 June 2024 Unaudited $'000**	**6 months ended 30 June 2023 Unaudited $'000**
Operating activities			
Profit/(loss) for the period before income tax		2	(432)
Adjustments for:			
Finance and other income		(18)	-
Finance expense		30	110
Depreciation and depletion	*6*	590	827
Share based payments expense		32	402
Creditors paid in shares		30	-
Foreign exchange movement		258	(21)
Net cash flows from operating activities before changes in working capital		**924**	**886**
Increase in trade and other receivables		(127)	(1,009)
Decrease in trade and other payables		(363)	(516)
(Increase)/decrease in inventory		(48)	360
Net cashflows from/(used in) operating activities		**386**	**(279)**
Investing activities			
Expenditure in respect of intangible assets		(67)	(50)
Expenditure in respect of PP&E		(243)	(1,173)
Cash used in investing activities		**(310)**	**(1,223)**
Financing activities			
Interest paid		(154)	(86)
Interest and other income		18	-
Proceeds from borrowings		-	2,000
Net cash flows from/(used in) financing activities		**(136)**	**1,914**
Net (decrease)/increase in cash and cash equivalents		**(60)**	**412**
Cash and cash equivalents at start of period		713	450
Effects of foreign exchange rate changes on cash and cash equivalents		3	20
Cash and cash equivalents at end of period		**656**	**882**

Consolidated Statement of Changes in Equity

As at 30 June 2024

	Share capital	Share premium	Accumulated deficit	Other reserve	Foreign exchange reserve	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2023 (unaudited)	**3,593**	**34,785**	**(16,651)**	**4,825**	**711**	**27,263**
Loss for the period	-	-	(1,781)	-	-	(1,781)
Exchange differences on translation of operations in foreign currency	-	-	-	-	57	57
Total comprehensive loss for the period	***-***	***-***	***(1,781)***	***-***	***57***	***(1,724)***
Shares issued	112	71	-	-	-	183
Share based payment as adjusted	-	-	-	(16)	-	(16)
Options expired	-	-	43	(43)	-	-
Total transactions with owners	***112***	***71***	***43***	***(59)***	***-***	***167***
Balance at 31 December 2023 (audited)	**3,705**	**34,856**	**(18,389)**	**4,766**	**768**	**25,706**
Profit for the period	-	-	2	-	-	2
Exchange differences on translation of operations in foreign currency	-	-	-	-	(113)	(113)
Total comprehensive profit for the period	***-***	***-***	***2***	***-***	***(113)***	***(111)***
Shares issued	28	23	-	-	-	51
Share based payments accrued in 2023, issued 2024	-	-	-	306	-	306
Share based payments in 2024	-	-	-	32	-	32
Total transactions with owners	***28***	***23***	***-***	***338***	***-***	***389***
Balance at 30 June 2024 (unaudited)	**3,733**	**34,879**	**(18,387)**	**5,104**	**655**	**25,984**

Notes to the Condensed Consolidated Interim Financial Statements

For the six months period ended 30 June 2024

1. General information

Block Energy Plc, (the “Company”) is a company registered in England and Wales (05356303), with its registered office at Eccleston Yards, 25 Eccleston Place, London SW1W 9NF.

The Condensed Consolidated Interim Financial Statements of the Group, which comprises Block Energy plc and its subsidiaries (the “Group”), for the six-month period from 1 January 2024 to 30 June 2024, were approved by the Directors on 30 September 2024. The Group’s principal activity is oil and gas exploration, development and production.

The Company’s shares are traded on AIM and the trading symbol is BLOE.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 22 May 2024 and delivered to the Registrar of Companies. The auditor’s report on those financial statements was unqualified but did include a reference to the material uncertainty surrounding going concern, to which the auditors drew attention by way of emphasis of matter and did not contain a statement under s498 (2) – (3) of Companies Act 2006.

The Company’s auditors have not reviewed these condensed consolidated interim financial statements.

2. Basis of preparation

Management has prepared these interim accounts in accordance with IFRS accounting policies as applied at 31 December 2023 (without the disclosure requirements of IFRS). They do not include all of the information required in annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023 and any public announcements made by Block Energy Plc during the interim reporting period. All amounts presented are in thousands of US dollars unless otherwise stated.

The comparatives are the six-month period ended 30 June 2023, except for the Condensed Consolidated Statement of Financial Position, where the comparatives are as at 31 December 2023.

The accounting policies adopted in this half-yearly financial report are the same as those adopted in the 2023 Annual Report and Financial Statements. There were no new or amended accounting standards that required the Group to change its accounting policies. The Directors also considered the impact of standards issued but not yet applied by the Group and do not consider that there will be a material impact of transition on the financial statements.

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.

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.

3. Operating segments

The Group is engaged in the appraisal and development of oil and gas resources in Georgia and is therefore considered to operate in a single geographical and business segment.

4. Adjusted EBITDA

Adjusted EBITDA	**6 months ended 30 June 2024 $'000**	**6 months ended 30 June 2023 $'000**
Oil and gas exploration - Georgia	1,349	1,291
Corporate and other	(704)	(800)
Total adjusted EBITDA	**645**	**491**

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

Total adjusted EBITDA	**6 months ended 30 June 2024 $'000**	**6 months ended 30 June 2023 $'000**
Depreciation and depletion	(590)	(827)
Finance and other income	18	4
Finance costs and foreign exchange	(71)	(100)
Profit/(loss) before income tax from continuing operations	**2**	**(432)**

5. Earnings per share

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

	6 months ended 30 June 2024	6 months ended 30 June 2023
Profit/(loss) attributable to equity Shareholders $	$2,000	$(432,000)
Weighted average number of Ordinary Shares	726,265,669	687,068,781
Profit/(loss) per Ordinary Share ($/cents)**	**0.00 cents**	**(0.06) cents**
Weighted average number of Ordinary Shares, Warrants and Options in issue*	885,928,824	885,509,245
Diluted profit/(loss) per Ordinary Share+ ($/cents)	**0.00 cents**	**(0.05) cents**

**the Options in issue includes the 72,621,352 to be satisfied by shares already issued to the Employee Benefit Trust*

** *Profit per ordinary share was 0.00028 cents*

6. Property, plant and equipment

Unaudited	Development & Production Assets	PPE/Computer/ Office equipment/ Vehicles	Total
Cost	**$'000**	**$'000**	**$'000**
At 1 January 2024	31,719	2,032	33,751
Additions*	287	80	367
Disposals	-	(30)	(30)
Foreign exchange movements	-	(16)	(16)
At 30 June 2024	**32,006**	**2,066**	**34,072**
Accumulated depreciation			
At 1 January 2024	8,986	914	9,900
Charge	444	146	590
At 30 June 2024	**9,430**	**1,060**	**10,490**
Carrying amount			
At 30 June 2024	**22,576**	**1,006**	**23,582**
At 31 December 2023	22,733	1,118	23,851

**This includes additions of $124,000 which relates to capitalised borrowing costs*

Unaudited	Development & Production Assets	PPE/Computer/ Office equipment/ Vehicles	Total
Cost	**$'000**	**$'000**	**$'000**
At 1 January 2023	29,115	2,072	31,187
Additions	1,111	62	1,173
Disposals	-	(35)	(35)
Foreign exchange movements	2	11	13

At 30 June 2023	30,228	2,110	32,338
Accumulated depreciation			
At 1 January 2023	5,711	661	6,372
Charge	682	145	827
Disposals	-	(14)	(14)
Foreign exchange movements	(1)	3	2
At 30 June 2023	6,392	795	7,187
Carrying amount			
At 30 June 2023	23,836	1,315	25,151

No impairment was recognised in the six months ended 30 June 2024 (2023: Nil).

7. Borrowings

During the prior year the Company entered into a $2 million loan with a simple interest rate of 16% per annum becoming payable every quarter. The loan 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 was set at 18 months from the date of the drawdowns.

$124,000 of this interest charge was capitalised during the half-year to reflect borrowing costs directly associated with assets at pre-commercial production stage.

On 31 July 2024, the Company announced the extension of the loan for a further 18 months (to 2 February 2026) on substantially similar terms. The Company also granted a further 91,185,133 warrants in consideration for this loan extension. These warrants are exercisable at any time up until 30 July 2027 and have an exercise price of 0.85 pence per ordinary share.

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

8. Share capital

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.

On 30 June 2024, the Company's share capital consisted of 733,395,937 Ordinary Shares (30 June 2023: 689,551,104) and 2,095,165,355 Deferred Shares (30 June 2023: 2,095,165,355).

9. Related party transaction

The Company's Chief Executive Officer, Paul Haywood has provided $115,000 of the Loan referred to above and has received a further 5,243,145 new Warrants for agreeing to the extension. $9,175 (2023: 1H 2023: $6,376) has been paid in interest to Mr Haywood in the first half of 30 June 2024.

Mr Haywood is treated as a related party of the Company pursuant to the AIM Rules. Consequently, the participation of Mr Haywood in the provision of the Loan Facility constituted a related party transaction for the purposes of AIM Rule 13.

10. Other matters

A copy of this report is available from the Group's website, www.blockenergy.co.uk