



PROSPEX
ENERGY PLC

Prospect Energy plc

Proactive Investor Presentation

AIM : PXEN

January 2023



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AT A GLANCE

AIM listed natural gas production and power generation investment company focussed on building a portfolio of late stage onshore energy assets in Europe

— PROSPEX ENG

PXEN Share Price – 2022



Proactive Investors rated PXEN as the top performing stock on AIM with a rise in 2022 of 304%

*As of 10 January 2023

Shareprice
16.29 p*

Market Cap
45.4 (£m)*

Ticker
PXEN

Shares in issue
278,847,512*

European Growth Strategy

Identifying low-risk opportunities that will generate shareholder returns, positive cashflows and sustainable production

- ▶ Russia's war against Ukraine highlighted Europe's dependency on Russia for gas
- ▶ Global decarbonisation remains high on the agenda, but there is a realisation that, in the short term, Oil & Gas will continue to be part of the energy mix
- ▶ EU's long-term growth strategy is to make Europe climate-neutral by 2050 and put renewable energy at the heart of the energy system
- ▶ The European Union Parliament has declared that nuclear power and natural gas can be labelled as **green** for investment purposes, alongside wind, solar and other renewable energy sources
- ▶ Innovation and technology will continue to play a role towards the sustainable extraction of hydrocarbons
- ▶ Funded to first gas from the Selva development onshore Italy

OVERVIEW OF PROSPEX ENERGY

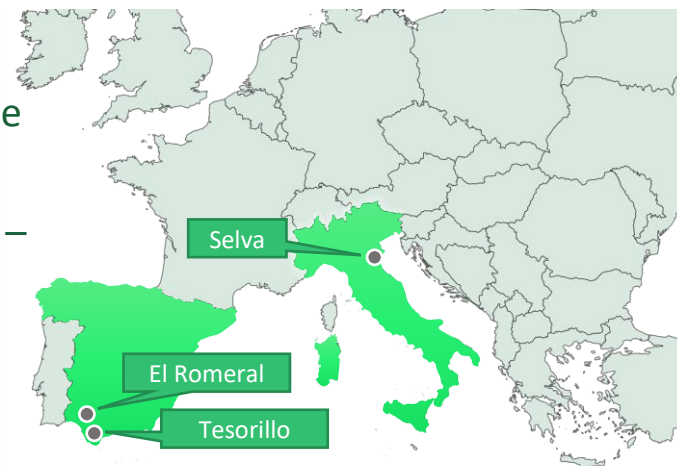


Prospect Energy Portfolio

37% of the Podere Gallina licence in the Po Valley Italy which contains the Selva field – Operator PVO, wholly owned by Po Valley Energy Ltd¹ 63%

49.9% of the producing El Romeral gas to power plant in Southern Spain – Operator Tarba Energía (owned 49.9% Prospect² : 50.1% Warrego³)

15% of the suspended Tesorillo permit in Southern Spain, with an option to increase to 49.9% at the first appraisal well – Operator Tarba Energía (owned 15% Prospect² : 85% Warrego³)



1. Po Valley Energy Ltd (ASX:PVE)
2. Prospect Energy plc (AIM:PXEN)
3. Warrego Energy Ltd (ASX:WGO)

Spain: Ongoing Production & Power Generation

- ▶ 8.1MW power station generating revenue at spot market electricity prices. Production from 2 gas wells
- ▶ Plant operates 24/7 and is installing solar power co-generation
- ▶ Permitting underway for near-term multi-well drilling campaign

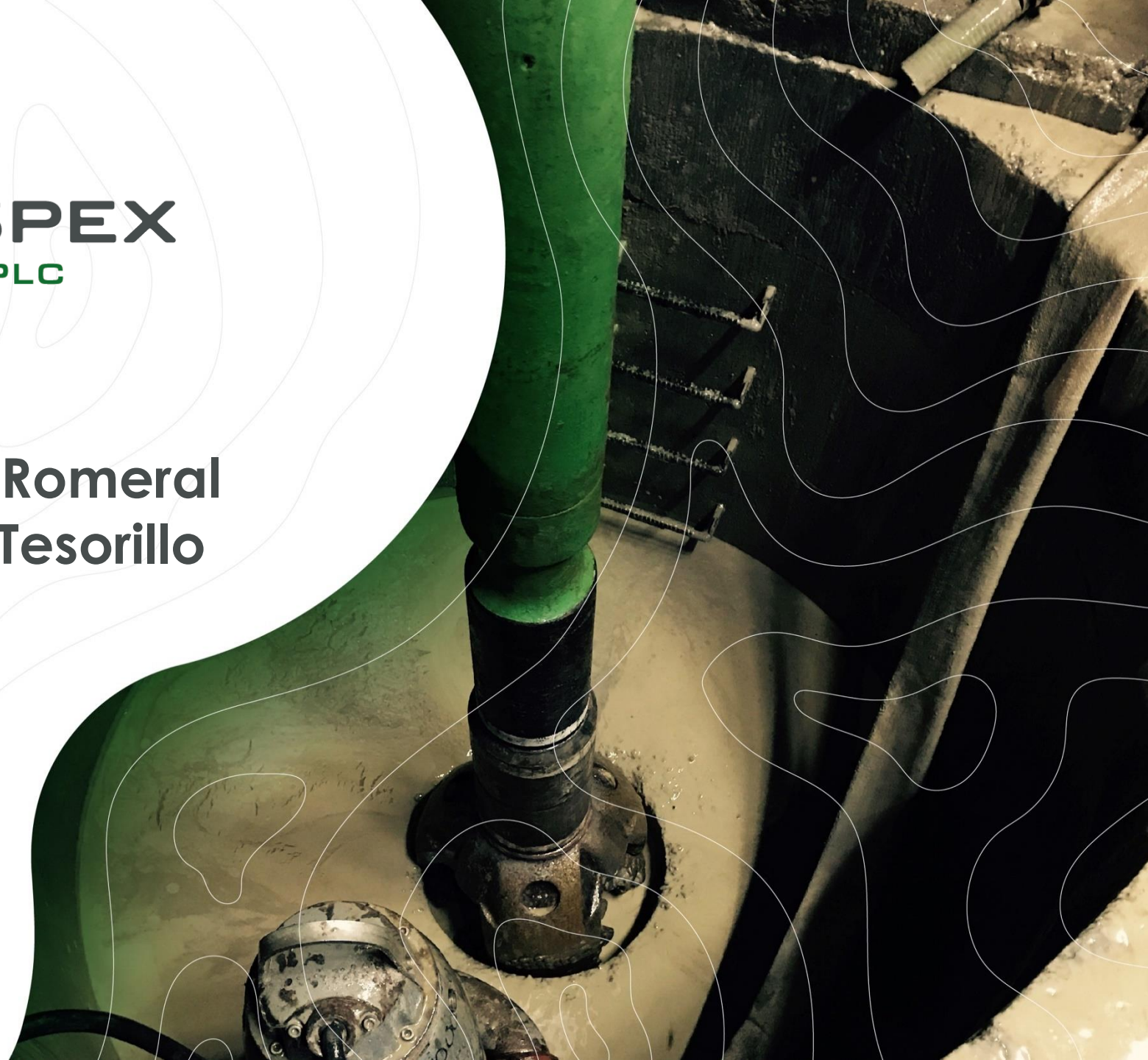
Italy: Near Term Gas Production

- ▶ Production Concession granted by the Regulator
- ▶ 12-month environmental baselines for seismicity before gas production commences to complete in February 2023
- ▶ Expecting first gas production in early Q2 2023



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**Spain - El Romeral
& Tesorillo**



El Romeral Power Plant - Carmona

Prospex owns 49.9% of El Romeral (50.1% : Warrego)



El Romeral is one of only three onshore gas deposits currently producing in Spain (El Romeral, Marismas and Viura)



El Romeral power plant



El Romeral power plant turbine hall



El Romeral power plant ariel view



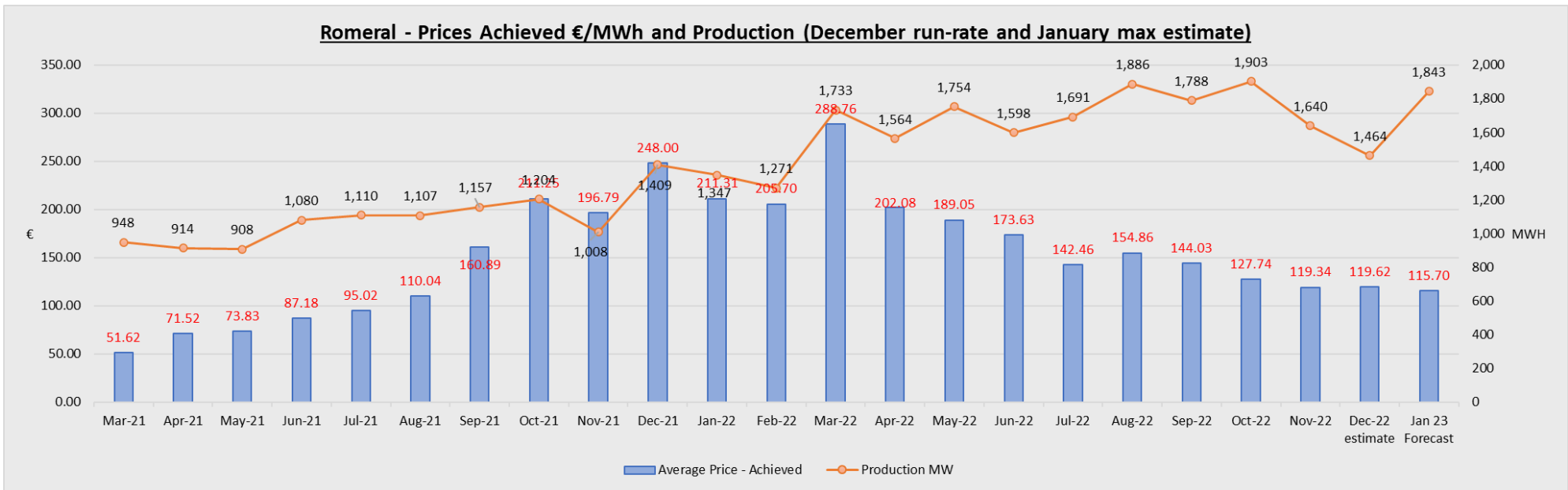
El Romeral power plant

El Romeral Production History

Prospex owns 49.9% of El Romeral (50.1% : Warrego)



- El Romeral plant has been in production since 2002 – first well was drilled in 1983
- All the produced gas is converted to electricity at the power plant and sold daily on the spot market
- Production and prices achieved have grown since acquisition in March 2021
- We invoked 24/7 operations in April 2022 following system upgrade and reservoir modelling projects
- Now averaging ≈€120/MWhr
- Gas price cap invoked in Spain from June 2022 – knock-on effect to electricity prices

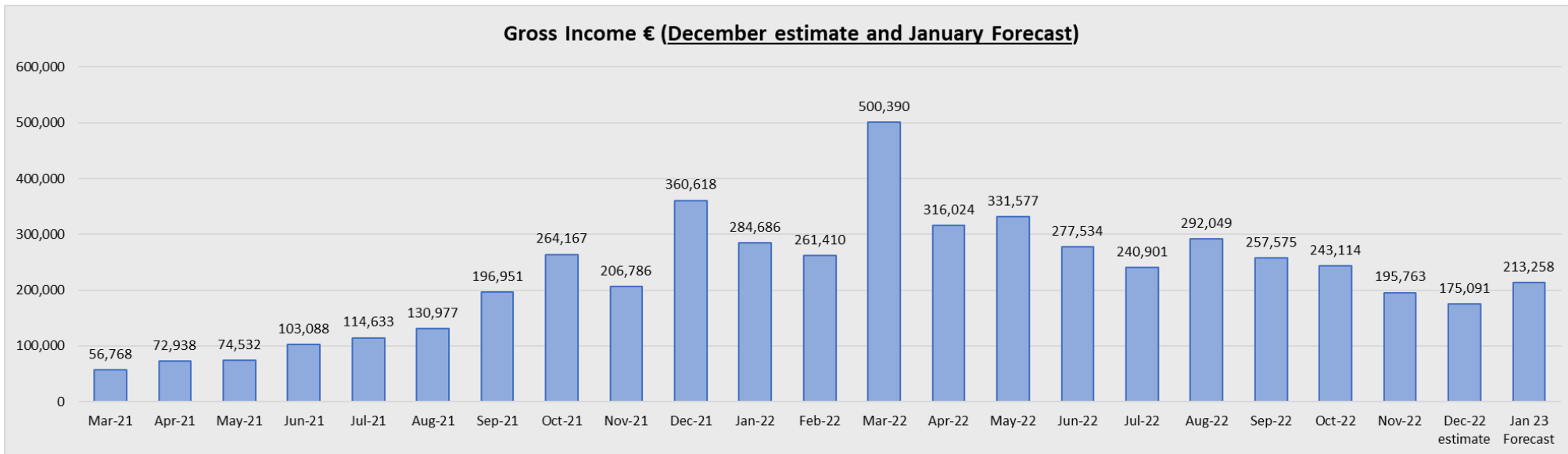


El Romeral Gross Income



Prospex owns 49.9% of El Romeral (50.1% : Warrego)

- Income from the El Romeral power plant has been steadily increasing since acquisition
- In December 2021 and April 2022 Tarba repaid €589,577 of loans from its two shareholders plus accrued interest of €19,093 equalling a total of €608,670 - Prospex’s share of this was €303,726
- No cash calls from Tarba are scheduled in 2023 with all business development opportunities expected to be funded from income, grants or debt facilities



PRODUCTION & DEVELOPMENT PROJECT



HISTORY

- ▶ Since 1983, 7 wells drilled resulted in gas discoveries
- ▶ 5 went on production from 2002
- ▶ 2 proven undeveloped discoveries (PUDs)

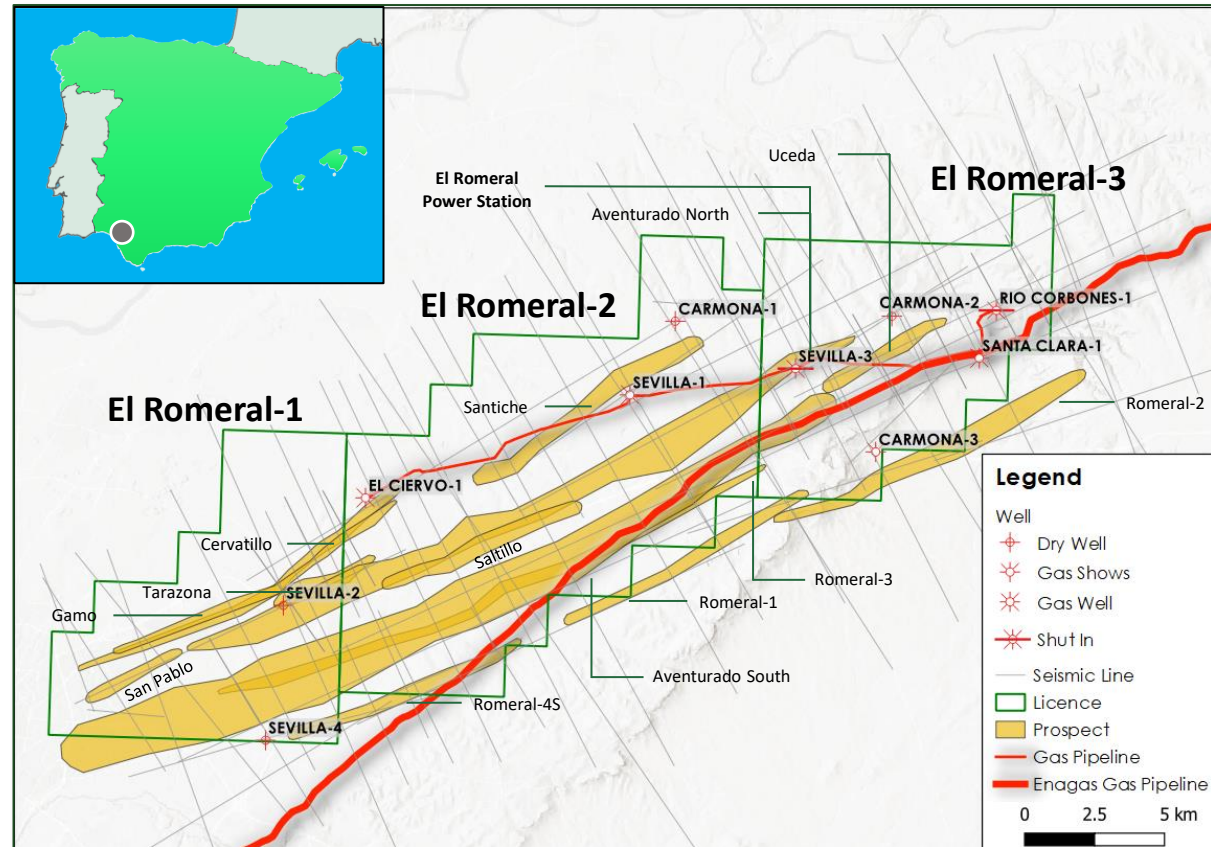
CURRENT

- ▶ Production from 2/3 wells
- ▶ Record-high electricity prices
- ▶ 26-inch ENAGAS pipeline traverses the three Romeral concessions
- ▶ El Romeral power station, successfully upgraded to work 24/7

UPCOMING

- ▶ 11 very low risk prospects targeting 90 Bcf* (Best estimate prospective resources)
- ▶ EIA initiation document for the campaign has been submitted and its review period is coming to an end
- ▶ Expecting update from the regulator in the coming months
- ▶ Rig will be mobilised to drill the first five wells as soon as the permits to drill are granted
- ▶ Two wells with production of 25,000 scm/d will take the plant to 100% utilisation

Prospect owns 49.9% of El Romeral (50.1% : Warrego Energy)



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

El Romeral – ESG and Business Development Opportunities

Activity

- Environmental Initiation document submitted for 18 new infill well locations
- Project Apollo - Solar panels installed on power plant roof (payback in 4 years)
- Authorisation for drilling consent on receipt of environmental approvals – 5 wells
- Infill well drilling – 5 wells planned
- Well completions, pipelines & tie-backs
- Project Helios - photo-voltaic panels on adjacent land (cost est. €3.5m- €4.5m)
- El Romeral pipeline connection to 26" Enagas pipeline network
- Gas Storage Opportunity existing non-producing wells

Timings

Q2 2021

Q3 2022

Q3/4 2023

Q4 2023 – Q1 2024

Q2 2024

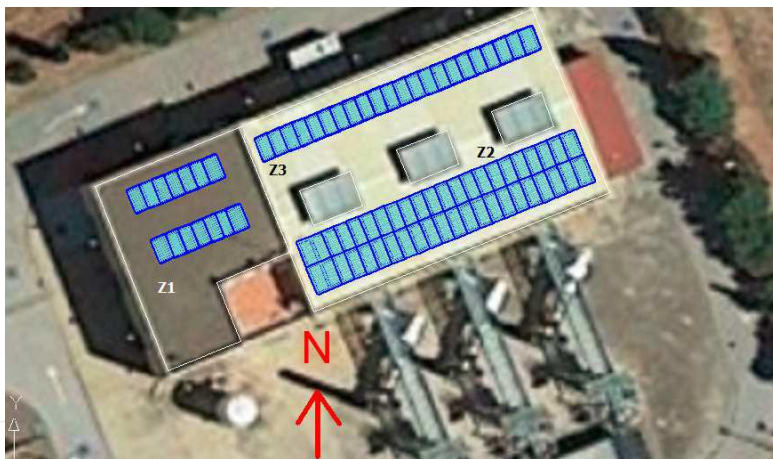
Q4 2022 - 2023

2023 – 2024

2024 - 2025

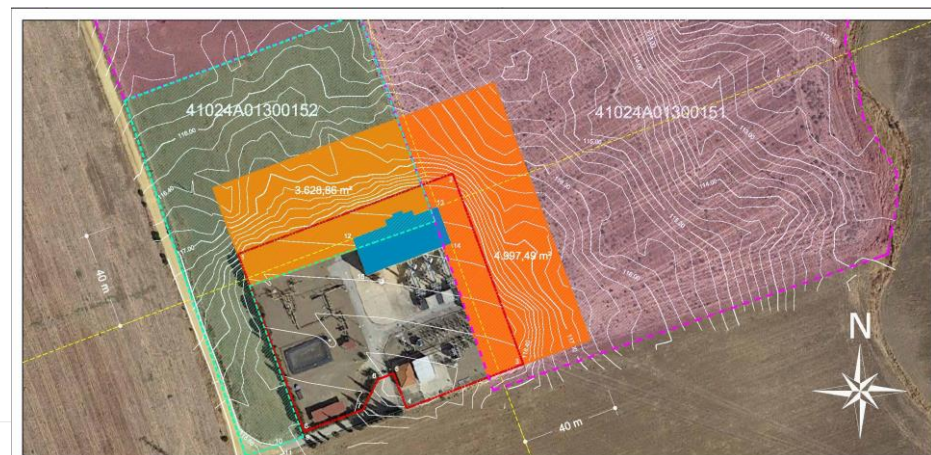
*Timings post Q4 2022 are indicative

Project Apollo - Solar Panels on the Roof



Prospect Energy – January 2023

Project Helios – Solar Panels on Land Adjacent to the Plant



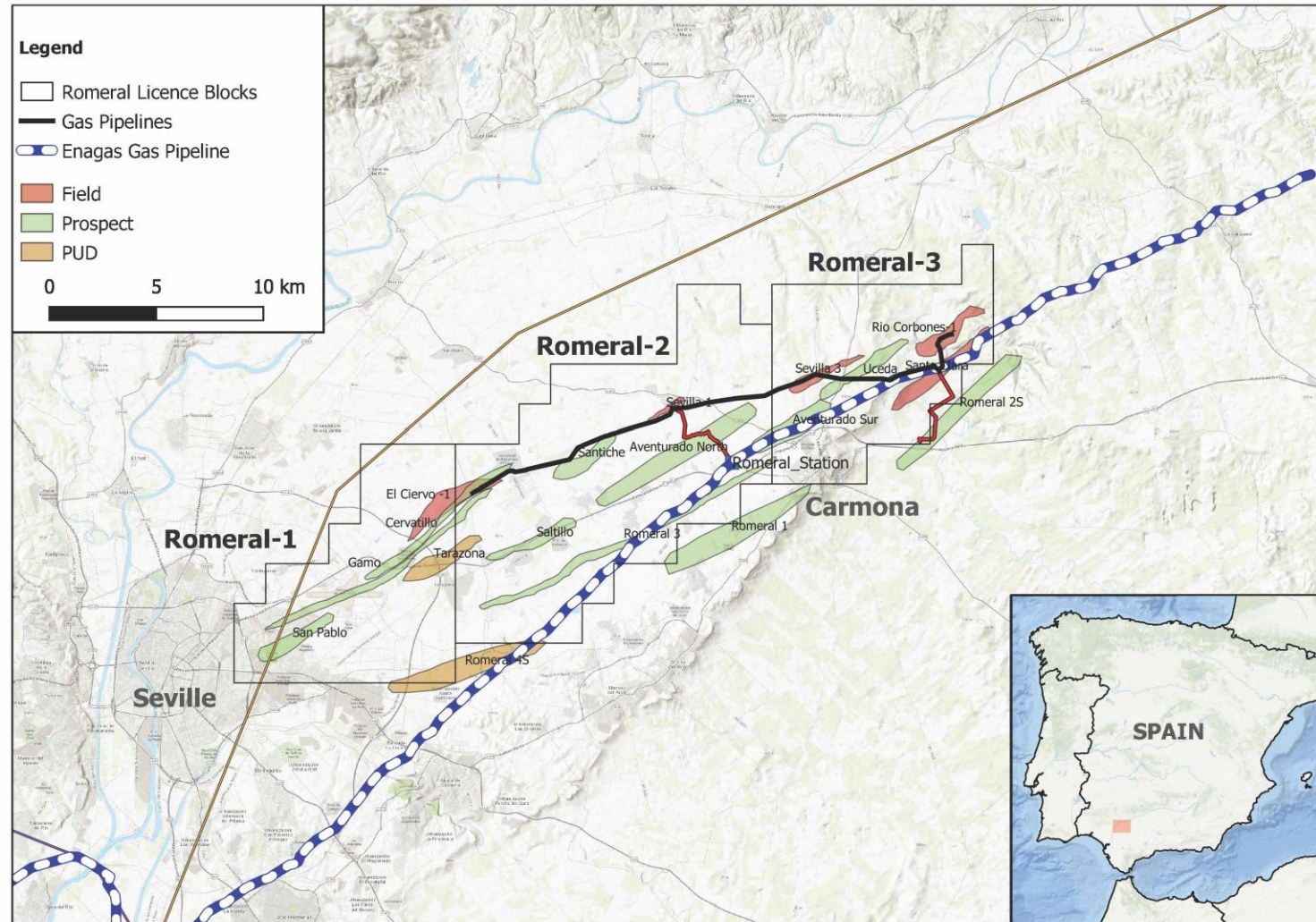
Sources:- PXEN Estimates, contractor quotes

Potential El Romeral Grid Connection to 26" Enagas Gas Pipeline

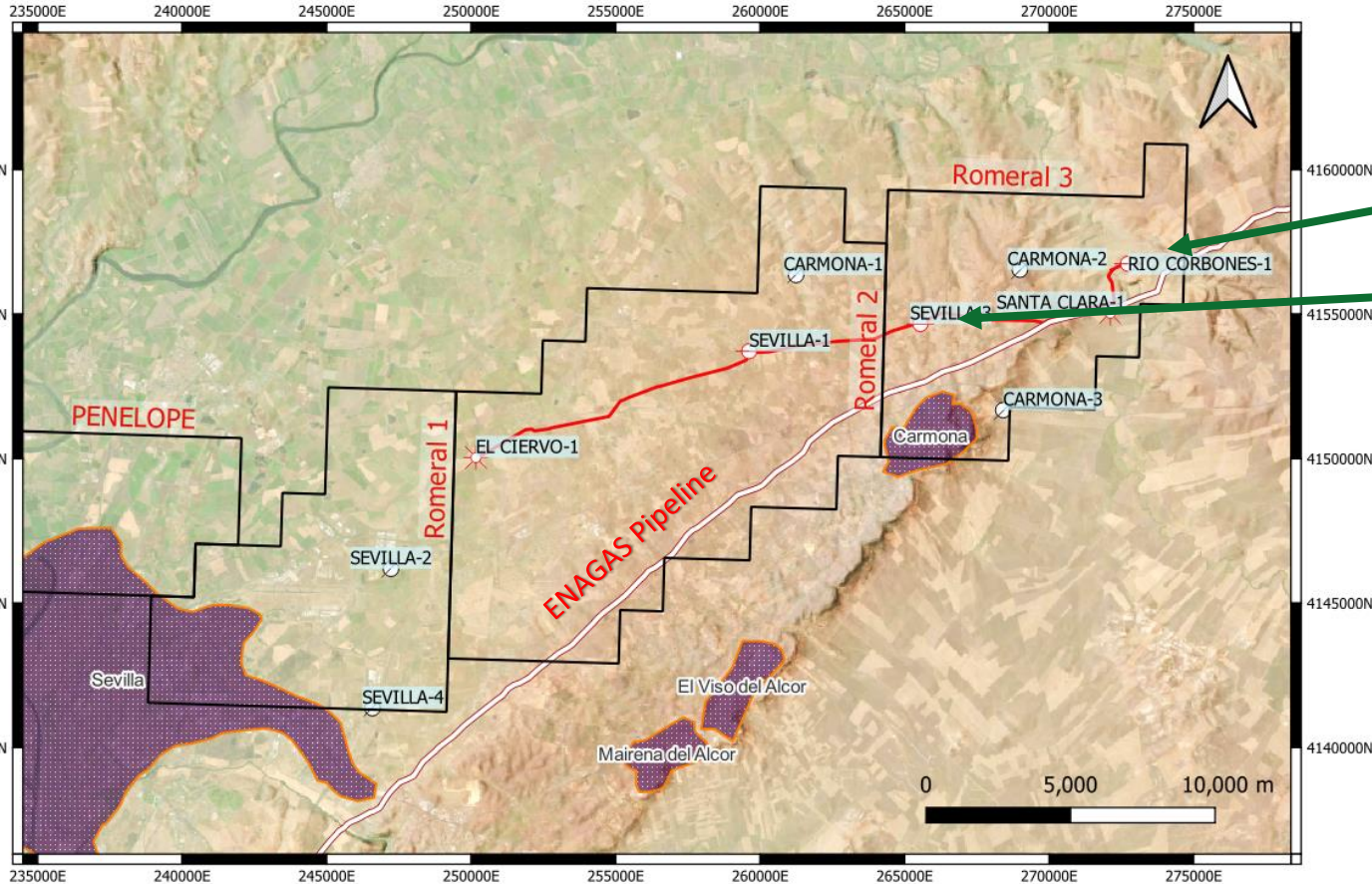
El Romeral local pipeline network could be tied-in to the 26" Enagas pipeline which traverses the three Romeral concessions

A 5.8km 6-inch pipeline would connect the plant to the nearest connection point

Future gas purchase agreement to offtake gas from Enagas and increase generation capacity at the power plant



Potential for shut-in El Romeral wells for Gas Storage



Gas Storage shut-in well candidates:

- Rio Corbones-1
- Sevilla-3

Following the connection of the Tarba pipeline network to the 26" Enagas pipeline the Rio Corbones-1 and Sevilla-3 structures could be used as gas storage reservoirs

EL ROMERAL: GAS READY FOR DEVELOPMENT

Prospex owns 49.9% of El Romeral (50.1% : Warrego Energy)

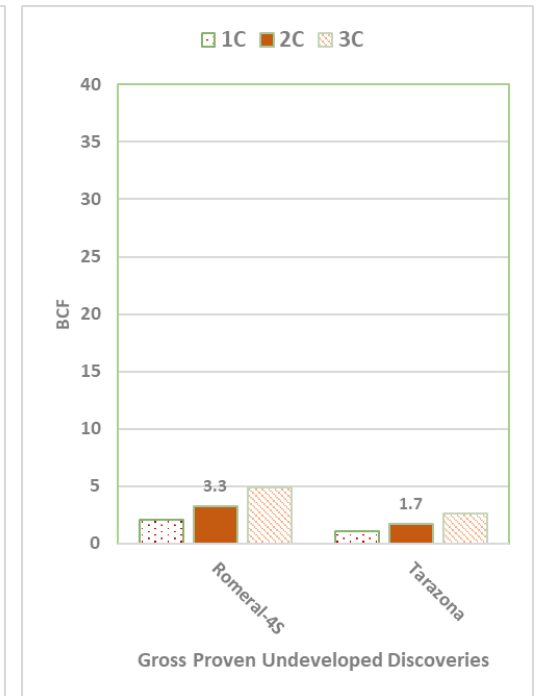
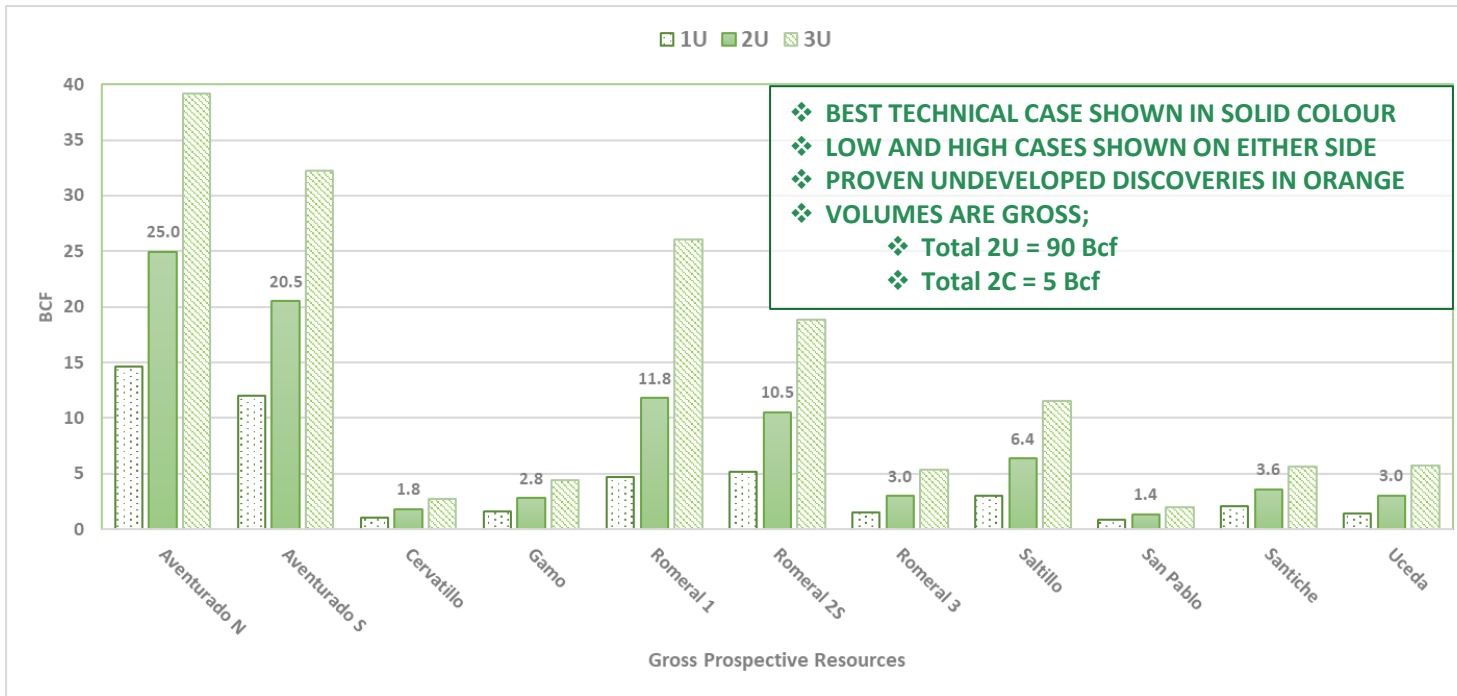


**11 LOW-RISK PROSPECTS
CERTIFIED BY CPR***

**2 UNDEVELOPED DISCOVERIES
FROM THE 1980s**

**FULLY-OWNED
LOCAL PIPELINE NETWORK**

**CAPACITY AT PLANT
FOR MORE GAS**



These volumes will be updated on completion of the re-interpretation of the reprocessed 2D seismic
New structures may also be identified

Tesorillo Permit Map

Prospex owns 15% of Tesorillo (Warrego 85%)
Prospex option to increase to 49.9%



The Tesorillo Exploration Permit is currently suspended
Application to convert to a Exploitation Concession submitted in May 2021

1. Low Risk Exploration

1956 Almarchal-1 well logged 212m of net gas pay
Multiple DST's flowed gas to surface*

2. Large defined structure

Operated by Tarba (85% WGO : 15% PXEN) PXEN
option to increase to 49.9% for €1,725,000 ahead of
drilling a well

3. Certified Resource Validation

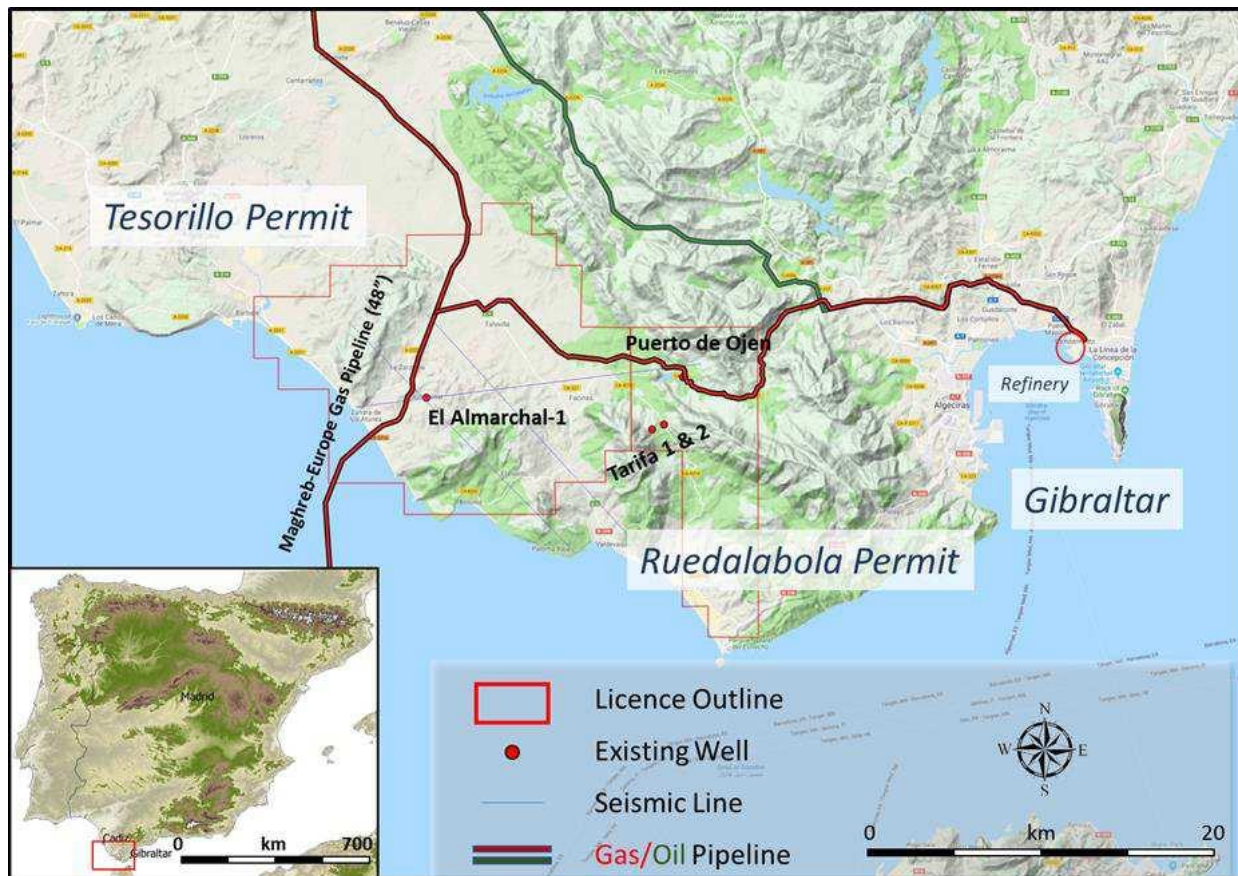
Tesorillo holds independently certified NSAI Gross
Prospective Lo/Best/Hi Resource of 219/831/2,288
Bcf*

4. Pipeline access close

Close to infrastructure for easy gas monetisation,
48" Maghreb to Europe gas pipeline with excess
capacity 3km from well location

5. Licence Activity

Well designed and location agreed - Q4 2021
Environmental Impact Assessment Initiation
Document for Tesorillo-1 well submitted - Q4 2021,
awaiting feedback from Regulator to start EIA



Source:- *Netherland, Sewell and Associates Independent Best Estimate Prospective Resource Assessment – 5 May 2015



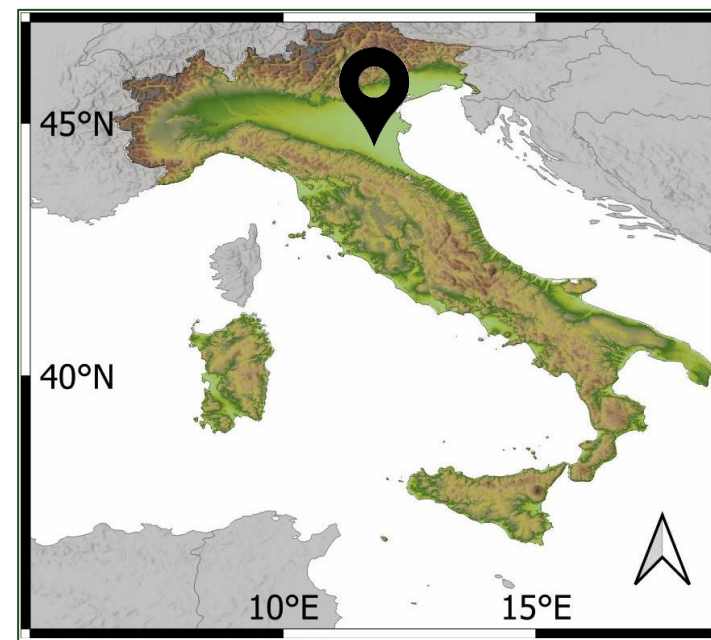
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Italy - Selva Malvezzi



PROVEN GAS RESERVES

- ▶ Selva Malvezzi is an approved production concession with an area of 81 km²
- ▶ PXEN farmed-in to 17% in October 2017
- ▶ Podere Maiar (PM-1) discovery well drilled in December 2017
- ▶ Well tested gas to surface in January 2018 from 2 intervals – now suspended and awaiting production
- ▶ In April 2022, completed acquisition of UOG’s 20% working Interest in Selva, bringing PXEN interest to 37%
- ▶ Multiple follow-up prospects exist within the permit, some at very low geological risk
- ▶ Three drilling targets being prepared for the environmental and drilling permitting process, Selva North, Selva South and Selva East
- ▶ 4-inch pipeline laid to connect the well to the gas grid



2019 CGG CPR categories*	Selva Malvezzi (Bcf) - Gross	Net to PXEN (Bcf @ 37%)
Reserves (2P)	13.4	5.0
Contingent Resources (2C)	14.1	5.2
Prospective Resources (Best Estimate)	88.2	32.6

STEPS TO PRODUCTION

ON TARGET TO START PRODUCTION IN Q2 2023

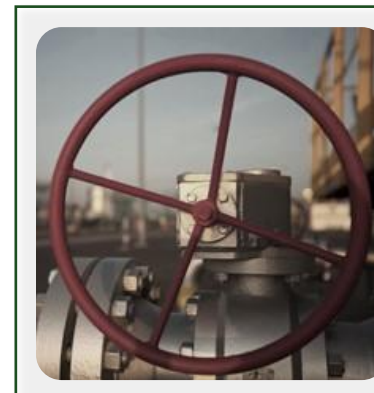
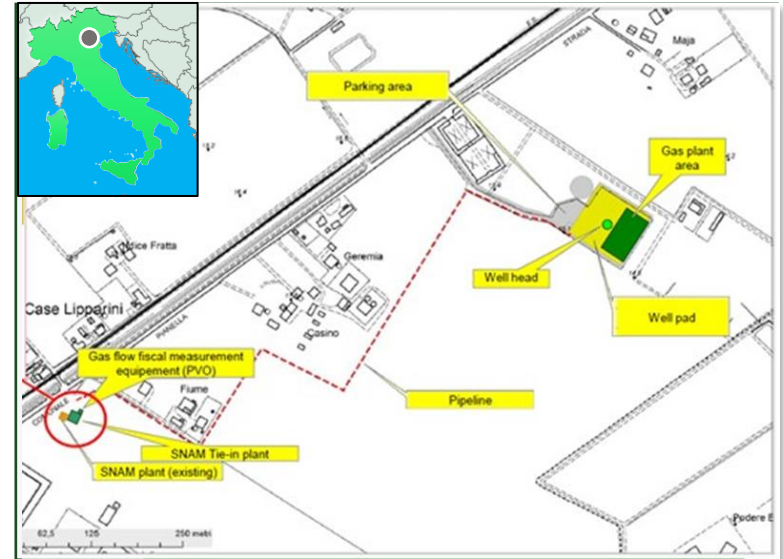
- ▶ Preliminary production concession, **approved Feb 2019**
- ▶ Technical environmental approval, **approved Jan 2020 & Nov 2020**
- ▶ Environment Minister Decree, **approved April 2021**
- ▶ INTESA (Intergovernmental agreement), **granted Q2 2022**
- ▶ Final Production concession, **granted by the Ministry July 2022**
- ▶ Installation of fully automated gas plant and installation of <1 km pipeline connecting the well to the grid, **commenced November 2022**

STRONG FLOW RATE

- ▶ C1 and C2 sands tested >150,000 scm/day in test (5.3 MMscfd)
- ▶ Plant being designed to handle 150,000 scm/day (5.3 MMscfd)
- ▶ Pipeline can handle up to 250,000 scm/day
- ▶ Budget based on 100,000 scm/day (3.5 MMscfd)

ITALIAN PROJECT – CATALYST TO RERATING

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



Ministerial approval for the Production Concession approved in July 2022

Production Expected in early Q2 2023

Working interest increased to PXEN 37%

Italy – Podere Gallina Licence Selva Field timeline



Prospect owns 37% of the Podere Gallina licence in the Po Valley Italy which contains the Selva field

Activity	Timing*
• Environmental Impact Assessment approvals	Q1 2021
• Executed grid tie-in contract with SNAM	Q4 2021
• Environmental monitoring boreholes drilled and seismographs installed	Q4 2021/Q1 2022
• 'Intesa' sent by MiTE ¹ to the Emilia Romagna Regional government	Q1 2022
• 'Intesa' released by Emilia Romagna Region	Q2 2022
• 12-month seismic environmental monitoring & wells	Q2 2022 – Q2 2023
• Production Concession approval	Q3 2022
• Selva 37% development activity & costs	Q2 2022 – Q1 2023
• 4-inch 800m pipeline installation and grid connection	Q4 2022 – Q1 2023
• Selva first gas	Q2 2023
• Further drilling on the concession North, South & East Selva ²	2024

1. 'MiTE' is the Ministry for Ecological Transition now called Ministry of Environment and Energy Security
2. Net Prospective Resources Lo/Best/Hi 10.8/12.9/15.0 bcf (Source: CGG Services (UK) Limited CPR July-2022)

*Timings post Q4 2022 are indicative

Italy - Selva Field Economics (37% WI) @ €0.2/scm flat



For 37% WI

Post tax NPV10 = €5.43M¹

Cumulative net cash flow = €12.6M¹

Based on:-

Net 2P CPR reserves 140 MMscm (5 bcf)²

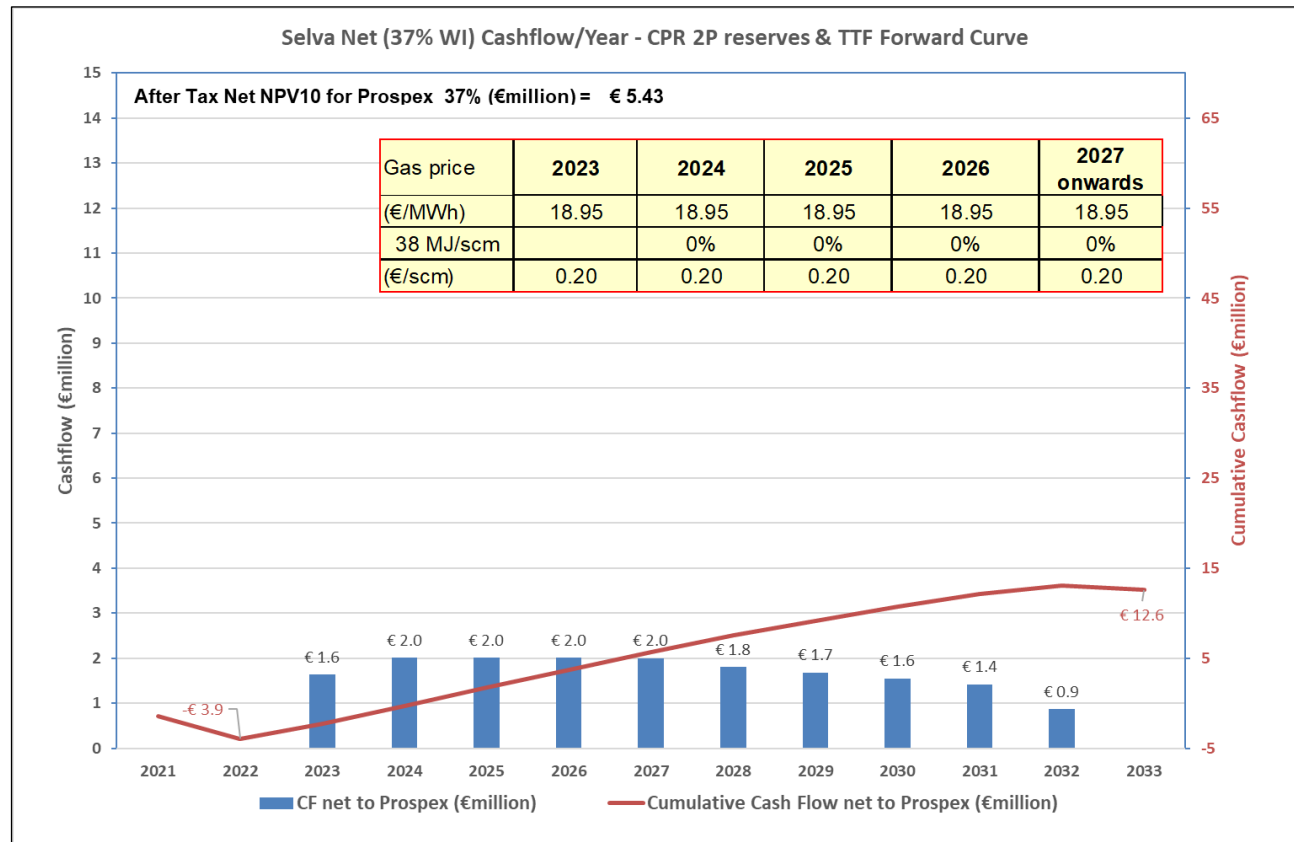
Gas price €0.2/scm flat from Jan-2019
CPR (≈€19/MW hr ≈50p/therm)²

Net Capex €2.352M¹ (including
compression in year 5 and
decommissioning in year 11)

Calorific value² of gas from the field is
assumed to be 38 MJ/scm

Net Opex average €0.226M/year¹

Net Decomm. €0.511M²



Sources:-

1. PXEN Economic Model Jan 2023
2. CPR - CGG Services (UK) Limited – July-2022

Italy - Selva Field Economics (37% WI) @ TTF Forward Curve



For 37% WI

Post tax NPV10 = €30.55M¹

Cumulative net cash flow = €41.8M¹

Based on:-

Net 2P CPR reserves 140 MMscm (5 bcf)²

Gas price TTF forward curve³

2023 = €0.8/scm (≈75.3/MWhr
≈195p/therm)

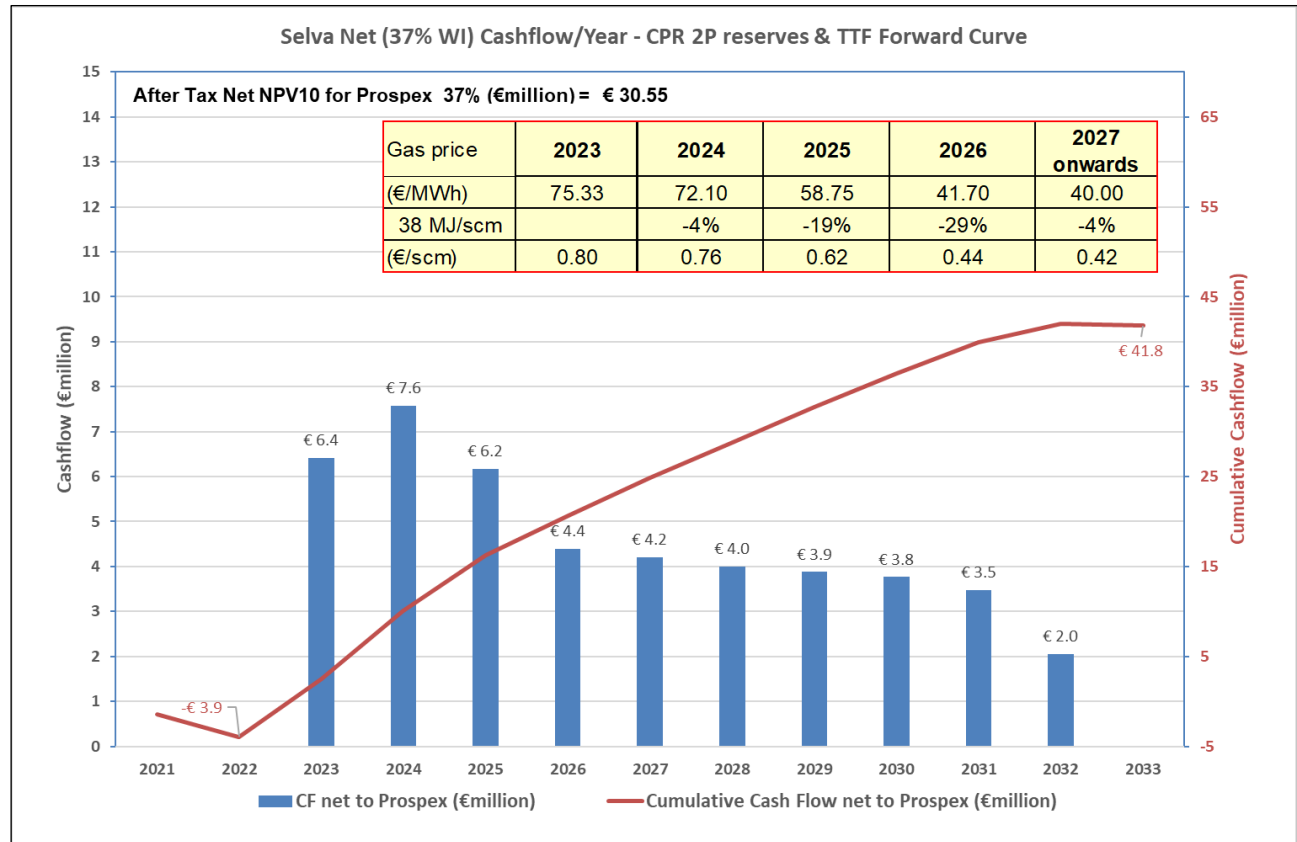
2024 = €0.76/scm (≈€72.1/MWhr
≈185p/therm) declining at 20-30% per
annum thereafter

Net Capex €2.352M¹ (including
compression in year 5 and
decommissioning in year 11)

Calorific value² of gas from the field is
assumed to be 38 MJ/scm

Net Opex average €0.226M/year¹

Net Decomm. €0.511M²



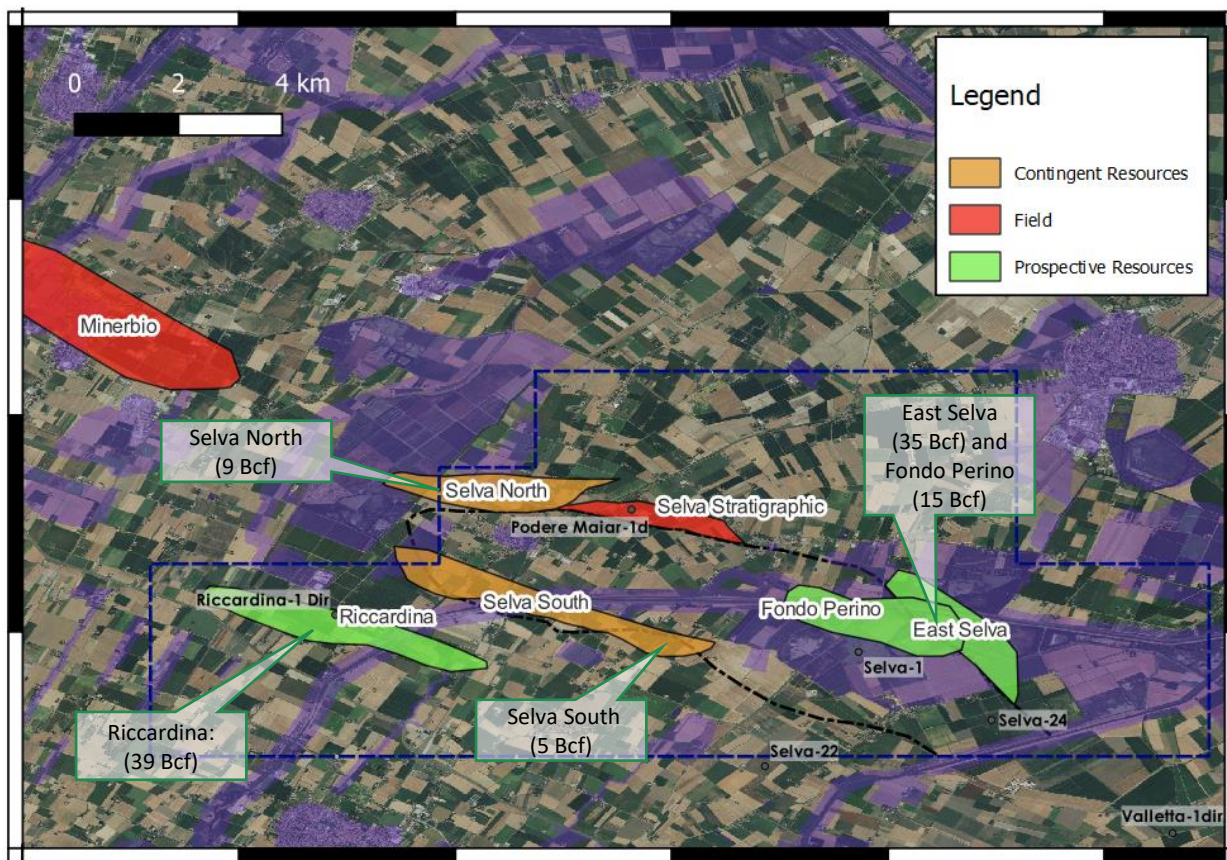
Sources:-

1. PXEN Economic Model Jan 2023
2. CPR - CGG Services (UK) Limited – July-2022
3. ICE TTF <https://www.theice.com/products/27996665/Dutch-TTF-Gas-Futures/data?marketId=5360399>

SELVA MALVEZZI UPSIDE

Low-risk follow-up targets

- ▶ **Selva North** and **Selva South** are stratigraphic pinch-outs in the same style as the **Podere Maiar** discovery, supported from interpretation of old Selva Wells
- ▶ Following the success of **Podere Maiar**, they are upgraded to Contingent Resources by the CGG CPR^[1] with combined 1C/2C/3C of 5/14/31 Bcf (Net 2/5/11 Bcf)
- ▶ **East Selva** is an attractive target, at the same interval as **Podere Maiar**, but separated by a structural saddle. **East Selva** has Lo/Best/Hi Gross Prospective Resources of 29/35/41 Bcf (Net 11/13/15 Bcf). The dotted black line shows the mapped onlap of the reservoir (Pleistocene C) against the fold and can be followed from **Selva** to **East Selva**
- ▶ **Riccardina** is deeper, but also attractive at Lo/Best/Hi Gross Prospective Resources of 13/39/129 Bcf (Net 5/14/48 Bcf) but is considered higher risk
- ▶ The **purple** shading shows protected areas under the PiTESAI (no drilling)
- ▶ Surface well locations and subsurface targets identified for three new wells to be drilled on the concession
- ▶ The environmental and drilling permitting process has commenced for **Selva North**, **Selva South** and **Selva East**



*Volumes are rounded to the nearest Bcf



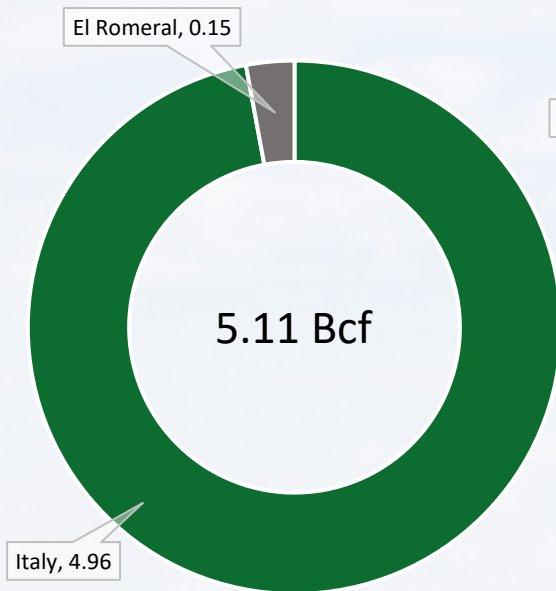
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Investment Case

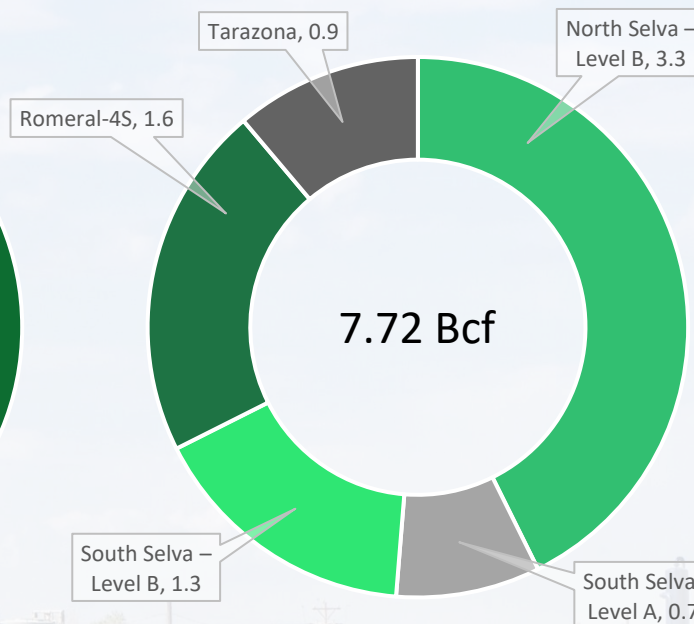


RESERVES AND RESOURCES (Bcf)

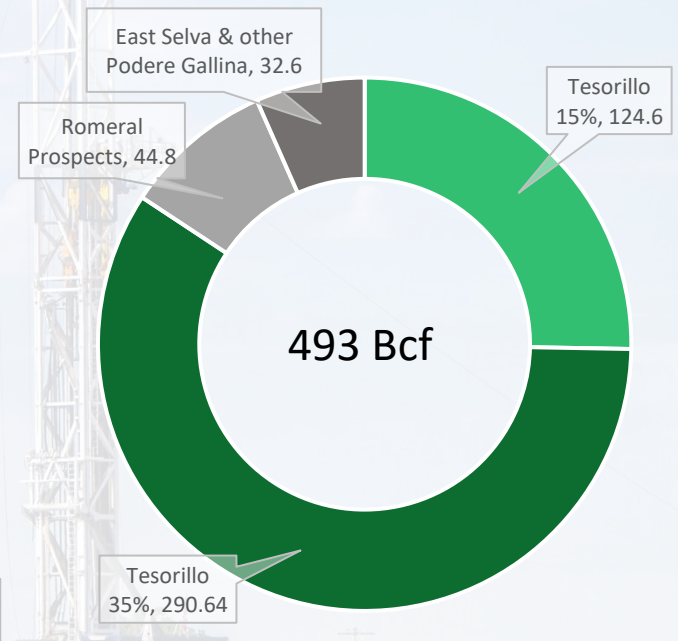
Net 2P Reserves



Net 2C Contingent Resources



Net Best Estimate Prospective Resources



SUMMARY

Investment case:



- ▶ Secured reserves/commercial revenue generation in 2021
- ▶ Rising share price in response to commodity prices and full funding to first gas, still trading at discount to recent analyst^[1] target price
- ▶ Huge potential NPV uplift from exploration projects

Unlocking shareholder value:



- ▶ Diversified portfolio assembled
- ▶ Risk managed
- ▶ Multiple routes to significant shareholder value growth

European focused:



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

Strong management:



- ▶ Highly experienced team of technically led professionals
- ▶ CEO's proven track record of growing companies with more than 40 years in the oil & gas industry
- ▶ Strong Board with independent representation



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**Appendix
The Team
Outlook & Objectives**



THE TEAM



Mark Routh

CEO & Managing Director

Mark is a Petroleum Engineer with more than 40 years of experience in the oil & gas industry. He has an MSc in Petroleum Engineering. He spent eight years as CEO/Chairman of AIM listed IOG plc. Founded CH4 Energy in 2002, which was focused on gas in NW Europe – sold for £152m after four years. Prior to CH4 Mark spent ten years with Hess, six years with BP and five years with Schlumberger in Southeast Asia and the North Sea.

Carlos Venturini

Exploration Manager

Petroleum geoscientist (BSc) with an MSc in structural geology and near 40 years experience in G&G, interpretation and prospect generation gained with Schlumberger, ENI, Siperol, and from his own Libya-based consultancy working for Petrobras, GDF, OMV amongst others. He has worked in more than 30 basins, and 3 continents and 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 Pacific Bay Minerals, a TSXV listed company 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

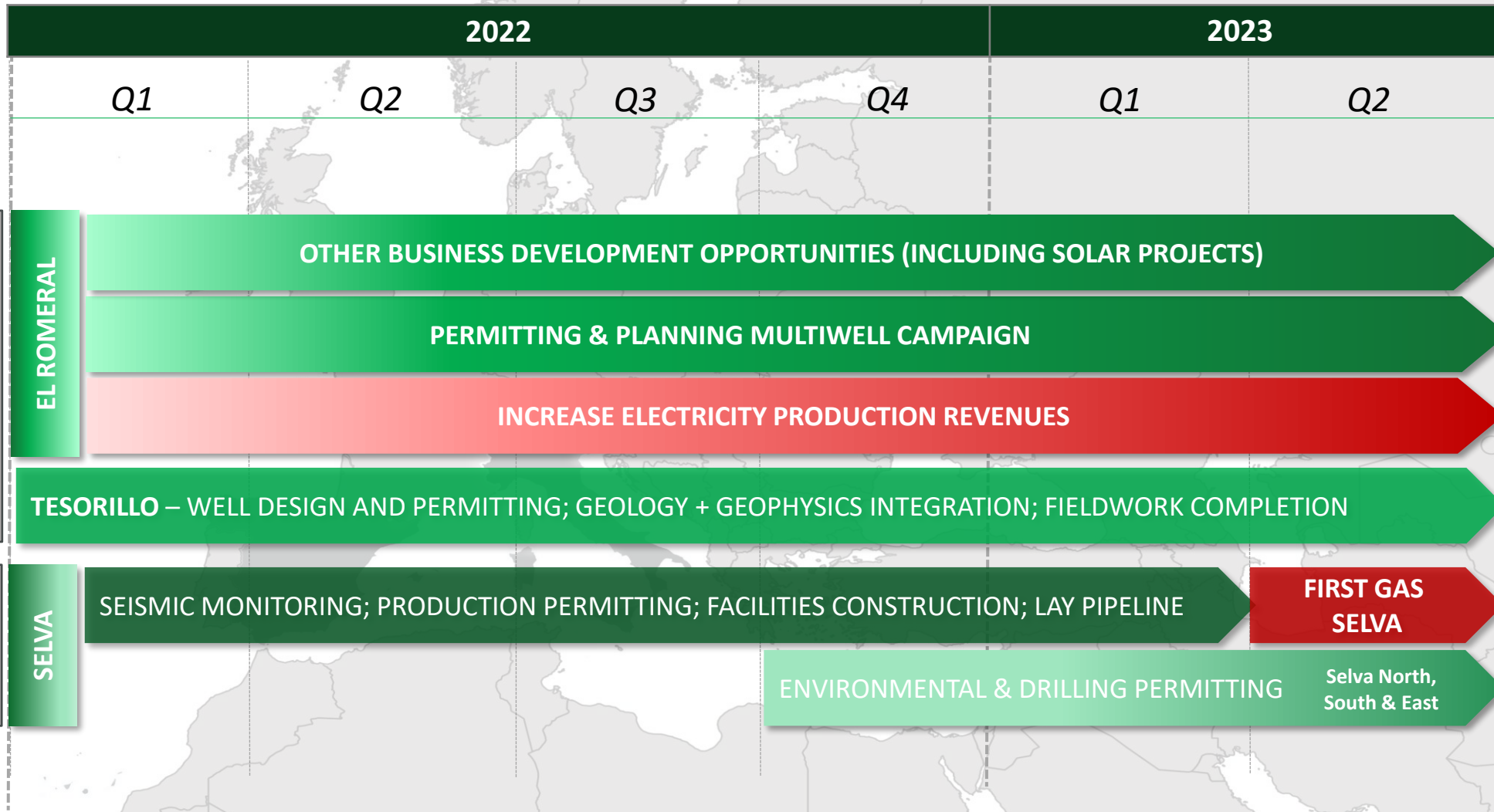
Richard is a solicitor in Scotland and has extensive industry, commercial and legal experience. He is VP and General Counsel at Canadian Overseas Petroleum Limited (TSX and FTSE) and has leadership and senior management experience of other LSE listed companies, including DEO Petroleum plc and Oilexco 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.

Alasdair Buchanan

Independent Non-Executive Director

Alasdair has a BSc in Chemical Engineering and over 40 years of experience in the upstream oil and gas sector. Most recently he was Global Energy Director at Lloyds Register and was COO and a director of Senergy Group plc. Alasdair was a non-executive director of Warrego Energy from 2012-2019 prior to its public listing on the ASX. Alasdair worked for Halliburton for three years in Aberdeen and Texas, most recently as Vice President UK and worked for BJ Services for 28 years both in the UK and internationally.

OUTLOOK FOR 2022-2023



SELVA GAS PIPELINE ROUTE



SEISMIC REPROCESSING



Full reprocessing of El Romeral 2D Seismic using modern, broad bandwidth processing flow and new methods for noise attenuation



Resulted in a significant uplift of imaging quality



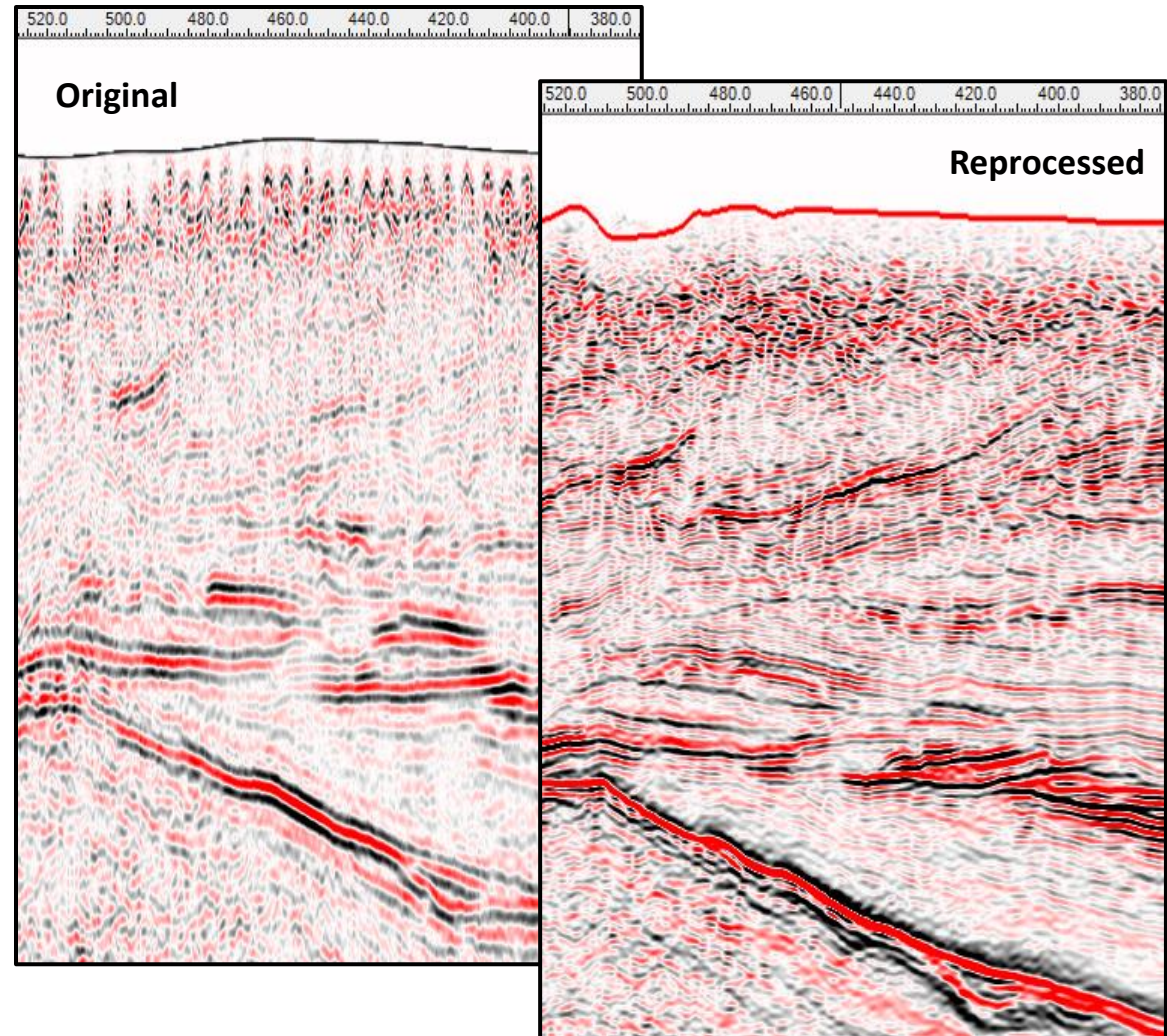
Project was delivered on time and in budget



Re-interpretation has started with an aim of refining the drilling sequence, de-risking prospects and in some cases, revealing new prospectivity



AVO products included in the reprocessing, as they have been instrumental in revealing prospectivity in the past



Outstanding debt

There are three outstanding Loan Note instruments:-

- 2021 Loan Notes £214,454. Two out of three equal repayments of £107,227 remaining on 30-Jun-2023 and 31-Dec-2023. (12% interest is due every six months – 30 June and 31 December.)
- July 2022 Convertible Loan Notes £1,891,974, convertible into PXEN shares at 4.25p. Unless converted, Loan Notes are repayable in three equal instalments on 30-Sep-2023, 31-Dec-2023 and 30-Mar-2024. (12% interest is due quarterly on 30 March, 30 June, 30 September and 31 December.)
- September 2022 Convertible Loan Notes £505,461, convertible into PXEN shares at 5.5p. Unless converted, Loan Notes are repayable in three equal instalments on 30-Sep-2023, 31-Dec-2023 and 30-Mar-2024. (15% interest is due quarterly on 30 March, 30 June, 30 September and 31 December.)

Total Debt (unless converted) = £2,611,889

PXEN Shares issued	278,847,512	
Name	Shares in Issue	%
Colin Wilson	20,073,557	7.20%
Aidan O'Hara	17,725,000	6.36%
Simon Chantler	14,158,029	5.08%
James & Olga Simmons	14,000,000	5.02%
James Smith	9,874,483	3.54%
Bill Smith*	6,447,517	2.31%
Alasdair Buchanan*	3,428,571	1.23%
Richard Mays*	2,744,076	0.98%
Mark Routh*	1,428,571	0.51%
	89,879,804	32.23%
Remainder	188,967,708	67.77%

* Director

Options

- Management hold 11,497,297 options representing 4.12% of issued share capital
- Strike prices at 4p, 5p, 8.15p and 75p

Warrants

- There are 666,684 remaining warrants at 3p per share which were issued as part of the March 2021 fund raise – would generate £20,000



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Thank you

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