



PROSPEX

OIL & GAS PLC

Prospect Oil & Gas plc

Corporate Presentation

AIM : PXOG

May 2020



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AT A GLANCE

Background	<ul style="list-style-type: none">▶ Company secured maiden reserves and revenue in 2018▶ Ongoing production and significant ramp up planned for 2021▶ Presently trading at substantial discount to market-based valuation
Portfolio	<ul style="list-style-type: none">▶ Existing portfolio provides diversified risk profile▶ Multiple routes to significant shareholder value growth▶ Ongoing activity programme generating newsflow
Strategy	<ul style="list-style-type: none">▶ Focus on mature markets with existing infrastructure and available capacity▶ Emphasis on conventional gas▶ Supporting energy transition through sustainable natural gas▶ Politically stable countries with desire to reduce foreign energy dependency
Team	<ul style="list-style-type: none">▶ Highly experienced team with proven value creating credentials▶ CEO's last two companies sold to industry - Peppercoast returned 6x money▶ Record price achieved for exploration block offshore West Africa▶ NEDs instrumental in growing Pan Ocean from \$20MM to \$1.4B sale▶ Management strongly incentivised through stock options

Prospect is now in a position for exponential growth

Potential to transform from an investment company to an operating company

Creating tangible value in our core projects within 12 months

Taking advantage of present industry opportunities in Europe with a preference for: (1) late stage, drill-ready exploration; or (2) reworking of existing fields using new technology to unlock bypassed potential

ABOUT PROSPEX

AIM listed multi-asset natural resources company committed to building a material, cash generating European natural gas business. Experienced Board with strong acquisition and development capabilities.

Latest acquisition: El Romeral, Spain

- ▶ Prospex and partner, Warrego Energy, have agreed to **acquire 100% of the El Romeral asset** in the Guadalquivir basin, southern Spain for an initial net consideration of **€375k**
- ▶ Provides an **additional 150 mscfg** of production (net)

European Growth Strategy

Identifying opportunities that will be accretive to shareholder returns, cashflow and production

- **Low risk producing assets that deliver:**
 - Increase to company value
 - Positive cash flow
 - Low development risk
- **Existing portfolio:**
 - Provides significant reserves growth in diversified geographic region
 - Focuses on natural gas as low emission transition fuel
 - Assists host countries in developing security of supply



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**Latest Acquisition:
El Romeral, Spain**



EL ROMERAL: PRODUCTION & DEVELOPMENT PROJECT

Extensive History and Development Potential

History

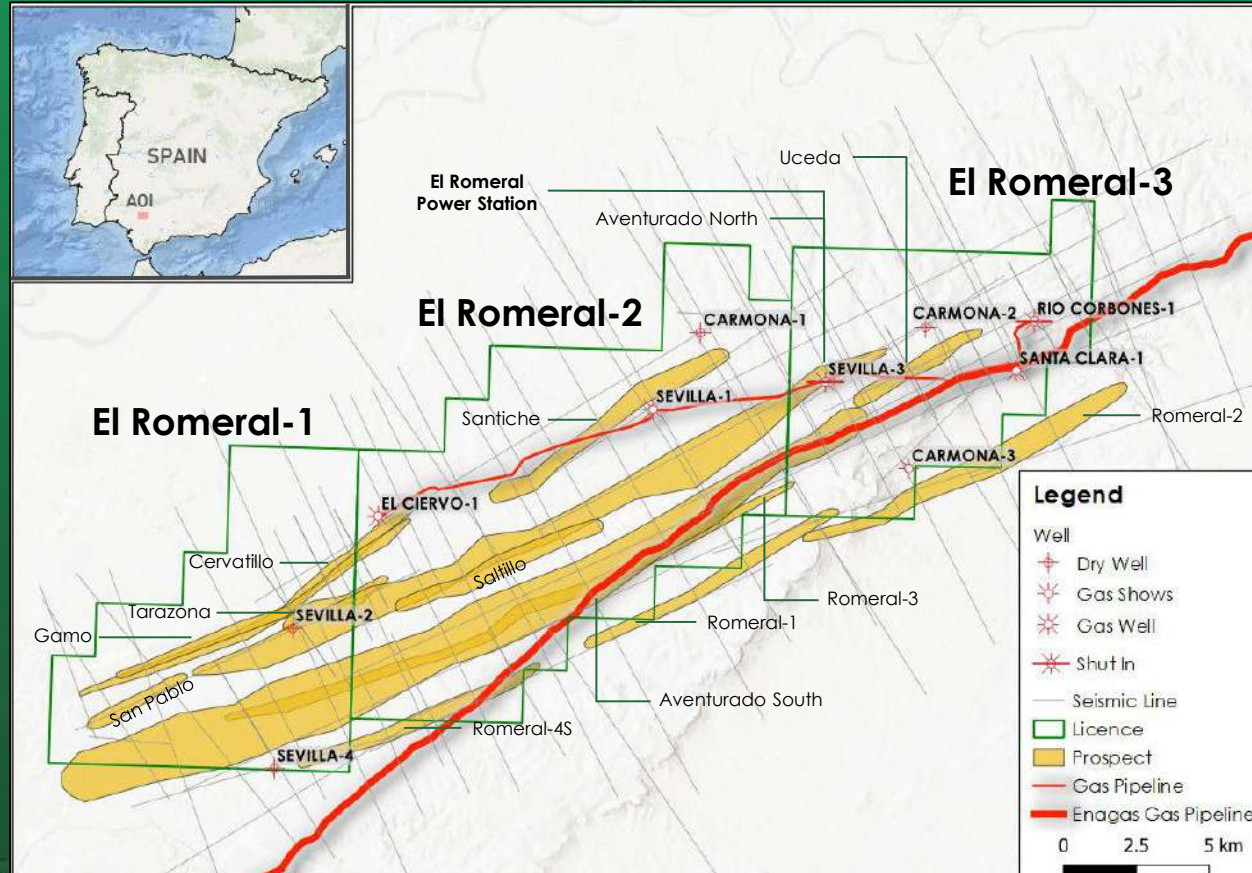
- ▶ 3 dry wells drilled in the 1950s
- ▶ Since 1983, 7 wells have been drilled, all gas discoveries
 - ▶ 5 went on production
 - ▶ 2 proven undeveloped discoveries (PUDs)

Current

- ▶ Production from 3 wells
- ▶ ENAGAS and local pipelines within the blocks
- ▶ El Romeral power station, under utilised with c. 78% spare capacity

Upcoming

- ▶ 11 very low risk prospects & 2 PUDs
- ▶ Increase utilisation of El Romeral power station



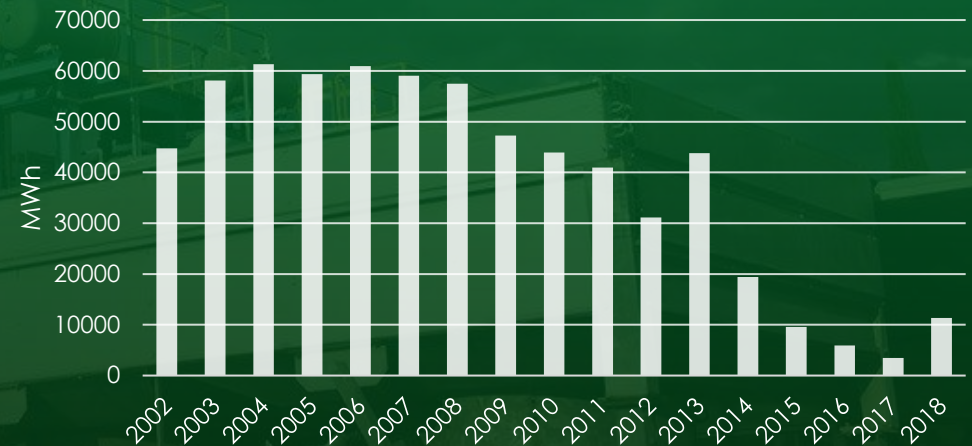
- Over 500 km of 2D seismic and AVO by Chevron and Repsol
- Dataset provides great basin insight and lowers play risk

EL ROMERAL ELECTRICITY PRODUCTION

- ▶ El Romeral **8.1 MW power station** constructed in 2001
- ▶ Facilities cost **€10MM** to construct
- ▶ 3 Jenbacher generators with aggregate capacity of ~**50,000 scmg/d**
- ▶ Selling electricity directly to the grid
- ▶ Connected to **25 km** of project-owned gas pipeline
- ▶ Long term average prices in Spain c, **€70/ MWh** including subsidy
- ▶ Power station capable of creating **€4.2MM revenue p.a.** **€2.4MM PBT, €1.8 PAT** assuming long term average prices
- ▶ El Romeral power station back to full utilisation possibly with only one new well



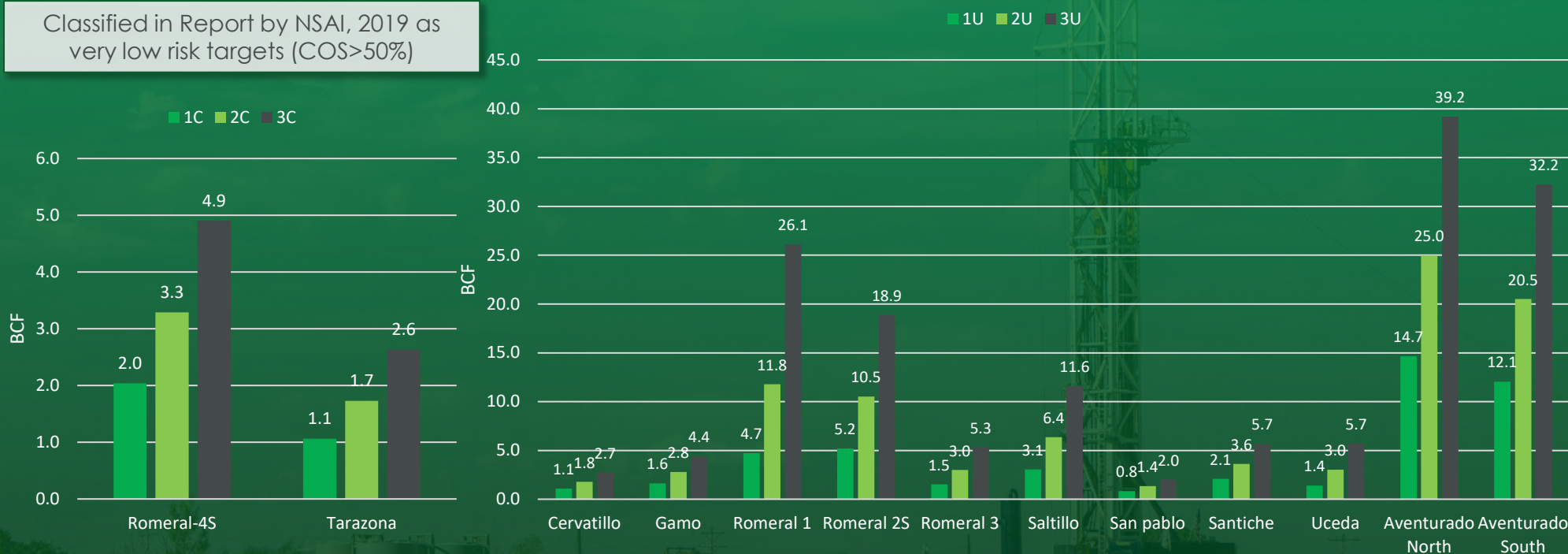
Electricity production per year



EL ROMERAL: EXPLORATION UPSIDE

► Estimated Gross Unrisked Prospective Resources of gas:
 Low Estimate **48 Bcf** / Best Estimate **90 Bcf** / High Estimate **154 Bcf**

Classified in Report by NSAI, 2019 as very low risk targets (COS>50%)



- 11 prospects identified in the three production blocks, including a new play, and 2 PUDs of **2C Resources 5 Bcf**
- Easy access to drilling locations and facilities through existing agricultural roads, with minimal environmental impact

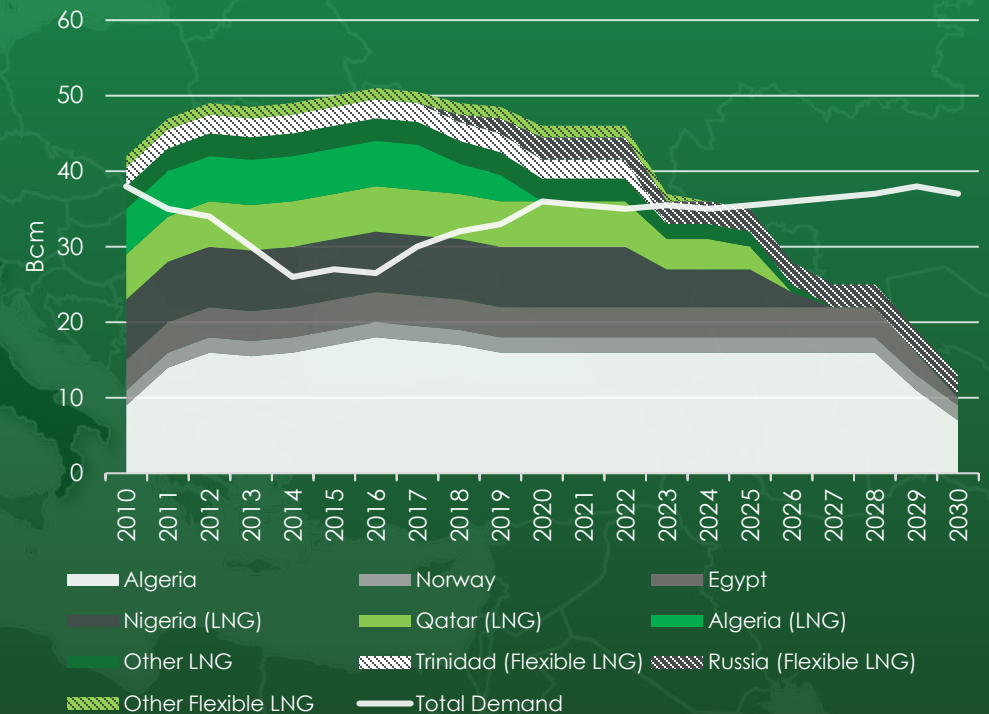
SPAIN – MACROECONOMIC ENVIRONMENT

Overview

- ▶ **Gas price at ~ €5-6 per MWh**
- ▶ **Government subsidies** for power generation based on gas
- ▶ **Safe EU fiscal regime** – gas is favourably positioned as the chosen fuel for “transition to renewables” EU long term policy
- ▶ One of the **widest gas distribution networks in Europe**
- ▶ **Spanish MIBGAS hub is the reference for S. Europe**, for 3 of the largest gas companies Gazprom, Cheniere and PetroChina, since 2015
- ▶ **Large number of LNG receiving terminals** and country's openness to global gas trade ensures diversity of gas supply (and security), yet interest in gas security remains key
- ▶ **LNG consumption will continue to rise.** LNG imports will be more flexible but shorter term (and price volatile)

Spain – long-term pipeline and LNG contracts

Long-term contracts cover ~50% of expected demand – highlighting the scale of surplus LNG receiving capacity available



Source: IHS Markit



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**Other Assets:
Romania, Italy and Spain**



EXISTING ASSETS - OVERVIEW



EIV-1 SUVEAVA, ROMANIA

(WI 50%, Raffles Energy 50%)

- ▶ Exploration Concession of 984 km²
- ▶ Bainet-1 discovery - producing from 2018, with average rates in 2019 at c. 0.5 mmscfd
- ▶ West Bainet exploration drilling in Q2 2019 – dry hole
- ▶ Continuing exploration programme on the block



PODERE GALLINA, ITALY

(WI 17%, UOG 20%, PVE 63%)

- ▶ Podere Maiar-1 discovery in 2018
- ▶ 2.3 Bcf Net Reserves plus 2.4 Bcf Net 2C to ProspeX
- ▶ Production concession preliminary awarded – Final grant and production expected in H1 2021
- ▶ Flow rates from 2 reservoir intervals at 9.8 mmscfd



TESORILLO, SPAIN

(WI 15% w/ option to increase to 49.9%, WGO 85%)

- ▶ EIA
- ▶ AMT Tests Reprocessing
- ▶ Surface structural and geological mapping
- ▶ Reprocessing of legacy 2D seismic

ROMANIA – SUCEAVA CONCESSION

PRODUCING ASSET WITH EXPLORATION UPSIDE

WI 50%, Raffles Energy 50% (Operator)

Location

- EIV-1 Suceava 984 km²
- Proven gas area of NE Romania

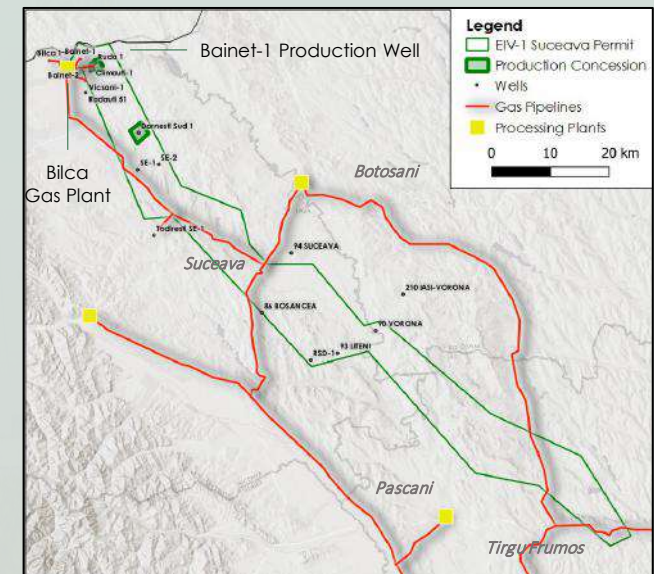
Production

- Commenced production in September 2018
- **c. 0.53 mmscf/d (c.15,000 scmgd)** production from Bainen in 2018
- **c. 0.49 mmscf/d (c. 14,000 scmgd)** production from Bainen in 2019

Development

- Bainen-2 well drilled “Bainen look-a-like”- Bainen West prospect in Q2 2019, with no commercial hydrocarbons
- Gas prospect evaluation to determine next drilling targets
- Reprocessing of 2D seismic lines

- ▶ Acquired 50% WI in August 2017
- ▶ The Operator, Raffles Energy, is an established gas producer in Romania



ITALY – PODERE GALLINA PERMIT

GAS RESERVES

PXOG WI 17%, UOG 20%, PVE 63% (Operator)

Location

- Podere Gallina Exploration Permit covers 331 km²
- Prolific Po Valley region

Selva Gas Discovery

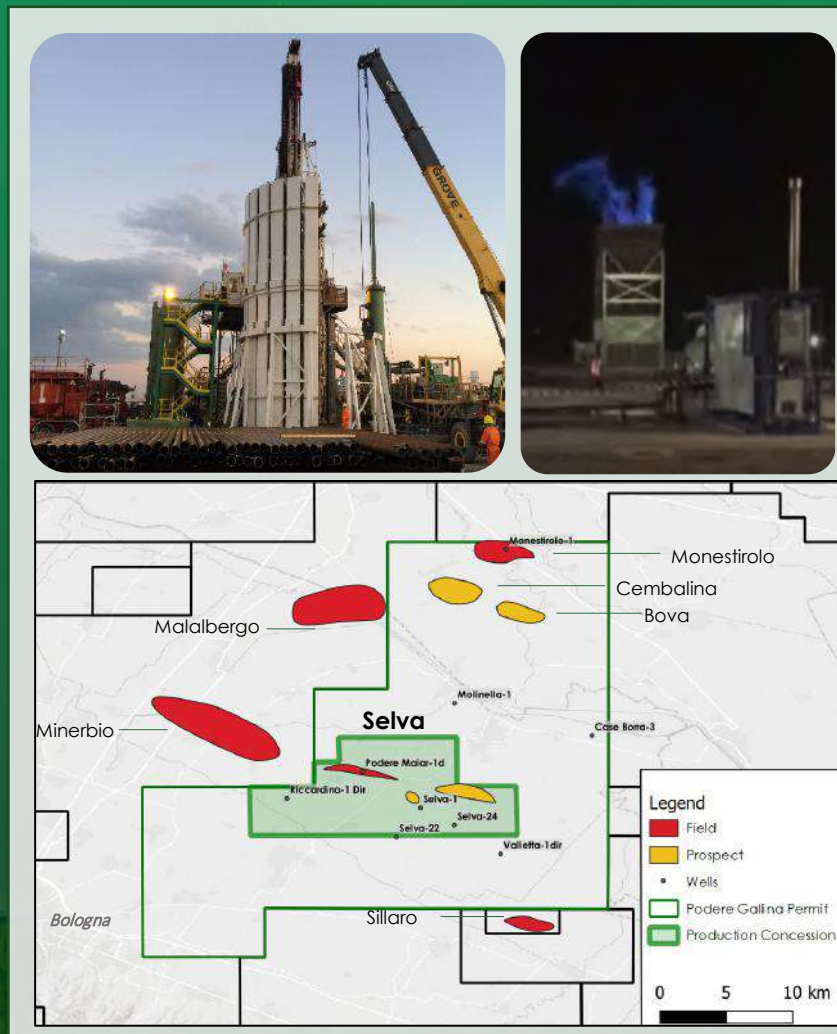
- Podere Mair-1 dir well drilled in December 2017
- Selva gas discovery in January 2018
- Gas flows from 2 reservoirs, C1 and C2

Reserves and Resources*

- **13.4 Bcf** Gross 2P Reserves in Selva – **2.3 Bcf** Net to Prosplex
- **€4.6MM** Net NPV for Reserves
- **14.1 Bcf** Gross 2C Contingent Resources – **2.4 Bcf** Net to Prosplex
- **91.5 Bcf** Gross Best Estimate Prospective Resources – **15.6 Bcf** Net to Prosplex

*CPR Selva Malvezzi by CGG April 2019

- ▶ Farmed-in in October 2017, acquiring 17% WI
- ▶ Production expected to commence in H1 2021



ITALY – SELVA GAS PRODUCTION

Steps to getting on production

1. Preliminary production concession, approved Feb 2019
2. Technical environmental approval, approved Jan 2020
3. Environment Minister Decree
4. INTESA (Intergovernmental agreement)
5. Final Production concession by Economic Development Ministry
6. Installation of fully automated gas plant and 1 km pipeline connecting the plant to the grid

Key hurdle of EIA crossed

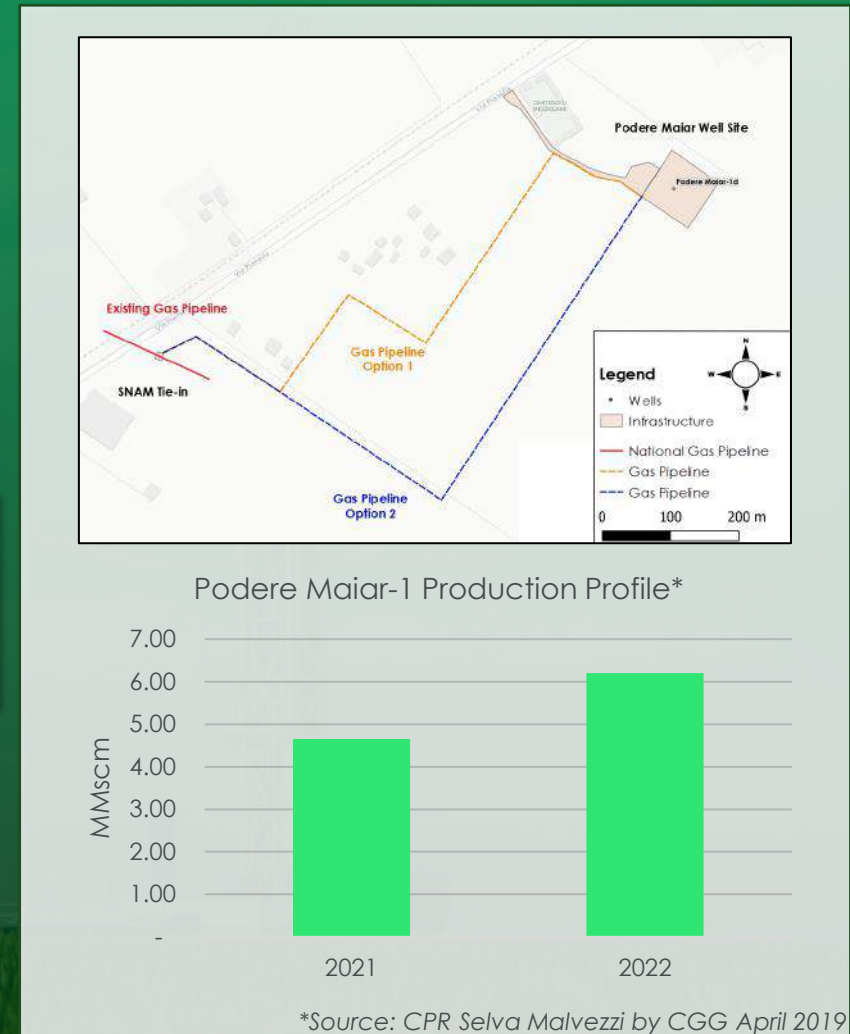
Production Expected in H1 2021

Gross **€2.3MM** costs for development, **€400k** net to Prospex

Italian Project:

- Will increase net production by 3 to 4 times
- Generates free cash and allow exploration and development of wider portfolio

Clear Line of site to production is catalyst for rerating



SPAIN – TESORILLO PROJECT

UNDEVELOPED DISCOVERY-“TIGER ON A LEASH”

WI 100% Tarba (Operator)- which is owned 15% by PXOG with option to increase to 49.9%; balance owned by WGO

Location

- Tesorillo and Ruedalabola licences cover 380 km² in Cadiz Province, south Spain
- Contains the **Almarchal-1 gas discovery**

Resources*

- **830 Bcf** Best Estimate Gross Unrisked Prospective Resources
- More than **2 Tcf** Upside

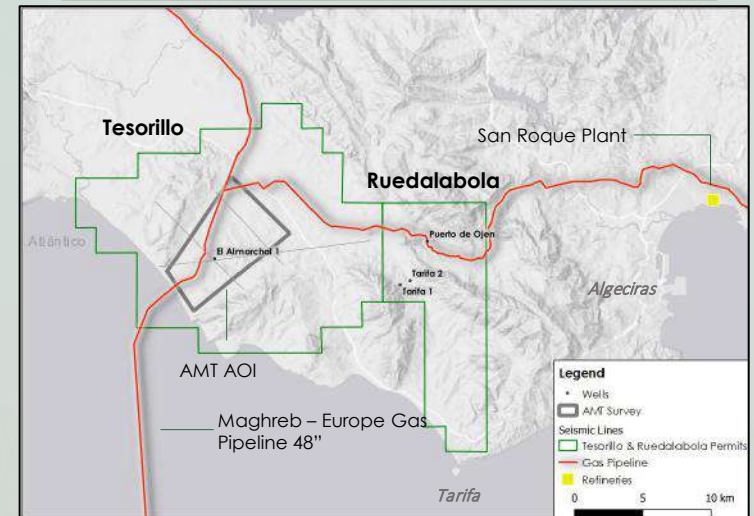
*NSAI Updated Prospective Resources Report, Tesorillo, 2015

Development

- **Multistrand work programme** to de-risk prospectivity
- **Excellent access to infrastructure**, 2.9 km from the North African Maghreb-Europe gas pipeline – A European landing point providing access to high priced European markets

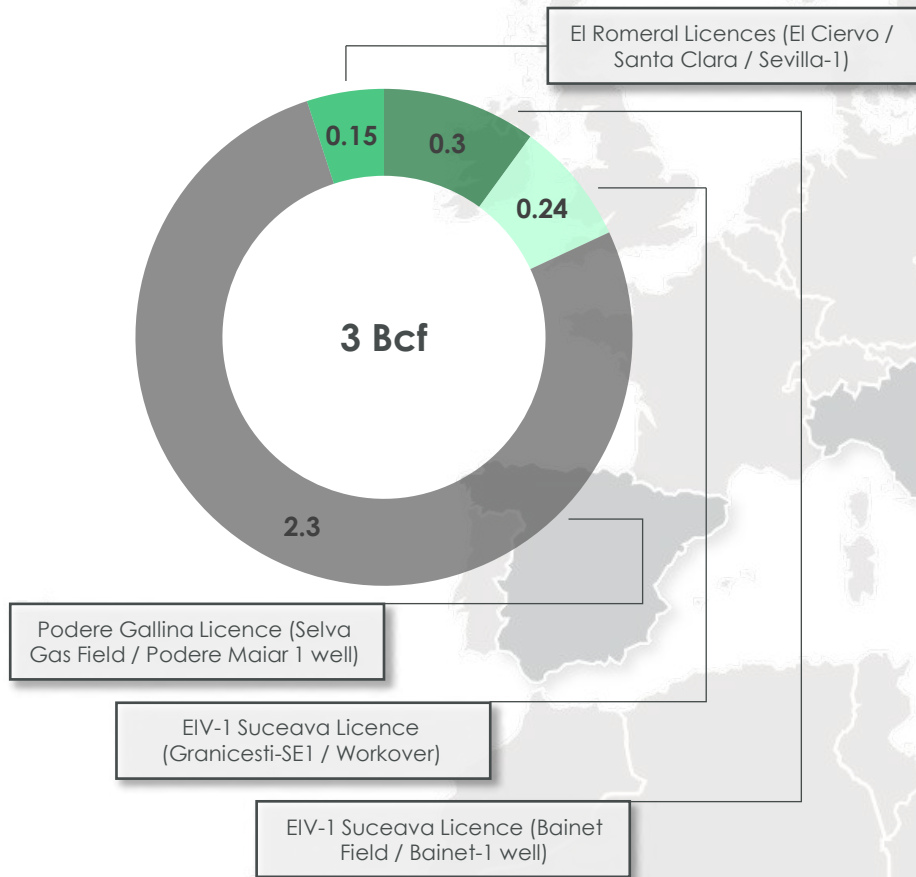
▶ Acquired December 2017 with 2.5% WI, increased to 15% WI in December 2018

▶ Option for a further 34.9% WI for €1,725,000 prior to drilling a well unlikely to exercise prior to being ready to drill the well

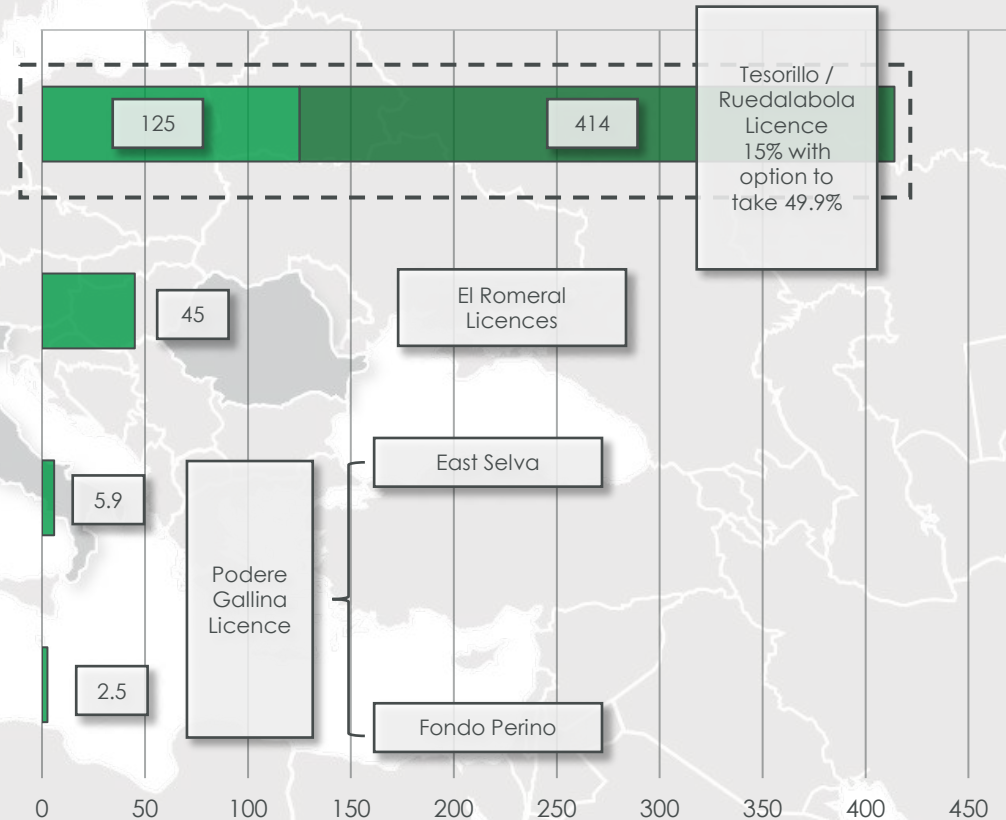


RESERVES AND RESOURCES

Net 2P Reserves - Bcf



Net Prospective resources - Bcf





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**The Team
Outlook & Objectives**



THE TEAM

Edward Dawson

CEO & Managing Director

With a BEng and an MSc in investment analysis, Edward has over 15 years' experience in the oil and gas sector. He has financed, managed and been a key investor in several oil and gas companies. Positions held include: MD of Peppercoast Petroleum plc and Black Star Petroleum plc; Analyst for RAB Capital's Energy Fund; Business Development and Finance Manager for Oilexco Incorporated; and a fund manager for Park Place Capital.

Carlos Venturini

Exploration Manager

Petroleum geoscientist (BSc) with an MSc in structural geology and over 30 years' experience in geophysical interpretation and prospect generation gained with Schlumberger, ENI, Siperol, and from his own Libya-based consultancy working for Petrobras, GDF, OMV amongst others. He is an expert in Mediterranean and African petroleum geology.

Bill Smith

Non-Executive Chairman

Bill is a Canadian solicitor with 40 years of experience in corporate finance and is a director of a number of listed and private companies including Mosaic Capital Corporation (TSXV) and PFB Corporation (TSX). He was a senior partner of McCarthy Tetrault LLP in Canada and was subsequently Executive Vice President of two listed international oil companies and a listed investment firm. He has extensive experience including a number of start-up ventures in the sector.

Richard Mays

Non-Executive Director

Richard is a solicitor in Scotland and has extensive industry, commercial and legal experience. He is VP and General Counsel at Canadian Overseas Petroleum Limited (TSX and FTSE) and has leadership and senior management experience of other LSE listed companies, including DEO Petroleum plc and Oilexco North Sea Limited. He has also served as Executive Chairman of Peppercoast Petroleum plc and Black Star Petroleum plc. Formerly Professor and Deputy Dean of the Aberdeen Business School.

James Smith

Non-Executive Director

James holds a MSc in Petroleum Geology and has over 25 years' experience in the oil and gas sector. Having started his career as a petroleum geophysicist with Chevron UK in 1988, he became Vice President of Exploration for PanOcean Energy ('PanOcean') and in this capacity was instrumental in building the value of PanOcean from US\$20MM to its eventual sale to Addax Petroleum for US\$1.4B in 2006. He has extensive experience in exploration, appraisal and development, with proven success in finding oil, delivering positive, high impact results and ultimately building value.

TEAM WITH REQUISITE SKILLS

Commercial:

- ▶ Deal Sourcing
- ▶ Farm-in, JVA, JOA
- ▶ Farm-out and Divestment

Technical:

- ▶ Fast New Opportunity Assessment
- ▶ Basin & Petroleum System Analysis
- ▶ Work Programme Design and Execution

E&P Core

Capital Markets:

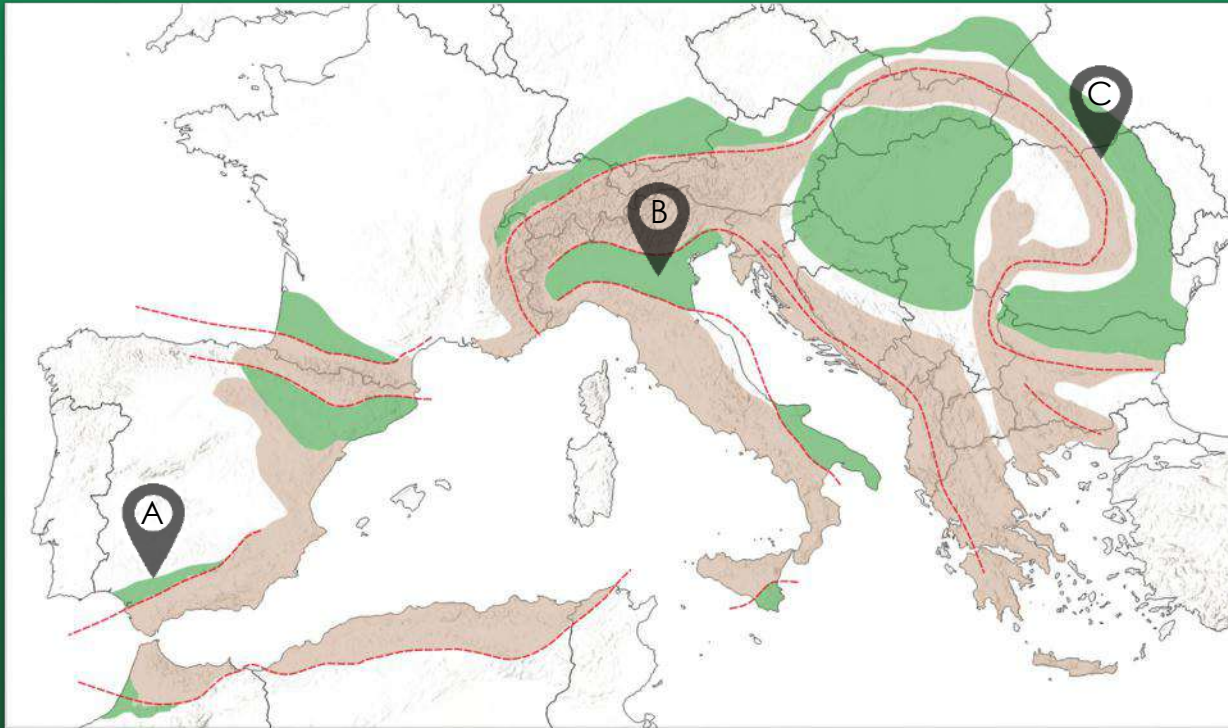
- ▶ Equity/Debt raising
- ▶ Investment Structuring
- ▶ Shareholder Liaison




Business Administration:

- ▶ Legal Agreements
- ▶ Service Sourcing
- ▶ Corporate Governance

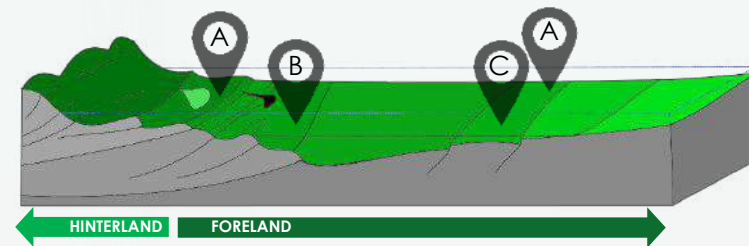
TECHNICAL RATIONALE

Foreland/Foredeep basins typically host turbidites charged with gas



 Foreland/Foredeep
 Mountain Range
 Thrust

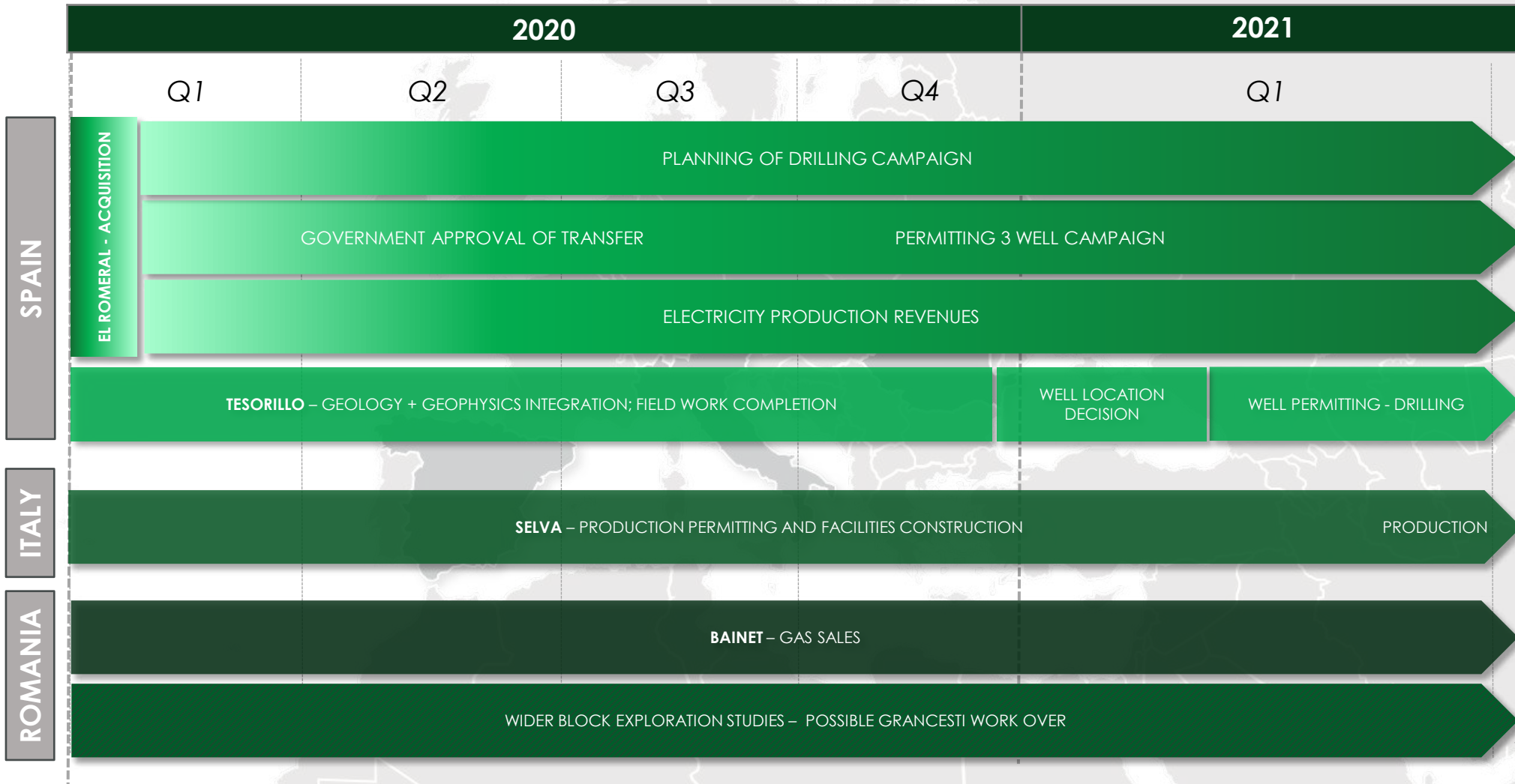
A Spanish Assets
B Italian Asset
C Romanian Asset



Advantages of foreland/foredeep basins:

- ▶ Low geological risk, because reservoirs and seals tend to be deposited as a single event
- ▶ Shallow and cheap drilling, due to their young age
- ▶ Allow for hedging commercial and political risk due to their wide extent in Europe

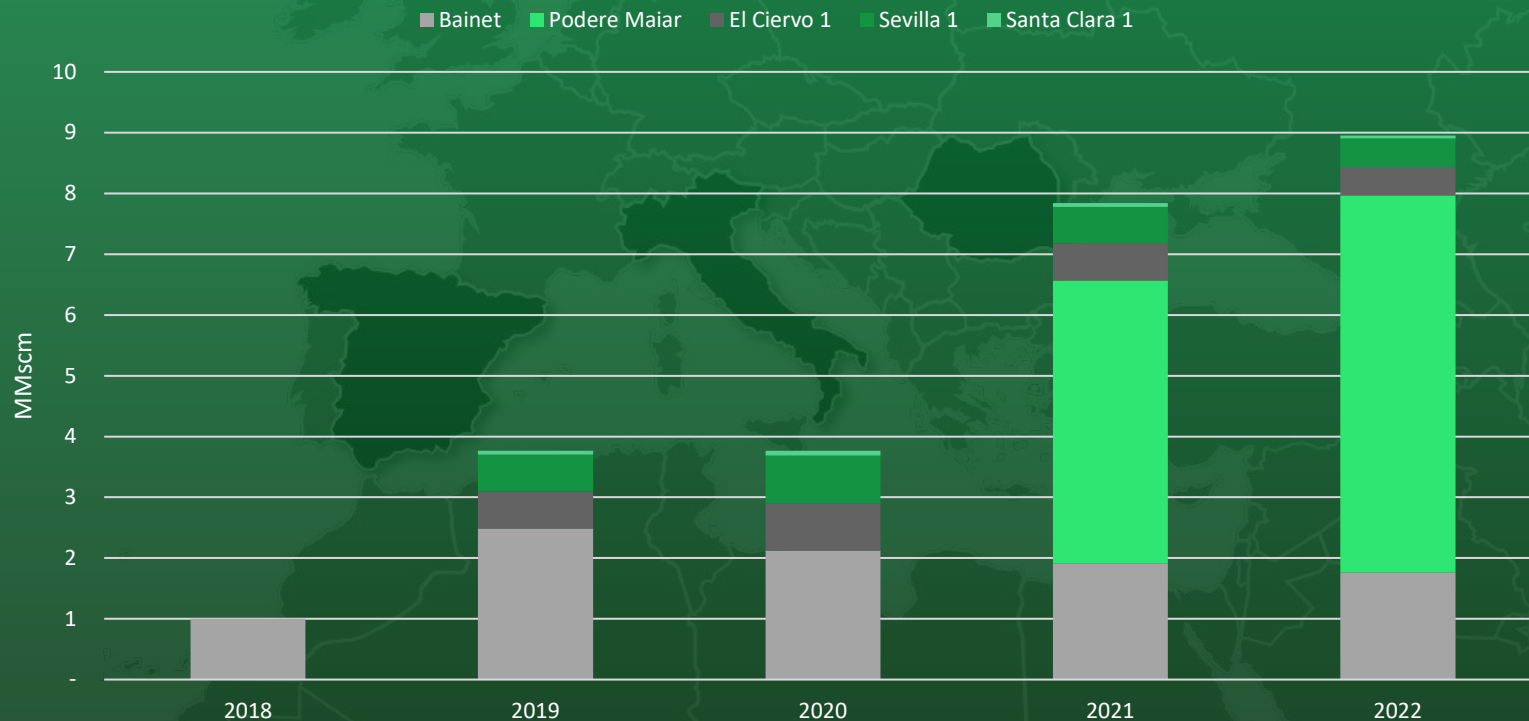
OUTLOOK FOR 2020-2021



PRO FORMA PRODUCTION PROFILE

In 2022 PXOG expects to be producing gas from 5 wells, including:

- ▶ Ongoing production from Bainet-1 well, Romania, started in 2018 at 15,000 scmg/d
- ▶ Production from Podere Maiar-1, expected in H1 2021 at rates up to 150,000 scmg/d
- ▶ Ongoing production from three wells at Romeral; El Ciervo-1, Sevilla-3 and Santa Clara-1, increasing revenue from 2019.



Prospect Growth Prospects

- ▶ Existing opportunities for significant revenue growth as existing discoveries are brought into production and through drilling of new low risk wells.
- ▶ Existing opportunities for significant reserves growth in diversified geographic areas.

Short Term:

- ▶ Drill multiple wells in Romania and bring several fields into production
- ▶ Complete first stage of the Podere Gallina development plan
- ▶ De-risk Tesorillo Project and acquire further data to undertake a new CPR
- ▶ Increase production rates and drill 3 new wells at El Romeral
- ▶ Expand portfolio, focused in Europe and following the foreland plays

Long Term:

- ▶ **Create** tangible value for shareholders
- ▶ **Take advantage** of present industry opportunities
 - ▶ Late stage, drill-ready exploration
 - ▶ Reworking existing fields using new technology
- ▶ **Transform** into an operating company





Investment case:

- Secured reserves and commercial revenue generation in 2018
- Significant step up in production expected in 2021
- Presently trading at substantial discount to market-based valuation
- Huge potential NPV uplift (>€0.4B)



Unlocking shareholder value:

- Diversified portfolio assembled
- Risk managed
- Multiple routes to significant shareholder value growth
- Ongoing activity programme generating newsflow



European focused:

- Focus on mature markets with existing infrastructure and available capacity
- Politically stable countries with desire to reduce foreign energy dependency
- Strong emphasis on conventional gas



Strong management:

- Highly experienced team
- CEO's last two companies sold to industry
Peppercoast return 6x money
- Record price for exploration block offshore West African in a pre-discovery nation
- Similarly NEDs instrumental in growing Pan Ocean to from \$20MM to \$1.4B sale



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Thank you

