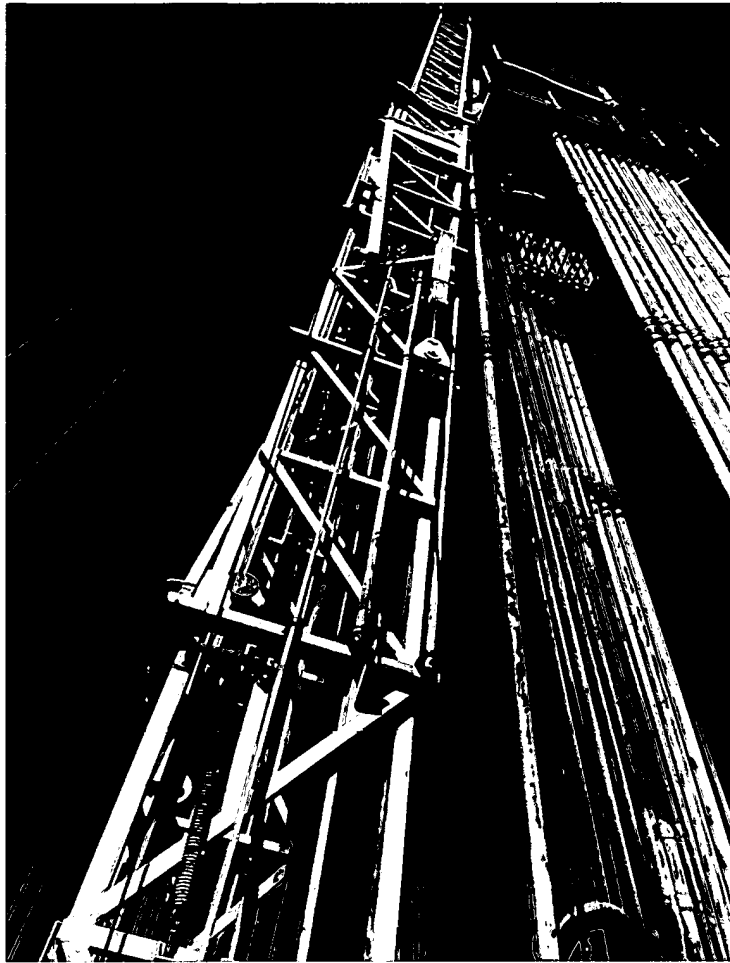




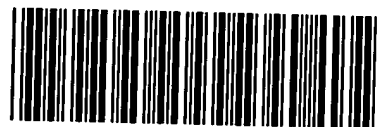
Annual Report and Financial Statements

Year ended 31 December 2025



**BLOCK
ENERGY** PLC

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Company Information

Officers and Advisors

Directors

Paul Haywood	Chief Executive Officer
Philip Dimmock	Independent Non-Executive Chairman
Jeremy Asher	Independent Senior Non-Executive Director

UK Office

Eccleston Yards
25 Eccleston Place
London
SW1W 9NF
UK company number: 05356303

www.blockenergy.co.uk

Company Secretary and Registered Office

Orana Corporate LLP
25 Eccleston Place
London
SW1W 9NF

Block Energy Plc is quoted on AIM (Symbol BLOE)

Advisors

Broker

Tennysen Securities
A trading name of Shard Capital Partners LLP
20 Fenchurch Street
London
EC3M 3BY

Nominated Advisor

Spark Advisory Partners Limited
5 St John's Lane
London
EC1M 4BH

Statutory Auditor

PKF Littlejohn LLP
30 Churchill Place
London
E14 5RE

Registrar

Share Registrars Limited
3 The Millennium Centre
Crosby Way
Farnham
Surrey
GU9 7XX

Bank

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London
E14 5HP

Public Relations

Celicourt Communications Limited
4 Bream's Buildings
London
EC4A 1HP

Strategic Report

Strategy and Business Model

Block Energy PLC's strategy is to develop into a leading independent international oil company by way of advancing the Company's current diversified and robust portfolio of assets in Georgia, and following the post year-end Gabon transaction, offshore Gabon. The Company's objective is to convert resources into reserves, reserves into production and technical work into partner-funded development programmes capable of delivering material shareholder value.

The portfolio comprises interests in six Production Sharing Contracts ("PSCs") in Georgia and post year-end a 76.5% indirect economic interest in two PSCs in Gabon. The asset base spans production, discovered oil assessment, redevelopment, gas appraisal, high-impact exploration and an innovative carbon capture by mineralisation project ("CCS").

In Georgia, the Company structures these assets as distinct Projects across the Company's Georgian PSCs. The Projects are defined by development stage, reservoir and hydrocarbon type:

Project I – West Rustavi/Krtsanisi (Middle Eocene): This core production and development asset has delivered consistent results, with seven wells/sidetracks drilled since 2018, comprehensive subsurface analysis and continuous operational improvements. The slim-hole drilling concept piloted during 2025 with well KRT-39_ST was validated from an engineering and cost perspective, opening an inventory of lower-cost sidetrack, infill and updip opportunities across Project I and potentially Project II.

Project II – Patardzueli-Samgori (Middle Eocene): A prolific oil field, discovered in the 1970s and developed in the early 1980s, the field produced approximately 180 MMbbl over a period of 8 years. Project II offers substantial redevelopment potential based upon an analysis of original oil in place vs. recovery to date. The Company is leveraging its subsurface evaluations informed by the usage of good-quality 3D seismic data and production intervention data in order to attract partners for the redevelopment of the significant remaining oil resource. The slim-hole drilling technique, proven on Project I, provides opportunity for low-cost drilling and the Company has been studying various enhanced oil recovery ("EOR") techniques including nitrogen flood, water flood and organic recovery.

Project III - Patardzueli-Samgori, Rustavi, Teleti, South Dome (Lower Eocene, Upper Cretaceous): Project III is a transformative appraisal programme targeting substantial discovered gas resources in deeper reservoirs of the Patardzueli-Samgori, Rustavi and Teleti fields and the South Dome prospect (the "Fields"). The Fields collectively host a gross 2C contingent resource of 2.77 TCF with a Net Present Value¹⁰ ("NPV") of approximately \$2.2 billion (Block Energy, 2024). Following the structured farm-out process through 2024 & 2025, the Group entered into a binding Framework Agreement with Zhijiang Sanning Energy Co. Ltd ("Sanning") in April 2026 for a 51% farm-out and an up to US\$75 million carry, subject to the terms of the definitive documentation and applicable approvals.

Project IV – Exploration Prospects (Chokrak, Maikop, Oligocene, Upper Eocene, Middle Eocene, Upper Cretaceous): Project IV comprises the XIQ licence, where Block currently holds a 9.5% participating interest and the IX licence, in which Block holds a 100% participating interest.

On XIQ, Block completed its acquisition of a 10% participating interest in March 2025 and together with its partners on the licence, Georgia Oil and Gas Limited ("GOGL") and Georgian Oil and Gas Corporation ("GOGC") announced, and subsequently completed a farm-out to Aspect Georgia LLC ("Aspect"), an affiliate of US-based Aspect Energy. The farm-out fully carries Block through a staged work programme estimated at approximately US\$95 million, including 3D seismic, exploration and appraisal drilling and early production facilities; with no capital exposure to Block.

On IX, the Company has continued early-stage geological and prospect generation work. The objective is to mature the licence technically and commercially so that it can be progressed internally or through asset-level funding, consistent with the Group's partner-funded growth model.

Carbon Capture and Storage (“CCS”) – Patardzueli-Samgori, South Dome (Middle Eocene): Block’s pioneering CCS initiative, in collaboration with JSC Rustavi Azot (Indorama Corporation), positions the Company at the forefront of regional carbon management. Independent studies have confirmed significant CO₂ sequestration potential of up to 151.5 million tonnes in the mid case (OPC, 2023). The Phase 1 pilot study, completed in February 2026, confirmed the technical viability of permanent CO₂ storage and positions the Group for commercial-scale deployment. The Company is currently planning additional work on the CCS project, including a commercial feasibility study.

In Gabon, the Company holds, post year-end, an indirect economic interest in two offshore PSCs: Ndjila (CD2) and Mpari (CD3); (“The Gabon Assets”). The Gabon Assets were acquired after the accounting period and therefore are described as post-balance-sheet growth assets.

Ndjila (CD2) & Mpari (CD3) PSCs – Block holds a 76.5% indirect economic interest in Ndjila and Mpari PSCs offshore Northern Gabon, with Pilgrim Exploration Limited (“Pilgrim”), as operator, and the State of Gabon as licence partners. The PSCs cover a contiguous area of 5,331 km² and contain four historical oil discoveries: Iguega, Topaz, Ekouata and Pilottee together with significant pre and post-salt exploration upside in a prolific proven basin. The Company is focused initially on data integration, discovered resource evaluation, development planning and asset-level financing discussions.

The accompanying asset maps illustrate the strategic locations and potential of Block Energy’s diverse asset base:

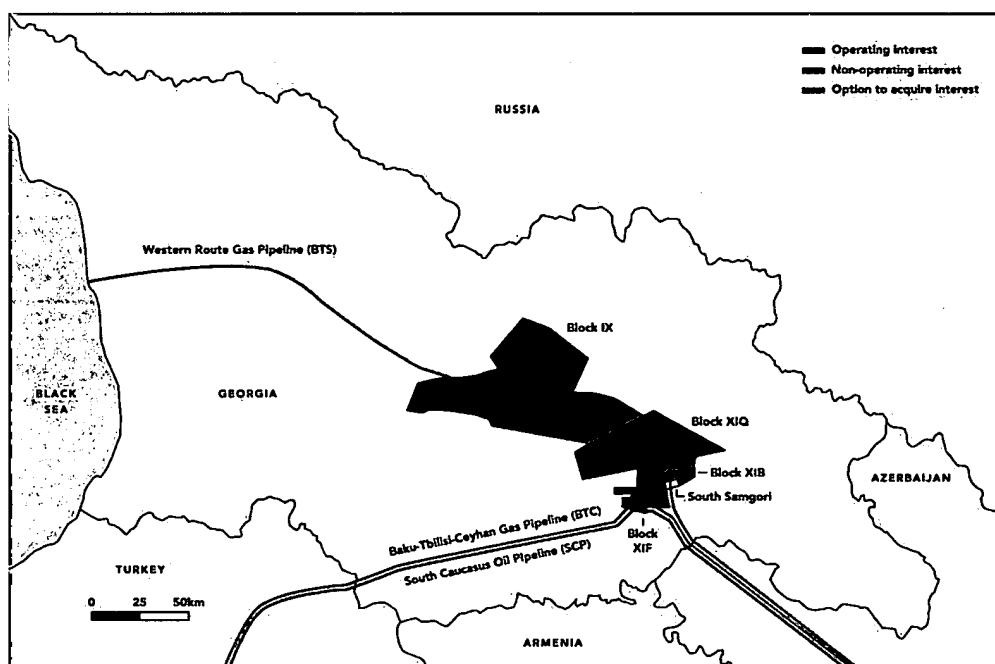


Figure 1 - Location of Block Energy assets in Georgia

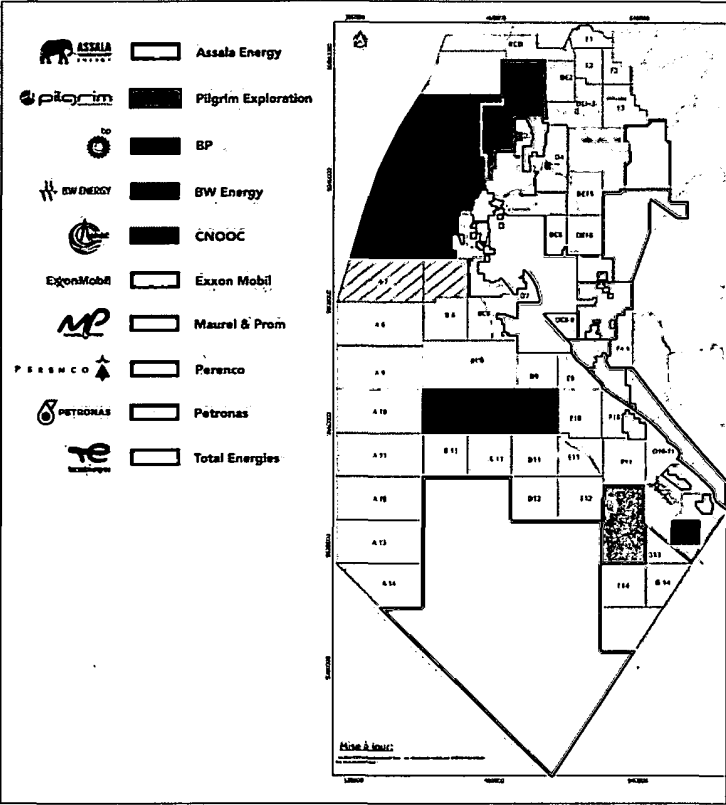


Figure 2 - Location of Block Energy assets in Gabon (marked as Pilgrim Exploration)

The Company's Projects and assets are as follows:

Project	Jurisdiction	Associated Field(s)	Associated PSC(s)	Reservoir	Hydrocarbon Type	Project Stage	Company Participating Interest
Project I	Georgia	West Rustavi/Krtsanisi	XIB/XIF	Middle Eocene	Oil and Gas	Production & development	100%
Project II	Georgia	Patardzueli-Samgori	XIB	Middle Eocene	Oil	Field redevelopment	100%
Project III*	Georgia	Patardzueli-Samgori, Rustavi, Teleti, South Dome (Prospect)	XIB/XIF	Lower Eocene, Upper Cretaceous	Gas	Appraisal & Exploration	100%
Project IV**	Georgia	Martkopi Terrace (Prospect), Norio Intermediate (Prospect), Norio Deep (Prospect), Norio East (Prospect), A (Lead), B (Lead), C Lead	XIQ/IX	Middle Eocene, Chokrak, Maikop, Upper Cretaceous	Oil & Gas	Exploration	100% (IX), 9.5% (XIQ)
CCS†	Georgia	Patardzueli-Samgori	XIB	Middle Eocene	Carbon Dioxide	Pilot	100%
n/a	Georgia	Norio	Norio	Maikop	Oil	Production	100%
n/a	Georgia	Satskhenisi	Satskhenisi	Maikop	Oil	Production	90%
Gabon††	Gabon	Iguega, Topaz, Ekouata and Pilote	Ndjila (CD2) and Mpari (CD3)	Late Cretaceous	Oil	Studies	76.5%

*Project III:

- Block Energy has entered into a binding Framework Agreement with respect to Project III with Sanning. Completion of the farm-out is expected in 2H 2026 and would see Block's working interest in Project III reduce in exchange for a carry on appraisal and development.

**Project IV:

- Block Energy holds 100% of the IX PSC.
- Block Energy holds a 9.5% participating interest in the XIQ PSC. GOGL remains the operator and GOGC and Aspect are licence partners. Aspect may earn up to a 75% participating interest, with an option to increase to 92.5% subject to additional consideration.

[†]CCS:

- Block Energy holds 100% of the XIB PSC. The Company is partnered with JSC Rustavi Azot, a subsidiary of Indorama Corporation Pte Ltd, and have together completed a pilot study and plan additional work on the asset.

^{††}Gabon:

- Block Energy holds a 76.5% indirect economic interest in the Ndjila and Mpari PSCs by way of a convertible loan arrangement with Pilgrim who is the operator of the PSCs.

The Company's reserves and resources are as follows:

Field/Project	Type	Units	Reserves/Resources				Block Energy Interest	Source
Reserves			1P (Gross)	2P (Gross)	3P (Gross)	Mean	(%)	
Krtsanisi Anticline (Project I)	Oil	MMbbl	0.19	1.07	3.01	-	100%	ERCE. 2022 (5 well programme)
	Gas	BCF	0.34	1.07	2.14	-	100%	
Contingent Resources			1C (Gross)	2C (Gross)	3C (Gross)	Mean		
West Rustavi/Krtsanisi (Full Field Project I)	Oil	MMbbl	12.5	19.5	27.5	-	100%	Block Energy, 2022
	Gas	BCF	79.6	123.6	180.6	-	100%	
Patardzueli-Samgori (Project II)	Oil	MMbbl	105.1	235.0	396.0	-	100%	Block Energy, 2022
Patardzueli-Samgori (Project III)	Gas	BCF	926.0	1,072.0	1,222.0	1,073.0	100%	OPC, 2024
Rustavi (Project III)	Gas	BCF	884.0	1,062.0	1,245.0	1,064.0	100%	Block Energy, 2024
Teleti (Project III)	Gas	BCF	493.0	638.0	802.0	644.0	100%	Block Energy, 2024
Prospective Resources			1U (Gross)	2U (Gross)	3U (Gross)	Mean		
South Dome (Project III)	Gas	BCF	501	574	651	-	100%	Block Energy, 2025
Martkopi Terrace (Project IV, XIQ)	Oil	MMbbl	135.8	239.4	420.4	267.2	9.5%	DeGoyler MacNaughton, 2023
	Gas	BCF	105.6	193.3	337.9	213.4		
Remainder XIQ Prospects & Leads	Oil	MMbbl	49.4	120.9	315.0	165.5	9.5%	
	Gas	BCF	72.2	139.0	330.9	179.8		
Carbon Storage			Low	Mid	High	-		
Patardzueli-Samgori (CCS)	CO ₂ Storage	Mt	57.0	151.5	246.0	-	100%	OPC, 2023

Project I

Project I is the development of the Middle Eocene reservoir of the West Rustavi/Krtsanisi field which is located within the XIF & XIB licence blocks (both of which are wholly held by the Company).

The Company has conducted significant operational and subsurface activity on the field since acquiring XIF in a staged transaction commencing in 2018 and acquiring XIB in 2020. The Company has undertaken a 3D seismic survey and drilled seven wells on Project I between 2018 and 2025 (being WR-16aZ, WR-38Z, WR-B01a, JKT-1Z, WR-B01Z, WR-34Z and KRT-39_ST). The Company has also installed and operates a production facility on the WR-16aZ wellsite and has developed a pipeline network of multiphase pipelines in the field. It monetises gas through a third-party owned gas network.

In 2022, Block engaged independent reserve auditors, ERC Equipoise ("ERCE") to audit a development plan associated with the first phase of development of the field, incorporating a total of five wells. The report, published in July 2022 assigns gross 3P reserves of 3.01 MMbbl and 2.14 BCF to the five well development area. Performance from the wells associated with this reserve report (being JKT-1Z, WR-B01Z and WR-34Z) has been in line with expectations, giving confidence to continue with the development of the field. Internal contingent resources for the field (published in 2022) ascribe 19.5 MMbbl in the 2C case, demonstrating significant upside. An update to the internal contingent resource report as well as the work on a full field development plan is ongoing.

Throughout 2024 and 2025, the Company undertook a series of workovers and operational initiatives across the Project I producing wells to sustain production rates, lower lifting costs and to support the longer-term redevelopment of the field.

In parallel, having completed the 'slim hole' engineering design and risk register during 2024 — a design which enables the Company's own A-80 heavy workover rig to be used for drilling at a significant reduction in drilling cost compared with previous well designs — the Company spudded the KRT-39_ST sidetrack on Project I in September 2025 as the first pilot application of the technology. KRT-39_ST was drilled safely, on time and for less than budget using the Company's own rig and crew, and was completed at approximately 40% of the cost of Block Energy's previous conventional 6" sidetracks on Project I, successfully proving the technical and cost-saving objectives of the slim-hole concept.

The pilot validated the slim-hole drilling and completion methodology and opens up a broader inventory of low-cost sidetrack and infill opportunities across the Project I and II area, with additional read-through to new wells drilled up dip to the existing production area.



Figure 3 - Project I Oil Sales

Project I is a robust, geoscience led project which has benefited from directional drilling and production operations and is supported by an independent reserve evaluation. Commercial production from the field has been in place since 2019 and seven wells drilled as well as several workover operations and wellbore interventions.

The Project delivers material cashflows to the Company, which are then reinvested in the development of its higher impact projects within the portfolio.

The Board considers that the underlying development strategy remains sound and that the validation of the slim-hole drilling concept opens up a broader inventory of low-cost sidetrack and infill opportunities and up dip new well locations across the Project I area. Efforts are currently underway to seek third party asset-level finance for Project I, which would see multiple wells being drilled consecutively utilising the proven slim hole technology for the most efficient economic development concept. Production and development costs associated with the asset are low, and there is material upside available in the broader Project I area, which contains 19.5 MMbbl of gross 2C contingent resources (Block Energy, 2022).

Project II

Project II is focused on redeveloping the Patardzueli-Samgori field at Middle Eocene level in licence XIB.

Patardzueli-Samgori produced at high rates (c. 70,000 bopd) in the 1970s-1980s before production suddenly ceased in the late 1980s, due to poor reservoir management practices and lack of capital investment. Approximately 180 MMbbl was produced during this time. Successful wells in this field were high-rate producers, with initial production rates in excess of 5,000 bopd.

Remaining contingent resource estimates (Block Energy, 2022) ascribe a gross 2C contingent resource of 235 MMbbl within Patardzueli-Samgori. In 2022, the Company deepened the JSR-01 well seeking to prove that deeper oil resources existed within the field. The well initially produced oil (and remains on intermittent production), informing the Company's longer term appraisal programme.

During 2025, the Company continued discussions with international service providers and enhanced oil recovery ("EOR") specialists in respect of potential field redevelopment strategies and technologies, and completed further internal subsurface evaluation and engineering work in support of those discussions. Two third-party studies were completed at zero cost, assessing the potential application of various EOR technologies including nitrogen flood, water flood, infill drilling, sidetracking and organic recovery.

While management's technical and financing focus during 2025 was directed towards the advancement of Projects III, IV, CCS and new ventures (which resulted in the acquisition of the Gabon Assets), work on Project II continued in parallel and has been refined further into 2026 ahead of a structured farm-out process which the Board intends to commence once the technical case has been finalised.

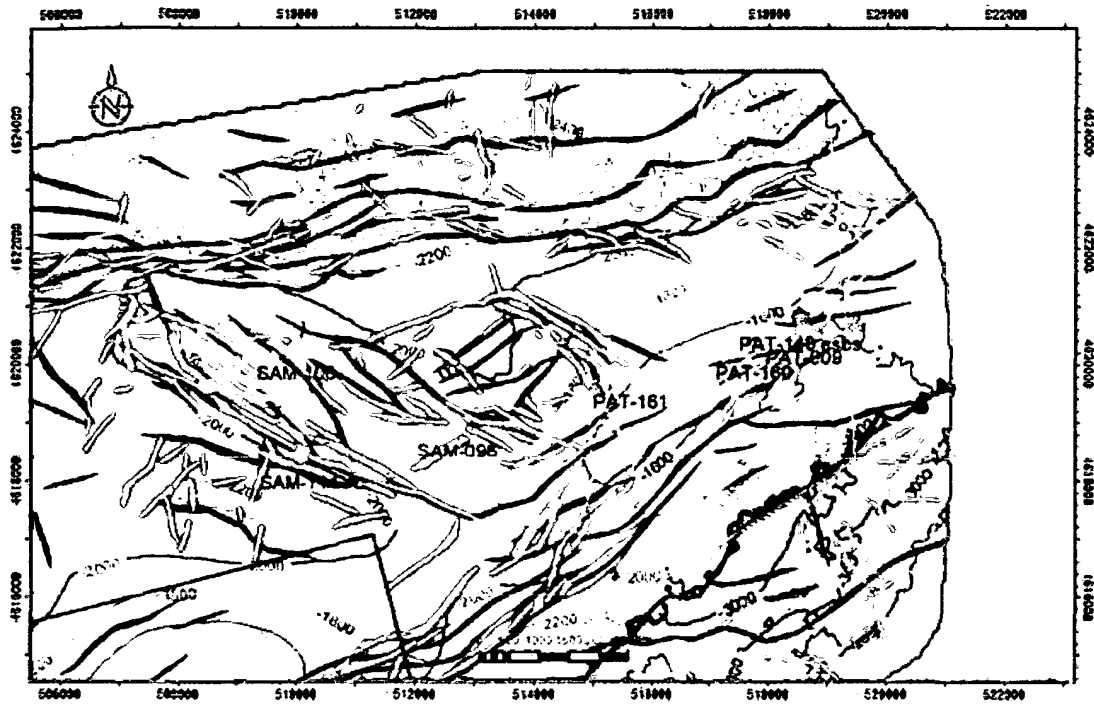


Figure 4 - Project II potential slim hole sidetrack candidates for infill drilling

Project III

Project III comprises the appraisal and monetisation of the substantial discovered gas resources (2.77 TCF 2C gross contingent resources with an associated NPV¹⁰ of \$2.2 billion); (Block Energy, 2024) at deeper intervals in the Company's XIF and XIB licences. These volumes are located within the Lower Eocene and Upper Cretaceous reservoirs.

Four fields have been identified within this Project: Patardzueli-Samgori, Rustavi, Teleti and South Dome ("the Fields"). Three of the fields (being Patardzueli-Samgori, Rustavi and Teleti) have gas proven on well tests from previous drilling. More than 15 wells have either discovered and/or produced gas from these reservoirs, with some tests being at high commercial rates. The Company acquired the operational rights to South Dome ("South Dome" or "SSD") in 2025, which to date has not been drilled to Lower Eocene or Upper Cretaceous reservoir depth but which is highly prospective.

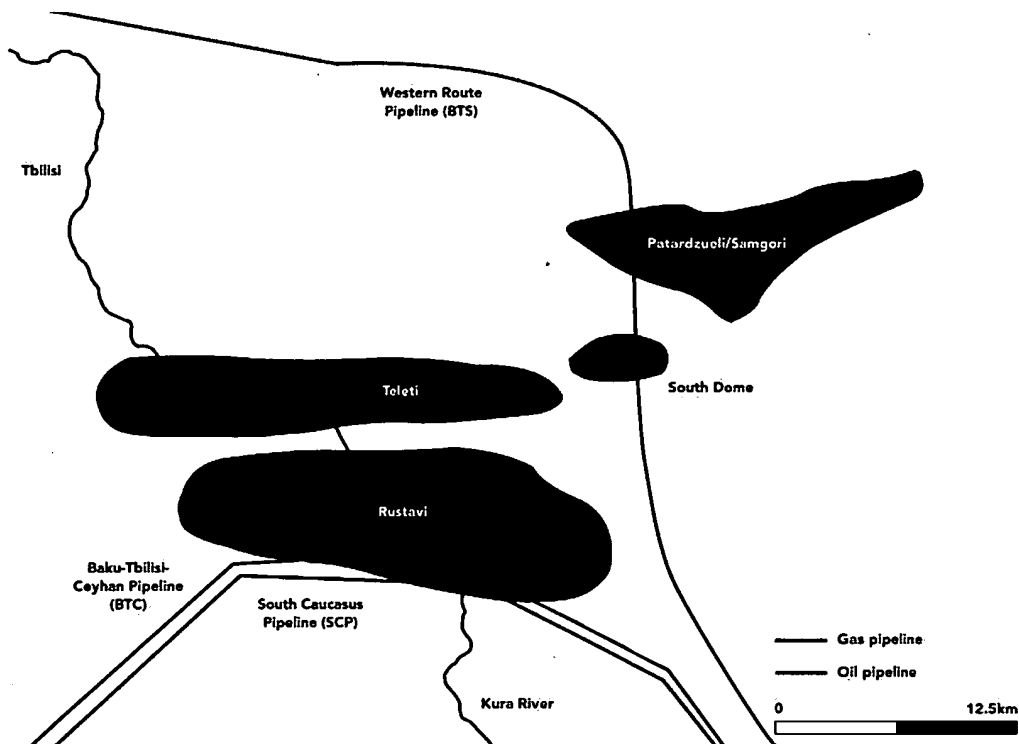


Figure 5 - Project III field map at Lower Eocene depth

The Company completed internal contingent resource estimates for these fields in 2023/4 and as part of this work developed costed appraisal and full-field development plans. This work (on Patardzueli-Samgori) was audited to PRMS standards by a leading geoscience consultancy, Oilfield Production Consultants (OPC) Limited ("OPC"), with the OPC report announced in early 2024 confirming that Block Energy's internal contingent resource estimations and methodologies were consistent with industry practice and in line with PRMS guidance.

The target reservoirs are naturally fractured clastics (Lower Eocene) and carbonates (Upper Cretaceous) and are of significant thickness (>1.0 km and >0.5 km in the Lower Eocene and Upper Cretaceous respectively). Significant subsurface work to identify the scale of the resource as well as the development concept has been completed. The fields benefit from full 3D seismic coverage as well as previous drilling, including the PAT-E1 well drilled by Schlumberger in 2018. Commercially, the field is well positioned for monetisation, with the major South Caucasus Pipeline ("SCP"), transporting gas to Turkey and Europe within 15 miles from the location of the planned Gas Processing Plant.

2C gross contingent resources for the fields are a total of 2.77 TCF (1,072 BCF Patardzueli-Samgori, OPC 2024; 1,062 BCF Rustavi, Block Energy 2024; 638 BCF Teleti, Block Energy 2024). 2U gross prospective resources within

South Dome) are 574 BCF (Block Energy, 2025). Following the OPC report, the Company launched a farm-out process, managed by a UK-based upstream advisory firm to run an independent process targeting a farm-in partner to fund the appraisal of Patardzueli-Samgori and the broader Lower Eocene and Upper Cretaceous opportunity.

In December 2025, the Company announced receipt of a non-binding farm-in offer for Project III, marking the commencement of bilateral negotiations with the prospective partner.

In April 2026, the Company executed a Binding Framework Agreement with Zhijiang Sanning Energy Co. Ltd ("Sanning"), the upstream affiliate of Hubei Sanning Chemical Industry Co. Ltd, one of China's leading privately-held chemical groups, in respect of the farm-out of Project III.

Under the Framework Agreement, Sanning will acquire a 51% participating interest in Project III (being the Lower Eocene and deeper horizons) of the XIB and XIF PSCs. In exchange, Sanning will carry Block on all capital and operating costs of the appraisal of the Patardzueli-Samgori field, currently estimated at approximately US\$13 million. Subject to successful appraisal results and the triggering conditions to be set out in the definitive Transaction Documents, Sanning will, in addition, carry Block on all costs of procuring and installing an early gas processing facility and associated pipeline infrastructure, up to an estimated further commitment of approximately US\$12 million. In addition, Sanning has the option to carry Block on a further work programme across Rustavi and Teleti, currently estimated at US\$50 million. The aggregate carry available under the Framework Agreement is therefore up to approximately US\$75 million, subject to the relevant conditions and elections.

The Parties intend to execute the definitive farm-out agreement, an assignment agreement and joint operating agreements during the second half of 2026. Completion of the transaction remains subject to receipt of governmental approvals in Georgia and China, any shareholder and regulatory approvals required under the AIM Rules for Companies, and the absence of any material adverse change affecting the parties or the relevant PSCs. Subject to those matters, operations under the partnership are expected to commence in the first half of 2027. The Project III farm-out relates solely to Project III; Block will retain 100% of Projects I, II and IV (with the exception of the XIQ PSC in which Block holds a 9.5% participating interest), the CCS project and all existing oil and gas production.

Following a successful appraisal programme, the production potential associated with Project III is significant:

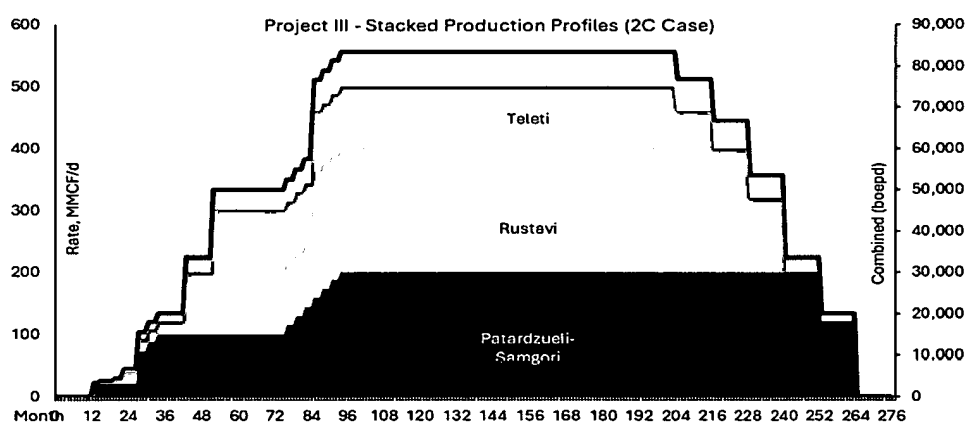


Figure 6 - Project III stacked production profile (2C case)

With the asset being located within 15 miles of the South Caucasus Pipeline (which transits gas from Azerbaijan to Turkey and Europe), the commercialisation opportunities for Project III are excellent and in a success case, the project is expected to become strategically significant for Georgia as well as the greater Caucasus region in general.



Figure 7 - Project III location in respect of the Caucasian, Asia Minor and Eastern European gas trunkline network

Project IV

Project IV relates to the Company's exploration portfolio in Georgia which is contained within the XIQ PSC (Block Energy participating interest 9.5%) and the IX PSC (Block Energy participating interest 100%).

The Company has been developing both strands of the Project IV strategy in parallel to the development of its other Projects in Georgia, although in Project IV, the main focus to date has been within the XIQ PSC.

XIQ

The acquisition and development of the XIQ PSC commenced in 2022 with the farm-out of two portions of the XIB PSC to Georgia Oil and Gas Limited ("GOGL"), being the Didi Lilo and South Samgori areas. As part of the farm-out, GOGL funded the acquisition and processing of 210 km new 2D seismic data and the reprocessing of 1,000 km of existing seismic data on the Didi Lilo and South Samgori areas. This transaction was announced in 2022 and completed in Q1 2023.

In 2023, GOGL, as the operator of the Didi Lilo and South Samgori areas continued exploration study work and data interpretation for the leads and prospects identified within both areas. The primary achievement on this project in 2023 was the completion of a DeGoyler MacNaughton independent prospective resource report which ascribed gross unrisked mean prospective resources to the Martkopi Terrace prospect of 267.2 MMbbl and 213.4 BCF gas. Total gross unrisked mean prospective resources in the DeGoyler MacNaughton report stand at 451.5 MMbbl and 823.3 BCF.

In 2024, GOGL and Block worked to unite multiple PSCs (being XIC, XIK, XIM, XIN, XIQ and Didi Lilo) into a single enlarged PSC, XIQ, in order to better position the asset for potential farm-out, with Block securing a back in-option over the enlarged XIQ PSC which was subsequently exercised. A similar unitisation process was undertaken in relation to the XIH licence to the south of XIB which incorporates the South Samgori area. Block's back-in option on the XIH licence has now expired.

In March 2025, Block exercised its option to acquire a 10% participating interest in the XIQ PSC (held indirectly through the acquisition of GOG SLADS Limited — see note 26 to the financial statements). The cost of the acquisition was US\$1 with an additional US\$77,000 contribution to Block's share of the 2025 licence work programme. Following completion of the Aspect farm-out, Block's participating interest in XIQ is 9.5%.

In September 2025, Block, GOGL and the State oil company Georgia Oil and Gas Corporation ("GOGC") announced a farm-out of XIQ to Aspect Georgia, LLC, a US-based subsidiary of the Aspect Energy group. Under the terms of the farm-out, Aspect Georgia may earn up to a 75% working interest in XIQ through the completion of a staged, fully-funded work programme estimated at approximately US\$95 million, with Aspect retaining an option to increase its working interest to 92.5% in return for additional cash and royalty considerations. Block is fully carried through the work programme, with no capital exposure.

The work programme will focus on the Martkopi Terrace prospect, which has been independently assessed by DeGolyer and MacNaughton at gross mean unrisked recoverable prospective resources of approximately 301.7 MMboe, and is structured to provide a clear pathway from exploration success through appraisal and, subject to results, into early production facilities.

In January 2026, the Government of Georgia approved the farm-out and that the transaction was completed. 3D seismic acquisition under the carried work programme is expected to commence during 2026.

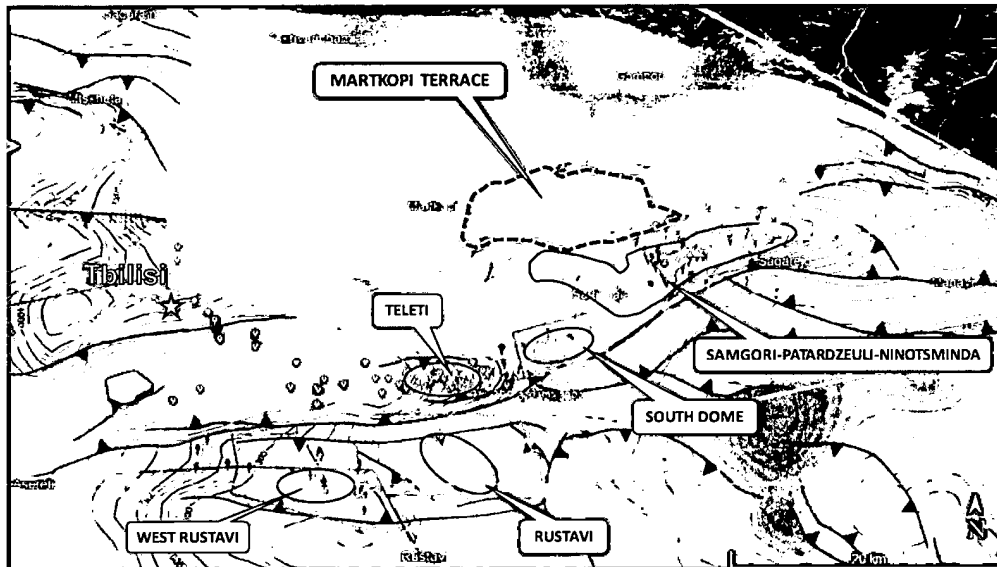


Figure 8 - Project IV Martkopi Terrace Top Middle Eocene Structure Map (courtesy GOGL)

IX

In addition to the partnership with GOGL, GOGC and Aspect on XIQ, the Company also holds a 100% interest in exploration licence IX. The minimum work programme on IX has been completed.

In 2025, following the significant progress made on XIQ, the Company conducted geological studies on IX with the intention of generating prospectivity within the licence potentially for farm-out.

The licence contains several oil seeps as well as an exploration discovery made in the Soviet period. The lack of seismic coverage over the licence (1,480 km 2D seismic over a 3,726 km² licence area) has been the primary reason for the Company's prioritisation of the XIQ licence over IX in recent years. However, a large volume of (primarily stratigraphic) wells have been drilled on IX as well as multiple Soviet era exploration wells drilled without seismic. During the 2025/6 studies, several shallow leads have been identified and work is ongoing to finalise and publish a prospective resource report in relation to IX. Prospectivity is mainly seen in the Middle Eocene and Upper Cretaceous.

Carbon Capture and Storage ("CCS")

In 2023, the Company engaged Oilfield Production Consultants ('OPC') to undertake a study of the Patardzeuli-Samgori Middle Eocene reservoir for carbon sequestration potential. The study was led by Professor Eric Oelkers, a leading expert in the field of water-rock interactions and a co-founder of Carbfix, an operational carbon sequestration project in Iceland utilising the same technology as that proposed for Patardzeuli-Samgori Middle Eocene.

The OPC report concluded that the field has the potential to store up to 151.5 million tonnes of CO₂ in the mid-case through the injection of CO₂ dissolved into water. This reservoir could become one of the largest CO₂ storage sites in Eastern Europe, offering a new revenue stream and supporting the Group's broader sustainability strategy.

Following a Memorandum of Understanding (“MOU”) signed with JSC Rustavi Azot (“Rustavi Azot”), a subsidiary of Indorama Corporation Pte Ltd, the Company commenced Phase 2 studies on the CCS project in November 2024, comprising desktop, laboratory and field workstreams in preparation for a pilot CO₂ injection.

In April 2025, the Company announced that key process-specific subsurface uncertainties had been resolved, with rock-sample laboratory work confirming reservoir suitability for CO₂ mineralisation, including at shallower depths than originally forecast, and supporting a mid-case storage potential of 151.5 Mt of CO₂. A successful water injection test on the pilot injection well (PAT-49) demonstrated water injection rates in excess of 5,000 barrels per day and confirmed connectivity to the four monitoring wells (PAT-15, PAT-92, PAT-95 and PAT-139).

In August 2025, the Company successfully and safely executed the pilot CO₂ injection, injecting 13.64 tonnes of CO₂ dissolved in 300 m³ of water (with a sodium fluorescence tracer) into the reservoir at pressures of 120 to 130 bar. No CO₂ was detected at surface during or after the injection, with sampling carried out on the injection well and the four monitoring wells throughout the operation.

In December 2025, the Company reported the results of post-injection sampling and independent third-party laboratory analysis, which confirmed that 70% to 100% of the CO₂ injected had mineralised in situ within a short period, precipitating as solid carbonate minerals and providing direct evidence of permanent storage. This was the first successful pilot of its kind in the broader Eastern European region.

In February 2026, the Company announced completion of the CCS pilot study, with independent analysis from OPC confirming the technical viability of permanently storing CO₂ in the Middle Eocene reservoir. Field data and independent analysis confirmed that the injected aqueous CO₂ solution achieved full mineralisation within a one to three month timeframe, with the absence of CO₂ returns during the monitoring phase validating the efficiency of the injection method and the permanence of storage.

The CCS Project is located within Georgia’s industrial hub and benefits from being in close proximity to sources of significant industrial CO₂ emissions, including a fertiliser plant, two gas-fired power stations and an oil refinery in addition to other smaller emitters all offering the potential to capture and transport CO₂ via pipeline or liquefaction process to the Company’s CCS pilot location. Together with the existing well stock at Patardzueli-Samgori which may be capable of repurposing for CO₂ injection, the project has the potential to offer a lower-cost route to permanent carbon storage than many CCS developments.

Following the pilot completion, the Company is now progressing to the next phase of development, alongside Rustavi Azot, including refinement of the commercial framework, scaling of the injection programme, and expansion of the monitoring and verification protocols. A feasibility study covering these areas of focus is planned to be completed in 2026. The CCS Project remains a core component of the Company's long-term sustainability strategy and is expected to provide a new and differentiated revenue stream as it advances towards commercial scale.

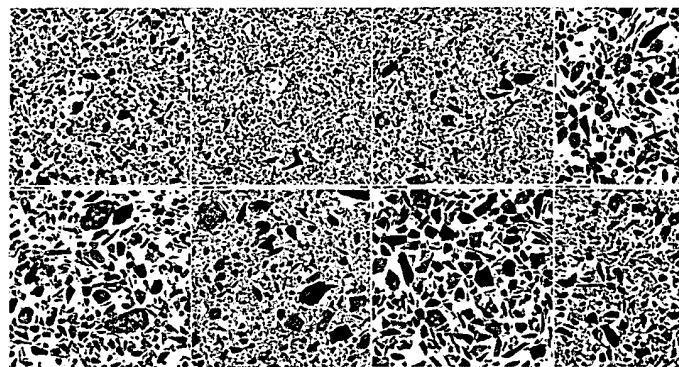


Figure 9 – X-Ray Spectroscopy Analysis of Middle Eocene Rock Samples

Gabon

Post year-end, the Company announced the acquisition of a 76.5% indirect economic interest in the Ndjila (CD2) and Mpari (CD3) PSCs offshore northern Gabon through a secured convertible loan with Pilgrim Exploration Limited (“Pilgrim”).

The PSCs cover a contiguous area of 5,331 km² in the Northern Gabon basin and contain four historical oil discoveries: Iguega, Topaz, Ekouata and Pilote.

The two PSCs are data-rich, with over 10,000 km² 3D seismic having been acquired by previous operators and seismic companies over a period commencing in the 1980s to the late 2010s. Previous operators have included Elf, Gulf, Texaco, British Gas, Sun, Shell and Tullow.

Pilgrim Exploration Limited (“Pilgrim”) holds a 90% participating interest in both PSCs and Block Energy, through a convertible loan facility announced in April 2026, holds an 85% indirect economic interest in Pilgrim’s participating interest (and therefore a 76.5% indirect economic interest in the underlying assets). The State of Gabon holds the remaining 10%. The Company has the option, but not the obligation, to convert the convertible loan to an 85% interest in Pilgrim, an 85% interest in the PSCs or an alternative structure that provides Block with a direct, indirect or economic interest in the PSCs of 76.5%. The convertible loan is secured by a debenture over Pilgrim as well as a share charge over the Pilgrim subsidiaries which hold the PSCs.

Pilgrim is the operator of the Ndjila and Mpari PSCs, with technical support provided by Block. As part of the transaction with Pilgrim, Block has agreed to fund an initial work programme over the Ndjila (CD2) and Mpari (CD3) PSCs, in line with the minimum work programme.

Work currently ongoing is focused on data integration with a focus on potentially development-ready assets such as the Iguega field. The licences contain discovered oil in four fields, together with material additional pre and post-salt potential.

Pre-salt reservoirs within the basin tend to be high-quality sandstones with good porosity and permeability and good quality oil (33 – 38° API). The Iguega field, which was discovered by Shell in the late 1990s had the discovery well produce at rates of 3,300 bopd and Shell produced an early development concept indicating initial production rates from the field at around 8,000 bopd. Follow-on potential within the Ekouata (tested oil), Topaz (tested oil) and Pilote (oil on logs) fields also exists within the licence area.

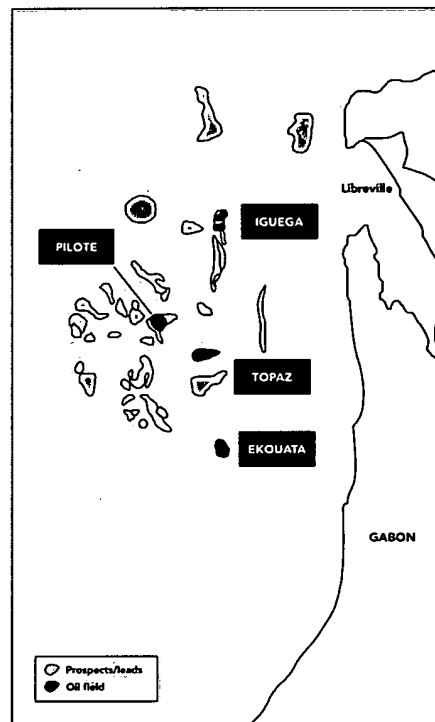


Figure 10 – Discovered fields within the Gabon PSCs

Commercially, the fiscal terms in Gabon are good, with overall State take in the PSCs being moderate and no further corporation taxes or excess profit taxes applicable. Several major international companies such as BP, CNOOC, Exxon, Perenco, TOTAL, Maurel & Prom, BW Energy and Petronas are present in country and production and successful commercialisation of oil has been ongoing in Gabon for decades. The country represents an attractive hydrocarbon jurisdiction with a good regulatory, fiscal and operational environment for international investment.

For the Company's strategy, Gabon provides geographical and basin diversification, a new discovered resource development pathway and a credible route to building Block into a broader independent oil and gas company. The acquisition of the assets was driven by the technical quality of the PSCs, the established investment environment and the attractive entry valuation.

The significant asset base in Georgia together with the post-period addition of the Gabon assets provides the Company with a balanced platform for growth. In 2025, the Company agreed one third-party farm-out in Georgia (subsequently completed in 2026) and a non-binding offer for another (subsequently converted to a binding Framework Agreement in 2026). This partner-financed approach gives the Company financial flexibility to advance a substantial contingent and prospective resource base whilst limiting direct capital exposure.

The overall portfolio encompasses low-cost development focused on short-term cashflow through major gas appraisal work, oil exploration, field redevelopment, greenfield development planning and the carbon capture project. The Company believes that the portfolio is well-balanced and highly attractive, with several potential catalysts in place across a diversified set of assets. The Company will continue to focus on delivering its projects with a disciplined approach to the allocation of capital in order to provide strong shareholder returns.

Block continued to make progress in executing its strategy in the year ended 31 December 2025:

- Continued focus on strong Health, Safety, Environment and Social ("HSES") practices, with further updates to its HSES plans, training matrices and leadership development.
 - Delivered 275,995 operational man-hours with no Lost Time Incidents ("LTI"); (2024: 283,205 with one LTI).

- Improved cash position and stable overall cost performance, with EBITDA lower primarily due to materially reduced global oil prices.
 - The Group's cash position improved to US\$1,493,000 (31 December 2024: US\$1,136,000) supported by the successful completion in November 2025 of the Group's first equity fundraise since 2020, which raised gross proceeds of £1.5 million.
 - Flat G&A and other costs, despite higher Project III, CCS and Project IV related costs, reflecting ongoing cost and operational discipline within the business.
 - Natural production decline from existing Project I wells was marginally better than expected during the year, with average annual production at 447 boepd (2024: 485 boepd).
 - Revenue of \$6,057,000 (2024: \$7,533,000) reflecting a modest natural production decline and a materially lower average global oil price (2024 Brent annual average: US\$80.52/bbl, 2025 Brent annual average US\$69.14).
 - Negative EBITDA of US\$0.94 million (2024: Positive US\$1.06 million), was in line with expectations in the lower price environment and was achieved while continuing to progress Project III, Project IV, CCS and new venture activity.
- Focus on high-impact projects delivered continued and material progress during 2025:
 - Acquired the operational rights to South Dome (Project III) in March 2025 for nil cost, adding 574 BCF of 2U prospective resources to Project III.
 - Acquired a 10% interest in the enlarged XIQ PSC (Project IV) in March 2025 through the acquisition of GOG SLADS Limited for US\$1 and a US\$77,000 contribution to Block's share of the 2025 work programme.
 - Announced the farm-out of XIQ to Aspect Georgia, LLC in September 2025 (up to US\$95 million staged work programme, Block fully carried), with completion occurring in January 2026.
 - Received a non-binding farm-in offer for Project III in December 2025, with a binding Framework Agreement subsequently executed in April 2026 with Zhijiang Sanning Energy Co. Ltd ("Sanning") in respect of a 51% farm-out (Sanning carrying the Group on appraisal and early infrastructure costs of up to US\$75 million).
 - Successfully executed a CCS pilot injection of CO₂ in August 2025, with subsequent analysis confirming up to 100% mineralisation — the first pilot of its kind in Eastern Europe and confirming the technical basis for the next phase of commercial feasibility work
 - Drilled the KRT-39_ST sidetrack on Project I in September 2025 at approximately 40% of conventional sidetrack cost, validating the slim-hole drilling concept, with read-through to both Project I and Project II.
 - Continued subsurface and engineering work on Project II in preparation for a structured farm-out.
 - Continued subsurface evaluation of the exploration prospectivity in IX.
 - Undertook significant strategic new ventures activity in the year, screening various assets globally, ultimately resulting in the successful acquisition of a 76.5% indirect economic interest in two high-potential assets in northern Gabon.
- Existing production above budgetary forecast and in-line with the 2022 ERCE reserve report:
 - Total group production of 122,474 barrels of crude oil (2024: 131,579 barrels).
 - Total Group gas production of 245 MMCF (2024: 274 MMCF).
 - Average annual production of 447 boepd (2024: 485 boepd).

Chairman's Statement

Dear Shareholder,

The realisation of value from high-impact assets, such as those held by Block, inevitably takes time. As I noted last year, the work behind the scenes can be substantial yet difficult to convey in any single reporting period. 2025, by contrast, has been the year in which several years of preparatory work began to translate into clear, commercial outcomes — a transformative farm-out on Project IV, a binding Framework Agreement on Project III, and a successful pilot injection on the Carbon Capture and Storage initiative. Following the reporting period, the Company executed the acquisition of an indirect economic interest over two PSCs in Gabon. Each had been on the strategic agenda for some time, and 2025 was the year in which they began to materialise.

The Company is now at the inflection point referenced in last year's statement. The Project IV farm-out, which completed shortly after year-end, sees Block fully carried through a substantial work programme funded by an internationally recognised counterparty. The Project III Framework Agreement, executed post year-end, brings a major industrial group into the Lower Eocene and Upper Cretaceous gas appraisal. Both transactions advance the Group's most material Georgian projects while preserving capital. The post-period entry into Gabon adds jurisdictional and geological diversification and positions the Company to develop into a broader international independent oil and gas group.

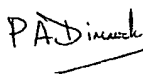
Reaching this point is a testament to the strategy in place, which has balanced progress on the high-impact projects with a balance sheet able to support them, and to the strength of the management team, which continues to deliver against demanding objectives with tight cost discipline. Block has, where possible, advanced its projects on the basis of carry mechanisms and partner-funded work programmes, with new equity capital sought only when strategic optionality genuinely required it; such as for the Gabon transaction executed post the reporting period. In the listed E&P space, this disciplined approach to capital remains unusual.

I would particularly like to thank the team in Georgia, who have driven another year of operational excellence, including the successful pilot of the Group's slim-hole drilling concept, the safe and on-budget completion of the CCS pilot injection, and the continuous management of our producing portfolio — all while maintaining the highest standards of safety and environmental stewardship with no lost time incidents recorded. Their progress continues to be supported by close and productive relationships with the Georgian authorities, our joint venture partners and our commercial counterparties, built over many years and particularly important in delivering this year's principal commercial milestones.

It is appropriate at this point that I mention the loss of one of our stalwarts, Dr. Stephen James (our former head of subsurface). Stephen brought his considerable knowledge of geology and petroleum operations to bear on all of the Company's activities with great enthusiasm and humour. Even during his long tough battle with cancer, he was dedicated to the success of the Company. We carry on, of course, but we all know that Block Energy will not be the same again. All in Block Energy miss him dearly.

Georgia remains a positive environment in which to work and invest. It is pro-business, with a well-functioning political and legal system, easy market access through established infrastructure that runs close to the Company's licences, and GDP growth that continues to outstrip that of the wider EU. Safety remains the foremost priority for the Company at all levels, and is the first item on the agenda at all Board meetings.

The Board believes the strategy in place is the right one. The progress made during 2025 — together with the post year-end completion of the Project IV farm-out, the execution of the Project III Framework Agreement and the strategic entry into a new jurisdiction — demonstrates that the Group is capable of delivering meaningful change in any twelve-month period. The new assets in Gabon provide meaningful upside in an exciting hydrocarbon jurisdiction. The Board looks forward to supporting 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,

2025 was a year of strategic conversion for Block Energy. We took a portfolio shaped by several years of technical work and converted that work into tangible commercial validation: the Aspect farm-out on XIQ, the Sanning Framework Agreement on Project III, successful completion of the CCS pilot, validation of the slim-hole drilling model and, after year-end, entry into offshore Gabon. These milestones move Block from a business defined principally by its Georgian production base to a broader, partner-funded growth platform with multiple routes to scale in 2026 and beyond.

Safety remains the foundation of our operations. During a year that included the pilot CO₂ injection, the drilling of KRT-39_ST and continuous management of the producing portfolio, the Group recorded no lost time incidents. We also continued to strengthen local engagement through employment, training and targeted community initiatives, while investing in the environmental management systems that underpin both conventional operations and the CCS project.

Our strategic approach has been clear: advance the largest opportunities through asset-level finance and farm-outs, while preserving the balance sheet and using cash from existing operations selectively. Project IV now benefits from a fully carried work programme estimated at approximately US\$95 million. Project III is the subject of a binding Framework Agreement that provides for an up to US\$75 million carry, subject to definitive documentation, approvals and project elections. This strategy is designed to maximise shareholder exposure to material upside without forcing the Company into disproportionate capital commitments.

The same discipline applies to CCS. The pilot has been delivered with Rustavi Azot and supported by independent technical work, and the next phase is focused on commercial feasibility, verification and scale-up rather than committing capital before the project is commercially defined.

We also used 2025 to broaden the portfolio. The success achieved on Projects III, IV and CCS gave us the platform to pursue an international new venture without losing focus on Georgia. The Gabon transaction announced after year-end is therefore not a departure from strategy; it is an extension of the same model: low-cost entry, discovered resources, material upside and a clear route to asset-level financing.

In April 2026, we announced a strategic entry into offshore Gabon through a secured convertible loan to Pilgrim Exploration Limited, providing Block with a 76.5% indirect economic interest in the Ndjila (CD2) and Mpari (CD3) PSCs. The PSCs cover 5,331 km² and contain four historical oil discoveries - Iguega, Topaz, Ekouata and Pilote - in a proven hydrocarbon basin with established operators, infrastructure and fiscal terms. This gives the Group a new discovered-resource development pathway and material exploration upside alongside our Georgian asset base.

A central feature of the year was the way in which progress was secured. The Sanning Framework Agreement, the Aspect farm-out and the CCS pilot each advanced high-impact projects through partners, carries or technical collaboration. The KRT-39_ST slim-hole pilot, meanwhile, validated an internal cost-reduction initiative that supports a more sustainable operating model across lower-price environments. The Company has therefore not simply added projects; it has re-wired the business to progress a larger opportunity set with greater capital discipline.

During the year, we drilled and completed KRT-39_ST on Project I as the first pilot application of our slim-hole drilling technology, using the Company's own A-80 heavy workover rig and in-house crew. The well was drilled safely, on time and within budget at approximately 40% of the cost of previous conventional sidetracks. KRT-39_ST met its engineering and cost objectives and supports a broader lower-cost inventory across Project I and, potentially, Project II.

Project II remains an important part of the long-term oil growth portfolio. During the year, we continued internal subsurface and engineering work and maintained discussions with international service providers and enhanced oil recovery specialists. With 235 MMbbl of gross 2C contingent resources and a substantial legacy well stock,

Project II offers a material redevelopment opportunity that is being refined ahead of a structured farm-out or asset-level financing process.

Project III is central to the next phase of Block's growth. During the year, we acquired the operational rights to South Dome, adding 574 BCF of 2U gross prospective resources. The structured farm-out process advanced through 2025, resulting in a non-binding offer in December and, post year-end, a binding Framework Agreement with Zhijiang Sanning Energy Co. Ltd. The agreement provides for Sanning to acquire a 51% participating interest in Project III, with Block retaining 49% and operatorship through appraisal, and for an up to US\$75 million carry across appraisal and early facilities workstreams. Definitive documentation is targeted for the second half of 2026, with operations expected to commence in the first half of 2027, subject to approvals.

Project IV delivered one of the most significant strategic milestones of the year. Following Block's acquisition of an initial 10% interest in XIQ in March 2025, the Company announced the farm-out of XIQ to Aspect Georgia, LLC in September 2025. Government approval was received and the transaction completed in January 2026. The carried work programme, estimated at approximately US\$95 million, is expected to begin with seismic acquisition in 2026 and provides a clear pathway through exploration, appraisal and, subject to results, early production facilities without further capital exposure for Block.

Our CCS initiative progressed from concept to demonstrated technical viability. In August 2025, we injected 13.64 tonnes of CO₂ dissolved in water into the Patardzueli-Samgori Middle Eocene reservoir. Post-injection analysis reported in December 2025 indicated 70% to 100% mineralisation, and the February 2026 OPC report confirmed complete mineralisation within a one-to-three-month timeframe, with no evidence of gas phase migration or leakage. The next phase, alongside Rustavi Azot, will focus on the commercial framework, scaling of injection capacity and monitoring and verification protocols.

Financially, 2025 was a year of resilience in a lower-price environment and continued re-wiring of the business to remain sustainable at lower oil prices. Revenue of US\$6.057 million (2024: US\$7.533 million) reflected the materially lower commodity price backdrop, with Brent averaging approximately US\$69/bbl in 2025 compared with approximately US\$81/bbl in 2024, while production from existing wells was better than budget. EBITDA was negative US\$0.94 million (2024: positive US\$1.06 million), in line with expectations. Importantly, the cost base remained controlled, cash improved to US\$1.493 million (2024: US\$1.136 million), and the November 2025 equity raise - the Group's first since 2020 - provided additional flexibility at a time of active farm-out and new venture execution. Subsequent to year-end, Brent prices have strengthened materially from the 2025 average; combined with strong operational performance and enhanced efficiencies, this positions the Company to benefit from a more constructive commodity price environment while retaining the discipline developed during the lower-price period.

Post year-end, we completed the corporate steps required to support the Gabon entry. The associated placing and retail offer raised approximately US\$6.3 million before expenses, and following the General Meeting held on 18 May 2026 all resolutions were passed and the conditional fundraise shares were admitted to AIM. The proceeds provide the capital required to fund the Gabon work programme and general working capital as we move into the next phase of execution.

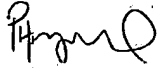
Outlook

The year ahead is about converting strategic positioning into operational delivery: definitive documentation and approvals for the Sanning transaction; preparation for Project III appraisal operations targeted to commence in 2027; commencement of the Aspect-funded XIQ seismic programme; CCS commercial feasibility work; and the operational launch of the Gabon technical programme, with initial focus on data integration, Iguega development planning and partner financing discussions.

We recognise that there remains a disconnect between the intrinsic value of the portfolio and the Group's market capitalisation. The answer to that is execution. Independent resource assessments, the calibre of our counterparties and the scale of partner-funded work now in prospect all support our view that the portfolio contains material upside. Our focus in 2026 is to convert that upside into visible operational milestones.

I would like to thank our team in Georgia, our advisers, our partners and our shareholders for their continued support. We enter 2026 with a stronger portfolio, a more efficient operating model, credible strategic partners and a clear plan to build value from Georgia, Gabon and our CCS opportunity.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Haywood', with a stylized flourish at the end.

Paul Haywood
Chief Executive Officer
Block Energy PLC

Financial Review

Income Statement

The Group's revenue from oil and gas sales was US\$6,057,000 (2024: US\$7,533,000). The reduction was driven primarily by the lower commodity price environment, with average realised oil revenue per barrel of US\$57.43 compared with US\$68.20 in 2024, while production remained broadly stable and slightly ahead of budget. Crude oil sales were 92,731 barrels (2024: 97,961 barrels), and gas sales were US\$731,000 (2024: US\$855,000).

During the year, the Group produced 122,474 barrels of crude oil (2024: 131,579 barrels). Gas production stood at 245 MMCF (2024: 274 MMCF). This gross production figure includes the State of Georgia's share of production before cost recovery and profit sharing. The Group had 9,731 barrels of crude oil inventory as at 31 December 2025 (31 December 2024: 11,060 barrels).

The natural decline from existing Project I production was less than expected during the year. Conventional drilling was deliberately limited as the Company prioritised Project III, Project IV, CCS and new venture activity, with the only Project I drilling being the lower-cost KRT-39_ST slim-hole pilot. KRT-39_ST validated the slim-hole drilling concept and therefore supports a lower-cost development model that is more resilient in low oil price environments. Production from the existing well stock remained in line with the 2022 ERCE reserve report type curves and slightly ahead of budgetary estimates.

Subsequent to year-end, the commodity price backdrop has strengthened materially relative to the 2025 average. The Company's leaner operating model, stable production performance and enhanced capital discipline position it to benefit from higher realised oil prices while retaining the sustainability measures developed during the lower-price environment.

The loss for the year was US\$2,518,000 (2024: US\$609,000). The increase compared with the prior year primarily reflects lower revenue from the reduced oil price environment and the higher cost of sales charge of US\$596,000 (2024: US\$22,000) associated with the reduced level of oil stock held at year end.

With respect to operating activities, the Group delivered a loss of US\$2,254,000 (2024: loss of US\$202,000). EBITDA decreased to negative US\$935,000 (2024: positive US\$1,061,000), principally due to lower realised commodity prices rather than a loss of operational control. The result should be read alongside the strategic progress delivered during the year across Project III, Project IV, CCS and Gabon, where value creation is not fully reflected in the 2025 income statement.

The Company continues to closely monitor costs, operational performance and efficiency. Despite increased international cost pressures and higher activity across the strategic project portfolio, the Group maintained overall costs at a similar level to the prior year. This cost discipline is a key component of the Company's re-wired operating model and supports sustainability through commodity cycles.

Overall, 2025 was financially impacted by lower oil prices, but the Company remained stable, improved its year-end cash position, extended its strategic runway and made significant progress on the high-impact projects that are expected to be the principal catalysts for shareholder value growth.

Liquidity, Counterparty Risk and Going Concern

The Group monitors its cash position, cash forecasts and liquidity regularly, 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, which are reviewed regularly to determine whether any cost-curtailed actions are required. The Group's operations presently generate sufficient revenues to cover operating costs, supporting the preparation of the financial statements on a going concern basis. The directors have, however, identified downside scenarios — including a substantial fall in oil prices or production, and the redemption of the US\$2.0 million secured loan in August 2027 — that give rise to a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding this, the

directors consider it appropriate to prepare the financial statements on a going concern basis; the full Going Concern disclosure is set out in note 1.

Impairment

There was no impairment recognised in either year.

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 \$2,518,000 (2024: loss of \$609,000).
- The Group achieved negative EBITDA of \$935,000 (2024: positive \$1,061,000).
- The Group has net assets of \$25,526,000 (2024: \$25,313,000).
- The Directors do not recommend the payment of a dividend (2024: \$nil).

Principal Risks and Uncertainties

There are general risks associated with the oil and gas extraction industry as well as those specific to Block Energy. The Board through the Audit and Risk Committee regularly reviews the risks to which the Company is exposed and endeavours to mitigate these risks as far as it can. Given the current size and simplicity of the business, the Board considers that there is no immediate necessity to establish an internal audit function.

The following summary outlines the principal risks and uncertainties facing the Company at its present stage of development:

Description	Impact	Mitigation
Strategic Risk		
Strategic, geopolitical and stakeholder risk	Regional tensions, changes in government policy or loss of stakeholder support could disrupt operations, affect approvals, restrict access to capital or reduce the Company's social licence to operate.	The Board monitors all political developments on an ongoing basis and receives regular reports from senior management in Georgia around the political and security situation. This ensures that good relations are maintained with the government and swift action can be taken if required.
The risk of not meeting expectations of key stakeholders, including investors, partners, governments, and local communities.	Failure to meet shareholder or investor expectations may result in loss of capital, reduced investor confidence, and reputational damage. There are also potential health, safety, and environmental ("HSE") risks to local communities that must be carefully managed to maintain our social licence to operate.	The Company adopts a shared value approach and maintains strong, transparent relationships with stakeholders—including local communities, governments, and shareholders—supported by ongoing engagement, ethical conduct, and a proactive ESG strategy. Regular monitoring of public sentiment, timely disclosure of material information, and investment in community initiatives further strengthen trust and reduce the risk of reputational or operational disruption. These measures also help mitigate the impact by preserving stakeholder confidence and ensuring resilience during periods of scrutiny or unrest.
Key Personnel and Talent Management Risk	Loss of key personnel or inability to attract and retain skilled staff could disrupt business continuity, delay project delivery, and impair strategic execution. It may also weaken leadership effectiveness, reduce organisational performance, and impact investor confidence.	The Company recognises its people as a core asset and aligns compensation with investor outcomes to support retention and motivation. Organisational capability is strengthened through structured resource planning, succession planning, leadership development, and ongoing training. These initiatives reduce the likelihood of key personnel loss and

		mitigate the impact by ensuring continuity, resilience, and depth across critical roles.
Financial Risk		
Oil and gas prices may decrease significantly.	Significant decreases in oil or gas prices over a sustained period would negatively affect the Group's cash flows, operating results and financial performance. It would also impact asset valuations and project economics.	The Company mitigates exposure to commodity price volatility by maintaining a strong cash position and preserving financial flexibility across its portfolio. Development plans are regularly reassessed to align with current price environments, while capex and overheads are managed prudently. New opportunities are evaluated with downside pricing scenarios in mind, reducing both the likelihood and impact of adverse price movements.
The Company may face challenges in accessing capital, or securing it at a reasonable cost.	Limited access to reasonably priced capital could increase the cost of financing, reduce free cashflow, reduce project valuations, and restrict the Company's ability to fund growth. This may hinder execution of the development strategy, impair asset monetisation, and weaken overall shareholder returns.	The Company mitigates capital access risk through diversified funding sources, prudent debt use, disciplined asset selection and a track record of delivering projects within budget. The Group's continued ability to access capital was demonstrated during the year by the completion of its first equity raise since 2020 (November 2025) and, post year-end, an approximately US\$6.3 million raise supporting the Group's strategic entry into Gabon.
Inability to repay loans and/or fund exploration work - resulting in inability to deliver the business strategy.	Defaulting on planned repayments could put underlying assets at risk and force the Company to seek additional debt or equity financing under unfavourable terms, reducing value for shareholders. This may slow value creation and lead to a loss of stakeholder confidence and support.	The Company manages refinancing and default risk through disciplined budgeting, focused capital allocation on priority assets, and regular review of cash flow and funding options, supported by Board-approved work programmes and monthly financial reviews. Near-term refinancing risk has been materially reduced by the post year-end extension of the senior secured loan facility to 2 August 2027, with further flexibility available through potential farm-outs or asset sales if required.
The risk that the counterparties may be unable to lift and sell the Company's oil.	The Company is reliant on two major counterparties for all revenue, creating a risk of non-receipt of funds if either fails to lift or pay for product. While credit risk from financially distressed	The Company reduces the likelihood of non-lifting or non-payment by maintaining regular engagement with existing buyers, monitoring market conditions, and

	third parties exists, the greater concern is the inability to monetise production due to market or logistical constraints faced by the buyers.	identifying potential alternative offtake partners. To reduce impact, it holds sufficient cash reserves to manage through temporary disruptions in revenue.
Operational Risk		
Risk of reduced asset life and underperformance due to inefficient operations and high costs.	If new assets fail to deliver expected reserves or production rates, the Company may face higher-than-anticipated appraisal and development costs, delaying growth and limiting reserve replacement. This could lead to a loss of investor and market confidence, reduced technical credibility with host governments, and potential divestment of assets below intrinsic value, ultimately triggering a reassessment of the Company's strategy and business plan.	The Company reduces the likelihood of underperforming assets by focusing on technically led acquisition strategies, using advanced subsurface analysis, peer-reviewed evaluations, and expert input to guide decision-making. Rigorous risk assessments, post-drill reviews, and alignment with strategic growth goals ensure only high-potential, cost-effective opportunities are pursued. Impact is further mitigated through disciplined portfolio management, selective asset exits and maintaining a diverse asset base to balance performance risk.
Subsurface and Drilling Operations Risk.	Operational delays or failures may lead to reduced cash flow, missed project milestones, and increased costs, negatively affecting the Company's financial performance and market valuation. Prolonged disruptions or regulatory issues could damage stakeholder confidence, delay value creation, and compromise the Company's ability to meet strategic objectives.	The Company reduces the likelihood of operational delays by employing a highly qualified subsurface team, using advanced analysis techniques, and ensuring rigorous contractor selection through its procurement process. Ongoing market reviews and experienced personnel enable fast, effective responses to drilling opportunities. Impact is mitigated through cost-efficient drilling strategies, such as slim-hole wells, and the use of advanced seismic and AI technologies to improve well success rates.
Data Control and Cybersecurity Risk.	A loss of access to critical subsurface data would significantly disrupt operations, delaying or halting exploration and development activities. Cybersecurity breaches or system failures could result in commercial loss, environmental or safety incidents, and operational downtime. Loss of intellectual property through staff departure or compromised systems may reduce the Company's technical advantage and strategic flexibility.	The Company mitigates data and cybersecurity risks by regularly reviewing third-party provider security, ensuring key subsurface data remains accessible, and monitoring system vulnerabilities. Strict internal policies govern the use of Company systems, reducing exposure to breaches. In the event of disruption, impact is minimised through off-site data storage, cloud backups, and contingency

		measures to maintain operational continuity.
HSES Risks		
Accidents and risks associated with operations (e.g. blowout, fire, injury).	Serious accidents can result in a shut-down of operations, injury or loss of life, damage to equipment or property, damage to the environment and a loss of credibility and/or licence.	The Company has a robust HSES framework, supported by a dedicated full-time HSES department, regular staff training, and a Board-level HSES Committee that actively oversees performance and incident response. HSES is deeply embedded in the Company's culture and contracts, with policies including daily safety meetings, PPE provision, observation cards, equipment inspections, and on-site medical support during drilling. Regular reviews, an Emergency Response Plan, and insurance coverage help reduce the likelihood and impact of incidents, ensuring operational safety and preparedness.
Environmental contamination caused by oil and water spills or gas leakages.	A significant environmental incident could result in harm to people and the environment, lead to reputational damage—potentially attracting local or global media attention—and cause production downtime and revenue loss.	The Company reduces environmental incident risk through robust HSES systems, best-practice well integrity standards, spill response plans, and strict operational procedures. Field-based staff receive regular training to improve environmental awareness and reduce contamination risks, while routine inspections and infrastructure upgrades minimise the chance of spills or equipment failure. Oversight is further strengthened by a Board-level ESG committee, reinforcing the Company's commitment to environmental stewardship and continuous improvement. Insurance coverage is in place to help mitigate financial impacts if an incident occurs.
Climate Change and Energy Transition Risk.	The energy transition may lead to falling hydrocarbon demand and prices, increased regulatory and reporting costs, and rising pressure from stakeholders to meet climate targets. Failure to comply could result in fines, reputational damage, and loss of investor confidence and capital.	The Company integrates environmental objectives into its strategy by focusing on low-cost, high-value resource monetisation with minimal environmental impact. It actively advances its carbon position through improved reporting, flaring reduction, and the ongoing investment into its Carbon Capture and Storage

		("CCS") initiative. Ongoing engagement with stakeholders helps preserve investor confidence and mitigate the impact of increasing climate-related scrutiny and regulation.
Legal and Compliance Risks		
Risk of Fraud, Corruption, or Sanctions Breach by the Company or Associated Persons.	Accusations or findings of fraud, corruption, or sanctions breaches could lead to severe reputational damage, triggering the withdrawal of support from shareholders, governments, lenders, and partners. Investigations may cause significant business disruption and result in legal outcomes such as fines, director disqualifications, or deferred prosecution agreements. In extreme cases, this could lead to the loss of key assets, PSCs, or entire projects.	The Company reduces the likelihood of fraud, corruption, or sanctions breaches through robust policies, thorough due diligence processes, mandatory training, and a strong internal control framework—including whistleblowing channels, annual certification and regular policy reviews. All counterparties are assessed for legal and sanctions risk, and contracts include protective clauses. In the event of an incident, insurance coverage provides a financial safety net, provided compliance frameworks have been followed.

Statement of Corporate Responsibility

Block Energy PLC has a practical and open approach to Corporate Responsibility: our programme is focused on doing the right thing, managing risk and investing sustainably in the community in which we operate.

Impact of Culture on Decision Making

Our investment decisions carefully consider environmental and social impacts and how such impacts are best managed for all stakeholders. Our operations should not compromise the well-being of current or future generations. This responsible behaviour is a crucial element for our long-term business success.

For Block Energy this means:

- Acting with respect for people, communities and the environment;
- Acting honestly and openly with all stakeholders, fully respecting the rule of law and human rights;
- Contributing to the economic and cultural development goals of Georgia;
- Integrating sustainability and Corporate Responsibility into our strategy, planning, implementation and management systems;
- Providing clear public reporting on our management systems and performance.

The Company has prepared several detailed Environmental Impact Statements (“EIS”) to cover its operations. These have been submitted to and discussed with the Georgian authorities.

Health, Safety, Environmental and Social Performance

The Company strives for continuous improvement and Block Energy is committed to maintaining high standards of health, safety, environmental and social performance (“HSES”) across all its oil and gas operations. To achieve this, as an integral part of our business, we:

- Have established board-level HSES and ESG committees which meet regularly.
- Identify, assess and manage HSES and ESG risks to people, the environment and assets in order to avoid adverse direct or indirect effects from our operations.
- Ensure that our operations comply, at a minimum, with applicable health, safety, environmental and social laws and regulations, as well as best practicable industry standards.
- Maintain high ethical standards in carrying out our business activities.
- Provide the necessary leadership, training and resources to enable effective HSES management throughout our organisation.
- Strive to prevent and minimise the impact of our operations on the environment.
- Ensure continuous improvement of HSES performance by setting objectives and targets and apply focused auditing, reviews and external benchmarking.
- We select competent staff, contractors and suppliers to manage and support the business.
- Ensure that the highest priority is placed on emergency preparedness and contingency planning and that any plans are tested regularly to ensure that any incidents are responded to in a timely and effective manner.
- Foster a culture where accidents, incidents and near misses are reported and investigated and that lessons learned are shared.
- Consult with and respond to the concerns of our stakeholder on our health, safety environmental and social performance.
- Ensure that HSES policy is communicated to all staff and contractors and that it is clearly displayed in all Block Energy premises and operational sites and made publicly available.
- Empower the Company’s directors, employees and contractors to take responsibility for maintaining high HSES standards.

Section 172 (1) Statement and Stakeholder Engagement

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

We understand that our long-term success depends on our relationships with our stakeholders. We strive to provide our stakeholders with timely and effective information, responses and support. The following table summarises how we identify and seek to meet their needs, interests and expectations.

Stakeholder	Reason For Engagement	How We Engage
Employees. Our capacity to design and execute our strategy depends on the health, development and retention of our dedicated and skilled staff.	Transparent and regular communications with our staff is essential for ensuring an understanding of commitment to the Company's objectives. As an oil and gas exploration and production company we have particular health, safety, environmental and social obligations (see "Communities and Environment" below).	Management in London and Georgia have daily team meetings. The wider international team has a weekly meeting. The Executive Director and senior management make regular trips to Georgia to work with our staff onsite. The management team have regular one-on-ones with every staff member and transparent performance targets are mutually agreed. We also undertake training and development sessions (particularly around HSES, compliance and event prevention) and ensure that our staff are properly motivated and included within the Company's aims and objectives.
Shareholders. We provide transparent, accessible, regular and balanced information to our shareholders and investors to ensure support and confidence.	Understanding the perspectives of our shareholders and their sentiment regarding the business, its prospects and the performance of management as well as meeting regulatory requirements.	We publish announcements on the London Stock Exchange's website and our website and across our online channels. Interviews with our directors and senior management are published as videos or podcasts and accessible to a large audience. We operate an investor mailing list subscription service. We issue regular updates to our corporate presentation. We attend investor relation events and meet with industry analysts. We publish our annual and interim accounts and are physically available for any shareholder at the AGM. We hold one-to-one sessions with our largest shareholders.
Industry Bodies, Local and National Governments. Our operations and business practices must meet certain legal and regulatory requirements.	We work hard to meet our regulatory obligations to retain our good standing with regulators, the Georgian government and the wider oil and gas sector. Our relationship with the local and national government is a key to our success and has taken a long time to develop.	We adhere to Georgian state regulations and since inception, have maintained good standing on all interests associated with its working interest in all Production Sharing Contracts. We commit to fulfilling our AIM obligations. We engage an independent auditor to perform an audit of the Company's processes and financial risks. We engage an independent auditor in Georgia to ensure our local financial reporting meets local standards and regulations. We have developed comprehensive Market Abuse Regulations ("MAR") and anti-bribery policies. We take legal compliance extremely seriously.

Communities and Environment. Our operations are embedded in a complex local economic and environmental ecosystem.	We understand that our operations can have negative effects on the local economy or environment if not properly managed and if risks are not properly mitigated. We place the highest focus on ensuring that our operations are conducted in a safe, responsible manner and that we make a positive contribution to local communities.	We have written HSES policies and ensure that all staff and contractors adhere to such policies. HSES performance is embedded into the director's and senior management's performance targets. We have a strong focus on HSES and ensure that it is embedded in to all of our operational and management processes and receive daily reports on HSES compliance. We investigate all HSES policy breaches and work to remedy them. We maintain two board-level committees, the HSES Committee and the ESG Committee which are tasked with further developing our policies, compliance and performance. We monitor and report emissions and environmental performance. We work with National and Local government to support the communities in the areas where we operate and invest in local community programmes. We provide employment and personal development opportunities for all employees, whilst further extending this support, into the local communities in which we operate. We also maintain a website for our operating company, Block Operating Company, in the Georgian language to ensure local communities and more broadly, people of Georgia, can remain informed on our Company's activity.
Suppliers. We engage contractors and purchase from a wide range of suppliers, around the globe.	We recognise that our suppliers and contractors are essential to our operational and financial success and understand that third parties working on our operations can impact our HSES policies.	We have robust financial processes for settling our invoices with our contractors and service providers and take care to ensure we source products and services from ethical suppliers. Where possible and commercially competitive, we try to ensure goods are sourced locally, so to support local businesses. We integrate our MAR, anti-bribery and HSES policies into all agreements with contractors. Where contractors are working in our operations, we ensure that HSES briefings and training are undertaken.

The Board is responsible for establishing and communicating policies and procedures for risk management and internal controls. We recognise that risk management is an essential business practice, and we work to balance risk, return, threat and opportunity. We maintain a detailed risk register which is routinely reviewed by the Audit and Risk Committee and the Board.

Climate Change

In today's oil and gas sector stakeholders and investors are keenly interested in the theme of climate change and we can assure them that Block is wholly committed to good environmental stewardship. We have a robust approach to corporate responsibility and sustainability issues, underpinned by our commitment to high standards of health and safety and environmental stewardship.

Consistent with our strategy, we aim to flare zero gas and reduce our carbon dioxide emissions as much as possible. We have established a Board-level ESG committee with a remit to build on and improve our environmental processes and policies.

The Group's Carbon Capture and Storage initiative continued to progress materially during the year, with the successful execution of the pilot CO₂ injection in August 2025 and the completion of the Phase 1 CCS pilot study post year-end in February 2026. Further detail is set out in the Strategic Report.

We are aware of the evolving regulatory landscape on climate reporting, including the expansion of disclosures aligned with the Task Force on Climate-Related Financial Disclosures ("TCFD") and the development of the UK Sustainability Reporting Standards. The Group will comply with any disclosure requirements applicable to it under the AIM Rules for Companies and will continue to monitor developments closely, with a view to adopting proportionate climate-related financial disclosures as the regulatory framework develops.

Board of Directors

The current Board consists of three directors: two independent non-executive directors and an executive director.

Paul Haywood | Chief Executive Officer

Committee Memberships: Nominations Committee, ESG Committee, HSES Committee.

Paul is the founder of Block Energy and has more than 16 years' experience in the Georgian oil and gas sector, having identified, managed and completed the acquisition, development and sale of several oil and gas assets before establishing Block Energy. More broadly, Paul has spent much of his career building growth projects, leveraging a cross-functional skill set encompassing strategy, implementation, capital and transaction management. Paul is currently a non-executive director of AIM quoted Synergia Energy plc, where he is Chairman of the Remuneration Committee and resource-focused advisory firm, Plutus Strategies.

Key skills and competencies: vast capital markets and global energy experience, Georgia knowledge and strong project delivery record.

Philip Dimmock | Non-Executive Chairman

Committee memberships: Remuneration Committee (Chair); Nominations Committee (Chair); Audit and Risk Committee; Disclosure Committee; Technical Committee; HSES Committee (Chair)

Philip spent a significant part of his career at BP in a wide variety of senior positions, including manager of the Forties oil field. Subsequently, his executive roles included Vice President International/Managing Director UK at Ranger Oil Ltd/Canadian Natural Resources and Vice President Operations at Vanco Energy. In non-executive board positions, Philip was a director of Nautical Petroleum Plc and the Senior Independent Director of Gulf Keystone Petroleum Ltd. He currently serves as Adviser to Oando Energy Resources Inc. Philip has an MA in Physics from the University of Oxford.

Key skills and competencies: extensive oil and gas sector experience and knowledge, career board member, champion of safety and personal development.

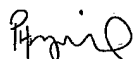
Jeremy Asher | Senior Independent Non-Executive Director

Committee memberships: Audit and Risk Committee (Chair); Nominations Committee; Remuneration Committee; Disclosure Committee

Jeremy is Chairman & CEO of Tower Resources plc. In recent years he served as a director of NYSE-listed Pacific Drilling SA, Deputy Chairman of London-listed Gulf Keystone Petroleum Ltd, and as a director of TASE-listed Oil Refineries Ltd. Previously he co-headed the global oil products business at Marc Rich & Co (now Glencore AG) and then acquired and developed a 275,000 b/d oil refinery in Germany, before serving as CEO of PA Consulting Group and advising and investing in numerous companies in the energy sector. He holds a BSc (Econ) from the London School of Economics and an MBA from the Harvard Business School.

Key skills and competencies: extensive oil and gas sector experience, professional consultant and manager

The Strategic Report was approved by the Directors and signed on behalf of the board on 30 May 2026.



Paul Haywood
Director

Report of the Directors

The Directors present their report and the audited financial statements of Block Energy PLC (“the Company”) for the year ended 31 December 2025.

Principal Activity

The principal activity of the Company is oil and gas exploration, development and production.

Incorporation and Admission to Trading on AIM

The Company was incorporated on 8 February 2005 and was admitted to trading on AIM on 11 June 2018.

Results and Dividends

The results for the year are set out on page 24.

This Report covers the year ended 31 December 2025.

The Directors do not recommend the payment of a dividend (2024: \$nil).

Review of Business and Future Developments

A review of the business and likely future development of the Company is set out in the Chief Executive Officer’s Statement on pages 21-23.

Going Concern

The directors have prepared cash flow forecasts for a period of 12 months from the date of signing these financial statements. Further information is set out in Note 1 to this Report.

Risk Management

Risk management is integral to the business with management continuously monitoring and managing risk within the relevant business areas. Every material decision is preceded by an evaluation of the applicable commercial and operational risks. Regular reviews of risks and management of these are undertaken and presented to the Board. The Group maintains an Audit and Risk Committee and a Risk Register.

Principal Risks and Uncertainties

The principal risks the Board have reviewed are disclosed on pages 26-30 of this Report.

Share Capital

Details of shares issued by the Company during the year are set out in Note 19 to the Financial Statements.

Directors and Directors’ Interests

The Directors of the Company who served during the year ended 31 December 2025 are listed below, and the current Board members’ biographies are on page 35 of this Report.

Paul Haywood	Chief Executive Officer
Philip Dimmock	Independent Non-Executive Chairman
Jeremy Asher	Independent Senior Non-Executive Director

Details of Directors’ interests in shares are disclosed on page 47 of this Report.

Director’s and Officers’ Liability Insurance

The Group provided director’s and officer’s liability insurance at a cost of \$18,000 (2024: \$21,000).

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the Group and Company financial statements in accordance with UK adopted International Accounting Standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock exchange for companies trading securities on AIM.

In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK-adopted international accounting standards have been followed, in accordance with the provisions of the Companies Act (2006), subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act (2006). They are also responsible for safeguarding the assets of the Company and that they are taking reasonable steps for the prevention and detection of fraud or other irregularities.

Website Publication

The Directors are responsible for ensuring the Annual Report and Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with the relevant legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Governance Statement

We have chosen to adhere to the updated Quoted Companies Alliance Corporate Governance Code for Small and Medium Size Quoted Companies (2023 version); ("QCA Code"). Our full statement of compliance with the QCA Code is provided in the Governance Report on pages 39-44 of this Report.

Section 172 (1) Statement and Engagement with Stakeholders

How we comply with Section 172 of the Companies Act 2006 and engage with Stakeholders is set out in the Statement of Corporate Responsibility on pages 31-34 of this Report.

Engagement With Shareholders

The Directors attach great importance to maintaining good relationships with shareholders and the Company is active in regularly communicating with both its institutional and private shareholders. The Company also issued regular updates to shareholders. Market sensitive information is notified in accordance with the AIM Rules for Companies and the Market Abuse Regulation.

Political Contributions

During the year ended 31 December 2025, political donations totalled \$nil (2024: \$nil).

Financial Instruments

The main financial risks arising from the Group's activities are liquidity risk, commodity price risk, increased costs and currency risk. These are monitored by the Board in line with the Company's Risk Register.

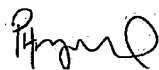
Budgets and cashflow forecasts are regularly prepared and fund-raising initiatives undertaken as and when required. Risk is inherent in the nature of the business and is managed to the best of the Board's ability. Further details on financial instruments are shown in note 24.

Auditors and Disclosure of Information to Auditors

All of the current Directors have taken all of the steps that they ought to have taken to make themselves aware of any information needed by the relevant Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

PKF Littlejohn LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

The Report of the Directors was approved and authorised for issue on 30 May 2026.



Paul Haywood
Director

Governance Report

Corporate Governance Statement

We believe in the value and importance of good corporate governance and hold ourselves accountable to all our stakeholders - shareholders, staff, contractors, clients, suppliers and the communities within which we operate.

High standards of corporate governance were maintained in 2025 and have continued into the current year. The Board meets every two months for a thorough review of all aspects of the business and strategy and, in between, to consider and approve individual investment decisions or to resolve standalone situations. The Board Committees also meet frequently.

QCA Corporate Governance Code (2023)

The Board applies the QCA Corporate Governance Code 2023 (the "QCA Code"), which it considers to be the most appropriate recognised governance framework for a Company of Block Energy's size and stage of development. The Company adopted the QCA Code 2023 early during the year ended 31 December 2024 and has continued to apply it during the year under review. The QCA Code retains its ten-principle structure while placing greater emphasis on ESG matters, remuneration policy, corporate culture and shareholder engagement. The report below sets out how the Company's governance arrangements address each principle, together with any areas applied on a proportionate basis appropriate to the Company's current size.

Principle One: 'Establish a purpose, strategy and business model which promote long-term value for shareholders'

Block Energy's purpose is to deliver shareholder value through the development of its high-impact strategic projects and international new ventures with the aim of becoming an international independent oil and gas company.

The Company has developed several Projects in Georgia (as more fully described in the Strategic Report) and made good progress on its aim of converting resources to reserves and reserves to production to catalyse growth of the Group for the long-term. Production within the Project I & II portfolio provides meaningful cashflow with which to support the development of the Group's high-impact Projects. Post-year end, the Company made a strategic entry into Gabon with the aim of providing further material upside through discovered oil and exploration prospectivity as well as diversification from a political and subsurface risk perspective.

Georgia has long been recognised as a business-friendly country, with historically high rankings in global ease of doing business indices. It possesses proven but underdeveloped reserves of oil and gas, attracting growing interest from major energy companies. Gabon is a well-known hydrocarbon jurisdiction with a business-friendly government and active investment from a range of international energy companies and fits well with the existing assets in Georgia.

Our objective to deliver shareholder value in the medium to long term is based on the continued commercialisation of our existing projects and the identification and development of new projects within and outside of Georgia and Gabon to secure the Company's growth and long-term future.

We have designed a robust business model to implement our strategy, and this is set out in the strategic report on pages 4 to 35.

Principle Two: 'Promote a corporate culture that is based on ethical values and behaviours'

Our core values underpin our long-term growth:

- We continually develop and nurture good relationships with our stakeholders: staff, shareholders, suppliers, national and local governments and the communities within which our operations are embedded.

- We are an agile and ambitious company. We have a team carefully selected for their skills and experience, we are committed to our values and we are dedicated to the successful execution of our current and future strategy.
- We endeavour to develop individual members of our staff and the team as a whole.
- We are committed to employing cost-effective technology and processes to achieve our objectives and deliver value to our stakeholders.
- We are courteous, honest and straightforward in all our dealings, honouring diversity, individuality and personal differences and are committed to observing the highest personal, professional and ethical standards in conducting our business.
- We are acutely conscious of our particular responsibilities as an oil and gas producer. Our HSES obligations are the first operations-related agenda item at all of our daily and weekly meetings as well as our Board meetings and we employ a full-time HSES department in Georgia to develop and manage our HSES processes.
- We recognise the risks posed by climate change and are committed to playing a responsible role as an oil and gas producer. We are actively exploring initiatives such as carbon capture to reduce our environmental impact.

Our values are expressed and communicated regularly to staff through internal communications and forums. They are included in our employment contracts, induction processes and training programmes.

The Board believes that the promotion of our core values across the Company's operations gives Block a critical competitive advantage, improving our internal efficiency and the quality of our stakeholder relationships.

Principle Three: 'Seek to understand and meet shareholder needs and expectations'

The Board strives to keep shareholders informed with clear and transparent information on the Company's operations, strategy and financial position. Details of all shareholder communications are provided on the Company's website, in compliance with AIM Rules. RNS updates, reports, circulars, videos, podcasts and presentations are all published on the Company's website or social media channels.

Primary responsibility for investor relations rests with the Chief Executive Officer, supported by the other Directors and senior management. Since Block Energy began trading on AIM on 11th June 2018, the Company has used multiple channels to understand the needs and expectations of its shareholder base.

The AGM is one of our many forums for dialogue with shareholders and we encourage all shareholders to attend and participate. The members of the Board attend the AGM, when possible, and are available to answer questions raised by shareholders.

In addition to maintaining digital communications channels, the Company maintains a dedicated email address (info@blockenergy.co.uk) which investors can use to contact the Company, and a mailing list. These are displayed prominently on our website together with our address and telephone number. All enquiries received are reviewed and distributed as appropriate. We also contract an experienced financial communications company to assist with our communications activities.

The Directors continually review our engagement with shareholders and our communications approach.

The Directors take every opportunity to communicate our purpose, strategy and business plan to existing and potential institutional investors. We routinely make presentations to institutions and industry analysts, particularly after the announcement of significant news. We keep in touch with institutional investors through a combination of formal meetings, participation at investor conferences, roadshows and informal briefing by management. The majority of meetings with shareholders and potential investors are arranged by the Company's brokers or directly with the Company. The brokers provide frequent feedback to the Company to assist in understanding sentiment and market expectation.

Principle Four: 'Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success'

We understand that our long-term success depends on our relationships with our stakeholders. We set out our stakeholder engagement process in our Statement of Corporate Responsibility on pages 31-34 of this Report.

The revised Code calls for a stronger emphasis on ESG factors and their integration into the company's decision-making process.

The company integrates ESG factors into its strategy and operations, particularly focusing on environmental sustainability and social responsibility. Block Energy collaborates closely with Georgian authorities, investing in community programs and job creation. In the year we have worked with the Tbilisi Technical Institute to provide paid internships to students.

In early 2025, the Company completed an agreement with JSC Rustavi Azot to investigate capture and sequestration of carbon from the emissions from their fertiliser factory within our Patardzueli-Samgori Middle Eocene reservoir. This marks a pleasing step towards reducing our carbon footprint and showcasing the company's commitment to reducing its environmental impact.

The Company continues to implement initiatives aimed at reducing emissions of methane and carbon dioxide from its field operations and motor vehicles. In 2024, the Company installed an in-house oil processing facility for the Patardzueli field which utilises previously vented gas to feed a heat exchanger for oil processing, reducing methane emissions.

Principle Five: 'Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation'

The Board is responsible for establishing and communicating robust systems to manage risk and implement internal control. We recognise that risk management is an essential business practice: we work to balance risk and return, threat and opportunity.

Risk assessments are carried out for future prospects and new risks (for existing projects) are identified through periodic assessments. This involves both internal teams and where necessary, external consultants who can provide fresh insights and identify emerging risks. The Company monitors industry trends and regulatory changes, especially those related to environmental legislation and sustainability standards. This helps in proactively identifying and assessing climate-related risks that could impact compliance, operational costs, or reputation.

The Board regularly reviews risk management strategies as part of its governance responsibilities. This process ensures that emerging risks are identified, communicated, and addressed effectively across the organisation. The Company uses cost effective technology to measure and contain geological risk. It maintains regular dialogue with central and local government bodies to identify and contain sovereign risk.

The following Committees play a crucial role in executing these governance functions.

Audit and Risk Committee

The Audit and Risk Committee meets to consider the scope of the annual audit and the interim financial statements and to assess the effectiveness of the Company's system of internal controls. It reviews the results of the external audit, its cost effectiveness, the objectives of the auditor and the independence of the auditor. Given the present size of the Company, the Audit and Risk Committee considers that an internal audit function is not currently justified. The Audit and Risk Committee currently comprises Jeremy Asher (Chair) and Philip Dimmock.

Remuneration Committee

The Remuneration Committee reviews the performance of the Executive Director and makes recommendations to the Board on matters relating to his remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for granting share options and other equity incentives

pursuant to the share option scheme. The Board sets the remuneration and terms and conditions of appointment of the non-executive Directors of the Group. The Executive Director is invited to attend for agenda items that require his contribution although he does not take part in any discussion on his own benefits and remuneration. The Remuneration Committee also has oversight over the remuneration policies for all staff. The Remuneration Committee currently comprises Philip Dimmock (Chair) and Jeremy Asher.

Nominations Committee

The Nominations Committee considers appointments to the Board, senior management positions and succession planning. The Nominations Committee currently comprises Philip Dimmock (Chair), Jeremy Asher and Paul Haywood. The Committee met informally through the year after Board meetings.

Disclosure Committee

The Disclosure Committee has the primary responsibility and authority to make decisions on disclosure delay for the purposes of the Market Abuse Regulations (“MAR”). The Disclosure Committee currently comprises Jeremy Asher (Chair) and Philip Dimmock.

Technical Committee

The Technical Committee meets every two months, and sometimes more frequently on an informal basis, to consider surface and sub-surface technical and operational matters. The Technical Committee currently comprises Guram Maisuradze (non-Board Chair) and Philip Dimmock.

Health, Safety, Environment and Social Performance (HSES) Committee

The HSES Committee aims to meet at least quarterly and reviews the Company’s HSES policies, performance and goals. The Committee meets in the event of any serious HSES lapse to review the causes and identify remedial action. The HSES Committee currently comprises Philip Dimmock (Chair), and Paul Haywood.

Environmental, Social and Governance (ESG) Committee

The ESG Committee meets during the year and reviews the Company’s environmental and social impact, including monitoring the Company’s emissions, any unplanned flaring of gas and the Company’s social impact. The ESG Committee currently comprises Philip Dimmock (Chair), Jeremy Asher and Paul Haywood.

Principle Six ‘Establish and maintain the Board as a well-functioning, balanced team led by the Chair’

The members of the Board have a collective responsibility and legal obligation to promote the interests of the Company and are jointly responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chair.

The Board currently consists of three Directors, one executive and two independent non-executives who do not participate in day-to-day operations, including the Chair. To support its work, the Board has established several committees, as detailed above in this Report. In accordance with the revised Code, the Board acknowledges its current lack of diversity, largely due to the limited pool of qualified candidates. However, it is committed to prioritising diversity considerations in future appointment should the Board’s size increase.

Board meetings are held regularly (at least one formal meeting every two months). All Directors, executive and non-executive, are required to attend and to make every effort to attend in person. They are also required to be available at other times as necessary for face-to-face and telephonic and video conference meetings with staff and investors.

Executive and non-executive Director attendance at Board and committee meetings during the year ended 31 December 2025 is summarised below:

Director	Board Meetings	Audit & Risk Committee	Remuneration Committee	Technical Committee	HSES Committee	ESG Committee
Philip Dimmock	8	3	2	5	1	1
Jeremy Asher	8	3	2	4	-	-
Paul Haywood	8	-	-	5	1	1

The Board follows a regular schedule to address key business, financial and operational matters. Relevant papers are provided in advance for review. Each committee has compiled a work plan to ensure that all Board responsibilities are covered. The Chair ensures Directors receive accurate and timely information for decision making. Board meetings are minuted, with all presented papers included. Directors can have concerns minuted and seek independent advice at the Company's expense, if needed.

The Directors also visit Georgia regularly to meet staff and stakeholders. In addition to these formal events, the Directors frequently discuss day-to-day Company matters in person and by conference call. The number of days committed to the Company is challenging to quantify because the Directors make themselves available as required.

The revised Code also recommends that shareholders vote annually on the re-election of all board members. However, the Company does not resubmit the entire Board each year. Our articles require one-third of the Board to be submitted for re-election annually. With only three directors, removal of more than one director at any time could cause unnecessary disruption, so while we acknowledge the new recommendation, we continue with our current approach.

Principle Seven: 'Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities'

Together, the Directors have broad and deep experience in the governance of publicly listed companies, HSES management, well and production operations, petroleum reservoir engineering, oil and gas field development, contractual negotiation, commercial and financial experience and government and community relations. Two of our Directors have previous experience working in Georgia and all of our Directors have publicly listed company board experience.

Profiles of our executive and non-executive Directors, demonstrating their suitability for the responsibilities with which they have been entrusted, are available in this Report on page 35 and on our website.

The Board believes its blend of experience, skills, personal qualities and capabilities is sufficient to support effective strategy execution, with Directors staying updated through seminars, industry events, and professional advice.

The Nominations Committee regularly reviews Board expertise and appoints new directors as needed. Directors are kept informed on governance and AIM regulations and receive training from the Nominated Advisor and lawyers upon appointment. They also have access to the Company's advisors, Secretary, and external experts as needed.

The Board provides the Company's strategic leadership and operates within the scope of a robust corporate governance framework. It ensures delivery of long-term shareholder value by setting and promoting the culture, values and practices that operate throughout the business, and by defining the Company's strategic goals. The

Board delegates certain defined responsibilities to its Committees as described in detail on pages 41-42 of this Report.

Principle Eight: ‘Evaluate board performance based on clear and relevant objectives, seeking continuous improvement’

The performance of each member of the Board (and senior management) is evaluated either formally or informally, to assess their contribution to the Company’s success. The Board is collectively responsible for the evaluation of the performance of each member. The Executive Director is incentivised to seek continuous improvement and innovation through remuneration schemes linked to share price and, ultimately, Company performance.

Evaluating board performance against annual objectives is challenging and costly for a small board, but we will undertake this process with external expertise if and when deemed necessary.

Principle Nine ‘Establish a remuneration policy which is supportive of long-term value creation and the company’s purpose, strategy and culture’

The revised Code emphasises the importance of aligning remuneration policies with the Company’s purpose, strategy, and culture, ensuring they incentivise management to focus on long-term sustainable growth. It also recommends that shareholders have a voice in remuneration policies and reporting. The Committee believes that its long-term incentive plan is consistent with this Principle, ensuring that remuneration structures are transparent and support long-term value creation for shareholders.

Principle Ten: ‘Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders’

We provide regular updates on governance and performance through periodic RNS’ and publication of both our annual and interim reports. We ensure that all this information is available on our website and is understandable for all stakeholders.

We use a variety of communication channels and maintain an up-to-date website which includes all relevant governance documents. The Company has an active shareholder dialogue, especially with institutional and major shareholders and is looking for ways to improve its communications with retail investors. Currently, the latter shareholders have the opportunity to meet, vote on governance matters and ask questions at the AGM.

The annual report and website clearly communicate our Board composition and corporate governance policies. They also set out our view on risks and opportunities and our financial information. We seek to actively engage with our shareholders and stakeholders, maintaining regular dialogue with our advisors to address any issues or concerns they may have.

Remuneration Report

This Remuneration Report covers the year ended 31 December 2025 and the Committee comprised Philip Dimmock (Chair) and Jeremy Asher. At times, Paul Haywood attended as a guest and during the year, the Remuneration Committee formally met twice.

Remuneration Policy

The Remuneration Committee, in forming its policy on remuneration, gives due consideration to the needs of the Group, the shareholders and the provisions of the QCA Code. The ongoing policy of the Remuneration Committee is to provide competitive remuneration packages to enable the Group to retain and motivate its key executives and to cost-effectively incentivise them to deliver long-term shareholder value.

The Remuneration Committee keeps itself informed of relevant developments and best practice in the field of remuneration and seeks advice where appropriate from external advisers. It maintains oversight of the remuneration of staff, which is the responsibility of the Chief Executive Officer.

It is the aim of the Remuneration Committee to reward key executives for delivering value for the Group and for shareholders. The Remuneration Committee also applies the broader principle that Block Energy's executive remuneration should be competitive with the remuneration of Directors of comparable companies.

The remuneration policy for the non-executive Directors is determined by the Board, considering best practice and the Articles of Association.

Components of the Remuneration Package

The main components of the remuneration package for executive Directors and senior management are:

- Base salary;
- Pension and other benefits;
- Performance-related annual bonus scheme; and
- Long-term incentive plan ("LTIP").

Base salary

The policy is to pay a fair and reasonable base salary, set around the median level of comparable companies. The base salary is reviewed annually by the Remuneration Committee, having regard to the performance of the Company and economic conditions and any changes to an individual's job scope.

Pension and other benefits

The Company contributes 10% of base salary to the pensions of the executive Director. During 2026, the Company is considering providing other benefits, such as insurance products, to some of its employees.

Performance-related bonus scheme

Each year, the Remuneration Committee develops a set of individual and corporate key performance indicators ("KPIs") with the aim of measuring performance accurately and consistently and then rewarding performance appropriately.

For executives and staff, the KPIs are weighted 60% for the individual KPIs and 40% for the corporate ones. The CEO has up to 150% of his base salary available for a bonus payment. Senior managers can receive up to 50% of their base salary as a bonus. From 2026, the bonus pot for the COO has been increased to 75%.

For each KPI, performance measures are established for Threshold, Target and Stretch levels. There is also provision for discretion to be applied by the Board of Directors, including circumstances where no bonuses will be paid regardless of performance.

Description of Corporate KPIs for the year ended 31 December 2025

- HSES Performance - sought to reward top performance across all sections of the business and was measured by the number of lost time incidents ("LTIs") and the delivery & implementation of the improved HSES plan. During the period there were no major LTIs and less than two minor LTIs and therefore a Stretch level was achieved.
- Production (on existing wells) – production targets were set and the Stretch measure was reached as baseline production was 6% above budget.
- New Georgian Ventures – targets were set to execute at least one of the new Georgian Ventures. The CCS pilot was completed and the Project IV farm out was completed in early 2026, and therefore only the Threshold measure target was achieved, (noting these targets were then completed in 2026).
- Operating costs budget performance – targets were set to bring operating costs down against those budgeted. A Stretch level was achieved.

Description of Chief Executive Officer's individual KPIs for the year ended 31 December 2025

- New Ventures: The Group announced the Project IV farm out, the CCS Pilot was completed and the South Dome field was acquired. Project III had negotiations underway and the Gabon investment case was brought before the Board. Threshold level was achieved.
- Strategic Financing: Business growth requires additional funding. The Group conducted a successful equity raise during the year and the loan facility was rolled over in early 2026. Target level was achieved.
- Personal Development: Participated in regular training and mentor sessions to enhance strategic thinking and meet ongoing professional development goals. Stretch level was achieved.
- HSES & Governance Leadership: Held monthly HSES workshops throughout the year with active CEO participation, supported by safety briefings between the Block Operating Company ("BOC") HSES and Government safety departments in 2026, delivering solid performance against the Company's management systems with material enhancements across key functions; introduced a disciplined weekly operating cadence and CEO weekly reporting system to improve cross-functional alignment, performance visibility, early risk identification and timely accountability. Stretch level was achieved.

The Remuneration Committee assessed the Corporate KPIs (weighted 40%) and the CEO's individual KPIs (weighted 60%), the latter reflecting Stretch performance on HSES, production and operating costs, and Threshold on new ventures, where significant progress was made but several workstreams remained in execution at year end. As mentioned above, the Remuneration Policy provides for the application of discretion by the Board of Directors. No discretion was applied for 2025.

Applying the 40:60 weighting to these scores against a maximum opportunity of 150% of base salary, the Committee determined a bonus of £241,083 (\$317,856), which it considered proportionate to the performance delivered in a challenging lower oil price environment. The award was settled in ordinary shares at the January 2026 VWAP of 0.93 pence per share. The CEO was recused from the Board meeting at which the award was approved.

Description of KPIs for the year ending 31 December 2026

For 2026, the KPIs for the CEO remain aligned with the Company's objectives for the year ending 31 December 2026 at both Corporate and Individual levels. The weighting of Individual KPIs remains at 60% and the weighting of Corporate KPIs remains at 40% of the total. At the Corporate Level, the KPIs are based on production, work programme and cost management, in addition to HSES excellence.

At the individual level, KPIs for the Chief Executive Officer will be aligned with the Company's forward focus and will cover Project III and IV execution and capital deployment, production discipline, capital structure optimisation, New Ventures and Strategic Financing, and HSES and governance leadership, with each KPI being clearly defined and set at appropriately stretching performance levels by the Remuneration Committee ahead of the performance period.

Long-Term Incentive Plan (“LTIP”)

During the year, the Company simplified its capital structure to address an option overhang of approximately 11.3% of the fully-diluted share capital. Under a voluntary scheme announced on 14 November 2025, current employees exchanged their outstanding options for new ordinary shares of 0.25p each, with the number of shares issued reflecting the Black-Scholes value of the options cancelled, and the previous EBT Share Option Scheme was closed. Further details, including the valuation methodology, are set out in note 23 to the financial statements.

As part of this scheme, Paul Haywood agreed to the cancellation of 7,756,428 4p LTIP options issued June 2018 (with a remaining life of 31 months), 6,000,000 4p LTIP options issued March 2021 (with a remaining life of 64 months) and 4,833,333 1.325p LTIP options issued April 2022 (with a remaining life of 77 months) and received 9,666,667 new ordinary shares of 0.25p each issued at a mid-market price of 0.75p as announced on 14 November 2025. Following the simplification, the Board is looking to approve a new LTIP to align executive and senior management incentives with long-term shareholder value creation.

Directors’ Remuneration

					Year ended 31 December 2025 Total \$	Year ended 31 December 2024 Total \$
	Salary \$	Bonus \$	Fees \$	Pension \$		
Non-Executive						
Jeremy Asher	-	-	56,364	-	56,364	55,053
Philip Dimmock	-	-	70,207	-	70,207	68,575
Executive Director						
Paul Haywood	289,172	317,856 ¹	-	30,556	637,584	633,042
Total	289,172	317,856	126,571	30,556	764,155	756,670

¹ Paid in equity in February 2026

Directors’ Interests in Shares

The directors who held office at the end of the year had the following interests in the Ordinary Shares of the Company:

	31 March 2026	31 December 2024
Non-Executive Directors		
Jeremy Asher	2,437,830	2,437,830
Philip Dimmock	4,911,286	3,982,674
Executive Director		
Paul Haywood	129,420,155 ¹	44,770,452
Total	136,769,271	51,190,956

¹This excludes 1,583,418 shares held through Plutus Strategies Limited

The Directors held 9.31% of the total share capital of the Company (2024: 6.65%) at the date of this report and accounts.

Directors’ Interests in Options

Following the capital structure simplification completed in November 2025, no Director held options to acquire ordinary shares of the Company as at 31 December 2025 (see note 23).

PA Dimmock

Philip Dimmock

Chairman of the Remuneration Committee

Independent Auditor's Report to the Members of Block Energy PLC

Opinion

We have audited the financial statements of Block Energy plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2025 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's loss for the year then ended ;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK); ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which references the reliance upon the oil and gas production, oil prices and the success of future drilling to generate sufficient revenue, alongside the cash reserves in place, to continue to fund the Group's cash requirements and the impact of potential downside scenarios on the Group's ability to cover its ongoing operating costs. Should such downside scenarios occur, the Group and Parent Company would be required to secure further funding. As stated in note 1, these conditions are necessarily considered to represent a material uncertainty that may cast significant doubt over the Group's and the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and company's ability to continue to adopt the going concern basis of accounting included:

- Critically assessing the Directors' financial forecasts through comparing actual outcomes in the current year against prior forecasts. Reviewing underlying key assumptions, including revenue, production volumes, operating and capital expenditure by considering factors such as commitments, historical revenue profiles, historical actuals and forecasted production levels, and operating expenditure historic actuals in order to assess the reasonableness of the forecasts.

- Assessing the reasonableness of key assumptions underpinning the forecasts by reference to Brent crude oil prices, Georgian gas prices, current production sharing agreements, expenditure and commitments and consider the implications of the trends in the global economy on the Group. Where appropriate, confirming the key inputs to publicly available information and underlying source documentation.
- Checking the mathematical accuracy of the cash flow forecasts scenarios prepared by management.
- Identifying and evaluating subsequent events which affect going concern and evaluating the likelihood of occurrence of forecasted inflows.
- Performing a range of downside sensitivity analysis on the cash flow forecast to consider the available headroom under different reasonably possible scenarios such as a decrease in oil and gas prices, an increase in exchange rate, and lower than anticipated initial production rates from new wells.
- Making enquiries of Management and Directors and reviewing Board minutes and key operational contracts to assess the completeness of commitments considered in the cash flow forecasts. Reviewing post year-end information such as minutes of board meetings and Regulatory News Service (RNS) Announcements.
- Assessing the adequacy of the disclosures in respect of going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

Entity	Basis for materiality	Materiality
<i>Block Energy Plc – Group</i>	<i>2% of net asset (2024: 2% of net assets)</i>	<i>\$505,000 (2024: \$499,000)</i>
<i>Parent company</i>	<i>2% of net assets capped at 90% of Group materiality (2024: 2% of net assets)</i>	<i>\$454,000 (2024: \$450,000)</i>

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we consider net assets to be the most significant determinant of the group's and parent company's financial performance used by shareholders as the group continues to progress its oil and gas development assets and the parent company continues to support the group's oil and gas development activities.

Whilst materiality for the group financial statements as a whole was set at \$505k (2024: \$499k), material components of the group were audited to a level of performance materiality ranging between \$40k - \$175k (2024: \$209k to \$279k) to ensure sufficient coverage of key balances. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We agreed with management that we would report to the Audit Committee all individual audit differences identified during the course of our audit in excess of \$25.2k (2024: \$24k) for the financial statements as a whole and \$22.7k (2024: \$22k) for the parent company. We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

Our approach to the audit

Our group audit scope focused on the principal areas of operation being the UK and Georgia.

Our Group audit scope focused on the companies within the Group which hold the Group's assets being Block Energy Plc, Georgian New Ventures Inc and Block Rustaveli Limited Georgia which were all subject to a full scope audit and Block Operating Company LLC, Block Norioskhevi Limited, and Block Rustaveli Limited (BVI) which to were subject to a specific scope audit whereby procedures were performed on one or more classes of transactions, account balances or disclosures. Together with the Group consolidation, which was also subject to a full scope audit, these represented the main components of the Group. All audit work on the components was conducted by the Group audit team with the assistance of staff from the local Georgian PKF Member Firm.

The remaining components of the Group were considered non-significant and were principally subject to analytical review procedures. These procedures were performed by the Group audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Carrying value of oil and gas development assets – Group and Parent (note 2 and 13)	
The Group's development and production assets which are categorised within property, plant and equipment, represent the most significant asset on the consolidated statement of financial position, amounting to \$22.0m as at 31 December 2025 (2024: \$22.1m). The Directors are required to assess whether there are any potential impairment triggers which would indicate that the carrying value of the assets may not be recoverable within each cash generating unit. The indicators of impairment assessment in relation to the development and production assets under the relevant accounting standard and the resulting assessment of the assets' recoverable amount require the exercise of significant judgement by Management and the Directors. Given the significance of the assets to the Group's consolidated statement of financial position and the significant management judgements and estimates involved in this area, we considered this a key audit matter.	Our work in this area included: - Obtaining evidence regarding the compliance with licence terms and that they remain in good standing. - Reviewing third party reports obtained from Directors and Management's experts relating to the reserves and resources impacting the impairment model. - Reviewing Management's IAS 36 impairment indicator review paper and critically challenging the key judgements. - Reviewing the internal reserve reports in place and assessing their scope of work, including an evaluation of their competence, capabilities and independence. - A review of management's internal production forecasts and assess the appropriateness of any differences which arise. - Agreeing the key assumptions used by the directors and management in determining the recoverable amount of the development & production asset, such as oil price and discount rates and compared to industry

	averages and benchmarked against publicly available information. We considered assumptions such as production levels and sales in the light of industry trends and underlying agreements such as the production sharing agreements. • Confirming the development and producing asset disclosures are in line with the requirements of the applicable financial reporting framework.
Carrying value of investments in subsidiaries and loans due from subsidiary companies in the Parent Company (note 1, 2 and 3)	
The Parent Company has investments in subsidiaries of \$7.03m (2024 \$6.4m) and loans due from subsidiary companies of \$22.1m (2024 \$21.9m). Under IAS 36 'Impairment of Assets', companies are required to assess whether there is any indication that an asset may be impaired at each reporting date. Key judgements and assumptions regarding the impairment of investments include the timing, extent and probability of future cash flow from its subsidiary companies. There is a risk investments could be impaired and that intragroup loans may not be recoverable as a result of the subsidiary companies incurring losses. We therefore identified the risk over the impairment of investments in and loans due from subsidiary companies as a significant risk in the Parent Company financial statements, which was one of the most significant risks of material misstatement.	Our work in this area included: • Reconfirming ownership documents for investments in subsidiaries held by the parent company. • Reviewing the investment balances for indicators of impairment, including comparison to the Group's market capitalisation. • Assessing the appropriateness of the methodology applied by management in their assessment of the recoverable amount of intragroup loans by comparing it to the Group's accounting policy. • Reviewing management's assessment of the intragroup balance receivables in respect of the requirements set out in IFRS 9 Financial Instruments. • Checking that intragroup loans have been reconciled and confirm that there are no material differences. • Evaluating the presentation and disclosures given in the financial statements.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management about the potential instances of non-compliance with laws and regulations both in the UK and in overseas subsidiaries. We also selected a specific audit team based on experience with auditing entities within this industry of a similar size.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:

- Companies Act 2006
 - AIM Rules
 - Local industry regulations in Georgia
 - Local tax and employment law
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - Making enquiries of management
 - A review of Board minutes
 - A review of legal ledger accounts
 - A review of Regulatory News Service (RNS) announcements
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the estimates, judgements and assumptions applied by management in the assessment of the carrying value of oil and gas development assets, intangible assets and investment balances gave the greatest potential for management bias, and that there is potential for fraud in relation to revenue recognition. We addressed this by reviewing the appropriateness of revenue recognition policies in line with IFRS 15. There were no other significant fraud risks identified.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Daniel Hutson (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

30 May 2026

30 Churchill Place

London

E14 5RE

Financial Statements

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2025

	Note	Year ended 31 December 2025	Year ended 31 December 2024
		\$'000	\$'000
Continuing operations			
Revenue	4	6,057	7,533
Cost of sales:			
Direct costs	3	(3,572)	(3,496)
Oil inventory adjustments	14	(596)	(22)
Depreciation and depletion of oil and gas assets	5	(1,290)	(1,236)
Total cost of sales		(5,458)	(4,754)
Gross profit		599	2,779
Other administrative costs	6	(2,629)	(2,568)
Share based payments charge	23	(195)	(386)
Foreign exchange movement		(30)	(27)
Total operating loss		(2,255)	(202)
Other income	8	65	35
Finance income		37	33
Finance expense	9	(365)	(475)
		(263)	(407)
Loss for the year before taxation		(2,518)	(609)
Taxation	10	-	-
Loss for the year from continuing operations (attributable to the equity holders of the parent)		(2,518)	(609)
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		210	(135)
Total comprehensive loss for the year (attributable to the equity holders of the parent)		(2,308)	(744)
Loss per share basic and diluted	11	(0.31)c	(0.08)c
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3a	(935)	1,061

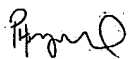
All activities relate to continuing operations.

The notes on pages 58 to 84 form part of these consolidated financial statements.

Consolidated Statement of Financial Position for the Year Ended 31 December 2025

		31 December 2025	31 December 2024
	Note	\$'000	\$'000
Non-current assets			
Intangible assets	12	745	268
Property, plant and equipment	13	22,810	22,976
Total non-current assets		23,555	23,244
Current assets			
Inventory	14	3,819	4,299
Trade and other receivables	15	826	804
Cash and cash equivalents	16	1,493	1,136
Total current assets		6,138	6,239
Total assets		29,693	29,483
Equity and liabilities			
Capital and reserves attributable to equity holders of the Parent Company:			
Share capital	19	4,642	3,733
Share premium	20	36,958	34,879
Other reserves	21	2,441	5,066
Foreign exchange reserve		843	633
Accumulated deficit		(19,358)	(18,998)
Total equity		25,526	25,313
Non-current liabilities			
Borrowings	17	-	2,000
Total non-current liabilities		-	2,000
Current liabilities			
Trade and other payables	17	1,207	1,237
Borrowings	17	2,000	-
Provisions	18	960	933
Total current liabilities		4,167	2,170
Total liabilities		4,167	4,170
Total equity and liabilities		29,693	29,483

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2026 and were signed on its behalf by:



Paul Haywood
Director

The notes on pages 58 to 84 form part of these consolidated financial statement

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2025

	Share Capital \$'000	Share Premium \$'000	Accumulated Deficit \$'000	Other Reserves \$'000	Foreign Exchange Reserve \$'000	Total Equity \$'000
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
Loss for the year	-	-	(2,518)	-	-	(2,518)
Exchange differences on translation of foreign operations	-	-	-	-	210	210
Total comprehensive loss for the year	-	-	(2,518)	-	210	(2,308)
Issue of shares	898	2,156	-	(656)	-	2,398
Cost of issue	-	(90)	-	-	-	(90)
Share based payments	-	-	-	195	-	195
Other reserve movement	-	-	-	18	-	18
Options exercised	11	13	-	(24)	-	-
Expired warrants and options	-	-	2,158	(2,158)	-	-
Total transactions with owners	909	2,079	2,158	(2,625)	-	2,521
Balance at 31 December 2025	4,642	36,958	(19,358)	2,441	843	25,526

The notes on pages 58 to 84 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2025

	Note	Year ended 31 December 2025 \$'000	Year ended 31 December 2024 \$'000
Cash flow from operating activities			
Loss for the year before tax		(2,518)	(609)
<i>Adjustments for:</i>			
Depreciation and depletion	5	1,290	1,236
Finance charges	9	365	475
Finance income		(37)	(33)
Other income	8	(65)	(35)
Creditors paid in shares		21	31
Share based payments expense	7	195	386
Foreign exchange movement		206	(47)
Operating cash flows before movements in working capital		(543)	1,404
(Increase)/decrease in trade and other receivables		(22)	167
Movement in trade and other payables*		420	(252)
Decrease in inventory		480	78
Net cash flow from operating activities		335	1,397
Cash flow from investing activities			
Income received		101	6
Expenditure in respect of E&E		(477)	(218)
Expenditure in respect of PP&E	13	(1,121)	(445)
Net cash used in investing activities		(1,497)	(657)
Cash flow from financing activities			
Proceeds from Share issues	19	1,972	-
Cost of share issues	20	(90)	-
Interest paid	9	(365)	(311)
Net cash inflow/(outflow) from financing activities		1,517	(311)
Net increase in cash and cash equivalents in the year		355	429
Cash and cash equivalents at start of year		1,136	713
Effects of foreign exchange rate changes on cash and cash equivalents		2	(6)
Cash and cash equivalents at end of year		1,493	1,136

The notes on pages 58 to 84 form part of these consolidated financial statements.

Significant non-cash transactions*

During the year, accrued liabilities of \$425,000 were extinguished through the issue of ordinary shares and nil cost options. This represents a non-cash financing transaction and has been excluded from the statement of cash flows. The shares were issued at 0.74p (0.92c) per share and the nil cost options were valued at the same amount.

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 2025 were authorised for issue in accordance with a resolution of the Directors on 30 May 2026. 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 4 to 35 and the Report of the Directors on pages 36 to 38.

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 2025 and no new standards, amendments or interpretations were adopted by the Group.

New Accounting Standards Issued but not yet Effective

Standard	Effective date	Overview
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 (replacing IAS 1) introduces new profit or loss presentation requirements to enhance comparability. Early adoption is allowed.
Amendments to IFRS 9: Financial Instruments and IFRS 7 Financial Instruments: Disclosures (and Annual Improvements to IFRS standards – Volume 11	1 January 2026	Amendments to IFRS 9 and IFRS 7 clarify the classification and measurement of financial instruments, including aspects of derecognition and the assessment of contractual cash flow characteristics, while enhancing related disclosure requirements. Annual Improvements to IFRS Standards – Volume 11 introduce minor amendments across various standards to address inconsistencies and improve clarity without significantly changing existing requirements.
UK Sustainability Reporting Standards	1 January 2027	The UK Government published the final UK Sustainability Reporting Standards (UK SRS S1 and UK SRS S2) on 25 February 2026, closely aligned to the ISSB's IFRS S1 and IFRS S2. The FCA is consulting on requiring UK-listed companies to apply UK SRS from 1 January 2027, with UK SRS S2 climate disclosures mandatory from that date and Scope 3 emissions on a comply-or-explain basis from 2028. The existing TCFD-based rules for listed companies are expected to be replaced by the new UK SRS regime. The Company is monitoring developments and assessing the impact on its reporting obligations.

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.

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.

Crude Oil Inventory Valuation Policy

During the prior 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 believes 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.

Had IAS 2 been applied, inventory would have been valued at net realisable value as this was lower than cost. As inventory is carried at net realisable value, the current year position is consistent with the IAS 2 measurement basis and the difference is not considered material to the financial statements (2024: \$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 of the consideration paid over the fair value of the identified net assets 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.

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, 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 August 2027 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 CGUs 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;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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.

Carbon Capture and Storage ("CCS") project

Costs incurred in respect of the Group's CCS initiative are recognised as intangible assets under IAS 38 'Intangible Assets'. Costs are capitalised only when the IAS 38 development-phase criteria are met, including demonstration of technical feasibility, intention and ability to complete the asset, and the probability of future economic benefits. The CCS intangible asset is not amortised until it is available for use. At each reporting date the asset is tested for impairment in accordance with IAS 36 'Impairment of Assets'; as an asset not yet available for use it is subject to an annual impairment test irrespective of whether any indicator exists.

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 the producing fields within Project I and II in Georgia. 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:

- IT Equipment - 3 years
- Fixtures and Fittings - 5 years
- Oil and Gas related assets - 8 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, drilling chemicals, test separation equipment, rig spare parts and other oil and gas equipment 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: \$1.34 /£1 (2025: \$1.29 /£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.

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 and Block Operating Company 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 2025 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.

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 consolidates its Employee Benefit Trust 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. Some indicators of impairment were noted in the year, due to the market capitalisation being lower than the net asset value and the low oil price. Management therefore conducted an impairment test and concluded that no impairment was required. (see note 13).

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 risk free rate 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 2025 and concluded that a provision of \$960,000 (2024: \$933,000) should be recognised in respect of future decommissioning obligations at Rustaveli, West Rustavi, Satskhenisi and Norio (see note 18).

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. (see note 23).

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 of \$8,740,000 (2024: \$8,402,000) therefore an additional amount of \$338,000 (2024: \$305,000) 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) EBITDA

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 2025	31 December 2024
EBITDA	\$'000	\$'000
Oil and Gas extraction – Georgia	1,410	2,758
Corporate and other	(2,345)	(1,697)
Total EBITDA	(935)	1,061

EBITDA reconciles to operating profit before income tax as follows:

	31 December 2025	31 December 2024
	\$'000	\$'000
Total EBITDA	(935)	1,061
Depreciation and depletion	(1,290)	(1,236)
Finance and other income	102	68
Finance costs and foreign exchange	(395)	(502)
Loss before income tax from continuing operations	(2,518)	(609)

3 b) Other profit and loss disclosures

Year ended 31 December 2025	Oil and Gas Extraction \$'000	Corporate and other \$'000	Group Total \$'000
Revenue	6,057	-	6,057
Cost of sales	(4,168)	-	(4,168)
Depreciation and depletion	(1,288)	(2)	(1,290)
Administrative costs	(817)	(1,812)	(2,629)
Share based payments	(86)	(109)	(195)
Finance and other income	57	45	102
Net Finance costs and Forex	(45)	(350)	(395)
Loss before taxation	(290)	(2,228)	(2,518)
Total non-current assets	23,551	4	23,555

Year ended 31 December 2024

	\$'000	\$'000	\$'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) before taxation	1,496	(2,105)	(609)
Total non-current assets	23,240	4	23,244

3 c) Segment assets and liabilities

	31 December 2025 \$'000	31 December 2024 \$'000
Segmental Assets		
Oil extraction – Georgia	28,145	29,050
Corporate and other	1,548	433
	29,693	29,483
Segmental Liabilities		
Oil extraction – Georgia	1,371	1,514
Corporate and other	2,796	2,656
	4,167	4,170

4. Revenue

	Year ended 31 December 2025 \$'000	Year ended 31 December 2024 \$'000
Crude oil revenue	5,326	6,678
Gas revenue	731	855
	6,057	7,533

5. Depreciation and Depletion on Oil and Gas assets

	Year ended 31 December 2025 \$'000	Year ended 31 December 2024 \$'000
Depreciation of PP&E	322	311
Depletion of oil and gas assets	968	925
	1,290	1,236

6. Expenses by nature

	Year ended 31 December 2025	Year ended 31 December 2024
	\$'000	\$'000
Employee benefit expense	1,238	1,367
Share option charge	195	386
Professional and legal	729	557
Fees paid to the Group auditor – Group audit fees	137	115
Regulatory fees	29	28
Operating lease expense	75	79
Office and other costs	421	422
	2,824	2,954

7. Directors and employees

	Year ended 31 December 2025	Year ended 31 December 2024
	\$'000	\$'000
<u>Employment costs (inc. Directors' remuneration):</u>		
Wages and salaries	1,757	1,637
Pensions	61	33
Social security costs	35	58
	1,853	1,728
Share based payments	195	386
	2,048	2,114

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, based on timesheets, which evidence the direct attribution of employee time to exploration and evaluation activities or the construction and development of assets; only costs directly attributable to bringing an asset to its intended condition are capitalised in accordance with IFRS 6 and IAS 16 respectively, with the remainder expensed as incurred.

Of the total, \$287,000 (2024: \$193,000) has been capitalised within intangibles and fixed assets, \$328,000 (2024: \$168,000) reported within cost of sales and the remainder of \$1,238,000 (2024: \$1,367,000) are classified in administration expenses.

The average monthly number of employees during 2025 was 119 (2024: 114) split as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Management	4	5
Technical	100	94
Administration	15	15
	119	114

	Year ended 31 December 2025	Year ended 31 December 2024
	\$'000	\$'000
Amounts attributable to the highest paid Director:		
Director's salary and bonus	607	581
Pension	31	28
Share based payments	-	24
	638	633

Key management and personnel are considered to be the Directors.

8. Other income

	Year ended 31 December 2025	Year ended 31 December 2024
	\$'000	\$'000
Other income	64	4
Impairment reversal	1	31
	65	35

9. Finance Expense

	Year ended 31 December 2025	Year ended 31 December 2024
	\$'000	\$'000
Interest paid and payable on borrowings (note 17)	323	311
Warrant cost of borrowings (note 22)	-	244
	323	555
Less borrowing costs capitalised (note 13)	-	(124)
	323	431
Unwinding of decommissioning provision (note 18)	42	44
	365	475

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 2025	Year ended 31 December 2024
	\$'000	\$'000
UK taxation		
UK Group loss on ordinary activities	(2,518)	(609)
Loss before taxation at the average UK standard rate of 25% (2024:25%)	(629)	(143)
Effect of:		
Zero tax rate income	(1,514)	(1,883)
Disallowable expenses	-	89

Tax losses for which no deferred income tax asset was recognised	(4,160)	(2,581)
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 tax assets for tax losses carried forward in certain entities, where, whilst future profits are anticipated, the probability and expected timing of those profits are such that it is not considered sufficiently certain that the losses will be utilised within the foreseeable future. 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 \$12,278,000 (2024: \$9,889,000 - 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 2025	Year ended 31 December 2024
Loss attributable to equity Shareholders (\$'000)	(2,518)	(609)
Weighted average number of Ordinary Shares	798,087,509	729,860,105
Loss per Ordinary share (\$/cents)	(0.31)c	(0.08)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. Intangible Assets

	Exploration and Evaluation Assets ("E&E Assets")	CCS Project	Total
	\$'000	\$'000	\$'000
Brought forward 1 January 2025	197	71	268
Capitalisation of Project costs	159	223	382
Acquisition of licence through GOG SLADS	95	-	95
Carried forward 31 December 2025	451	294	745

During the year, the Group capitalised \$382,000 of directly-attributable expenditure: \$159,000 in respect of E&E Assets (Project III and Project IV), principally reflecting technical and geological studies and licence-related costs incurred in advancing each project towards the next stage of development; and \$223,000 in respect of the CCS project, reflecting Phase 2 feasibility activities including subsurface characterisation and project-definition work. A further \$95,000 was capitalised in respect of the acquisition of a 10% participating interest in the XIQ PSC, indirectly through the purchase of GOG SLADS Limited (see further details in the Investments note below).

The Directors have assessed the carrying value of the Group's E&E assets (\$451,000) at the reporting date for any indicators of impairment in accordance with IFRS 6. Specifically, the Directors have confirmed that the Group's rights to explore in each licence area remain valid and are expected to be renewed where applicable, that further substantive expenditure on each project is budgeted and planned, that exploration to date has not given rise to a decision to discontinue activities in any of the relevant areas, and that there is no other evidence to suggest that the carrying amount of any E&E asset is unlikely to be recovered in full. Accordingly, no indicators of impairment were identified and a full impairment review was considered unnecessary.

The Directors have assessed the carrying value of the CCS project (\$294,000) for impairment in accordance with IAS 38. As an intangible asset not yet available for use, an annual impairment test is required irrespective of whether any indicator exists. Having performed that test, the Directors are satisfied that the carrying amount is recoverable as the Phase 2 feasibility is being progressed and further institutional funding is being actively pursued. No amortisation is charged as the asset is not yet in use. No impairment charge has been recognised in the year (2024: \$nil).

All amounts capitalised are considered recoverable on the basis of the technical and commercial progress of each project at the reporting date and the Group's continued plans for further work in the next financial year.

13. Property, Plant and Equipment

	Development & Production Assets \$'000	PPE/Computer / Office Equipment / Motor Vehicles \$'000	Total \$'000
Cost			
At 1 January 2024	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
Additions*	939	182	1,121
Disposals	-	(7)	(7)
Change in decommissioning provision	(15)	-	(15)
Foreign exchange movements	-	14	14
At 31 December 2025	32,891	2,346	35,237
Accumulated depreciation			
At 1 January 2024	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
Charge for the year	968	322	1,290
Foreign exchange movements	-	(11)	(11)
At 31 December 2025	10,877	1,550	12,427
Carrying Amount			
At 31 December 2024	22,058	918	22,976
At 31 December 2025	22,014	796	22,810

*This includes additions of \$nil (2024: \$124,000) which relates to capitalised borrowing costs.

During the year, indicators of impairment were identified, being the Group's market capitalisation below net asset value and the decline in average Brent crude from \$80.52/bbl (2024) to \$69.14/bbl (2025). Management conducted a formal IAS 36 impairment test across its producing assets.

The recoverable amount was determined on a value in use basis using a discounted cash flow model over a ten-year, ten-well development programme on Project I, applying a pre-tax discount rate of 10%. At a base case oil price of \$80/bbl the NPV exceeded the total carrying value of \$23.0m. Sensitivity analysis at \$60/bbl and \$100/bbl produced NPV¹⁰ values in excess of \$23.0m. A case at NPV¹⁴ and \$60 oil was also run which was also in excess of the carrying value. These calculations are conservative in that they exclude existing production as well as the significant contingent resources associated with the Patardzueli-Samgori field (part of Project III), which had an independent NPV¹⁰ of over \$500m gross. Management concluded that no impairment was required under any scenario modelled.

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

	Georgian \$'000	UK \$'000	Total \$'000
<i>Carrying amount:</i>			
At 31 December 2025	22,806	4	22,810
At 31 December 2024	22,971	5	22,976

The Directors have reassessed the Group's cash-generating unit ("CGU") structure during the year and have concluded that the Georgian producing assets, previously analysed as separate CGUs by licence, are more appropriately treated as a single CGU because the underlying fields and reservoirs overlap, the assets share common infrastructure, and the cash inflows generated by individual licences are not largely independent of one another. Internal management monitoring of the producing portfolio is also undertaken on an integrated basis. The comparative information has been re-presented on the same basis; the change has no impact on the carrying amount of property, plant and equipment.

14. Inventory

	31 December 2025	31 December 2024
	\$'000	\$'000
Spare parts and consumables	3,346	3,230
Crude oil	473	1,069
	3,819	4,299

The amount of Crude oil recognised as an expense during the year and included within cost of sales was \$596,000 (2024: \$22,000).

The Directors have assessed the recoverability of the Group's Spare parts and consumables ("consumables") at the reporting date, including those items identified as slow or non-moving. The consumables comprises operational drilling, workover and production materials whose consumption is event-driven, with cost recovery under the Group's Production Sharing Contracts arising only upon use; reusable items are expected to be redeployed across wells and projects in future periods. There is no indication of physical damage, technical obsolescence or excess of carrying value over replacement cost. Accordingly, the Directors have concluded that the carrying amount of consumables does not exceed net realisable value and that no impairment loss is required (2024: \$nil).

15. Trade and Other Receivables

	31 December 2025	31 December 2024
	\$'000	\$'000
Trade debtors	635	574
Other receivables	125	118
Prepayments	66	112
	826	804

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.

16. Cash and Cash Equivalents

	31 December 2025	31 December 2024
	\$'000	\$'000
Cash and cash equivalents	1,493	1,136

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.

17. Trade and Other Payables

	31 December 2025	31 December 2024
	\$'000	\$'000
Trade and other payables	521	740
Accruals	686	497
	1,207	1,237

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

In 2023, the Company entered into a \$2,000,000 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.

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 22.

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).

Post year end, on 29 January 2026, the Company announced a further extension of this loan facility for a further 18 months to 2 August 2027 on materially the same terms. Each lender received warrants with an exercise price of 1.2p and expiry date of 28 January 2029. 60,386,474 warrants were issued which corresponds to an exercise value equal to 50% of the total loan commitments under this facility. The loan has been classified in short-term creditors as the extension was not agreed until after the year end.

18. Provisions

	31 December 2025	31 December 2024
Decommissioning provision	\$'000	\$'000
Brought forward	933	1,080
Unwinding of discount on provision	42	44
Change in decommissioning provision in the year	(15)	(191)
Carried forward	<u>960</u>	<u>933</u>

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.

	2025	2024
Risk-free discount rate	3.7% - 4.8%	4.5% - 4.9%
Long-term inflation rate	2.7%	2.9%
Remaining licence periods	5 - 22 years	6 - 23 years
Estimated cost to decommission (undiscounted)	\$1.2m	\$1.2m

19. Share Capital

Called up, allotted, issued and fully paid	No. Ordinary Shares	No. Deferred Shares	Nominal Value \$
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
Issue of equity on 12 February 2025	35,912,008	-	111,372
Issue of equity on 27 May 2025	3,345,398	-	11,247
Issue of equity on 13 November 2025	214,282,000	-	704,278
Issue of equity on 21 November 2025	17,436,737	-	57,107
Issue of equity on 23 December 2025	7,275,412	-	24,584
As at 31 December 2025	1,011,647,492	2,095,165,355	4,641,787

On 12 February 2025, the Company issued 35,912,008 Ordinary Shares to two employees for payment of their 2024 bonuses. This included one Executive Director who received 31,167,431 Ordinary Shares in lieu of cash payment of \$285,538.

On 27 May 2025, the Company issued 3,345,398 Ordinary Shares to an ex-employee on exercise of their nil cost options.

On 13 November 2025, the Company raised gross proceeds of £1.5 million through a placing and subscription, issuing 214,282,000 new Ordinary Shares at a price of £0.007 per Ordinary Share.

On 21 November 2025, the Company issued 1,868,825 Ordinary Shares to a former employee as part of their severance package and 15,567,912 Ordinary Shares to current employees following the closure of the Group Employment Benefit Trust scheme.

On 23 December 2025, the Company issued a further 7,275,412 Ordinary Shares to current employees following the closure of the Group Employment Benefit Trust scheme.

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.

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.

20. Share Premium Account

	\$'000
Balance at 1 January 2025	34,879
Premium arising on issue of equity shares	1,513
Cost of share issue	(90)
Premium arising on capital simplification exercise (see note 23)	656
Balance at 31 December 2025	36,958
	\$'000
Balance at 1 January 2024	34,856
Premium arising on issue of equity shares	23
Balance at 31 December 2024	34,879

21. 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	Other reserves comprise 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 2025	5,066
Share based payments	195
Share based payments – 2024 Bonus payments	94
Capital simplification	(732)

Options movement	(24)
Warrants and options cancelled	(2,158)
Balance at 31 December 2025	2,441
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

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.

22. Warrants

	Number of Warrants	31 December 2025 weighted average exercise price	Number of Warrants	31 December 2024 weighted average exercise price
Outstanding at the beginning of the year	145,426,970	1.33p	54,241,837	2.2p
Granted in the year	107,140,000	1.0p	91,185,133	0.85p
Expired in the year	(8,750,167)	3.0p	-	-
Outstanding at the end of the year	243,816,803	1.13p	145,426,970	1.33p

As at 31 December 2025, all warrants were available to exercise and were exercisable at prices between 0.85p and 12.5p (31 December 2024: 0.85p and 12.5p). The weighted average life of the warrants is 1.03 years (31 December 2024: 2.0 years).

The warrants granted in the year related to the Fundraise completed during the year and were issued as Investor Warrants on the basis of 1 warrant for every 2 new Ordinary Shares subscribed, with an exercise price of 1.0p and an expiry date of 12 December 2026. The warrants meet the criterion in IAS 32 and were issued to investors as part of an equity-for-cash transaction; they have accordingly been recognised in equity, with no charge to profit or loss (IFRS 2 does not apply as the Warrants were not issued in exchange for goods or services).

The warrants granted during the prior 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 of \$244,000 being assigned to the warrants granted to the lenders. The inputs used for the model are shown below in note 23.

23. Share Options and Share Based Payments

On 14 November 2025, the Company announced a simplification of its capital structure. The Company reviewed its capital structure and considered the volume of unexercised share options - which, including both salary-sacrifice nil-cost options and incentive plan options, comprise around 11.3% of fully diluted share capital - to be a material overhang, highlighting the need for simplification. This was completed through a voluntary scheme whereby staff members holding options were given the choice to be issued with new ordinary shares of 0.25 pence ("Shares") in the Company in exchange for cancelling all outstanding options held by them or they could stay in the Scheme. All staff members agreed to cancel their options and this Share Option Scheme ("EBT Scheme") was closed.

In determining the number of new Shares to be issued to each option holder, the Company has taken into account the Black-Scholes calculation of the current fair value of existing options held by each option holder. The Board believes that the value of new Shares to be issued to each respective option holder (at the current share price - being the closing mid-market price of 0.75 pence per share at close of business 13 November 2025) to be equal to or less than the intrinsic value of the options held using the Black-Scholes

valuation model. These new shares were issued via both the Employee Benefit Trust (EBT) and the Company.

In addition, former members of staff, who had been issued a total of 9,434,291 nil-cost options as part of the salary sacrifice scheme, but who subsequently left the Company were issued new three-year nil-cost options with an exercise period ending 14 November 2028. This issue accounts for the unintended consequence of the option agreements issued to them at the time which contained provisions to lapse salary sacrifice options 90 days after the cessation of their employment. To address a legacy administrative provision in the agreements affecting salary sacrifice options, the Company has issued new nil-cost options to former employees on the same terms as would have applied had their awards remained active. This was under the new share option scheme “Scheme 2025”.

	Number issued
Shares issued through EBT Scheme	70,657,687
Shares issued through Company (November and December 2025)	22,843,324
Total shares issued	93,501,011
New options issued to former employees (“Scheme 2025”)	9,434,291

Share Option Scheme (“EBT 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 EBT Scheme.

	2025 Options	2025 Weighted average exercise price	2024 Options	2024 Weighted average exercise price
Outstanding at beginning of year	130,395,579	\$0.01	99,785,841	\$0.01
Granted during the period to 13 November 2025	10,548,289	\$0.01	30,909,737	\$0.01
Exercised during the period	(5,399,063)	-	-	-
Expired during the period	-	\$0.02	300,001	\$0.02
Outstanding on 13 November 2025	135,544,805	\$0.01	130,395,579	\$0.01
Options cancelled on closure of Scheme	(135,544,805)	-	-	-
Exercisable at the end of the period	-	-	95,190,127	-

The weighted average exercise price of the share options exercisable at 13 November is \$0.00 (31 December 2024: \$0.01). The weighted average contractual life of the share-based payments outstanding at 13 November is 0 years (31 December 2024: 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.

The following charges were incurred on the issue of the new options to former employees and represent the only share options outstanding at year end.

	2025 Options	2025 Weighted average exercise price
Outstanding on 14 November 2025	-	-
Granted on 12 December 2025	9,434,291	\$nil
Exercisable at 31 December 2025	9,434,291	-

These nil cost options expire on 12 December 2028. They have a 3 year life and were valued at the market price on issue being \$0.01 (£0.0075).

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 of \$ 195,000 for the year ended 31 December 2025. The equivalent charge for the year ended 31 December 2024 was \$ 386,000. 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 2025	Year ended 31 December 2024
	\$'000	\$'000
Share option scheme (EBT) – before closure	102	386
New Share option scheme – “Scheme 2025”	93	-
	195	386

For the options and warrants granted in 2023 to 2025, 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.

24. 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 recognised financial institutions. The maximum exposure to credit risk is \$1,493,000 (2024: \$1,136,000). 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

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 \$30,000 (2024: \$94,000 increase) in the loss after tax of the Group for the year ended 31 December 2025, 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 2025, 90% (2024: 1%) of the Group's cash and cash equivalents and liquid investments were held in pounds sterling, 4% (2024: 67%) in Georgian Lari and 6% (2024: 32%) 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 \$'000	3-12 months	1-2 years \$'000	Total \$'000
Trade payables	1,080	43	84	1,207
Borrowings	2,000	-	-	2,000
Total	3,080	43	84	3,207

25. Categories of Financial Instruments

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

	31 December 2025	31 December 2024
	\$'000	\$'000
Liabilities at amortised cost	1,207	1,237
Borrowings at amortised cost	2,000	2,000
	3,207	3,237
Cash and cash equivalents at amortised cost	1,493	1,136
Financial assets at amortised cost	760	804
	2,253	1,940

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

26. Subsidiaries

At 31 December 2024 and 2025, 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%
GOG SLADS Limited	British Virgin Islands	100% (acquired in 2025)

Subsidiaries - Nature of business

The principal activity of Georgia New Ventures Inc, Satskhenisi Ltd, Block Norioskhevi Ltd, Block Rustaveli Limited, Didi Lilo & Nakarala Limited and GOG SLADS 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 licences 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, Didi Lilo & Nakarala Limited and GOG SLADS is Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, 4th Floor, Omar Hodge Building, Road Town, Tortola, VG1110, British Virgin Islands.

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

27. 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 2025	31 December 2024
	\$'000	\$'000
Within 1 year	69	69
Between 1 and 5 years	-	-
Total	69	69

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.

28. Related Party Transactions

The Directors consider that there is no ultimate controlling party.

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

29. Events Occurring After Year End*Project IV (XIQ) Farm-Out Completion*

On 19 January 2026, the Company announced completion of the farm-out of licence XIQ (part of Project IV) to Aspect Georgia, following receipt of Government of Georgia approval. Under the transaction, Block is fully carried through a staged work programme estimated at approximately US\$95 million, including seismic, exploration and appraisal drilling and early production facilities, with no capital exposure to Block. Aspect may earn up to a 75% working interest, with an option to increase to 92.5% subject to additional consideration.

Loan Facility Extension and Warrants

On 29 January 2026, the Company announced an 18-month extension of its existing secured loan facility, taking the new maturity date to 2 August 2027 on materially the same terms. In consideration for the extension, each lender was issued new warrants with an exercise price of 1.20 pence per Ordinary Share, exercisable until 2 February 2029, with the number of New Warrants issued to each lender equating to an exercise value of 50% of that lender's loan commitment. Paul Haywood, CEO, participated pro rata on the same terms as the other lenders in respect of his US\$115,000 loan commitment and was issued 3,472,222 New Warrants. The independent directors, having consulted with the Company's nominated adviser, considered the terms of the related party element to be fair and reasonable insofar as shareholders are concerned.

CCS Pilot Study Completion

On 16 February 2026, the Company announced completion of the Phase 1 CCS pilot study. Independent analysis by OPC confirmed the technical viability of permanent carbon storage at Patardzueli-Samgori, with complete mineralisation of the injected CO₂ into stable carbonate minerals within one to three months and no evidence of gas phase migration or leakage.

Bonus Shares and Nil-Cost Options

On 23 February 2026, the Company issued 30,428,200 new Ordinary Shares and granted 9,231,083 nil-cost options to senior executives as performance-related bonuses in respect of the year ended 31 December 2025. The awards were determined by reference to the volume-weighted average share price of 0.93 pence in January 2026. Of the shares issued, 25,922,903 were issued to Paul Haywood, increasing his beneficial holding to 129,420,155 Ordinary Shares (representing approximately 8.81% of the Company's issued share capital as of the date of this report).

Project III Farm-Out Framework Agreement

On 14 April 2026, the Company entered into a binding Framework Agreement with Sanning in respect of a farm-out of Project III only. On completion, Sanning will acquire a 51% participating interest in Project III, Block will retain a 49% participating interest and remain operator throughout the appraisal programme, and the transaction provides for an up to US\$75 million carry across appraisal and early facilities workstreams, subject to definitive documentation, approvals and relevant project elections. The transaction does not affect Block's ownership of Projects I, II, CCS, IX or existing oil and gas production.

Strategic Entry into Offshore Gabon and associated Fundraise

On 27 April 2026, the Company announced a conditional secured convertible loan of US\$6.0 million to Pilgrim Exploration Limited which, upon conversion and subject to any required approvals, will deliver the Group a 76.5% indirect economic interest in the Ndjila and Mpari PSCs offshore Gabon. The PSCs cover 5,331 km² and contain four historical oil discoveries, together with broader pre- and post-salt upside.

To fund the Gabon entry and provide additional working capital, the Company launched a placing and WRAP retail offer at 1.1 pence per Ordinary Share. The placing and retail offer raised gross proceeds of approximately US\$6.30 million (approximately £4.66 million). The fundraise comprised 77,314,000 Firm Fundraise Shares and 345,893,916 Conditional Fundraise Shares, including the Retail Offer Shares. The Firm Fundraise Shares were admitted to AIM on 1 May 2026 and, following shareholder approval at the General Meeting held on 18 May 2026, the Conditional Fundraise Shares were admitted to AIM on 19 May 2026, taking the enlarged issued share capital to 1,469,379,955 Ordinary Shares.

Parent Company Statement of Financial Position for the Year Ended 31 December 2025

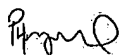
Company number: 05356303

	Note	2025 \$'000	2024 \$'000
Non- current assets			
Investments	2	7,032	6,422
Property, plant and equipment		4	4
		<u>7,036</u>	<u>6,426</u>
Current assets			
Trade and other receivables	3	22,258	21,994
Cash and cash equivalents	4	1,435	379
Total current assets		<u>23,693</u>	<u>22,373</u>
Total assets		<u>30,729</u>	<u>28,799</u>
Capital and reserves attributable to equity shareholders			
Share capital	5	4,642	3,733
Share premium	5	36,958	34,879
Other reserves	5	2,441	5,066
Foreign exchange reserve		491	(89)
Accumulated deficit		(16,600)	(17,446)
Total equity		<u>27,932</u>	<u>26,143</u>
Non-current liabilities			
Borrowings	11	-	2,000
Total non-current liabilities		<u>-</u>	<u>2,000</u>
Current liabilities			
Trade and other payables	6	797	656
Borrowings	11	2,000	-
Total current liabilities		<u>2,797</u>	<u>656</u>
Total liabilities		<u>2,797</u>	<u>2,656</u>
Total equity and liabilities		<u>30,729</u>	<u>28,799</u>

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 by choosing not to present its individual Statement of Comprehensive Income and related notes that form part of these approved financial statements.

The Company's loss for the year from continuing operations is \$1,312,000 (2024: loss of \$1,033,000).

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2026 and were signed on its behalf by:



Paul Haywood
Director

The notes on pages 88 to 92 form part of these financial statements.

Parent Company Statement of Changes in Equity for the Year Ended 31 December 2025

	Share capital \$'000	Share premium \$'000	Accumulated deficit \$'000	Other reserve \$'000	Foreign currency reserve \$'000	Total equity \$'000
Balance at 31 December 2023	3,705	34,856	(16,413)	4,766	59	26,973
<i>Comprehensive income</i>						
Loss for the year	-	-	(1,033)	-	-	(1,033)
Exchange differences on translation of foreign operations	-	-	-	-	(148)	(148)
Total comprehensive income for the year	-	-	(1,033)	-	(148)	(1,181)
<i>Transactions with owners recognised directly in equity</i>						
Shares issued	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	(17,446)	5,066	(89)	26,143
<i>Comprehensive income</i>						
Loss for the year	-	-	(1,312)	-	-	(1,312)
Exchange differences on translation of foreign operations	-	-	-	-	580	580
Total comprehensive income for the year	-	-	(1,312)	-	580	(732)
<i>Transactions with owners recognised directly in equity</i>						
Shares issued	898	2,156	-	(656)	-	2,398
Cost of issue	-	(90)	-	-	-	(90)
Share based payments	-	-	-	195	-	195
Other reserve movement	-	-	-	18	-	18
Options exercised	11	13	-	(24)	-	-
Expired warrants and options	-	-	2,158	(2,158)	-	-
Total transactions with owners	909	2,079	2,158	(2,625)	-	2,521
Balance at 31 December 2025	4,642	36,958	(16,600)	2,441	491	27,932

The notes on pages 88 to 92 form part of these financial statements.

Parent Company Statement of Cash Flows for the Year Ended 31 December 2025

	Note	2025 \$'000	2024 \$'000
Cash flow from operating activities			
Loss for the year before income tax		(1,312)	(1,033)
<i>Adjustments for:</i>			
Depreciation		2	1
Intercompany interest and other income		(1,386)	(1,381)
Finance expense		323	431
Increase in ECL provisions for loans	10	338	305
Payables paid in shares		21	31
Share based payments expense		109	353
Foreign exchange movement		25	(19)
Operating cash flows before movements in working capital		(1,880)	(1,312)
(Increase)/decrease in trade and other receivables	3	(60)	303
Movement in trade and other payables*	6	469	(79)
Net cash used in operating activities		(1,471)	(1,088)
Cash flow from investing activities			
Finance and other income		40	4
Expenditure in respect of investments/Fixed assets		(78)	-
Inter-Group amounts received (net)		1,006	1,617
Net cash used in investing activities		968	1,621
Cash flow from financing activities			
Proceeds from share issues	5	1,972	-
Cost of share issues	5	(90)	-
Finance costs		(323)	(311)
Net cash inflow/(outflow) from financing activities		1,559	(311)
Net increase in cash and cash equivalents in the year		1,056	222
Cash and cash equivalents at start of year		379	157
Cash and cash equivalents at end of year	4	1,435	379

Significant non-cash transactions*

During the year, accrued liabilities of \$329,000 were extinguished through the issue of ordinary shares. This represents a non-cash financing transaction and has been excluded from the statement of cash flows. The shares were issued at 0.74p (0.92c) per share.

The notes on pages 88 to 92 form part of these financial statements.

Notes Forming Part of the Parent Company Financial Statements

1. Accounting policies

Basis of Preparation

These financial statements have been prepared on a historical cost basis and 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. All accounting policies are consistent with those adopted by the Group. These accounting policies are detailed in the notes to the consolidated financial statements, note 1. Any deviations from these Group policies by the Company are detailed below.

Going Concern

The Directors have prepared cash flow forecasts for a period of 12 months from the date of signing these financial statements. More details are included in note 1 to the consolidated financial statements.

Investments in Subsidiaries

Investments in subsidiaries are recorded at cost. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

2. Investments

	2025 \$'000	2024 \$'000
Shares in Group undertakings		
Balance at 1 January	6,422	6,533
Acquisition of subsidiary	127	-
FX movement on translation of assets	483	(111)
Balance at 31 December	7,032	6,422

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid.

On 24 March 2025, the Company entered into a Share Purchase Agreement with Georgia Oil & Gas Limited ("GOGL") under which the Company acquired 100% of the issued share capital of GOG SLADS Limited ("GOG SLADS"), a company incorporated in the British Virgin Islands (registered number 2033094). The total cost of the investment recognised at year end comprises:

	2025 \$'000
Cash consideration paid to GOGL (\$1)	-
Contribution paid in relation to net work programme costs	77
Costs previously incurred through Didi Lilo - reclassified	50
Balance at 31 December	127

US\$50,000 of directly-attributable acquisition costs, originally capitalised as an intangible asset within Didi Lilo, has been reclassified during the year into the cost of investment in GOG SLADS, with the corresponding intercompany balance unwound. The reclassification is non-cash and has no impact on the consolidated net assets of the Group.

The principal activity of GOG SLADS Limited is the holding of a 10% participating interest in the XIQ PSC, an oil and gas exploration block in Georgia, which, following the completion of the farm-out to Aspect Georgia in 2026 is now a 9.5% participating interest in the XIQ PSC.

At 31 December 2025, the carrying amount of the Company's net assets of \$27,932,000 (2024: \$26,143,000) exceeded the Group's net assets of \$25,526,000 (2024: \$25,313,000) which is identified by IAS 36 Impairment of Assets as an indicator that assets may be impaired. A formal impairment review of the underlying Group assets was conducted, the results of which are set out in Note 13 above. The recoverable amount of the CGUs, assessed on a value in use basis at a pre-tax discount rate of 10%, exceeded their carrying value of \$22,980,000 in all scenarios modelled.

In respect of the Company's investments in subsidiaries and intercompany loans, the Directors are satisfied these are recoverable. The carrying value is underpinned by the ongoing cash-generative nature of Project I (independently valued in 2022 for a 5-well programme at \$57m NPV¹⁰ on a 3P basis) and, given the significant independently assessed NPV attached to each of Projects III and IV individually — including the Patardzueli-Samgori field's (part of Project III) independently valued NPV¹⁰ of over \$500m — the recoverability of the carrying value is supported by the potential of any one of these projects alone. The Company's market capitalisation of \$9.6m at 31 December 2025 also exceeded the total cost of investments carried in the Company balance sheet of \$7.0m. Accordingly, no impairment of the Company's investments or intercompany loans is considered necessary.

3. Trade and Other Receivables

	2025 \$'000	2024 \$'000
Prepayments	66	12
Other receivables	44	37
Amounts due from Group undertakings	22,148	21,945
	22,258	21,994

All of the above amounts are due within one year.

All trade and other receivables are denominated in pounds sterling. Amounts due from Group undertakings are denominated in US dollars and repayable on demand. The Company charges 5% interest per annum on intercompany loans.

Under IFRS 9, the Expected Credit Loss ("ECL") Model is required to be applied to the intercompany loans receivable from subsidiary companies, which are held at amortised cost. An assessment of the expected credit loss arising on intercompany loans has been calculated and a cumulative loss allowance of \$8,740,000 has been provided for in the parent Company financial statements (\$8,402,000 in 2024). A charge of \$338,000 (2024: \$305,000) was made in the year.

4. Cash at Bank

	2025 \$'000	2024 \$'000
Cash and cash equivalents	1,435	379

Cash and cash equivalents consist of balances in bank accounts used for normal operational activities. The bank account is held within an institution with a credit rating of A-1.

At 31 December 2025, 93% (2024: 2%) of the cash balances held by the Company were held in pounds sterling, 7% (2024: 97%) in US dollars and nil (2024: 1%) in other currencies.

5. Share Capital and Reserves

Details of share capital and reserve movements in the year are set out in notes 19 and 21 to the consolidated financial statements.

6. Trade and Other Payables

	2025	2024
	\$'000	\$'000
Trade and other payables	110	128
Accruals and other creditors	687	528
	797	656

Trade and other payables at 31 December 2025 comprised balances in US dollars and pounds sterling.

7. Categories of Financial Instruments

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

	31 December	31 December
	2025	2024
	\$'000	\$'000
Trade and other payables	110	158
Borrowings	2,000	2,000
Total financial liabilities at amortised cost	2,110	2,158

The carrying amounts of trade and other payables and the Borrowings are considered to be the same as their fair values due to their short-term nature. Details of the Borrowings are set out in note 17 to the consolidated financial statements.

	31 December	31 December
	2025	2024
	\$'000	\$'000
Other receivables	44	37
Amounts due from Group undertakings	22,148	21,945
Cash and cash equivalents at amortised cost	1,435	379
Total financial assets at amortised cost	23,627	22,361

The amounts due from Group undertakings includes a loss allowance of \$8,740,000 (2024: \$8,097,000). The loans are repayable on demand and include a 5% (2024: 5%) per annum interest rate charge. They are all denominated in US dollars, which differs from the parent Company's functional currency of pounds sterling, and therefore there is an exposure to foreign currency risk. There is no exposure to price risk as the underlying investments are expected to be held to maturity.

8. Financial and Capital Risk Management

The Company's exposure to financial risks is managed as part of the Group. Full details about the Group's exposure to financial risks and how these risks could affect the Group's future financial performance are given in note 24 to the consolidated financial statements. Information specific to the Company is given below.

Credit Risk

For deposits lodged at banks and financial institutions these are all held through recognised financial institutions. The maximum exposure to credit risk is \$1,435,000 (2024: \$379,000). The Company does not hold any collateral as security.

The Company has made unsecured interest payable loans to its subsidiary companies and repayments have commenced during the year. Although the loans are repayable on demand, they are unlikely to be fully repaid until the projects become more developed and the subsidiaries start to generate increased revenues.

An assessment of the expected credit loss arising on intercompany loans has been calculated and a loss allowance of \$8,740,000 (2024: \$8,402,000) has been provided for in the parent Company financial statements.

Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company undertakes transactions denominated in currencies other than its functional currency (which is the pound sterling). For transactions denominated in US dollars, the Company manages this risk by holding US dollar against actual or expected US dollar commitments to act as an economic hedge against exchange rate movements.

The Company's cash and cash equivalents and liquid investments are mainly held in pounds sterling and US dollars. At 31 December 2025, 1% (2024: 1%) of the Group's cash and cash equivalents and liquid investments were held in a currency other than pounds sterling and US dollars. The currency risk is not considered to be significant and has not been calculated. A 10% movement in the strength of the pound sterling against the US dollar would increase the net assets of the Company by \$2,767,000 (2024: \$2,697,000).

The exposure to other foreign currency exchange movements is not material. This sensitivity analysis includes foreign currency denominated monetary items and assumes all other variables remain unchanged. Whilst the effect of any movement in exchange rates upon revaluing foreign currency denominated monetary items is charged or credited to the income statement, the economic effect of holding pounds sterling against actual or expected commitments in pounds sterling is an economic hedge against exchange rate movements.

Capital Management

The capital of the Company is managed as part of the capital of the Group as a whole. Full details are contained in note 24 to the consolidated financial statements.

9. Commitments

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

UK operating lease commitment

At 31 December 2025, the total of future minimum lease payments under non-cancellable operating leases for each of the following periods was:

	2025 \$'000	2024 \$'000
Within 1 year	55	42
Between 1 and 5 years	-	-
Total	55	42

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.

10. Related Party Transactions

At 31 December 2025, the following subsidiaries owed the parent Company for payments made and recovered on their behalf.

- Block Norioskhevi Ltd – \$nil (31 December 2024: \$nil)
- Georgia New Ventures Inc – \$21,952,000 (31 December 2024: \$22,291,000)
- Satskhenisi Ltd – \$nil (31 December 2024: \$nil)
- Block Operating Company LLC – \$2,775,000 (31 December 2024: \$2,612,000)

- Block Rustaveli Limited - (Debtor of \$2,581,000) (31 December 2024: Debtor of \$3,394,000)
- Didi Lilo & Nakarala Limited - \$nil (31 December 2024: \$68,000)
- GOG SLADS Limited - \$2,000

An estimated credit loss of \$338,000 (2024: \$305,000) was recognised in the current year in relation to the loans to Satskhenisi Ltd, Block Norioskhevi Ltd and Didi Lilo & Nakarala Limited, resulting in their impairment to a nil carrying amount. The total estimated credit loss recognised to date is \$8,740,000 (2024: \$8,402,000). Further details on related party transactions can be found in note 28 to the consolidated financial statements.

11. Information Included in the Notes to the Consolidated Financial Statements

Some of the information included in the notes to the consolidated financial statements is directly relevant to the financial statements of the Company. Please refer to the following:

- Note 6 – Auditors' remuneration
- Note 17 – Trade and other payables
- Note 23 – Share based payments
- Note 26 – Subsidiaries
- Note 29 – Events occurring after the year end