



**BLOCK  
ENERGY** PLC

Focused on becoming one of Georgia's leading independent oil and gas companies

CORPORATE  
PRESENTATION

**2019**

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## Low risk cash flow with significant upside potential

- Oil and gas portfolio in proven hydrocarbon region of Georgia
- Productivity of flagship West Rustavi field demonstrated through exceptional test production rates of 1,100 bbl/d following horizontal sidetrack
- Excellent economics – Georgia offers low cost, stable fiscal regime
- \$36/bbl (at \$65/bbl Brent) and \$3.40/MCF netbacks - \$16.6 NPV<sup>10</sup> per barrel and \$1.1 NPV<sup>10</sup> per MCF
- Working to upgrade West Rustavi's 2C contingent resources of 38 MMbbls and 608 BCF to 2P reserves
- Rolling out £12m programme to rapidly build oil production and appraise multiple gas discoveries
- Platform to acquire acreage and build regional oil and gas company

## Extensive Georgian and international oil and gas experience



**Philip Dimmock**  
**Non-Executive Chairman**

Philip's roles in BP included Manager Forties. He was VP International at Ranger/CNRL and VP Operations at Vanco. Philip has served on the boards of three other AIM companies, including GKP. He currently advises Oando.



**Paul Haywood**  
**Chief Executive Officer**

Paul has more than 10 years experience in the Georgian oil and gas sector and investment management for private, corporate and institutional clients throughout Europe, Asia and the Middle East.



**Roger McMechan**  
**Technical Director**

Roger has managed operations for more than 35 years for companies including Petro Canada, Burlington Resources and Winstar Resources and has over eight years operations experience in Georgia.



**William McAvoek**  
**Chief Financial Officer**

William is a Chartered Certified Accountant with 12 years' experience in senior strategic and financial roles at resource groups including Gulf Keystone, managing finance systems in countries such as Iraq, Russia, Kazakhstan and Sierra Leone.



**Niall Tomlinson**  
**Executive Director**

Niall is a Chartered Geologist and energy and mining analyst with more than 10 years experience working with natural resource companies, including three years assessing natural resource projects in Georgia.

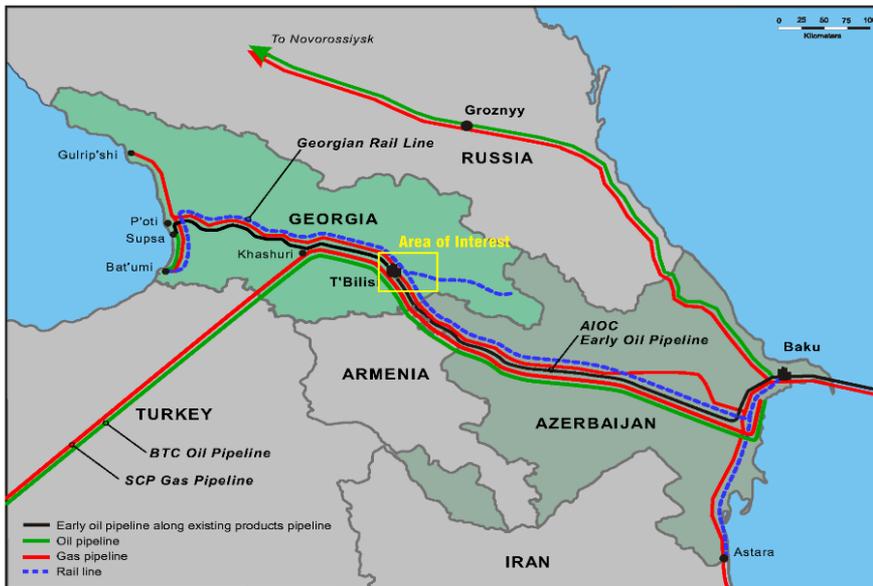


**Christopher Brown**  
**Non-Executive Director**

Chris has 40 years' experience across the international upstream oil and gas sector and has led operations in the UK, Europe, North Africa and the Middle East working for Shell, Enterprise Oil, Suncor and others.



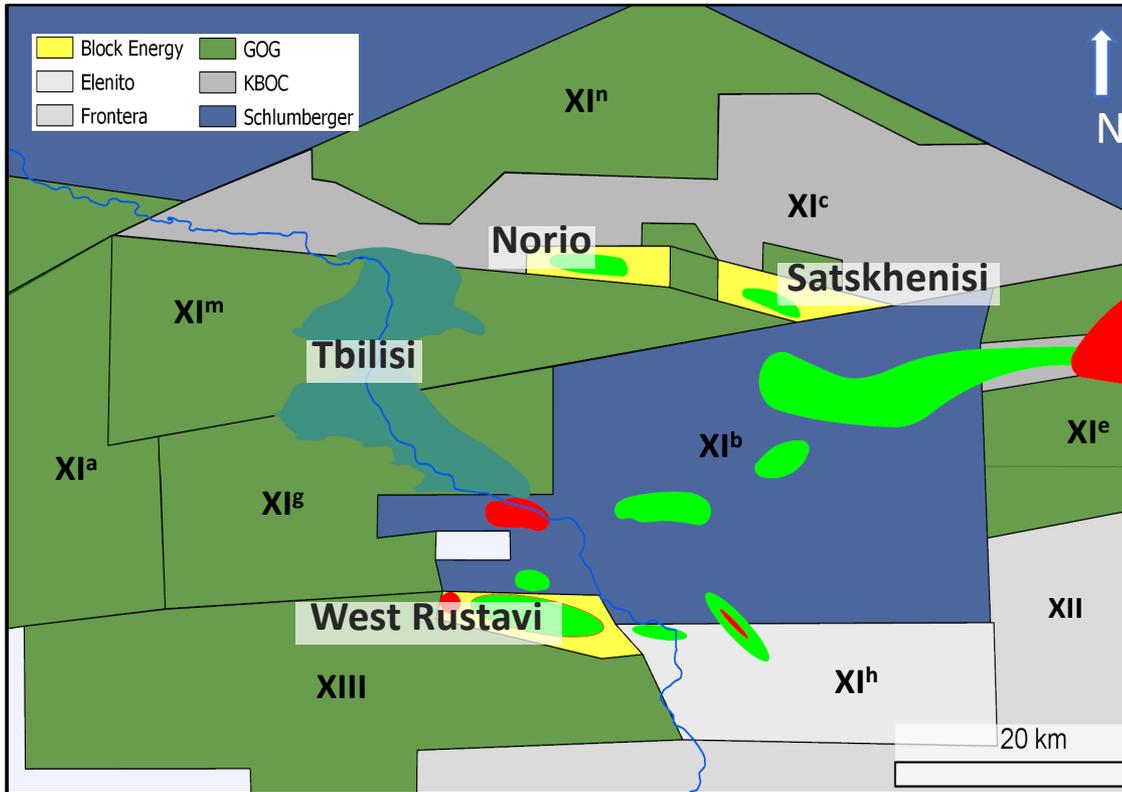
## Licences are located in a proven and prolific hydrocarbon region



- Located in the Kura basin and contiguous to largest historical producing field in Georgia (approximately 70,000 bopd at peak)
- Licences located next to and on trend with Schlumberger's 100% held position
- Over seven billion barrels of proven reserves in nearby Azerbaijan, Chechnya and Dagestan
- Ripe for application of modern technologies

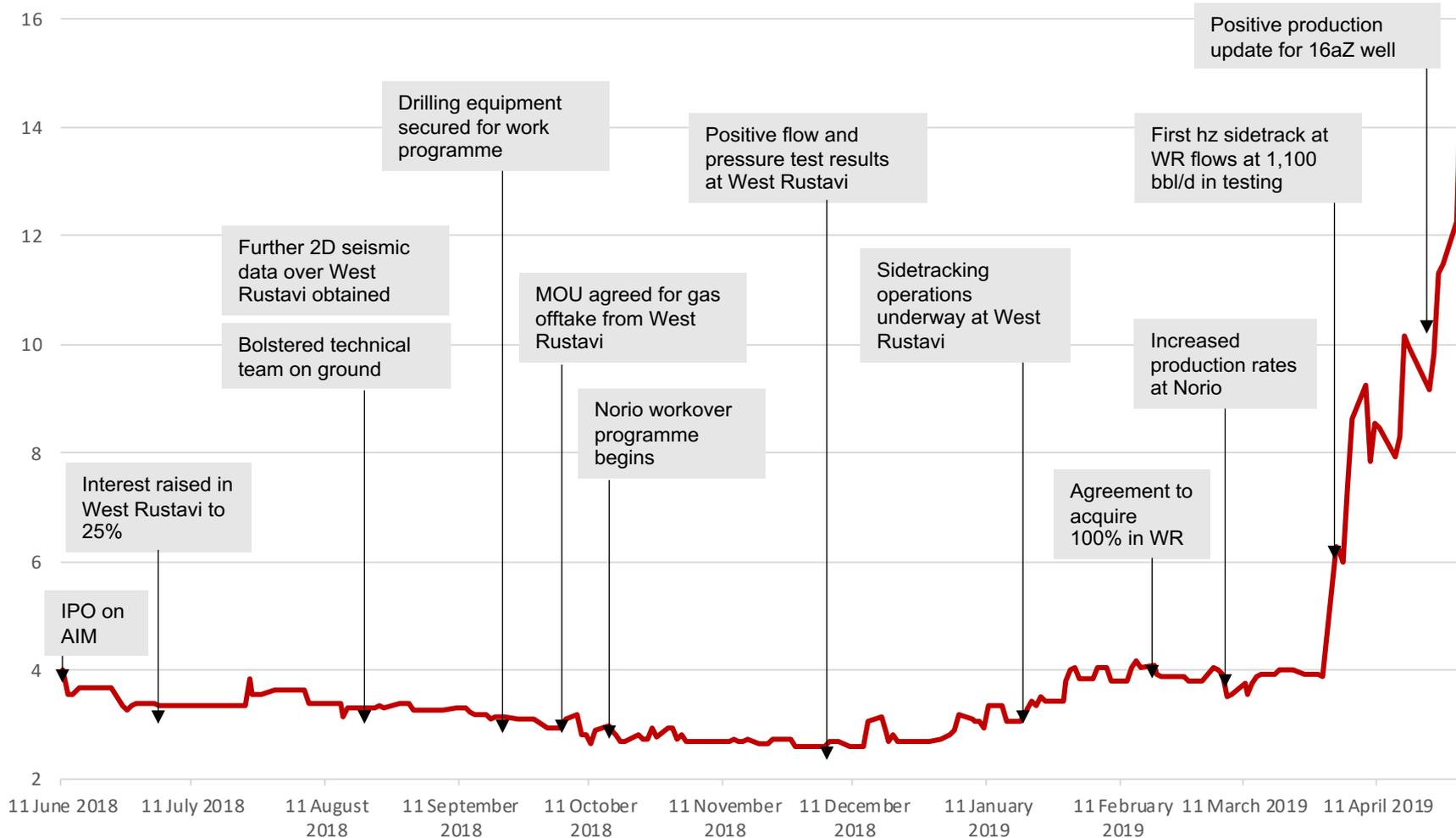


# Licence and Field Map





## Gathering share price momentum following progress since June 2018 IPO



## Proven reserves with multiple, large scale, appraisal opportunities

License Area	West Rustavi (100%*)	Norio (100%) Satskhenisi (90%)
2P oil reserves	0.9 MMbbls	1.6 MMbbls
2C contingent oil resources	38 MMbbls	35 MMbbls
2C contingent gas resources	608 BCF	18.3 BCF

**Note:** The figures above are exclusive of government share as defined in each Production Sharing Agreement

### Additional projects under review:

- Evaluating additional blocks with oil shows and production history
- Reviewing further oil and gas opportunities throughout region

\* Subject to completion of agreement.



## Low risk oil development with company-making gas appraisal upside

### Proven oil field

- Has produced 41 Mbbbl light sweet crude with remaining 0.9 MMbbbls 2P gross reserves in the Middle Eocene
- 38 MMBbbls of 2C gross contingent resources in Middle, Upper and Lower Eocene (condensate)
- First horizontal sidetrack 16aZ tested at 1,100 bbl/d from the Middle Eocene - over 3x higher than 325 bbl/d target
- \$36/bbl netback at \$65/bbl Brent - \$16.6 NPV<sup>10</sup> per barrel

### Company-making gas resource

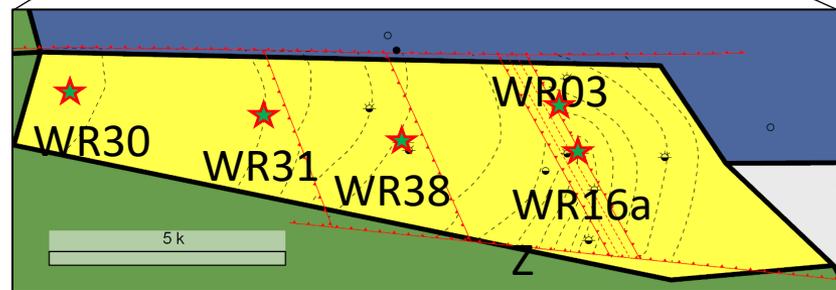
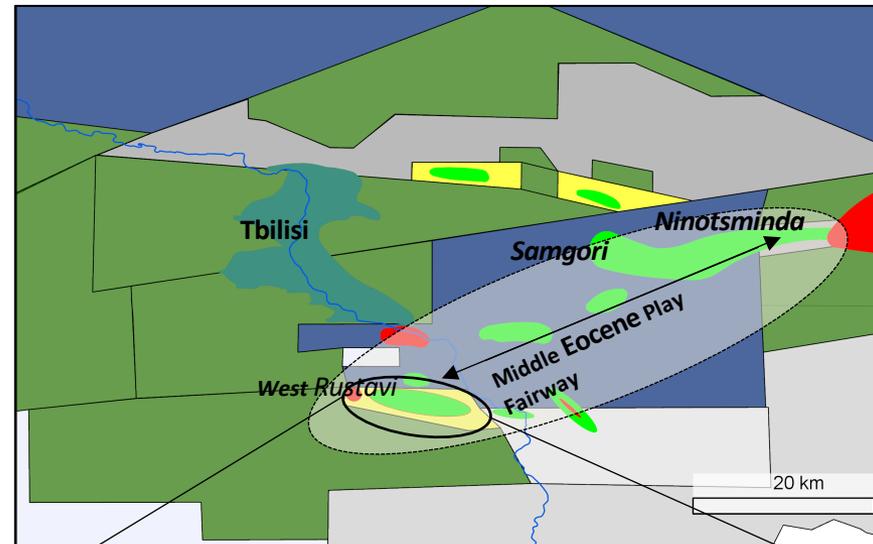
- 608 BCF 2C gross contingent resource target in the Eocene/Cretaceous – vertical wells tested at 1-1.5 MMScf/d
- \$3.40/MCF netback (WR16aZ associated gas) - \$1.1 NPV<sup>10</sup> per MCF

### Strategy

- Rapidly build oil production via sidetrack and appraise gas discovery by testing historic wells WR3, 30 and 38

### Attractive PSC licence terms

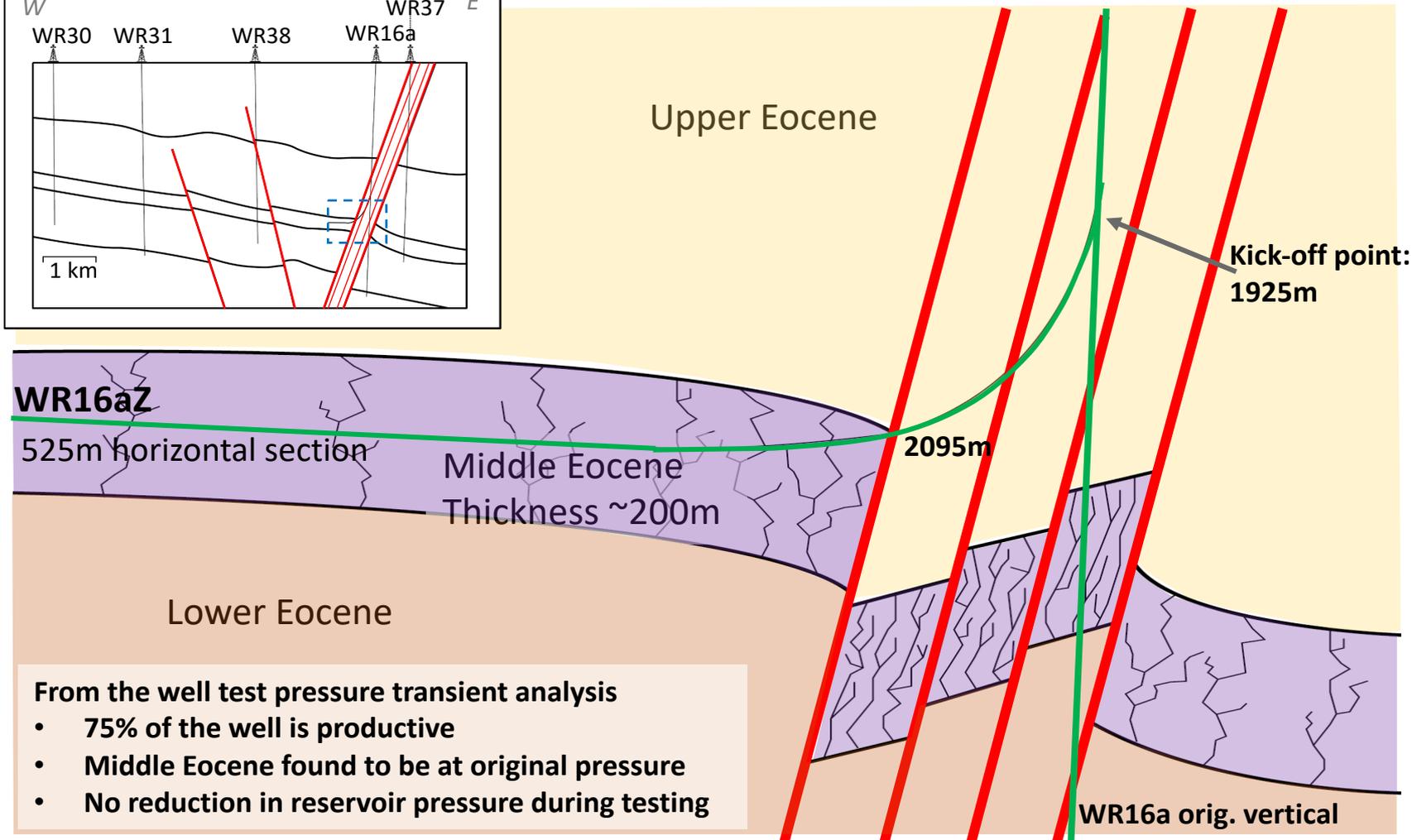
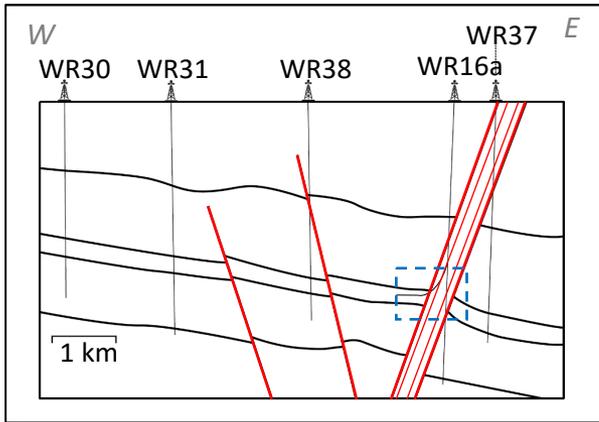
- Very low cost production and good fiscal terms: 25(+5) year term effective from 1 September 2018 with CPR to be updated once 3D seismic programme completed and interpreted.





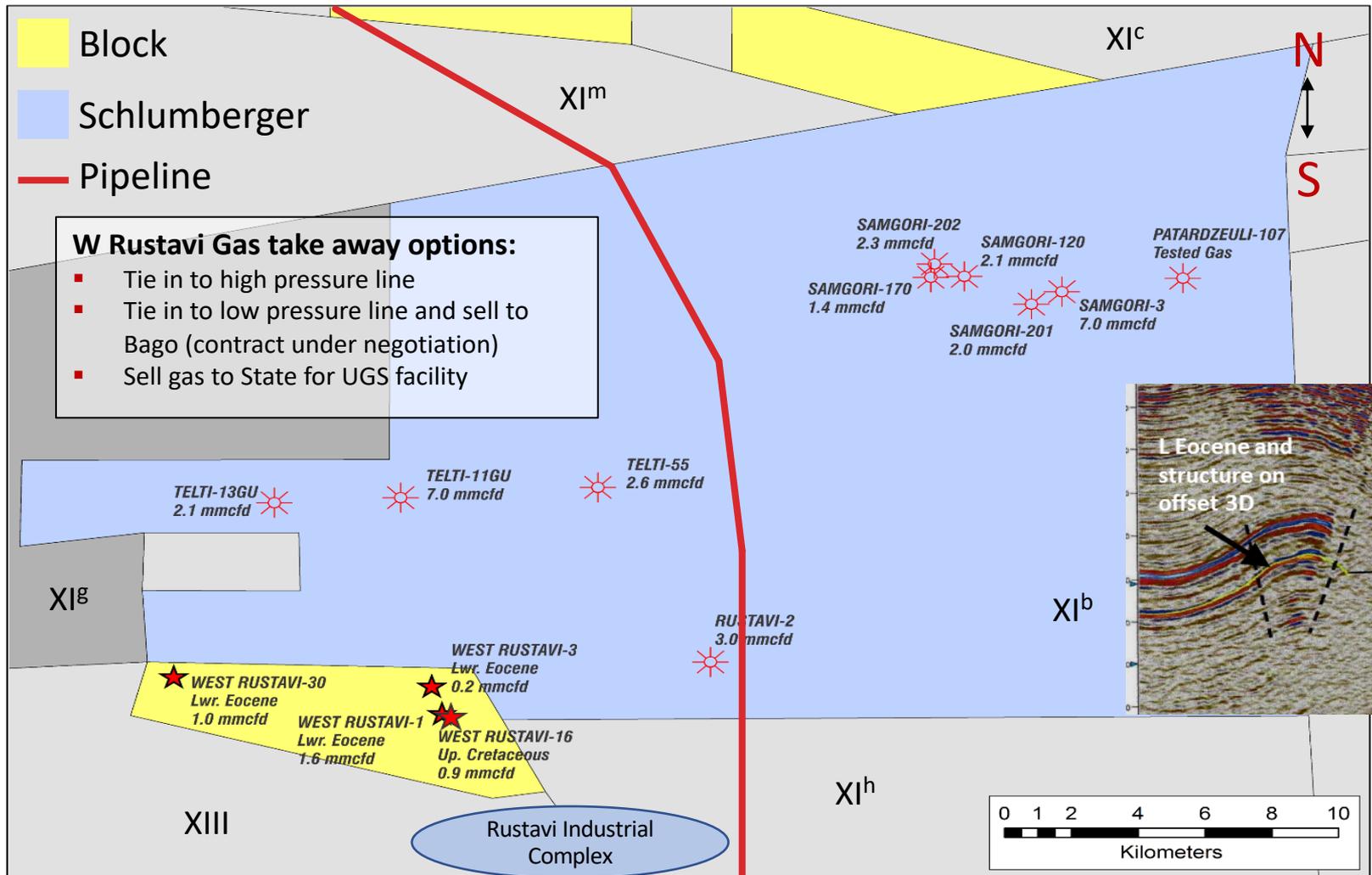
# West Rustavi 16aZ Cross Section

Producing from the Middle Eocene matrix and fractures



From the well test pressure transient analysis

- 75% of the well is productive
- Middle Eocene found to be at original pressure
- No reduction in reservoir pressure during testing



## Low cost development opportunity with existing production

### Proven producing fields:

#### Norio:

- 1.8 MMbbls of light sweet crude oil produced to date
- Specialist drilling tool used to increase production from 10 bopd towards 60 bopd during ongoing recompletion programme

#### Satskhenisi:

- Currently producing c. 6 bopd and cash flow positive
- Norio results to inform forward plan for Satskhenisi

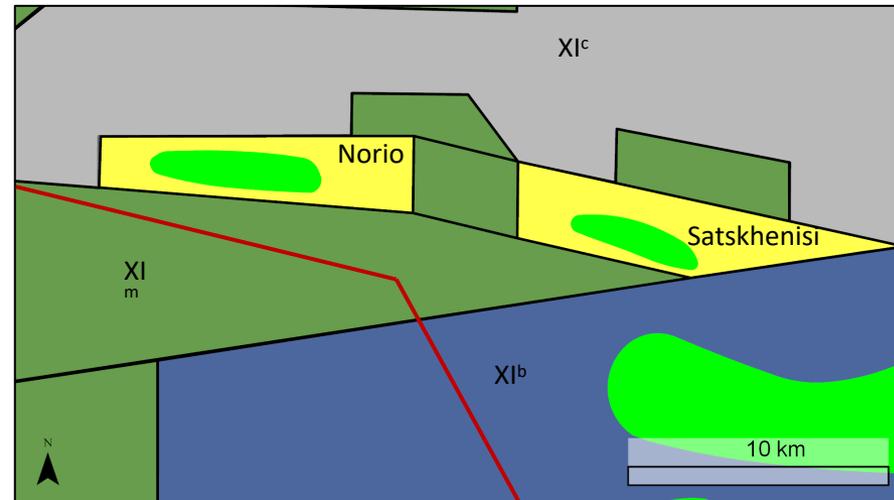
### Significant reserve/resource potential

#### Norio:

- 1.6 MMbbls of 2P oil reserves gross
- 7.2 MMbbls gross (2C) contingent oil resources

#### Satskhenisi:

- c. 14 Mbbls of 2P oil reserves gross
- 27.8 MMbbls gross (2C) contingent oil resources
- 16.4 BCF gross (2C) contingent gas resources



### Attractive PSC terms

- Operating costs recovered 100%, then:
- Of remaining production Block retains 50% as cost oil and the residual profit oil is split 50:50 with the state during cost recovery phase
- Terms are valid until 2026 with optional five year renewal



A young, ambitious company with significant re-rating potential



Exceptional 1,100 bbl/d test at well 16aZ - over three times higher than 325 bbl/d target



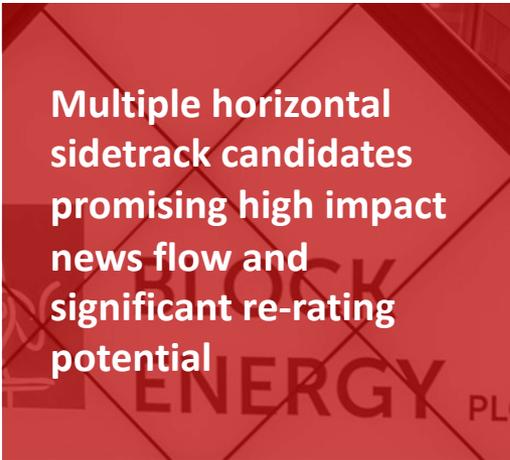
Upgrading West Rustavi's 2C contingent resources of 38 MMbbls and 608 BCF to 2P reserves



Stable political and economic environment in which to do business



Deploying up to £12m to accelerate West Rustavi work programme and secure additional licenses



Multiple horizontal sidetrack candidates promising high impact news flow and significant re-rating potential



Conditions in place to become one of Georgia's leading independent oil and gas operators



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Large inventory with high degree of confidence for both oil and gas

**CORPORATE OIL RESERVES SUMMARY**

FIELD NAME	Gross Reserves, MBbls			Net Reserves, MBbls		
	P <sub>90</sub> (1P)	P <sub>50</sub> (2P)	P <sub>10</sub> (3P)	P <sub>90</sub> (1P)	P <sub>50</sub> (2P)	P <sub>10</sub> (3P)
NORIO (100% WI)	899	1,631	2,533	682	1,108	1,497
WEST RUSTAVI (100% WI)*	471	907	1,606	281	464	754
SATSKHENISI (90% WI)	12	14	17	8	10	13
<b>Total</b>	<b>1,382</b>	<b>2,552</b>	<b>4,156</b>	<b>971</b>	<b>1,582</b>	<b>2,264</b>

Gross is for 100% Working Interest. Net is net of government share.

(MBbl = thousand barrels of oil; US\$m = millions of US\$)

**CORPORATE CONTINGENT RESOURCES**

FIELD NAME	Gross Unrisked Contingent Resource Estimates by Area						Block Energy Working Interest Unrisked Contingent Resource Estimates by Area						Risk Factor
	Contingent Oil/Condensate Resources, MMBbbs			Contingent Associated/Free Gas Resources, Bcf			Contingent Oil/Condensate Resources, MMBbbs			Contingent Associated/Free Gas Resources, Bcf			
	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	
NORIO (100% WI)	3.1	7.2	13.9	0.8	1.9	3.7	3.1	7.2	13.9	0.8	1.9	3.7	75%
WEST RUSTAVI (100% WI)*	18.6	37.9	69.3	314	608	1,000	18.6	37.9	69.3	314	608	1,000	75%
SATSKHENISI (90% WI)	16.4	27.8	43.7	9.3	16.4	26.5	14.7	25.0	39.3	8.4	14.7	23.9	75%
<b>Total</b>	<b>38.1</b>	<b>72.9</b>	<b>126.9</b>	<b>324</b>	<b>626</b>	<b>1,030</b>	<b>36.4</b>	<b>70.1</b>	<b>122.5</b>	<b>323</b>	<b>625</b>	<b>1028</b>	

Net is net of working interest.

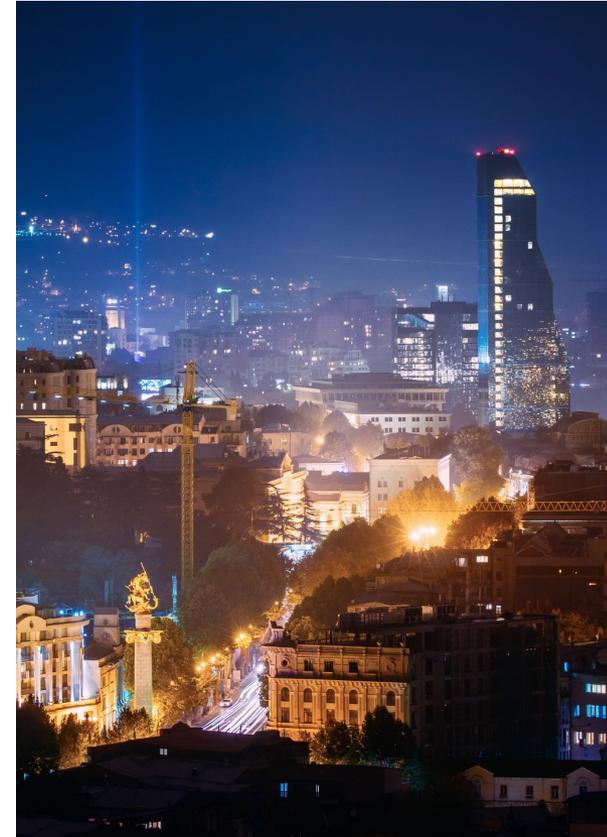
(MMBbbs = million barrels of oil; BCF = billion cubic feet)

Source: Competent Person's Report for Norio, West Rustavi and Satskhenisi Fields Republic of Georgia. Effective date of issue 1 January 2018 and carried out by Gustavson Associates.

\* Working Interest has been increased to reflect 100% figures.

## Georgia: a low cost, stable economic and political regime

- Robust economic growth at an average annual rate of 4.5% over the past decade
- A stable liberal democracy pursuing a pro-Western foreign and economic policy
- Tightly bound into the global community through membership of the World Trade Organisation, the Asian Development Bank, the Council of Europe, the European Bank for Reconstruction and Development, and the Organisation for Security and Co-operation in Europe
- A regulatory environment facilitating a liberalised energy market and stable framework for Production Sharing Agreements
- Top 10 ranking in the World Bank's ease of doing business index



As of 3 May 2019	
<b>Market</b>	AIM
<b>Listing date</b>	11 June 2018
<b>Sector</b>	Oil & Gas
<b>Ticker</b>	BLOE
<b>Total Ordinary Shares in Issue*</b>	275,906,218
<b>Total Warrants in Issue</b>	5,680,790
<b>Total Options in Issue</b>	23,738,332
<b>Deferred Issue of Ordinary Shares</b>	1,680,747
<b>Fully Diluted Ordinary Share* Capital</b>	307,006,087
<b>Percentage of Dilution*</b>	11.27%
<b>Share Price</b>	15.93p
<b>Market Cap</b>	£43.37m



\* Includes the 3,624,326 ordinary shares to be admitted to trading on 8 May 2019 following an exercise of warrants.



SHAREHOLDER	ORDINARY SHARES	% OF ISSUED ORDINARY SHARE CAPITAL	% OF FULLY DILUTED ORDINARY SHARE CAPITAL
Amati Global Investors	37,500,000	13.59%	12.21%
Georgia Oil and Gas Ltd	27,958,802	10.13%	9.11%
Miton Group Plc	23,750,000	8.61%	7.74%
Mr Alistair Ferguson	15,923,333	5.77%	5.19%
Iskander Energy Corp*	14,000,000	5.07%	4.56%
Pelamis Investments Ltd	12,706,470	4.61%	4.23%
Mr Dean Antony Clark	8,300,000	3.01%	2.70%
Mr Roger McMechan (Director)*	3,401,260	1.23%	3.18%
Mr Niall Tomlinson (Director)	1,734,727	0.63%	1.68%
Mr Paul Haywood (Director)	1,654,727	0.60%	4.79%
Mr Philip Anthony Dimmock (Non-Executive Chairman)	312,500	0.11%	0.10%

\*Agreement in place between Roger McMechan and Iskander Energy Corp for Roger McMechan to be transferred 3,401,260 ordinary shares in the Company