

The information contained within this announcement is deemed by the Company to constitute inside information pursuant to Article 7 of EU Regulation 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

Prospex Energy Plc / Index: AIM / Epic: PXEN / Sector: Energy

19 September 2024

**Prospex Energy Plc
(‘Prospex’ or the ‘Company’)
Half Year Report**

Prospex Energy Plc, the AIM quoted investment company, is pleased to announce its unaudited Interim Results for the six months ended 30 June 2024.

Corporate and Operational Overview:

- The Company’s investment portfolio projects continued to operate on a fully self-funded basis.
- No serious Health and Safety incidents or environmental issues across both its operations in Italy and Spain.
- Annulment of Italy’s Plan of Areas, which had previously limited the extent of hydrocarbon prospecting, exploration and production in Italy, signals a commitment to promote and enable more domestic gas production.
- Actively advancing the permitting of 5 new wells on the El Romeral concessions in order to bring the utilised electricity production capacity of the gas-to-power plant to 100% (currently at 33%).

Post period

- Acquisition of 7.2365% in the Viura gas field in northern Spain (“Viura”), its third onshore producing and revenue generating well.
- Successful fundraise of approximately £4.2m via the issue of 69,955,393 new shares at 6p each. The funds raised were used to acquire 7.5% of HEYCO Energy Iberia S.L. (“HEI”) which has majority ownership in the Viura gas field in northern Spain.
 - Prospex is funding 15% of the cost of the development programme to earn 7.5% of HEI. The Company will earn a 10% coupon on its capital investment and will be repaid its capital investment from 15% of the HEI production income (after OPEX and taxes), until payback at which point Prospex’s share of net income reverts to 7.5%.
- Ten-year extension of the natural gas exploitation concessions at “El Romeral 1, 2 and 3” to July 2034.
- 12-month extension to Selva Malvezzi’s gas supply contract with BP Gas Marketing Ltd.

Financial Overview

- All interest-bearing debt outstanding plus accrued interest has been repaid.
- Well positioned for growth, cash generative with no debt.
- The Company reports a £275,120 loss after taxation from continuing operations for the six-months ended 30 June 2024 (H1 2023 loss: £888,473).
- This includes a £nil unrealised gain/loss on revaluation of financial assets at fair value (H1 2023 unrealised loss: £489,037).
- The valuation undertaken at 30 June 2024 resulted in no change in the net book value of investments. Forward gas prices and exchange rates at 30 June 2024 were taken into consideration as well as gas produced from the assets in reaching this conclusion.
- Loan capital repayments in the period were £168,487 and interest payments were £6,753. All debt finance and interest accrued from the Convertible Loan Notes issued in September 2022 was settled from accumulated cash within the Company during the reporting period. No further debt-finance has been raised subsequently.
- At 30 June 2024, the Company held cash and cash equivalents of £10,991 (30 June 2023: £395,202). Prospex's net share of Cash and cash equivalents held in Euros in its non-consolidated investment and joint venture companies amounted to €794,762.
- The bulk of the decrease in trade and other receivables of £505,890 comprises debt repayments to the Company by its investment vehicles on investment loans made during the exploration and development phases of its projects.
- The Company and its investment vehicles are expected to have sufficient funds to meet existing commitments.

Mark Routh, CEO of Prospex, said:

"Firstly, I am pleased to be able to report that our operations both in Italy and in Spain have been executed this year with no serious Health and Safety incidents nor any reportable environmental issues, which is a credit to the operators in country.

"It has been a transitional period for Prospex, but one in which the Company consolidated its position as an onshore gas producer in two stable European countries, Italy and Spain. The Company now has no debts outstanding. Post period-end, the Company announced the acquisition of an interest in Viura, a producing gas field in Northern Spain thereby adding a third onshore gas producing asset to our portfolio. This acquisition delivers the next step of our growth strategy to increase the portfolio of onshore Europe producing gas assets.

"A development well is being drilled on Viura with two further development wells being planned next year to increase production even further. Applications have been submitted to permit five further wells on the El Romeral concessions in Andalucía southern Spain and preparations are in place to drill four more wells

on the Selva Malvezzi concession in the Po Valley in northern Italy following the acquisition of a short low-cost 3D seismic survey across the concession. Accordingly, in the Board's view, all three of Prospex's producing onshore gas investments have significant upside potential within the existing production concessions and I look forward to updating shareholders as we progress with the conversion of both our contingent and prospective resources on our three production concessions into proved developed producing reserves."

Operational Highlights

- The Company's investment vehicles continued to operate on a fully self-funded basis throughout the reporting period.

Selva Malvezzi

- Gas production operations continued at Podere-Maiar-1 well in Italy with gross production of 13,220,652 scm during the period. Gross gas sales in the period were €4,218,630, with €1,560,893 attributable to Prospex's working interest.
- In January 2024, after six months of strong gas production, PVO confirmed the optimum flow rate from the well should be set at 80,000 scm/d to ensure that there is no debris accumulation.
- Po Valley Energy, Prospex's joint venture partners confirm potential for a new seismic acquisition programme over the licence area following the successful reprocessing of the existing 2D seismic lines in the production concession. The new programme aims to optimise the drilling programmes of the identified contingent resources at Selva North, Selva South and the East Selva and Riccardina prospects.
- In June 2024, the Italian Ministry of Environment and Energy Security ("MASE") accepted the annulment of Italy's Plan of Areas which had previously limited the extent of hydrocarbon prospecting, exploration and production in Italy. This is an important sign of the current Government's commitment to promote and enable more domestic gas production to address the serious energy security challenges which Italy and more broadly Europe, are facing. It will also enable the Joint Venture owners of Selva Malvezzi to realise maximum value from its natural gas investments, whilst helping improve Italy's energy security.

El Romeral

- Electricity generation operations continued from natural gas produced from the El Romeral production concessions in Andalucía, southern Spain where the Company's investment is in the operator, Tarba Energía s.l. ("Tarba"). Income from electricity generated during the period was €398,000 gross of which €199,000 is attributed to Prospex's share. Revenues were impacted by low electricity prices in Spain with the high contribution of local renewable energy sources, including wind, solar and hydroelectricity power generation.

- The Company, together with its co-shareholder in Tarba, is actively advancing the permitting of 5 new wells on the El Romeral concessions in order to bring the utilised electricity production capacity of the gas-to-power plant to 100% (currently at 33%). Tarba also continues to evaluate the possibility of expanding the capability of the El Romeral assets to sell gas directly to the national grid, as well as expanded solar power generation.

Post period end:

- In July 2024 a ten-year extension, to July 2034, of the natural gas exploitation concessions "El Romeral 1, 2 and 3" was granted to Tarba by the Spanish regulatory authority.
- In August 2024 Po Valley Energy, on behalf of the Selva Malvezzi Joint Venture, signed a 12-month extension to the gas supply contract with BP Gas Marketing Ltd ("BPGM"). BPGM buys the gas produced from Selva Malvezzi at a premium to the quoted TTF gas price.
- At the end of August 2024, the Company completed the acquisition of 7.5% of HEYCO Energy Iberia S.L. ("HEI"), which has majority ownership in the Viura gas field in northern Spain, having raised, in aggregate, gross proceeds of approximately £4.2 million. By committing to fund 15% of the 2024-2026 HEI development programme, Prospex now owns 7.5% of HEI which translates to a Prospex ownership of 7.2365% in the Viura concession.
- Prospex is funding 15% of the cost of the Viura development programme to earn 7.5% of HEI. The Company will not only earn a 10% coupon on its capital investment but will also be repaid its capital investment from 15% of the HEI production income (after OPEX and taxes), until payback at which point Prospex's share of net income reverts to 7.5%.

Business Development

The Company is actively evaluating a number of assets for potential investment. The assets under consideration are all onshore in Europe and include high impact exploration targets. The Company will keep shareholders updated as these projects come to fruition.

CHAIRMAN'S STATEMENT

Operational Report

The first six months of 2024 was a period of preparation for the further growth of the Company. The production income from both the Selva field in northern Italy and from the electricity generation at El Romeral in southern Spain laid the foundations for opportunities to increase the Company's investments in onshore European gas assets, culminating post period end in the acquisition of Prospex's third onshore producing gas asset in Viura, Northern Spain.

With reliable income streams from three onshore gas producing assets in Europe the Company is well

placed for further growth.

Financial Review

For the six months ended 30 June 2024, the Company is reporting a net loss after taxation from continuing operations of £275,120 (H1 2023: loss - £888,473). Included in this is an unrealised loss of £nil arising on revaluation of financial assets at fair value (H1 2023: loss - £489,037).

A valuation as at 30 June 2024 resulted in no change in the carrying value of the Company's investments. The principal asset of the Company at the reporting date was its shares in its subsidiary PXOG Marshall Limited in which the producing assets in the Selva Malvezzi concession in Italy are held. In addition to the 13,220,652 scm produced gas in the period from the asset, the valuation takes into account the impact of changes in the forward curve of European gas prices and the EUR:GBP exchange rate at 30 June 2024.

Administrative expenses of £521,209 were incurred in H1 2024, compared with £461,322 in the same period last year.

At 30 June 2024, the Company held cash and cash equivalents of £10,991 (30 June 2023: £395,202). Prospex's net share of cash and cash equivalents held in Euros in non-consolidated investment and joint venture companies amounted to €794,762.

Outlook

The Board and management continue to focus on developing and growing the Company's portfolio of assets and income streams, both by increasing the productivity and profitability of existing assets, and through active search and investigation of new investment opportunities which meet the Company's discerning investment criteria.

Bill Smith

Non-Executive Chairman

Glossary:

scm	Standard cubic metres
scm/d	Standard cubic metres per day
MMscm	Million standard cubic metres
Bcf	Billion standard cubic feet
MMscfd	million standard cubic feet per day
MWh	Mega Watt hour
TTF	The 'Title Transfer Facility' - a virtual trading point for natural gas in the Netherlands.

Prospex Energy Plc
Interim results
For the six months ended 30 June 2024

Statement of profit or loss and other comprehensive income

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December
	2024	2023	2023
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	£	£	£
CONTINUING OPERATIONS			
Other income	-	36,936	36,936
Administrative expenses	(521,209)	(461,322)	(1,112,513)
Share-based payment charge	-	(191,757)	(296,191)
OPERATING LOSS	(521,209)	(616,143)	(1,371,768)
Loss on revaluation of investments and loans	-	(489,037)	(469,709)
	(521,209)	(1,105,180)	(1,841,477)
Finance income	252,842	257,187	519,982
Finance costs	(6,753)	(162,739)	(241,056)
LOSS BEFORE INCOME TAX	(275,120)	(1,010,732)	(1,562,551)
Income tax	-	122,259	331,151
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(275,120)	(888,473)	(1,231,400)
Loss per share			
- Basic and diluted earnings per share	(0.08)p	(0.31)p	(0.41)p

Statement of financial position – As at 30 June 2024

	<u>30 June</u>	<u>30 June</u>	<u>31 December</u>
	2024	2023	2023
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	£	£	£
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	-	-	-
Investment	15,596,671	15,575,603	15,594,931
	<u>15,596,671</u>	<u>15,575,603</u>	<u>15,594,931</u>
CURRENT ASSETS			
Trade and other receivables	5,695,203	6,229,986	6,201,093
Investments	100	100	100
Cash and cash equivalents	10,991	395,202	3,186
	<u>5,706,294</u>	<u>6,625,288</u>	<u>6,204,379</u>
TOTAL ASSETS	<u><u>21,302,965</u></u>	<u><u>22,200,891</u></u>	<u><u>21,799,310</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	7,279,630	7,232,065	7,279,630
Share premium account	17,158,847	15,100,654	17,158,847
Capital redemption reserve	43,333	43,333	43,333
Merger reserve	2,416,667	2,416,667	2,416,667
Fair value reserve	14,617,174	14,388,954	14,617,174
Retained earnings	<u>(21,213,723)</u>	<u>(20,471,890)</u>	<u>(20,938,603)</u>
TOTAL EQUITY	<u>20,301,928</u>	<u>18,709,783</u>	<u>20,577,048</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation	927,658	1,136,550	927,658
	<u>927,658</u>	<u>1,136,550</u>	<u>927,658</u>
CURRENT LIABILITIES			
Trade and other payables	73,379	44,902	126,117
Financial liabilities - borrowings			
Interest bearing loans and borrowings	-	2,309,656	168,487
	<u>73,379</u>	<u>2,354,558</u>	<u>294,604</u>
TOTAL LIABILITIES	<u>1,001,037</u>	<u>3,491,108</u>	<u>1,222,262</u>
TOTAL EQUITY AND LIABILITIES	<u><u>21,302,965</u></u>	<u><u>22,200,891</u></u>	<u><u>21,799,310</u></u>

Statement of changes in equity
For the six months ended 30 June 2024

	Share capital	Share premium	Retained earnings	Capital redemption reserve	Merger reserve	Fair value reserve	Total
	£	£	£	£	£	£	£
<i>Unaudited</i>							
At 1 January 2024	7,279,630	17,158,847	(20,938,603)	43,333	2,416,667	14,617,174	20,577,048
Total comprehensive income for the period	-	-	(275,120)	-	-	-	(275,120)
At 30 June 2024	7,279,630	17,158,847	(21,213,723)	43,333	2,416,667	14,617,174	20,301,928
<i>Unaudited</i>							
At 1 January 2023	7,225,893	14,850,928	(20,141,952)	43,333	2,416,667	14,755,732	19,150,601
Total comprehensive income for the period	-	-	(888,473)	-	-	-	(888,473)
Issue of shares	6,172	249,726	-	-	-	-	255,898
Equity settled share based payment	-	-	191,757	-	-	-	191,757
Transfer to fair value reserve	-	-	366,778	-	-	(366,778)	-
At 30 June 2023	7,232,065	15,100,654	(20,471,890)	43,333	2,416,667	14,388,954	18,709,783
<i>Audited</i>							
At 1 January 2023	7,225,893	14,850,928	(20,141,952)	43,333	2,416,667	14,755,732	19,150,601
Total comprehensive income for the year	-	-	(1,231,400)	-	-	-	(1,231,400)
Issue of shares	53,737	2,307,919	-	-	-	-	2,361,656
Equity-settled share based payments	-	-	296,191	-	-	-	296,191
Transfer to fair value reserve	-	-	138,558	-	-	(138,558)	-
At 31 December 2023	7,279,630	17,158,847	(20,938,603)	43,333	2,416,667	14,617,174	20,577,048

Statement of Cash Flows
For the six months ended 30 June 2024

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December
	2024	2023	2023
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	£	£	£
Operating activities			
Loss before income tax	(275,120)	(1,010,732)	(1,562,551)
Loss on revaluation of investments and loans	-	489,037	469,709
Finance income	(252,842)	(257,187)	(519,982)
Finance costs	6,753	162,739	241,056
Operating loss	(521,209)	(616,143)	(1,371,768)
Decrease/(increase) in trade and other receivables	758,730	(461,870)	(170,812)
Increase/(decrease) in trade and other payables	(52,738)	3,462	84,677
Equity-settled share-based payment charge	-	191,757	296,191
Net cash inflow/(outflow) from operating activities	184,783	(882,794)	(1,161,712)
Cash flows from investing activities			
Purchase of investments	(1,740)	-	-
Interest received	2	4,308	4,938
Interest paid	(6,753)	(159,862)	(166,365)
Net cash outflow from investing activities	(8,491)	(155,554)	(161,427)
Cash flows from financing activities			
Loan repayments	(168,487)	(107,227)	(214,454)
Issue of share capital	-	58,015	58,017
Net cash outflow from financing activities	(168,487)	(49,212)	(156,437)
Net increase/(decrease) in cash and cash equivalents	7,805	(1,087,560)	(1,479,576)
Cash and cash equivalents at start of period	3,186	1,482,762	1,482,762
Cash and cash equivalents at end of period	10,991	395,202	3,186

Notes to the interim financial statements

1 General information

Prospex Energy Plc is a company incorporated in England and Wales, which is listed on the Alternative Investment Market of the London Stock Exchange Plc. The address of its registered office is 60 Gracechurch Street, London EC3V 0HR.

The Group is primarily involved in the development, exploration and the production of natural gas and the generation of electricity.

2 Financial information

The interim financial information for the six months ended 30 June 2024 and 2023 have not been audited or reviewed by the auditors and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The comparative financial information for the year ended 31 December 2023 has been derived from the audited financial statements for that period. A copy of those statutory financial statements for the year ended 31 December 2023 has been delivered to the Registrar of Companies. The report of the independent auditors on those financial statements was unqualified, drew attention to a material uncertainty relating to going concern and did not contain a statement under Sections 498 (2) or (3) of the Companies Act 2006.

The interim financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as they apply to the financial statements of the Company for the six months ended 30 June 2024 and as applied in accordance with the provisions of the Companies Act 2006 and under the historical cost convention or fair value where appropriate. They have also been prepared on a basis consistent with the accounting policies expected to be applied for the year ending 31 December 2024 and which are also consistent with those set out in the statutory accounts of the Company for the year ended 31 December 2023.

The interim financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

3 Taxation

On the basis of these accounts there is no charge to taxation.

4 Loss per share

The loss and number of shares used in the calculation of earnings per share are as follows:

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December
	2024	2023	2023
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Basic and diluted EPS			
Loss for the financial period	<u>(275,120)</u>	<u>(888,473)</u>	<u>(1,231,400)</u>
Weighted average number of shares	<u>332,584,535</u>	<u>283,657,000</u>	<u>298,729,117</u>
Loss per share	<u>(0.08)p</u>	<u>(0.31)p</u>	<u>(0.41)p</u>

The loss and weighted average number of shares used for calculating the diluted loss per share are identical to those for the basic loss per share. The exercise price of the outstanding share options are above the market price of the shares and would therefore not be dilutive under IAS 33 'Earnings per Share'.

5 Non-current investment

	Shares in group undertakings £	Unlisted investments £	Total £
<i>audited</i>			
January 2024	15,544,931	50,000	15,594,931
Options	1,740	-	1,740
30 June 2024	<u>15,546,671</u>	<u>50,000</u>	<u>15,596,671</u>
<i>audited</i>			
January 2023	16,014,640	50,000	16,064,640
valuations	<u>(489,037)</u>	-	<u>(489,037)</u>
30 June 2023	<u>15,525,603</u>	<u>50,000</u>	<u>15,575,603</u>
<i>audited</i>			
January 2023	16,014,640	50,000	16,064,640
valuations	<u>(469,709)</u>	-	<u>(469,709)</u>
31 December 2023	<u>15,544,931</u>	<u>50,000</u>	<u>15,594,931</u>

The investments in subsidiary undertakings are accounted for at fair value through the profit and loss, as the Company is deemed to be an Investment Entity.

6 Dividends

The directors do not propose to declare a dividend for the period.

7 Copies of interim results

Copies of the interim results can be obtained from the website www.prospex.energy. From this site you may access our financial reports and presentations, recent press releases and details about the company and its operations.

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. Persons receiving and reading this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.