Prospex Energy

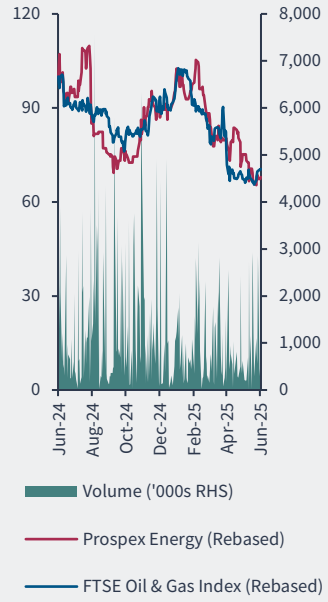
Initiation: High impact, low risk exposure to Europe's push for increasing domestic gas security

GICS Sector	Energy
Ticker	AIM: PXEN
Market cap 5-Jun -25 (US$mm)	28.5
Share price 5-Jun-25 (GBp)	5.2

NAV summary (p/sh)

Asset	Unrisked	Risked
Cash & other	-0.1	-0.1
2P+2C	10.6	9.0
Exploration	30.1	8.0
Total NAV	**40.6**	**16.8**

Source: H&Pe



Source: S&P CapIQ

We initiate coverage on Prospex Energy with a risked NAV of 16.8p/sh

Prospex Energy ("Prospex") is a UK-listed (AIM:PXEN) oil and gas E&P investment company, focused on European natural gas and electricity. It has interests in three producing gas fields; two in Spain – the Viura and El Romeral, and one in Italy – Selva Malvezzi. These are stable jurisdictions with straightforward fiscal regimes, low royalties and taxes, ensuring a direct pass-through of commodity upside to Prospex. We believe these assets have significant low risk growth potential that will be realised with the 2026 drilling programmes. It has current production of 2.8mmcf/d (Q1'25), 2P reserves and 2C resources of 22bcf and generated €2.9mm in proforma EBITDA in 2024 with the potential for this to grow to €28mm in 2028. It is currently debt free.

Prospex is one of the few pure-plays on European gas

European natural gas presents a compelling investment opportunity as the continent reorients its energy strategy towards security, affordability, and self-sufficiency. Since Russia's invasion of Ukraine, Europe has prioritised reducing dependence on imported LNG and pipeline gas, shifting attention back to domestic supply. Gas remains a vital transition fuel, providing reliable baseload power as renewables scale up. Prospex is uniquely positioned to benefit from this shift, with assets concentrated entirely in European gas. Its projects leverage existing infrastructure and target low-capex, near-term production opportunities, enhancing economic resilience even in volatile price environments. With European gas prices averaging >US$10/mcf in recent years—well above global benchmarks—domestic production has become increasingly attractive. Prospex stands out as one of the few listed pure-play gas companies offering direct exposure to this re-rating theme.

Core assets in established jurisdictions: Spain and Italy

Prospex's portfolio is anchored in two of Europe's most attractive onshore gas jurisdictions with Spain's Viura and El Romeral hubs and Italy's high-margin Selva complex in Po Valley. These mature basins offer existing pipelines, processing plants and premium domestic pricing. Next year, the company will drill shallow, low-risk wells in Spain and Italy that can be connected straight into existing pipelines and plants, bringing rapid, self-funded production growth just as Europe is in dire need to secure more, low-carbon domestic gas. The company targets growth through both development of its current assets and acquiring undervalued projects.

Catalysts: several material wells over the next year

Prospex has several impactful wells planned over the next year. At Selva, four wells are planned, commencing in early 2026 worth (16.8p/sh unrisked), while at El Romeral there are five wells targeting 18bcf of prospective resource with an average chance of success of 75%, worth 6.3p/sh unrisked in total. At Viura, a couple of development wells are planned for mid-2026. The return to production of Viura-1B is expected this month after a repair and also an update on the resolution of water handling. At El Romeral there is the potential for a farm-down and an infrastructure upgrade. In addition, Prospex is awaiting the possible award of licences in Poland.

Valuation: Risked NAV provides a ~220% upside to the current share price

We have a 16.8p/sh risked NAV on Prospex. It is trading on a discount to our 2P reserves valuation with further upside from the development of contingent resources. Prospex's unrisked value is €40.6p/sh, >7x the current share price with relatively low risk exploration. There is strong leverage to European gas prices: a 10% increase will raise our NAV by 9%. We see the potential to grow production and EBITDA by ~8x by 2027 to reach €25mm of EBITDA.

Anish Kapadia
Research Analyst
T +44 (0) 207 907 8500
E anish@hannam.partners

Roger Bell
Managing Director, Research
T +44 (0) 207 907 8534
E rb@hannam.partners

Taher Shehabi
Research Analyst

Leif Powis
Partner
T +44 (0) 750 0864 478
E lp@hannam.partners

H&P Advisory Ltd
7-10 Chandos Street
London W1G 9DQ

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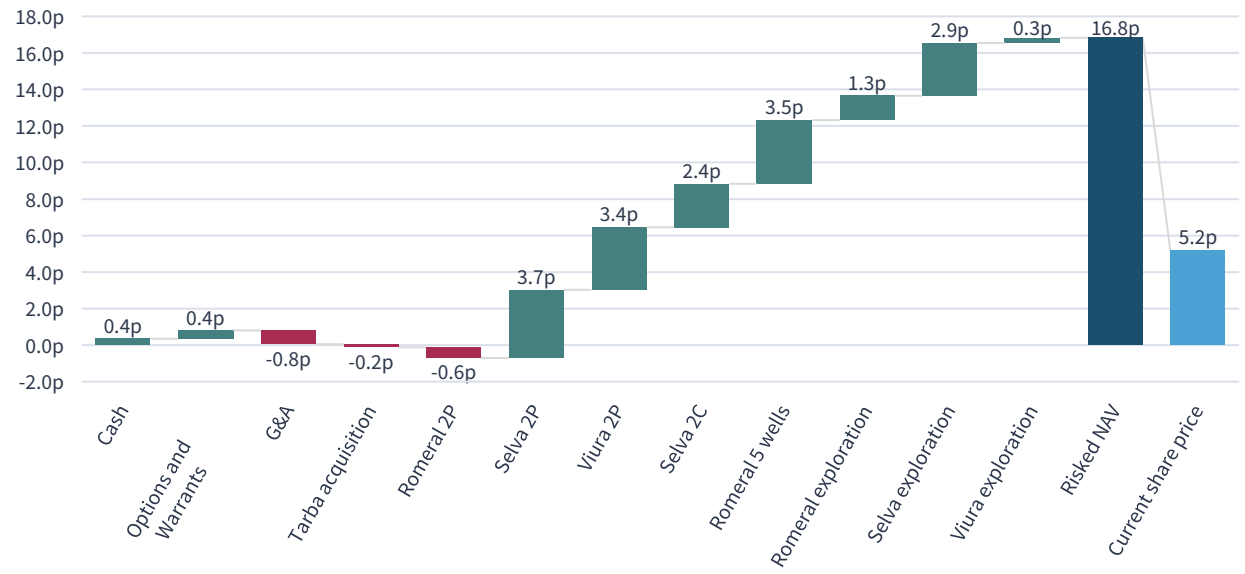
Investment Case

Prospex's strategy is to build an energy investment portfolio focused on high impact, onshore and shallow offshore, European natural gas opportunities, in proven hydrocarbon systems. Prospex has a solid financial foundation with no debt and low overheads. The geological characteristics of its target areas, such as foreland basins, often present low geological risk with shallow, therefore inexpensive drilling and avoiding projects needing stimulation. Prospex targets mature markets within Europe that have existing infrastructure and available capacity, low capital intensity opportunities, particularly late-stage exploration, reworking existing fields, or applying new technologies to failed exploration targets. It favours politically stable European countries with a desire to reduce foreign energy dependency on LNG imports. It also has a focus on electricity generation and is exploring renewable energy sources: Prospex views natural gas as a transition fuel in Europe's move towards less carbon-intensive energy sources. Prospex has successfully transitioned to a company with a reliable income stream from its onshore assets in Europe, providing a foundation for further growth and new investments. Prospex had Q1'25 net production of 2.5mmcf/d, 2P reserves of ~13bcf (14-year reserve life) and its assets generated €2.9mm in EBITDA in 2024.

Risked NAV build-up



Source: H&Pe

Valuation: We see Prospex trading at an 42% discount to its discovered resource (2P plus 2C) risked valuation of 9p/sh. We see a further 6.6p/sh of risked upside from its planned 8 exploration wells over the next year, which would be worth 19p/sh unrisked. Our risked NAV, on a fully diluted basis, is 16.8p/sh, which implies 223% upside to the current share price.

Focus on European natural gas – Prospex is one of the few listed European oil and gas companies, which is almost exclusively exposed to European gas prices. Given the current dynamics around European gas, we see this as a key positive attribute. Since Russia's invasion of Ukraine, there has been a significant shift in Europe's priorities towards ensuring energy security and affordability, moving away from the previous focus on decarbonising energy markets. Prospex recognises the role of natural gas as a transition fuel in the move away from more carbon-intensive sources of electricity generation. It aims to help bridge the crucial energy gap while the proliferation of renewable sources continues. For

example, onshore gas wells in Spain are considered to have a minimal environmental impact compared to imported LNG. Operating in stable European countries with a focus on indigenous energy security provides a strong investment proposition.

Attractive fiscal terms and low-cost assets – Both Italy and Spain have simple fiscal regimes with low government take, especially for existing producing regions. Royalty rates are low, and companies simply pay corporate tax – there is no extraordinary tax on oil and gas as seen in other countries such as the UK and Norway. In Spain, there is an additional 7% tax ("IVPEE") on the electricity produced and fed into the grid. Onshore gas assets typically have lower opex because they require simpler processing, less equipment, and minimal handling compared to oil. We see high NPV/boe valuations due to the combination of low fiscal take and low costs – for example on Selva at US$10/mcf gas pricing, we estimate a US$23/boe NPV10 on the 2P reserves, which is higher than the valuations on many oil assets.

Growth Potential Through Development and Acquisitions: Prospex is actively pursuing growth through further drilling and potential acquisitions in onshore Europe. It has plans for drilling multiple new gas wells in its existing concessions in Italy (Selva Malvezzi) and Spain (El Romeral and Viura). Last year's acquisition of a stake in the producing Viura gas field has substantially increased its reserves. Prospex is also exploring opportunities for acquisitions in other European nations such as Poland. The acquisition of the remaining 50.1% of Tarba (owner of El Romeral) demonstrates further momentum in building Prospex's investment strategy in European gas: it aligns with the Company's focus on acquiring undervalued projects with tangible value trigger points.

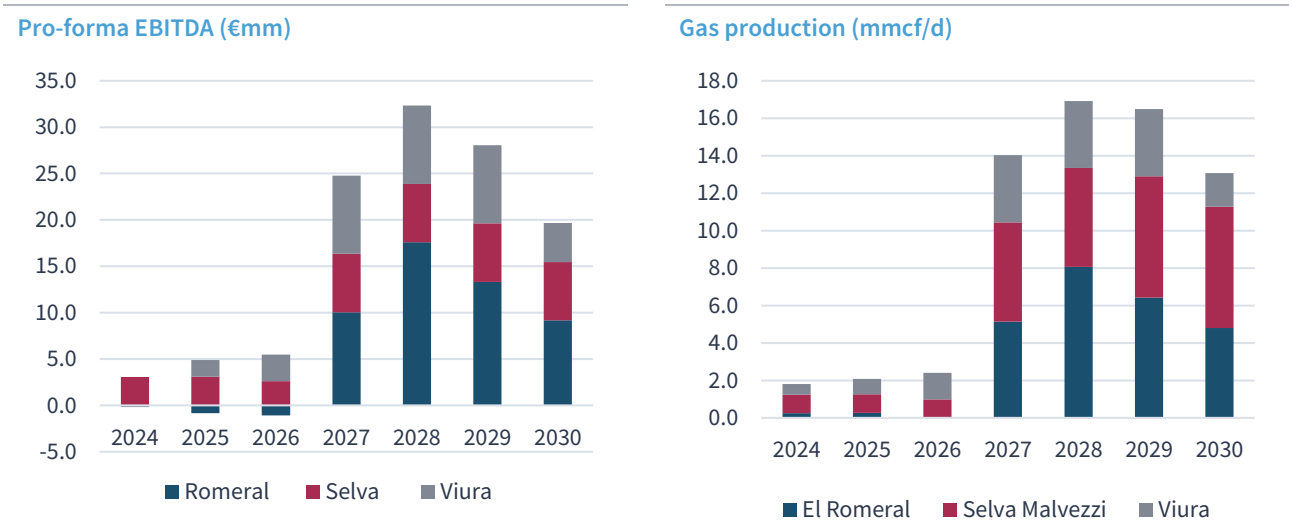
Investment Company Structure: Operating as an AIM-quoted investment company allows it to hold a portfolio of interests rather than solely operating assets directly. This provides flexibility in investment decisions. The company maintains low overhead costs, which are comfortably covered by production income.

Debt-Free Status: Prospex is currently debt free, which provides a financial advantage compared to peers with substantial debt burdens, allowing it to invest more readily in growth opportunities. We also see the opportunity to take on debt at attractive terms either at the corporate level or individual asset level given the potential for long-term stable production levels and offtake contracts.

Experienced Management Team: Prospex has a highly experienced team of technically-led professionals with a proven track record in the oil and gas industry, including CEO Mark Routh's extensive experience and history of successfully growing energy companies. The team's deep understanding of the upstream gas and resources industry and experience in their operating jurisdictions are crucial. The team has demonstrated an ability to identify and evaluate new investment opportunities that align with their strategy and investment criteria.

Strong Partnerships and local knowledge: Prospex has built positive working relationships with its partners (like Heyco and Po Valley Energy) and the relevant authorities in Spain and Italy, which is essential for project development and sustainable energy production.

Current assets production and EBITDA potential to 2030



Source: H&Pe; All figures above are net to Prospex

Selva gas field: most valuable asset with most unrisked upside - Prospex has a 37% non-operated stake in the Italian Selva gas field which is producing ~2.8mmcf/d gross. This is an asset with potential flat production from existing 2P reserves of 12bcf (alone worth 3.7p/sh) for a further decade that is generating ~€3mm in net EBITDA at current gas prices given low opex (€1.1/mcf) and taxes. There is potential for further development with plans for drilling four more wells on the Selva Malvezzi concession and already oversized infrastructure. The 2C resource of 14bcf, which is expected to be brought online in 2026 and double production levels, is worth 3.2p/sh unrisked and a further two planned exploration wells targeting ~70bcf are worth 12.4p/sh unrisked (2.8p/sh risked). If just one of these is successful alongside the 2C development, it could take production to ~10mmcf/d gross and EBITDA to >€11mm net to Prospex in 2027.

Viura gas field: producing asset with significant reserves - Prospex has a net 7.24% stake in Spain's largest producing gas field which contains gross 2P reserves of 90bcf with material upside potential. ~US$90mm has been spent on the field and associated infrastructure to date, of which ~US$6.5mm has been invested by Prospex. The field is currently shut-in with production expected to resume later in June following workovers of the 1B and 1ST3 wells with the potential to ramp up to close to 10mmcf/d of gross production again. Establishing stable rates from the field will facilitate negotiations with the banking syndicates for project financing. The plan is to bring one or two further wells online in 2026 potentially taking production to 30mmcf/d and growing revenues to >€100mm/y gross. Ahead of this, there will be a well test of a deeper zone that was encountered last year and could contain incremental resource. Prospex entered the asset with an attractive farm-in where it earns interest on its carry and is repaid by taking 15% of the production income. We see the 2P reserves at Viura worth 4.3p/sh unrisked or 3.4p/sh risked

El Romeral: high margin gas and power growth opportunities: El Romeral produces gas that fuels a power plant, generating electricity sold to the grid in Spain. The existing production is approaching end of life, however there are applications submitted to permit five further wells on the El Romeral concessions. These are low-cost wells (total drilling programme cost of €5.5mm), targeting prospects with an average size of 3.6bcf and a high (simple) average chance of success of 75% (more akin to appraisal than exploration). In total they are worth

6.3p/sh unrisked or 3.5p/sh risked with further upside if there is a successful attempt to reduce the overriding royalty. There is also potential to connect directly to the national gas grid, potentially selling at a higher margin. Generally selling gas directly reaps a higher price, given the low efficiency of the power plant but there is also the opportunity to arbitrage the volatile gas and power pricing in Spain. Investments in solar PV projects at El Romeral are diversifying the revenue streams.

Tesorillo: Considerable potential if Prospex receives authorisation to drill - Tesorillo is a gas exploration project in southern Spain with substantial prospective resources based on a historical gas discovery. While currently under permit suspension, plans are in place for future exploration and potential development, leveraging nearby gas infrastructure for monetisation. This is a low probability asset with very high potential if the restrictions are lifted: on an unrisked basis the 831bcf of prospective resources could be worth €0.8bn based on €1/mcf NPV10.

Investment risks: see page 65 for full details: We believe that other than macroeconomic risks such as global energy price fluctuations, currency volatility, and broader economic downturns, the main risks to the company are as follows: operational execution challenges, regulatory and permitting uncertainties, financing and capital allocation issues, and potential delays in project timelines. Prospex attempts to mitigate these risks through careful opportunity review, thorough due diligence, diversification of investments, active engagement with operators, and maintaining positive relationships with regulatory authorities.

Valuation and NAV

We view Prospex as undervalued on several metrics with plenty of catalysts outlined above to unlock value over the next year. We see the current producing assets as more than underpinning the current share price, with further upside from the significant low risk growth potential of its undeveloped reserves and resources, as wells as exploration potential.

We forecast that Selva alone will generate €3.1mm in proforma EBITDA in 2025 for Prospex (implying an EV/EBITDA of ~6.5x) and we see this underpinning Prospex's current valuation given this field should produce flat at this rate for a decade. Our risked valuation of the discovered resource at Selva is 6.1p/sh (17% premium to the current share price). Furthermore, we see Viura generating €1.8mm of proforma EBITDA in 2025 from existing producing well, growing to €8.4mm in 2027 from the development of the 2P reserves. Our risked valuation of the discovered resource at Viura is 3.4p/sh.

Just through the development of its 2P and 2C reserves and resources plus the El Romeral exploration prospects (75% geological COS), Prospex has the potential to grow production by >8x by 2027 from an estimated 2.1mmcf/d in 2025, which would see EBITDA expand to €25mm from €4mm in 2025E. Using the current EV of €20mm and stable production level (in 2027), Prospex would trade on an EV/EBITDA multiple of ~1x which is a deep discount to producing small cap European E&P players that trade at 2-4x.

There is strong leverage to European gas prices, and we have taken a conservative forecast for 2026 onwards of €9.1/mcf or €30/MWh, which is ~30% below the average year to date in 2025. A 10% increase to our forecast 2026+ price would raise our risked NAV by 9% to 18.3p/sh and our 2027 EBITDA forecast by 10% to €27.2mm.

We see Prospex trading at an 42% discount to its discovered resource (2P plus 2C) risked valuation of 9p/sh. We see a further 6.6p/sh of risked upside from its planned 8 exploration wells over the next year, which would be worth 19p/sh unrisked. Our risked NAV, on a fully diluted basis, is 16.8p/sh, which implies 223% upside to the current share price. Our risked NAV on a basic share basis would be 17.4p/sh. Overall, we estimate that Prospex's unrisked value is €40.6p/sh which is >7x the current share price.

On a reserves and resources basis, Prospex trades at €7/boe of its 2P and 2C reserves of 18bcf (3mmboe) that are producing or expected to be developed next year. This compares to the average reserves NPV10 of €14/boe.

Financial ratios and multiples	2025	2026	2027	2028	2029
Market capitalisation (€mm)	21	21	21	21	21
Net debt/(cash)	-1	-1	-1	-1	-1
EV	20	20	20	20	20
EV/EBITDA	4.9x	4.5x	0.8x	0.6x	0.7x
EV/CFFO	6.9x	6.4x	1.1x	0.8x	0.9x
FCF yield	-3%	-48%	38%	116%	100%
EV per kboe/d	55.9	48.2	8.4	6.9	7.1
EBITDA per kboe/d	11.5	10.8	10.5	11.4	10.1
P/E	13.4x	13.8x	1.4x	1.1x	1.2x

Source: H&Pe

Risked NAV

Our favoured valuation methodology is a bottom-up risked NAV, modelling out the various fields and prospects and applying a geological and commercialisation risk to each. In our base-case scenario, we use a gas price of €35/MWh (€10.3/mcf) in 2025 and a long-term flat gas price of €30/MWh (€8.8/mcf) from 2026, an NGL price of €42/bbl for 2025 onwards and electricity price of €80/MWh in 2025 and a long-term flat price of €75/MWh. We use a USD/EUR FX rate of 1.18 and a USD/GBP FX rate of 1.35 and a 10% discount rate.

Asset	Gross bcf	Propsex W.I.	Net bcf	NPV €/mcf	Unrisked €mm	Unrisked p/sh	Geo. CoS	Comm. CoS	Risked €mm	Risked p/sh
Cash					**€1.4**	**0.4p**			**€1.4**	**0.4p**
Options and Warrants					**€1.7**	**0.4p**			**€1.7**	**0.4p**
Capitalised G&A @2x					**-€2.9**	**-0.8p**			**-€2.9**	**-0.8p**
Tarba acquisition					**-€0.7**	**-0.2p**			**-€0.7**	**-0.2p**
Romeral 2P	0.1	100%	0.1	-€21.9	-€2.2	-0.6p	100%	100%	-€2.2	-0.6p
Viura 2P (well 1B)	22	12.9%	2.9	€1.8	€5	1.4p	100%	90%	€4.7	1.2p
Viura 2P (well 3B)	38	7.8%	3.0	€1.9	€6	1.5p	100%	75%	€4.3	1.1p
Viura 2P (well 3A)	23	10.5%	2.4	€2.2	€5	1.4p	100%	75%	€4.0	1.1p
Selva 2P	12	37%	4.5	€3.2	€14	3.7p	100%	100%	€14.2	3.7p
Selva 2C	14	37%	5.2	€2.4	€12	3.2p	100%	75%	€9.1	2.4p
Total 2P and 2C	**110**	**16%**	**18.0**	**€2.2**	**€40.6**	**10.6p**	**100%**	**84%**	**€34.2**	**9.0p**
Romeral: Sevilla 3 East	0.9	100%	0.9	€1.3	€1.2	0.3p	85%	96%	€1.0	0.3p
Romeral: Santa Clara 2	2.3	100%	2.3	€1.3	€3.0	0.8p	80%	95%	€2.3	0.6p
Romeral: Nuevo Gamo	1.5	100%	1.5	€1.3	€2.0	0.5p	72%	95%	€1.3	0.4p
Romeral: Santa Rita	3.8	100%	3.8	€1.3	€5.0	1.3p	86%	86%	€3.7	1.0p
Romeral: Romeral 2S	9.7	100%	9.7	€1.3	€12.7	3.3p	51%	78%	€5.0	1.3p
Romeral: Exploration Upside	60.2	100%	60.2	€0.5	€30.1	7.9p	34%	49%	€5.1	1.3p
Selva East	32	37%	11.9	€1.9	€23	6.0p	40%	75%	€6.9	1.8p
Selva: Riccardina	37	37%	13.7	€1.8	€24	6.4p	21%	75%	€3.8	1.0p
Selva: Fondo Perino	14	37%	5.3	€2.0	€11	2.8p	34%	10%	€0.4	0.1p
Viura Ullitras B	25.0	7%	1.8	€1.5	€2.7	0.7p	50%	75%	€1.0	0.3p
Total exploration value	**187**	**59%**	**111**	**€1.0**	**€115**	**30.1p**			**€30.5**	**8.0p**
Total NAV	**297**		**129**	**€1.2**	**€155**	**40.6p**			**€64.3**	**16.8p**

Source: H&Pe

Cash – At the end of 2024, Prospex reported cash and cash equivalents of £1.2mm (€1.4mm), worth 0.4p/sh or ~7% of the current market capitalisation. There was no debt.

Options and warrants – We include ~22mm options (6% of the basic share count) of which 18mm options have a strike of 8.05p and the balance are performance options. If exercised, these options would bring in €1.7mm cash (0.4p/sh).

Capitalised G&A – We estimate that cash G&A will be ~€1.4mm per annum and we forecast it to be flat at this level, capitalised at 2x, which has a negative 0.8p/sh impact on our risked NAV.

Tarba acquisition – The €0.7mm cash consideration for the remaining 50.1% of Tarba Energia (plus a small contingent payment on permit award) has a €0.7mm negative impact on our NAV or 0.2 p/sh.

Romeral 2P – Only ~0.1 bcf of reserves remain at El Romeral and the associated opex and abandonment costs outweigh future cash flow, giving a negative unrisked NPV of €2.2 mm (-0.6 p/sh). As the field is already onstream, the full deduction is applied on a 100 % risked basis.

Viura 2P – The Viura field contributes a total of 8.3bcf net 2P reserves through the recently drilled 1B well and two planned infills (3A and 3B). We assign an average value of €2/mcf, which gives a combined unrisked NAV of €16mm, or 4.3p/sh. Well 1B (2.9bcf) is onstream but undergoing water-management work, so we apply a 90% commercial CoS. For 3A (2.4bcf) and 3B (3bcf), a 75% commercial chance of success ("CoS") is used, reflecting permitting and funding steps still required. On a weighted basis, this yields a risked NAV of €13mm or 3.4p/sh.

Selva 2P – Prospex's 37% interest equates to 4.5bcf of 2P reserves. At €3.2/mcf NPV this is €14mm, or 3.7p/sh, unrisked and risked given both geological and commercial CoS is 100 %.

Selva 2C – The 14bcf gross (5.2 bcf net) contingent resource is worth €12mm, or 3.2p/sh, unrisked. This is expected to be brought on production in 2026. With proven geology (100% GCoS) and a 75% commercial CoS due to pending permitting, the risked value is €9.1mm, or 2.4p/sh.

Romeral 5 wells – Prospex plans five shallow, low-cost wells at Romeral: Sevilla-3 East, Santa Clara-2, Nuevo Gamo, Santa Rita and the larger Romeral 2S, targeting a combined 18.2bcf of prospective gas all with high chances of success. On Prospex's price deck these five wells together represent an unrisked NPV of roughly €24mm (6.3p/sh) and after applying the respective geological and commercial risks, it results in a risked NAV of €13mm or 3.5p/sh.

Romeral exploration upside – A further 60bcf net of mapped prospects carries €30mm of unrisked value based on an assumed €0.5/mcf average NPV. Prospex has its own estimates of the GCoS and CCoS from the Competent Persons Report ("CPR") and more recent tests which we apply to get an average 34% GCoS and 49% CCoS which equates to a risked NAV of €5.1mm or 1.3p/sh.

Selva exploration upside – The Selva field's exploration prospects – Selva East, Riccardina and Fondo Perino hold ~12bcf net prospective resources. Selva East is the most straightforward, targeting the same reservoir as that encountered at PM-1 but across a shallow structural saddle thereby carrying a 40% GCoS and 75% CCoS, translating to €23mm unrisked and €6.9mm risked (1.8 p/sh). Riccardina targets similar gas-bearing sands but with greater structural uncertainty due to a fault seal risk. We apply a 21% GCoS and 75% CCoS, resulting in €24mm unrisked and €3.8mm risked (1p/sh). Fondo Perino is a small up-dip closure tested by Selva-1, but its sands differ from the main field. It is not included in the current drill plan, and while we assign a 34 % GCoS, we apply just 10 % CCoS, giving €11mm unrisked and only €0.4mm risked (0.1p/sh). Combined, these three prospects offer €58mm of unrisked value (15p/sh) and €11mm risked (2.9p/sh), presenting meaningful upside.

Viura Utrillas-B – Beneath Viura's 2P reserves, Prospex is targeting a deeper play in the Utrillas-B sandstone, with net prospective resources of ~1.8bcf. The structure will be tested via a deepening of the 3B well, scheduled for Q1 2026. Given its geological continuity with the overlying producing sands and the ability to test it at marginal incremental cost, we assign a 50% GCoS and 75% CCoS. This results in an unrisked NAV of €2.7mm and a risked value of €1.0mm (0.3p/sh).

Risked NAV build-up

Source: H&Pe

Our valuation shows that Prospex's project economics are heavily influenced by the prevailing gas prices. We have sensitised Prospex's risked value to our long-term gas price estimate and discount rate to show the range of values based on movements in the macro environment.

Sensitivity of risked NAV to gas price and discount rate

		Long term gas price				
€/mcf		€2.9	€5.9	€8.8	€11.7	€14.7
€/MWh		€10	€20	€30	€40	€50
Discount Rate	5.0%	5.7p	14.4p	22.7p	30.7p	38.2p
	7.5%	4.7p	12.2p	19.4p	26.3p	32.7p
	10.0%	3.9p	10.5p	**16.8p**	22.8p	28.4p
	12.5%	3.3p	9.1p	14.7p	20.0p	24.9p
	15.0%	2.8p	8.0p	13.0p	17.7p	22.0p

Sensitivity of risked 2P reserves valuation to gas price and discount rate

		Long term gas price (€/MWh)				
		€10	€20	€30	€40	€50
Discount Rate	5.0%	0.6p	4.7p	8.3p	11.6p	14.5p
	7.5%	0.5p	4.1p	7.4p	10.3p	12.8p
	10.0%	0.4p	3.6p	**6.6p**	9.2p	11.3p
	12.5%	0.4p	3.3p	5.9p	8.2p	10.2p
	15.0%	0.3p	2.9p	5.3p	7.4p	9.1p

Sensitivity of risked 2P+2C reserves valuation to gas price and discount rate

		Long term gas price (€/MWh)				
		€10	€20	€30	€40	€50
Discount Rate	5.0%	1.3p	6.7p	11.8p	16.5p	20.7p
	7.5%	1.0p	5.8p	10.2p	14.3p	18.0p
	10.0%	0.8p	5.0p	**9.0p**	12.6p	15.8p
	12.5%	0.6p	4.4p	7.9p	11.1p	13.9p
	15.0%	0.4p	3.8p	7.0p	9.9p	12.4p

Source: H&Pe

Pro-forma Financials

As Prospex is as an investment company, the reported financials are not representative of the underlying earnings and cashflow. Therefore, we have created pro-forma financials (net to Prospex) to show the contribution from the 2P and 2C resources as well as production from the exploration assets at Romeral only given the high geological chance of success (on average 75%). For Selva, we exclude the two exploration wells to be drilled in 2027.

Operational data	2024	2025	2026	2027	2028	2029
Gas production (mmcf/d)						
El Romeral	0.2	0.3	0.0	5.1	8.1	6.4
Selva Malvezzi	1.0	1.0	1.0	5.3	5.3	6.5
Viura	0.6	0.8	1.4	3.6	3.6	3.6
Total production	**1.8**	**2.1**	**2.4**	**14.0**	**16.9**	**16.5**
El Romeral: Electricity produced (GWh)	16	9	6	71	71	71
Viura: NGL production (mmcf/d)	0.0	0.0	0.1	0.1	0.1	0.1

Pro forma Income Statement (€mm)	2024	2025	2026	2027	2028	2029
Romeral	0.7	0.7	0.4	14.7	24.2	18.8
Selva	3.9	4.0	3.4	7.5	7.5	7.5
Viura	0.3	3.0	4.4	11.2	11.2	11.2
Gross Revenue	**4.8**	**7.7**	**8.3**	**33.5**	**43.0**	**37.6**
Romeral	0.0	0.0	0.0	-2.9	-4.8	-3.8
Selva	-0.4	-0.4	-0.3	-0.8	-0.8	-0.8
Viura	0.0	-0.2	-0.3	-0.7	-0.7	-0.7
Royalty	**-0.5**	**-0.6**	**-0.6**	**-4.4**	**-6.2**	**-5.2**
Romeral	0.6	0.7	0.4	11.8	19.3	15.1
Selva	3.5	3.6	3.1	6.8	6.8	6.8
Viura	0.2	2.8	4.2	10.6	10.6	10.6
Net Revenue	**4.4**	**7.1**	**7.7**	**29.1**	**36.7**	**32.4**
Romeral	-0.6	-1.5	-1.5	-1.8	-1.8	-1.8
Selva	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Viura	-0.4	-1.0	-1.3	-2.1	-2.1	-2.1
Opex	**-1.5**	**-3.0**	**-3.3**	**-4.4**	**-4.4**	**-4.4**
Romeral	0.0	-0.8	-1.1	10.0	17.6	13.3
Selva	3.0	3.1	2.6	6.3	6.3	6.3
Viura	-0.2	1.8	2.9	8.4	8.4	8.4
EBITDA	**2.9**	**4.1**	**4.4**	**24.8**	**32.3**	**28.0**
Romeral	0.0	-0.1	-0.1	-1.4	-2.2	-1.8
Selva	-0.9	-0.9	-1.1	-1.3	-1.4	-1.4
Viura	0.0	-0.4	-0.5	-0.9	-0.9	-0.9
Depreciation	**-0.9**	**-1.4**	**-1.6**	**-3.6**	**-4.6**	**-4.1**
Romeral	0.0	-0.9	-1.1	8.6	15.3	11.5
Selva	2.1	2.2	1.5	5.0	4.9	4.9
Viura	-0.2	1.4	2.4	7.5	7.6	7.5
Pre-tax Income	**1.9**	**2.7**	**2.8**	**21.2**	**27.8**	**23.9**
Romeral	0.0	0.0	0.0	-2.2	-3.8	-2.9
Selva	-0.6	-0.6	-0.4	-1.4	-1.4	-1.4
Viura	0.0	-0.5	-0.8	-2.6	-2.6	-2.6
Income Tax	**-0.6**	**-1.1**	**-1.2**	**-6.2**	**-7.9**	**-6.9**
Romeral	0.0	-0.9	-1.1	6.5	11.5	8.7
Selva	1.5	1.6	1.1	3.6	3.5	3.5
Viura	-0.2	0.9	1.5	4.9	4.9	4.9
Net Income	**1.3**	**1.6**	**1.5**	**15.0**	**19.9**	**17.0**

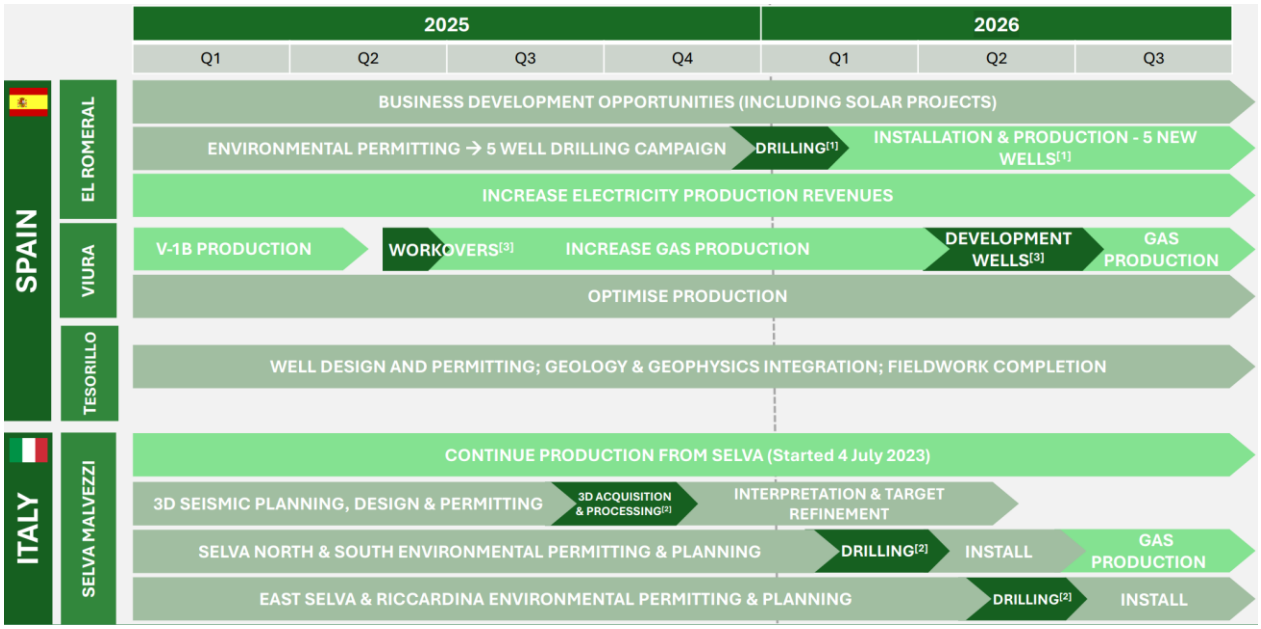
Source: H&Pe

Pro forma Cashflow (€mm)	2024	2025	2026	2027	2028	2029
Romeral	0.0	-0.8	-1.1	7.9	13.8	10.4
Selva	2.4	2.4	2.1	4.8	4.8	4.8
Viura	-0.2	1.3	2.1	5.8	5.8	5.8
Post tax cashflow	**2.3**	**2.9**	**3.1**	**18.5**	**24.4**	**21.1**
Romeral	0.0	0.0	-5.5	-9.0	0.0	0.0
Selva	0.0	-1.5	-2.1	-1.5	0.0	0.0
Viura	2.2	-2.0	-5.6	0.0	0.0	0.0
Capex	**2.2**	**-3.5**	**-13.1**	**-10.5**	**0.0**	**0.0**
Romeral	0.0	-0.8	-6.6	-1.1	13.8	10.4
Selva	2.4	0.9	0.0	3.3	4.8	4.8
Viura	2.0	-0.7	-3.5	5.8	5.8	5.8
Free cashflow	**4.5**	**-0.6**	**-10.1**	**8.0**	**24.4**	**21.1**

Source: H&Pe

Catalysts

2025 and 2026 outlook with earliest potential drilling times



Source: Prospex Energy; Note: [1] Prospex estimate [2] Po Valley estimate [3] HEYCO Energy estimates

The various catalysts that we see impacting the equity story are presented below.

- **Drilling of New Wells in Italy (Selva Malvezzi):** Four wells are planned on: Selva North and Selva South (combined worth 3.2p/sh unrisked), East Selva (6p/sh unrisked) and Riccardina (6.4p/sh unrisked) prospects. Timing is dependent on obtaining the drilling permits but are expected in early 2026. A 3D seismic campaign on Selva Malvezzi is planned for Q3/Q4 2025.

- **Viura production restoration:** Viura is currently shut-in. In June 2025 the tubing leak is being repaired on Viura-1B to return the well to production and an attempt will be made to shut off the vertical water conduit on Viura-1ST3. If all goes to plan, we estimate Viura-1B will produce at >6mmcf/d in H2'25.

- **Viura development wells:** Viura-3A and Viura-3B wells are planned to be drilled in mid-2026 with a rapid tie-in leading to a potential production increase of ~1.5mmcf/d net to Prospex by year end '26. Also, a resolution of the water handling issues could also increase existing production.

- **Viura reserves upgrade potential:** We see the potential for an increase in Viura's 2P reserves on the back of the better-than-expected results from Viura-1B: the main target reservoir exceeded expectations and there were further deeper sands found, which will be tested in Q1'26.

- **Viura funding** – There is the potential for debt to be raised by the partners at the asset level to partially fund the future development of the field.

- **Drilling permits for El Romeral wells:** Prospex is awaiting drilling permits for five exploration wells, targeting 18bcf of prospective resource, with an average chance of success of 75%: in total these wells are worth 6.3p/sh unrisked. Prospex has also applied for permits to sell natural gas directly and for the permit to tie-in to the gas trunkline.

- **El Romeral infrastructure upgrades:** On the back of a successful El Romeral drilling campaign, there is the potential to upgrade the power plant to increase throughput capacity and efficiency and tie-in to the gas grid, which will allow higher production and the ability to arbitrage between selling gas or selling power depending on pricing. Prospex is also pursuing solar energy projects at the El Romeral power plant site: Project Helios is a larger solar array on adjacent land, awaiting permits.

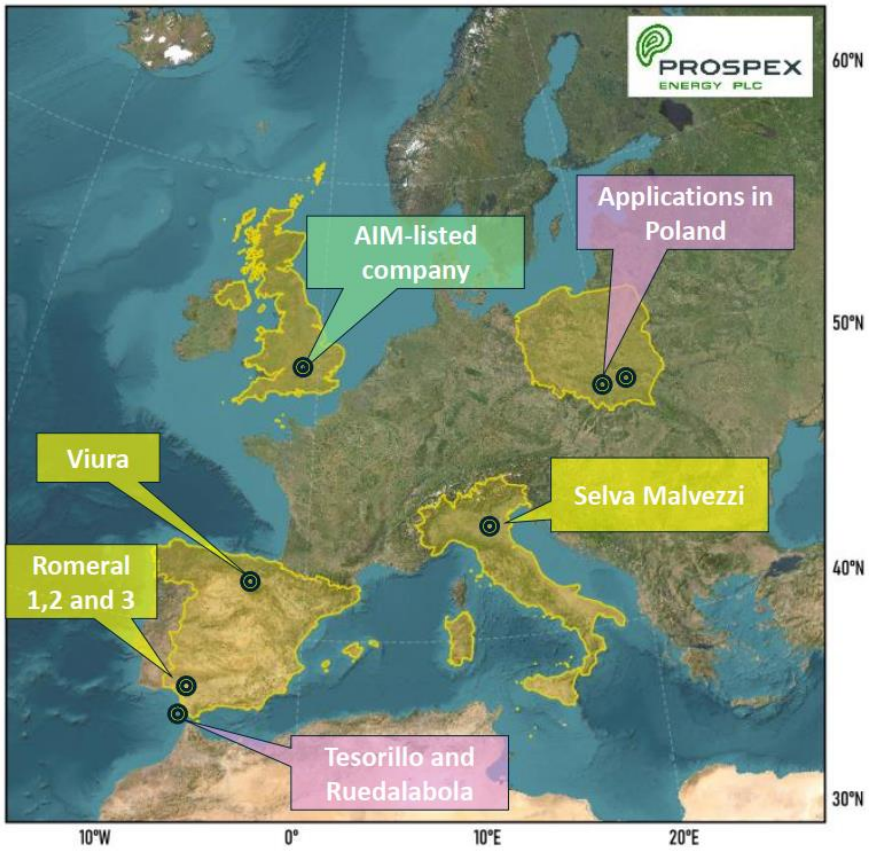
- **Possible farm-down of El Romeral:** Following the acquisition of Tarba, Prospex has taken over operatorship and owns 100% of El Romeral – this creates an opportunity to farm-down the asset.

- **Potential Award of Licences in Poland:** Prospex has pre-qualified to apply for onshore licences in Poland and has submitted applications at a 100% working interest initially. If successful, licences could be awarded in mid-2025. While initial activities will involve analysis and data acquisition, successful identification and subsequent drilling of prospects in Poland could open up a new growth area for Prospex.

- **Tesorillo resolution:** The Tesorillo Exploration Permit is currently suspended from a voluntary request made in 2015 and awaits a Ministry resolution and reinstatement as a production licence.

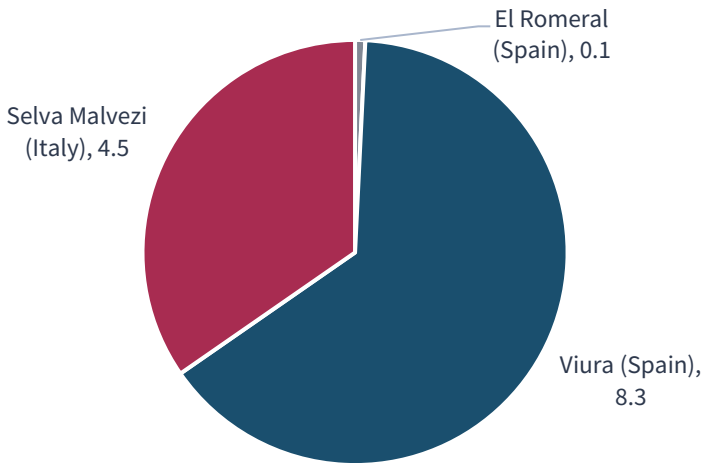
Company Overview

Asset overview



Source: Prospex Energy

2P Net Reserves (bcf)



Source: Prospex Energy, H&Pe

Strategy

Prospex's strategy is to build a focused energy investment portfolio centred on high-impact, onshore and shallow offshore European gas opportunities within proven hydrocarbon systems.

The company targets undervalued projects with short timelines to production, where it can apply low-cost technical reassessments to de-risk assets and unlock value. As a non-operating investment company, Prospex partners with operators in countries like Spain and Italy, prioritising stable markets with existing infrastructure and policies aimed at reducing foreign energy dependence. Its core focus lies in onshore gas within northwest Europe—its strategic "sweet spot"—where it seeks to maximise returns from producing assets such as El Romeral, Viura and Selva Malvezzi. Prospex is debt-free and aims to be self-sustaining, reinvesting cash flow from production to scale its portfolio. While conventional gas remains its primary focus, it is also exploring renewable energy opportunities aligned with Europe's energy transition goals.

Fund raise history

Prospex's funding strategy over the past few years has centred on a combination of refinancings, convertible loan notes, and targeted equity placings to strengthen its balance sheet and support asset acquisitions. In June 2021, the company refinanced 83% of its outstanding 2018 Loan Notes, rolling £322k into a fresh 2021 Loan Note Instrument at a 12% coupon and extending repayment by 18 months. This was followed by two further tranches of Convertible Loan Notes in July and September 2022, raising a total of £2.37mm.

Alongside these debt-financing initiatives, Prospex also pursued equity raisings to expedite project developments. In February 2022, the company raised £2.45mm, facilitating the purchase of an additional 20% interest in the Selva Field, which is now a producing asset for Prospex. This raise attracted commitments from institutional and retail investors, as well as directors.

Most recently, in August 2024, Prospex secured ~£4.2mm in equity enabling the acquisition of a 7.5% stake in HEI, the majority owner of the Viura gas field. Notably, by March 2024, the company had fully redeemed the remaining balance of its £500k September 2022 Convertible Loan Notes, including accrued interest, and saw a further £1.41mm of its notes converted to equity. This left Prospex debt-free, providing a cleaner capital structure to support future growth and for it to effectively pursue development opportunities across its European gas portfolio.

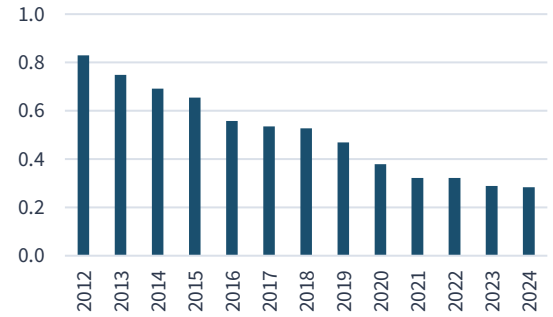
Shareholder structure

Prospex's shareholder base comprises the company's directors with large holdings, as well as several major shareholders with voting rights exceeding 3%. Additionally, there are 12-15 shareholders with whom management maintains regular communication; these shareholders are both supportive and challenging. Management prioritises communication and engagement with shareholders and describes the shareholder register as relatively stable, with substantial direct interaction between the company and its larger investors. The top 20 shareholders own >50% of the company while the management owns ~10% of the company.

The company regards its shareholders as key stakeholders. Direct access to management and the Board has increased through email and electronic meetings. The CEO, Mark Routh, serves as the primary contact for the overall investment community. Due to its shareholder structure, the company generally remains unaffected by short-term speculative trading activities.

Italian Assets

Italy's gas production (bcf/d)



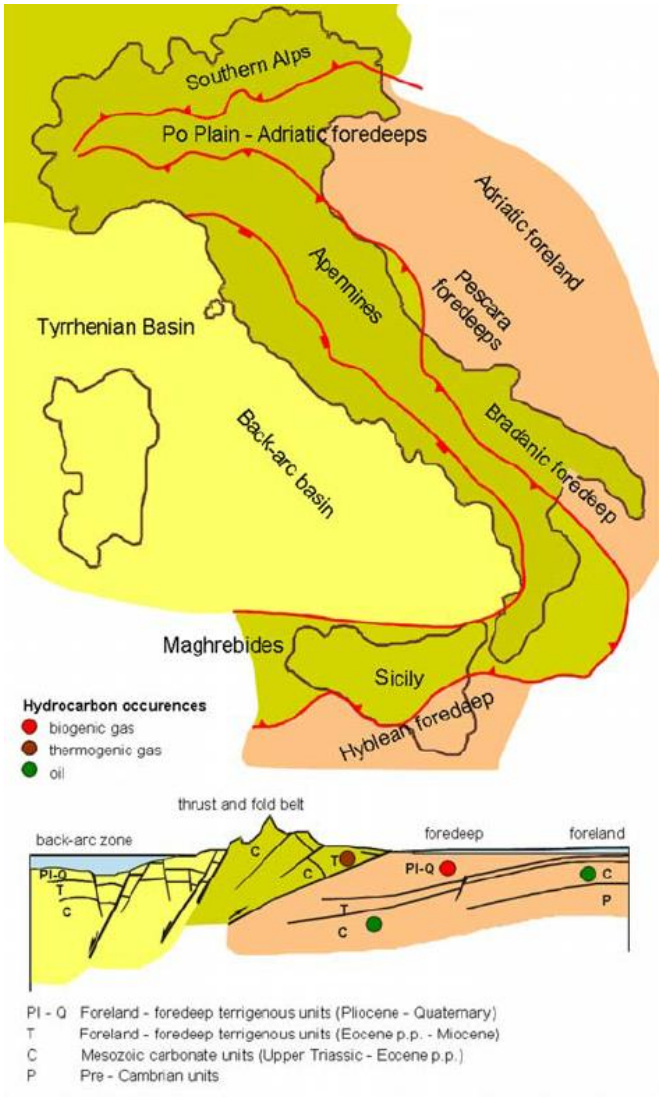
Source: JODI, H&Pe

Italy's gas consumption (bcf/d)

Source: CEIC and Reuters

The Italian oil and gas sector is a major part of the southern European energy landscape, although it represents a small percentage of total global gas production. Gas is primarily produced from onshore fields in the north of Italy (Po Valley) and offshore fields in the Adriatic Sea, with some production from Sicily.

Italy's hydrocarbon basins



Source: Research Gate

The Po Valley has a long history of gas production, dating back to the period after the Second World War, initially dominated by the Italian oil and gas multinational ENI. Over its 35-year operational history, the Selva gas field, within the Podere Gallina Licence and previously operated by ENI, produced 83 Bcf from 15 wells before ceasing production in 1984.

The Po Basin is considered a major hydrocarbon province with considerable remaining potential, including opportunities for redevelopment of old fields and new discoveries. Biogenic gas, generated at relatively shallow depths, contributes significantly to the basin's hydrocarbon richness. The local communities and government are generally supportive of gas production activities, recognizing the need for local gas to help with the energy crisis and the job creation it entails.

In 1998, the Italian domestic gas markets were liberalised, ending ENI's monopoly and opening up licences to independent oil and gas companies. Despite this, domestic gas production currently meets only about 10% of Italy's demand, which stands as the third largest in Europe after Germany and the UK. The remaining demand is met by imports from countries such as Russia, Algeria, Norway, Qatar, and Libya.

Italy possesses a well-developed national and local gas pipeline network, facilitating the transportation and sale of domestically produced and imported gas. SNAM operates the national transmission system and gas grid in Italy. The presence of this infrastructure makes it relatively cheap and easy to access the gas grid for new production. A sophisticated market for servicing E&P activities also exists within the country with several Italian global energy service companies.

Gas supply prices in Italy are often linked to Italy's "Heren PSV day ahead mid-price assessment". Additionally, some sales agreements, like Prospex's gas sales to BP Gas Marketing, can be indexed to or sold at a premium to the Title Transfer Facility ("TTF") European forward contract gas prices.

The Italian oil and gas sector, while facing historical dominance by a major player and reliance on imports, presents opportunities for growth, particularly for companies focused on efficient development and production from existing concessions and new prospects, especially given the renewed government focus on energy security and the annulment of previous restrictive regulations.

Italian fiscal terms and regulatory regime

The regulatory framework for Italy's upstream oil and gas industry operates under a concessionary royalty and taxation system. Concessions are granted by the state through the National Office of Mining, Hydrocarbons and Geothermal Resources (UNMIG). A royalty is paid on the wellhead value of production, with certain exempt volumes depending on the region and development type. For example, the royalty rate for Selva gas production is 10%, with an annual royalty-free allowance. Profits are subject to standard Italian corporate income tax (IRES), currently at 24%, and a regional income tax (IRAP), assumed to be 4.8%. The fiscal system includes allowances for the depreciation of various costs, such as exploration, appraisal, and capital expenditures. Allowances include:

- **Exploration and Appraisal costs** at **100 percent** as incurred.
- **Non-Well Capital costs** depreciated at **15 percent**, on a straight-line basis (10% in the 7th year).
- **Well Capital costs** depreciated on a **unit of production basis**.
- **Abandonment expenditure** depreciated on a **unit of production basis**.
- **Operating expenditure** at **100 percent** as incurred.
- **Royalty payments** at **100 percent** as incurred.

In February 2019, the Italian government issued a decree relating to hydrocarbon exploration and production, introducing an 18-month (extendable) suspension on processing permits for exploration licences and new exploitation concessions, along with increased rental fees. The objective was to assess areas suitable for hydrocarbon activities from an environmental and socio-economic perspective. However, it was understood that this suspension did not affect granted Production Concessions like Selva Malvezzi.

More recently, in 2024, there was an annulment of Italy’s Plan of Areas (PITESAI), which had previously limited hydrocarbon prospecting, exploration, and production, signalling a government commitment to promote more domestic gas production. Furthermore, the Ministry previously responsible is now being renamed the Ministry of Environment and Energy Security, highlighting the importance of energy security for the Italian government.

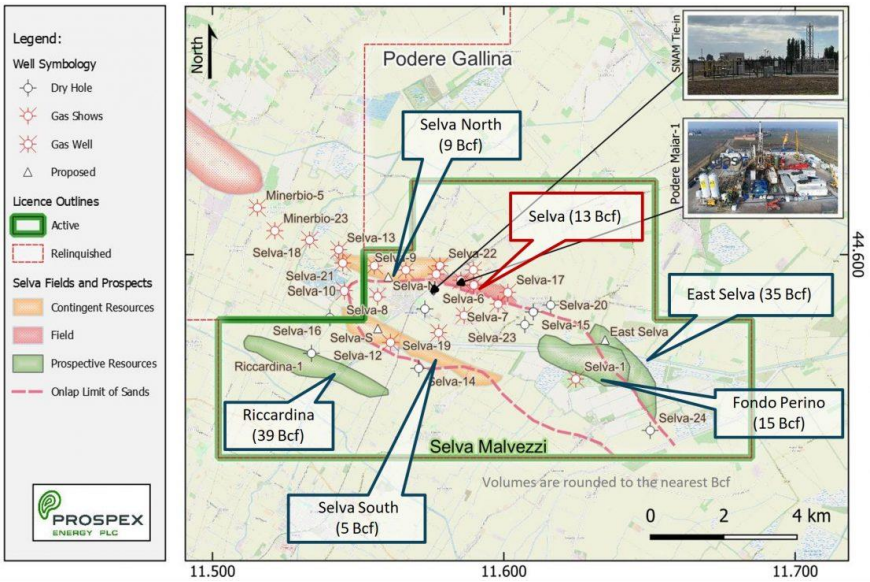
Selva Malvezzi

PM-1 Production Data	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
Average gross production rate (mmcf/d)	1.6	2.5	2.6	2.7	2.8
Quarterly net (37%) production (mcf)	55	83	89	92	96
Weighted average price (€/mcf)	14.1	10.6	12.0	13.8	16.2
37% Revenue net to Prospex (€'000)	656	706	855	1,020	1,250

Source: Prospex Energy

Selva is a gas field in Northern Italy currently producing 2.8mmcf/d with established 2P reserves of ~12bcf and significant upside potential from contingent and unrisked prospective resources of ~100bcf, within the Selva Malvezzi Production Concession (SMPC). Prospex holds a 37% W.I., which generated >US$4mm in net revenues in 2024. The infrastructure has been oversized to accommodate future development. Following the commencement of production in July 2023, the focus is on permitting and drilling additional wells and conducting a 3D seismic survey to further enhance production and unlock the field's full potential. With success in the 2026 drilling campaign, new production could start later next year. We see the existing Selva producing field as worth €14mm or 3.7p/sh and the 2C resource worth €12mm or 3.2p/sh unrisked. We see a further 15.2p/sh of unrisked or 3p/sh risked of upside from exploration drilling.

Selva Malvezzi concession map



Source: Prospex Energy

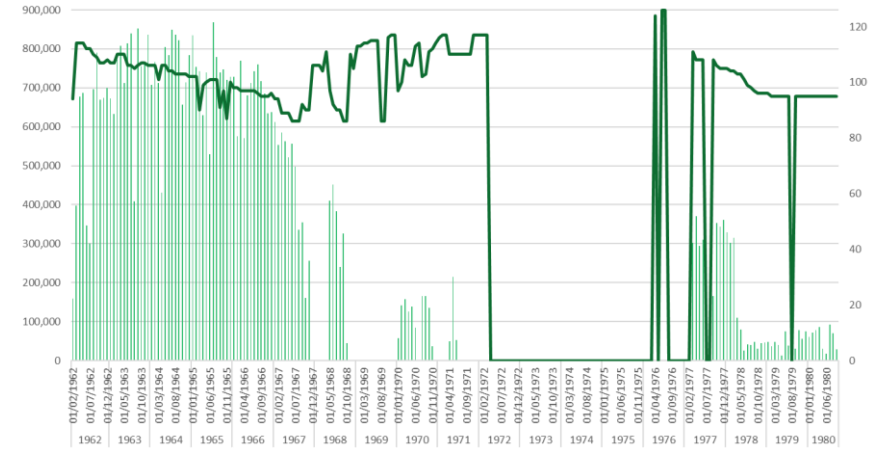
The 81km² SMPC, is in the Po Valley, near Bologna. This concession was previously part of the Podere Gallina exploration licence. Selva is among some of the largest gas discoveries in Northern Italy. It is operated by Po Valley Energy Ltd (PVE), an ASX-listed company with a 63% working interest. Previously, United Oil & Gas also held a 20% working interest, which Prospex acquired in April 2022, increasing its stake from an initial 17%, which it farmed in to in October 2017.

First gas production commenced on 4 July 2023. Current production is ~2.8mmcf/d, remaining steady since Q1'24. The gas is sold into the SNAM grid to BP Gas Marketing. In Q4'24 the average selling price was ~€16/mcf generating ~€3.4mm in gross revenues. Operating costs are ~€1.3mm per annum, which is around €1.3/mcf.

At end-2024 2P gross reserves were 11.2bcf (3bcf net to Prospex), based on the 2022 CPR, adjusted for production to date, however the updated production profiles suggest ~12bcf of remaining 2P reserves (12-year reserve life). The 2P reserve estimate anticipates limitations in the drainage area of the initial well.

Selva history

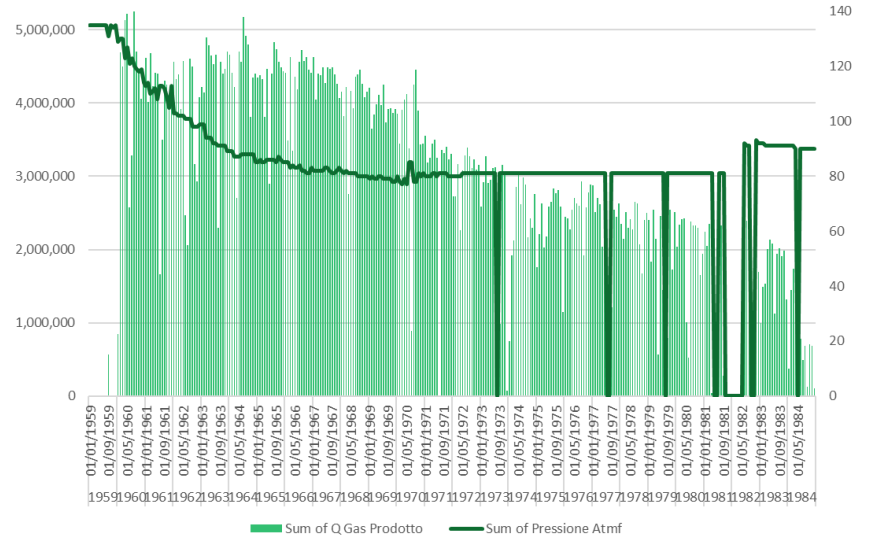
Selva 11 – B Sands historical production LHS: cm/month vs RHS: mcm/d



Source: Prospex Energy

The Selva Stratigraphic Redevelopment is part of the former Selva gas field, previously run by Eni. The field produced 83 Bcf from 15 wells targeting the "B" level between the 1950s and 1984, when production ceased. Subsurface analysis, including seismic and well data, identified the redevelopment area as an Upper Middle Pliocene onlap against a Lower Pliocene thrust-bounded anticline—a structure typically favourable for gas accumulation. Seismic lines indicate that the reservoir has been affected by smaller geological faults that branch off and connect back to the main thrust fault. Despite these displacements, the reservoir remains well-defined and structurally sound, which supported its redevelopment.

Selva 6 – C Sands historical production LHS: cm/month vs RHS: mcm/d



Source: Prospex Energy

Selva 6 was one of the longest-running producers for Level C in the Selva-Malvezzi area. It produced for decades, but the chart above focuses on production from Level C, to show the plateau and decline. The well produced at a rate of 4.5mmcm/m equivalent to 5.3mmcf/d.

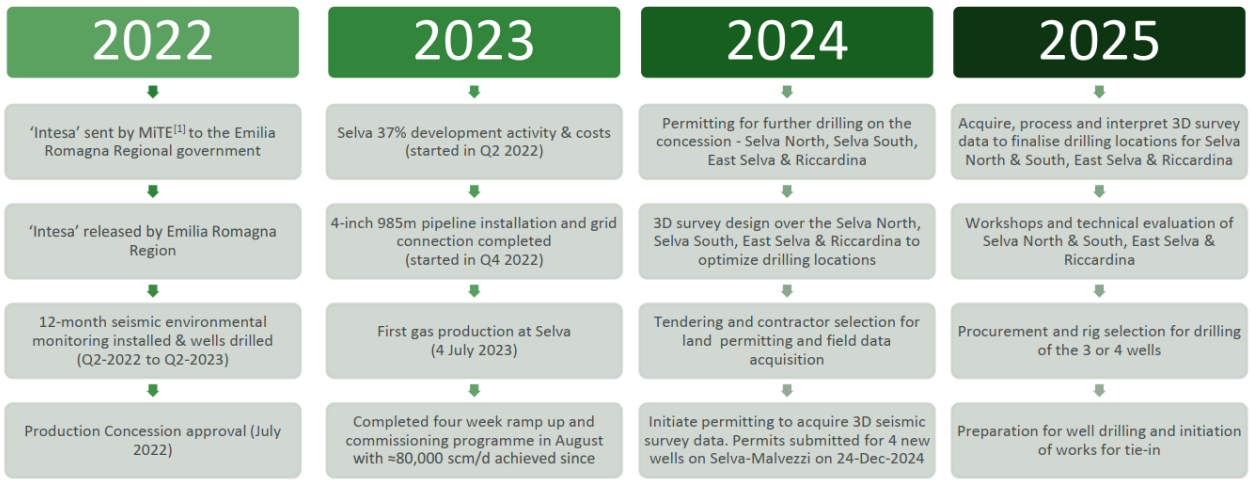
Selva redevelopment

The Podere Maiar-1 (PM-1) appraisal well was spudded in November 2017 and in December 2017, confirmed the presence of undrained gas in the structure. The well tested gas to the surface from two intervals (C1 and C2 sands) in January 2018, with peak flow rates of 5.2mmcf/d and 4.6mmcf/d on an 3/8 choke. Petrophysical analysis of the C1 and C2 sands indicated good reservoir quality with gas saturation.

In May 2018 a development plan for the Selva Stratigraphic redevelopment was submitted to Italian authorities, and an application was made to convert to a Production Concession with a preliminary production concession awarded by the Italian authorities in January 2019, clarifying the "Selva Stratigraphic" redevelopment as reserves.

In February 2019 the operator signed a gas sales agreement on behalf of the JV with BP Gas Marketing and CGG prepared a Competent Persons Report for the Selva Field.

Selva timeline 2022 - 2025



Source: Prospex Energy

After the technical environmental approval was approved in January 2020 and November 2020, the Environment Minister Decree was approved in April 2021 and intergovernmental approval in Q2'22. This allowed in July 2022 the formal production concession to be granted by the Regulator.

A 12-month environmental baselines survey for seismicity before gas production was required starting Q2'22. Between Q4 2022 - May 2023, a fully automated gas plant with a design capacity of 5.25mmcf/d was installed, and a 1km, 4-inch pipeline was constructed to connect the PM-1 well to the national gas grid operated by SNAM. The gas is 99.5% biogenic methane and has no hydrocarbon liquids, and as such requires minimal surface processing. The surface facilities include skid-mounted separation and hydration units, fiscal metering, and produced water storage tanks. On 4 July 2023, first gas production started at the Selva Field. In August, a four-week ramp-up and commissioning programme was completed, achieving approximately 2.8mmcf/d of production.

Selva Malvezzi production infrastructure

Source: Prospex Energy

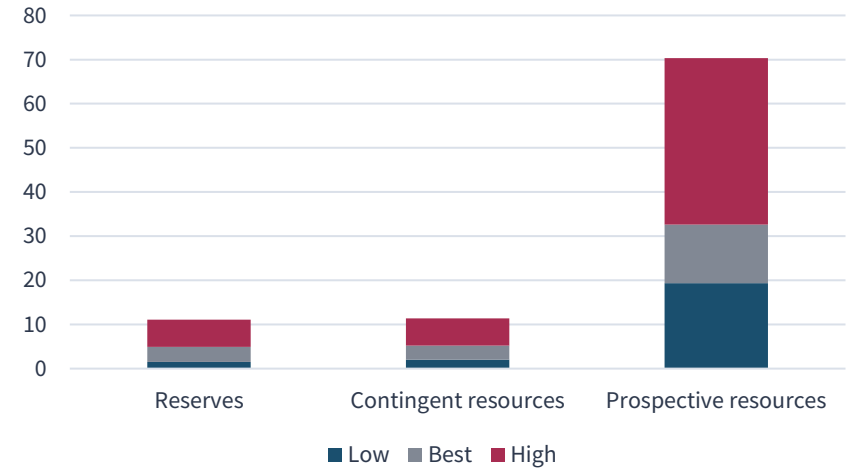
PVE plans to produce at a maximum of 2.8mmcf/d solely from C2 sands and then switch to C1 sand. Production levels will be monitored and managed carefully as an earlier than expected water breakthrough would have a major impact on the project and disrupt production significantly.

In addition, the development includes an allowance for compression in late field life. The existing plant and pipeline have capacities to handle higher production rates of 5.25mmcf/d and 8.75mmcf/d respectively allowing for increased production with successful drilling of new wells.

Selva Gas Pipeline Route

Source: Prospex Energy

Selva reserves and resources (bcf) – Net 37% to Prospex

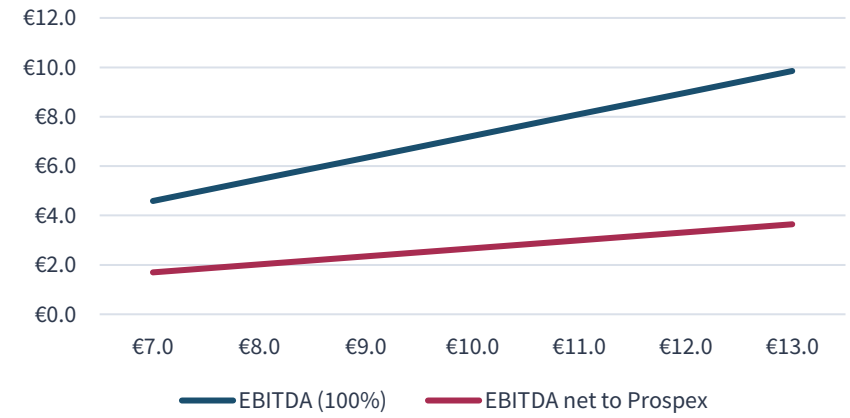


Source: Prospex Energy

2P Reserves

Prospex expects the field to maintain a plateau production for 10 years before it declines by 25% in the first year followed by 10% over the next 4 years till the field is depleted. The gas is sold at the Italian spot prices which has on average commanded a 4% premium to the TTF. We forecast gas sales of €11mm (gross) in 2025 and a plateau rate of €9mm thereafter at a gas price of €9.5/mcf. The fixed government royalty rate stands at 10% of gas revenues. Fixed opex is assumed at €1.3mm per annum. There is also an overhead operator charge at 10% of the total opex and a fixed licence fee of €120k which increases by ~2% annually.

2P case EBITDA net to Prospex (€mm) at various gas prices (€/mcf)



Source: Prospex Energy

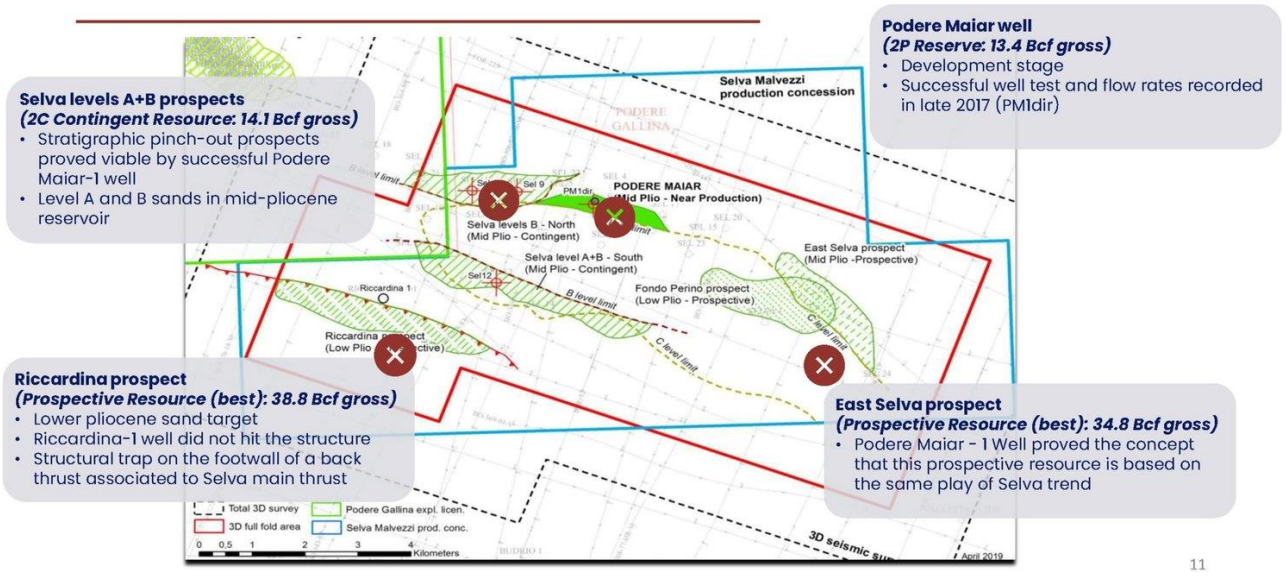
We forecast gross EBITDA of €8.2mm in 2025 followed by a plateau of €6.8mm from 2026 at a lower gas price. Lastly, there is a €1.8mm decommissioning charge in 2039.

The corporate tax rate in the region is 29% which results in a FCF of €6.6mm in 2025; we expect €1.5mm capex for a plant upgrade in 2026 lowering FCF; followed by a plateau of ~€ 5.6mm from 2027 for 8 years. This leads to a gross NPV of €38.5mm or net of €14mm and 3.7p/sh for Prospex. Given that Prospex is producing gas from these reserves, we assign a 100% GCOS and CCOS to this project. This is an NPV of €3.2/mcf, which is the equivalent of US$23/boe.

Planned drilling programme

Applications were officially submitted on 24 December 2024 for four follow-on wells targeting the Selva North, Selva South, East Selva and Riccardina prospects. A 3D seismic acquisition campaign is being prepared over these areas to optimise drilling locations and further identify undrained gas within the Selva structure: this is expected to commence in Q3/Q4'25. Tendering and contractor selection processes are currently in progress. Drilling of the follow-on wells could commence as early as Q4 2025 in an optimistic view, but permitting timelines could cause delays.

Selva Malvezzi Upside Potential



Source: Po Valley Energy

2C Resources

According to the July 2022 CPR there are gross 2C contingent resources of 14.1 bcf (5.2 bcf net to Prospex), associated with discoveries at Selva North and Selva South, considered stratigraphic pinch-outs similar to the Selva field. Selva South is a stacked formation with two horizons, A and B, containing resources. These structures were upgraded to contingent resources following the success of PM-1. The combined 1C/2C/3C for Selva North and South are 5/14/31 bcf gross.

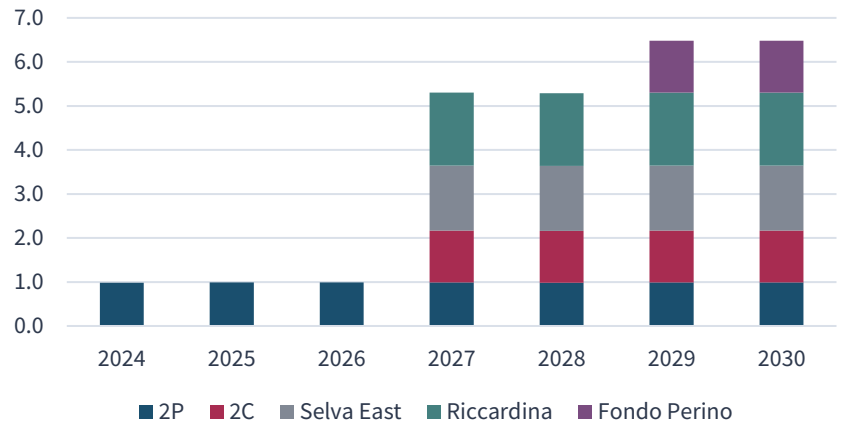
The plan is to drill two deviated wells into these structures from the same well pad to save costs. The target is to drill these wells in 2026. We assume that both wells would come onstream by H2 2026. We assume that Selva North and Selva South (both A and B) will each produce 1.8mmcf/d for 330 productive days in a year. Thus, each well will produce roughly 0.6bcf/y. The two wells will have a gross D&C cost of €8.2mm and other associated capex for the gas plant, environmental monitoring and pipeline of €4mm. We estimate that this total cost of €12.2mm will take place over three years starting in 2025.

All other assumptions remain the same as that in the 2P reserves case. The 2C resource could add €10mm in incremental gross EBITDA and €7.5mm in FCF from 2027. We estimate an unrisked value of 3.2p/sh net to Prospex for the contingent resource. Since these are contingent resources, there is no geological risk to this. We assume a relatively high 75% chance of commercial success given the existing infrastructure in place. Applying the commercial risk, the 2C resources add €9mm of risked value to our NAV or 2.4p/sh.

Exploration upside

The CPR identifies several exploration prospects within the concession. The best estimate of gross prospective resources is 88 Bcf (33 Bcf net to Prospex).

Selva Malvezzi exploration potential (mmcf/d)



Source: H&Pe

Selva East

The Selva East ("SE") reservoirs are expected to be on par with those in the Selva field. The success of PM-1 well has provided a proof of concept for the SE prospect. This is in the same interval as PM-1 but separated by a structural saddle. We assume that SE will flow at a gross IP rate of 4.4mmcf/d because SE can be considered a comingled version of the historic C1+C2 wells and therefore we can assume double the IP rate of PM-1. We assume production begins in 2027 on success. According to the 2022 CPR, Selva East holds 2U (best case) prospective resource of 35bcf (13bcf net to Prospex).

Development capex for SE includes the D&C cost of €4.7mm along with other capex of €5.8mm, which is spread across two years beginning in 2026. Overall, this gives an unrisked NAV of €23mm or 6p/sh. The primary risk remains the definition of the gross rock volume, which is based on a limited number of seismic lines, as well as the presence of good quality reservoir sand at the pinch-out location. The CPR assigns a 40% GCOS and we estimate a relatively high 75% chance of commercial success given the existing infrastructure in place. This results in a risked NAV of €7mm or 1.8p/sh.

Riccardina

Riccardina is a similar sized prospect to Selva East with a total 2U resource of 39bcf (14bcf net to Prospex). The prospect is roughly 5km south-west from the PM-1 producing well. Historic well testing by Eni in 2004 encountered water-bearing sands and was abandoned but Prospex's technical team and CGG re-interpreted the data and believes that this well just missed the prospect, coming in on the wrong side of a thrust fault and lying outside of the high amplitude area that is interpreted to signify gas presence.

Riccardina's capex requirement would be €8.2mm of D&C costs and €3.8mm of other capex, all starting in 2026 and spread over two years. Overall, this gives unrisked NAV of €24mm or 6.4p/sh. The primary risk is the seal capacity of the fault that defines the northern margin of the trap. Other uncertainties affecting project risks include the gas-water contact elevation and sand architecture. Due to the water encountered within the sands, there is a lower GCOS of 21% assigned

in the CPR and we estimate a relatively high 75% chance of commercial success given the existing infrastructure in place. Overall, this results in a risked NAV of €3.8mm or 1p/sh.

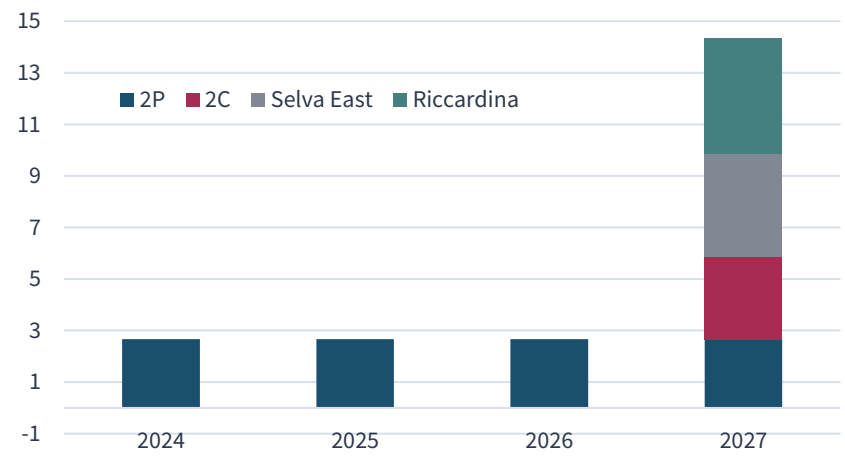
Fondo Perino

Fondo Perino ("FP") is the smallest prospect on the Selva field with an estimated 2U prospective resource of 14.6bcf (5.4bcf net to Prospex). The prospect is thought to be the updip gas-bearing level that was tested by the Selva-1 well. The operator has evaluated that the geology of FP is different to the other prospects and thus prefers to target the other two prospects, which are more akin to PM-1. Electing to pursue this well will also depend on the success of the other four wells – Selva North, South, SE, and Riccardina.

Overall, this gives unrisked NAV of €11mm or 2.8p/sh. The CPR assigns a GCOS of 34% to FP and given it is not in the current drilling campaign assign only a 10% CCOS. Overall, this leads to a risked NAV of €0.4mm or 0.1p/sh.

Production and cash flow outlook

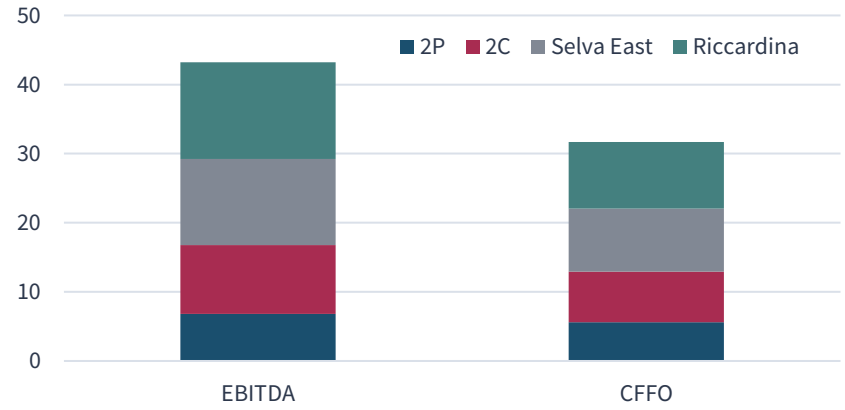
Selva Malvezzi gross production growth potential 2024 to 2027 (mmcf/d)



Source: H&Pe

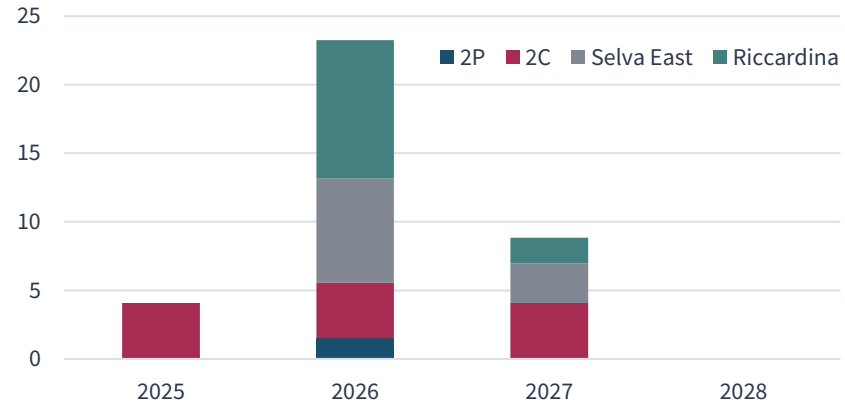
If all four wells in the 2026 drilling campaign are successful and brought on stream by 2027, there is the potential for production to grow >5x to 14mmcf/d gross (5.3mmcf/d net to Prospex), which would generate gross EBITDA of €43mm and post-tax cash flow of €31mm or on a net to Prospex basis, €16mm and €12mm respectively. The total capex to drill the four wells is estimated at €21mm and the incremental capex required to tie-in the wells and bring them online is estimated at €14mm.

Selva Malvezzi 2027 gross EBITDA and cash flow potential on success (€mm)



Source: H&Pe

Selva Malvezzi 2025-2027 capex on success (€mm)

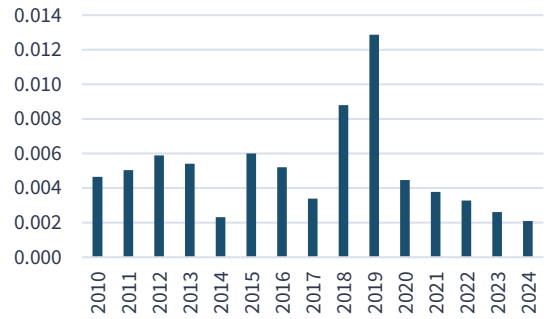


Source: H&Pe

Spanish Assets

Spanish energy sector overview

Spain's gas production (bcf/d)



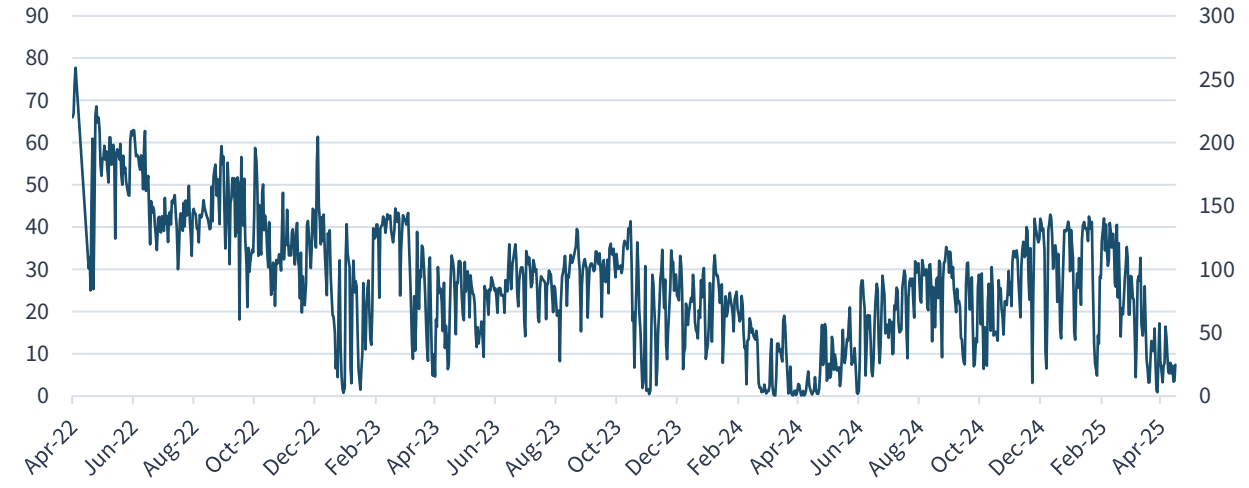
Source: H&Pe

Spain's gas consumption (bcf/d)

Source: Engas

The Spanish oil and gas sector has a history of domestic exploration and production, although it relies heavily on imports to meet its energy needs. 2024 domestic gas production was just ~2mmcf/d in 2024 while the country consumes ~3bcf/d meaning >99% is imported. Onshore gas production exists primarily in regions like the Guadalquivir Basin in southern Spain and in La Rioja Basin in northern Spain. In Spain there are only three producing onshore gas fields: El Romeral; Viura and Marismas. Prospex has ownership in two of these three onshore gas fields El Romeral and Viura.

Daily Spanish electricity prices LHS: US$/mcf vs RHS: €/MWh



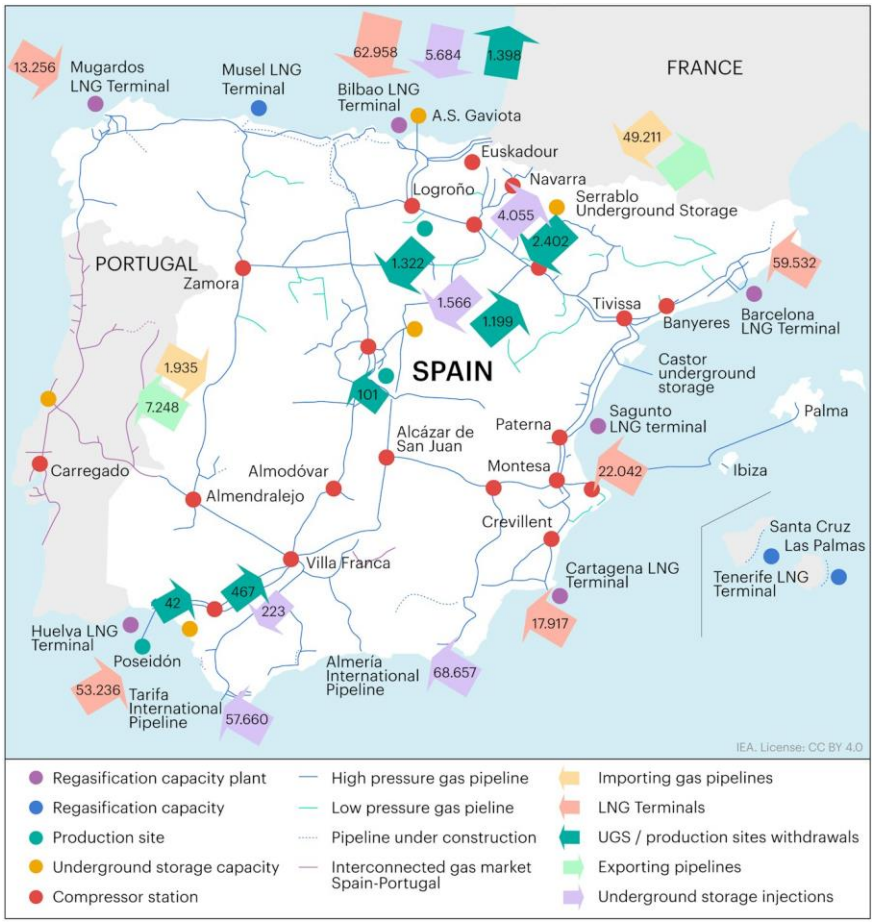
Source: Bloomberg

The Spanish energy market has experienced volatility, with historically high gas and electricity prices followed by periods of price reduction and normalisation. The Spanish government has taken steps to manage energy prices, including a gas price cap for companies selling gas for electricity generation. The price of electricity in Spain can also be influenced by the contribution of local renewable energy sources like wind, solar and hydro.

There is a recognition of the need for indigenous energy resources to ensure accessible, reliable, and affordable energy across Europe. Local onshore gas production in Spain is considered to have a carbon footprint 10x lower than imported pipeline gas and roughly 30x lower than imported LNG.

Spanish energy infrastructure

Spain's natural gas infrastructure



Source: IEA - Spain Natural Gas Security Policy, 2022

Spain possesses a well-developed natural gas infrastructure, which includes an extensive pipeline network reaching a total length of 13,000 km of pipelines. Spain has seven LNG terminals, the largest number in Europe, with six currently operating. Additionally, Spain operates four underground gas storage facilities: Gaviota, Serrablo, Yela, and Marismas, with a combined capacity of around 105bcf. The gas pipeline network is further supported by 19 compressor stations, 45 transmission centres, and 416 measurement and regulation stations.

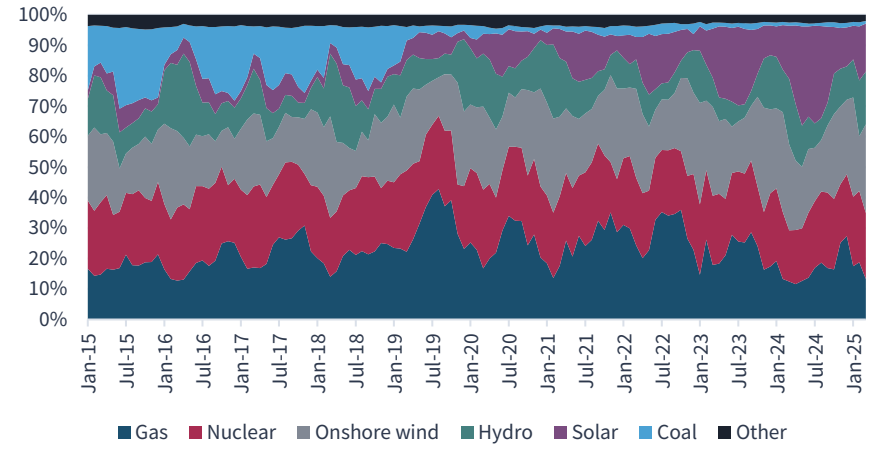
A notable characteristic of Spain's gas grid is its circular structure, which allows nearly every region of the country to be supplied from two directions, enhancing the security of natural gas supply even in peak demand situations. This robust infrastructure has historically been able to cover high annual demand without restrictions. Furthermore, Spain has been actively involved in international gas connections, with interconnections to France and Portugal planned, although some projects like STEP, a gas pipeline connecting Spain and France, have faced regulatory challenges.

Major players

Spain's natural gas sector is dominated by two major players: Naturgy and Repsol. Naturgy, formerly known as Gas Natural Fenosa, holds a leading position of 70% in the Spanish gas market Repsol is the other key player and operates extensively in Spain's energy sector. While Spain's domestic natural gas production is minimal, with the country relying heavily on imports, both Naturgy and Repsol have established infrastructure to manage and distribute imported gas efficiently.

Energy transition impacts

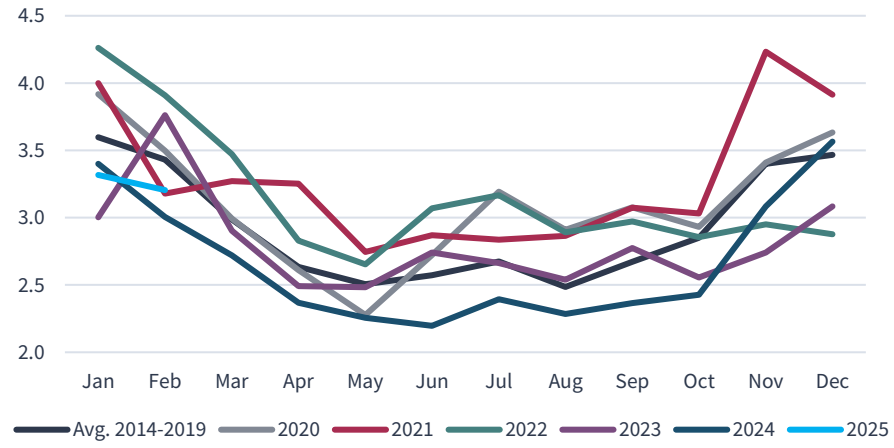
Spain's electricity generation sources' market share (%)



Source: H&Pe

Spain is committed to the energy transition and is phasing out coal and increasing reliance on renewable sources. The country aims to achieve net zero by 2050, with interim targets including a 23% reduction in greenhouse gas emissions by 2030 compared to 1990 levels and generating 74% of electricity from renewable sources by 2030. In 2024, renewable energy sources such as wind and solar accounted for a record 56% of Spain's electricity production (+6% y/y).

Spain's seasonal natural gas demand (bcf/d)



Source: H&Pe

Natural gas continues to play a crucial role in Spain's energy mix, serving as a flexible backup to intermittent renewable sources. In 2023, natural gas accounted for ~22.5% of electricity generation. Overall, natural gas demand in Spain has stayed strong throughout the years ranging between 2-4bcf/d depending on the seasonal requirements. While the long-term goal is to minimise fossil fuel use, Spain recognises natural gas as a crucial transition fuel and regards it as essential for ensuring grid stability and meeting peak demand. Spain's infrastructure, including LNG terminals and pipeline connections, supports this role by facilitating the import and distribution of natural gas.

Spain was relying on solar for more than 60% of its total generation in the run up to the peninsula-wide blackout in April 2025. Afterwards, the transmission system relied heavily on gas to re-energise the network and re-establish synchronism.

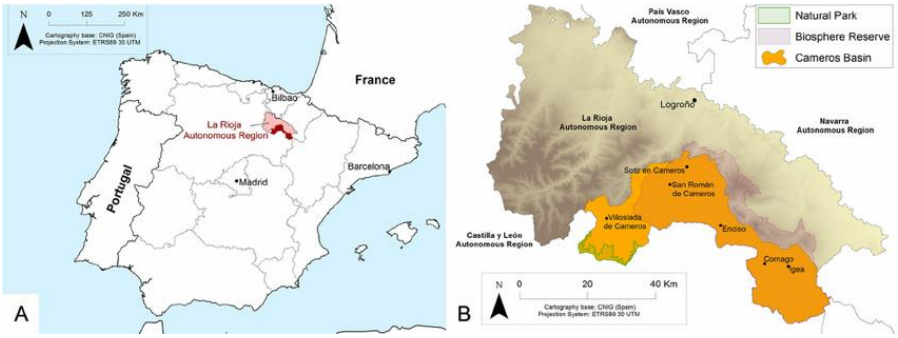
Prospex's interests

Guadalquivir basin

Source: MDPI

Exploration in the El Romeral License Area in the Guadalquivir Basin began in the 1950s. Chevron conducted seismic surveys in the 1980s, leading to several gas discoveries. Repsol later acquired the licence and made further discoveries, followed by Petroleum Oil & Gas España SA (POGESA). Prospex, through its joint venture vehicle Tarba Energía, entered this region by acquiring the El Romeral gas producing licences and gas to power plant near Carmona in southern Spain in March 2021. El Romeral is one of only three onshore gas fields in Spain producing gas.

La Rioja region and the Cameros basin



Source: Research Gate

In northern Spain, the Viura gas field in the La Rioja province is another material onshore producing asset. Prospex acquired a 7.24% interest in the Viura gas field in August 2024 through an investment in Heyco Energy Iberia ('HEI'), the operator. The Viura field has estimated gross remaining reserves of over 90bcf.

The Tesorillo License Area is in southern Spain, in the Cádiz province. Prospex now fully owns the Tesorillo Exploration Permit after acquiring Warrego Energy's interest in the Spanish assets. There is a historical gas discovery (Almarchal-1 well drilled in 1957) on the concession. The Tesorillo permit is currently suspended following a voluntary request in 2015, and an application to convert it to a production concession was submitted in May 2021. An Environmental Impact Assessment (EIA) process is required for new wells and development.

Spanish regulatory environment and fiscal terms

The regulatory landscape in Spain has seen changes, notably with the Act on Climate Change and Energy Transition, which came into force on 22 May 2021 and states that no new hydrocarbon permits or licences will be granted. However, this act specifically excluded existing permits.

Spain's fiscal framework is highly attractive for hydrocarbon production. Gas revenues are subject to the Hydrocarbon Royalty, set at 4% of the value of onshore gas production based on prevailing market prices, payable to state and local authorities. This is very low in a global context.

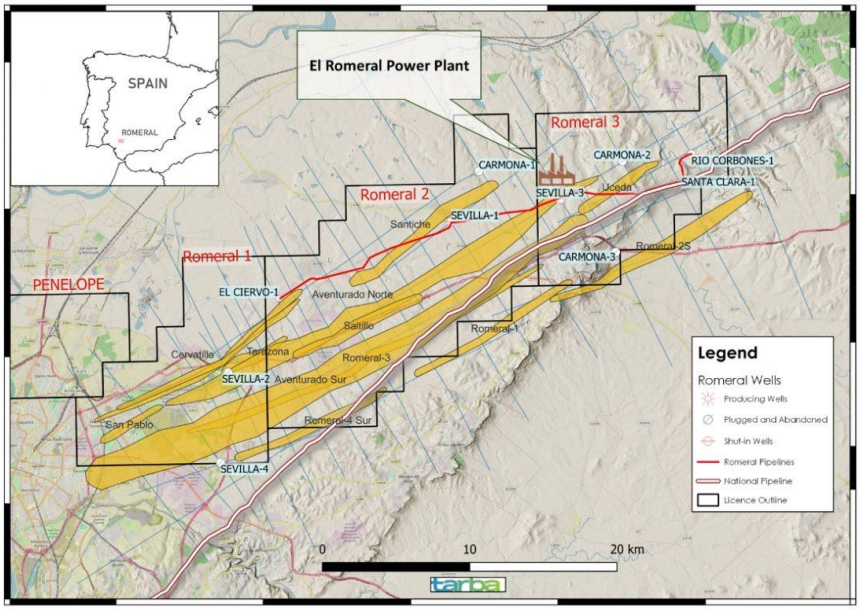
Earnings are subject to a standard corporate tax of 35%, with deductions permitted for exploration, development, operating costs, and depreciation. Project-level ring-fencing is enforced, restricting loss offsetting to individual projects rather than across different corporate activities or unrelated fields.

Although current El Romeral production is exempt, future exploration will face a 16% Gross Overriding Royalty (ORRI) payable to a previous vendor, which has a material impact on the economics of any future developments. Management is negotiating a lower rate, with a new rate that could be potentially announced after securing Romeral exploration drilling permits.

El Romeral

El Romeral is a long-term producing field with the surrounding area underexplored and containing low risk exploration targets. We believe the planned drilling campaign in El Romeral represents a low-risk, low-cost opportunity to increase production and cash flow. It highlights the strong existing infrastructure and the potential for further development to unlock greater shareholder value. We see total unrisked value from the current 5 well drilling programme of 6.3p/sh.

El Romeral licences



Source: Prospex Energy

The El Romeral Licence Area is situated in the Guadalquivir Basin, onshore southern Spain, east of Seville. The licence area, collectively referred to as the El Romeral concessions, is subdivided into three contiguous blocks: El Romeral-1, El Romeral-2, and El Romeral-3, covering an area of approximately 310km^2. In July 2024 a 10-year extension to the concession was granted after being applied for in May 2021.

Prospex increased its stake to 100% from 49.9% in El Romeral production, following the purchase of the remaining 50.1% of Tarba Energia from Warrego Energy in April 2025. The consideration was ~€562k with a further €100k due on the granting of permits for three new wells. The acquisition price equates to US$0.02/mcf or US$0.1/boe based on the prospective gas resources acquired in the El Romeral asset alone.

El Romeral power plant

Source: Prospex Energy

El Romeral in Q1'25 produced 0.6mmcf/d of gas from two wells but production is expected to cease later this year as the reserves are exhausted. El Romeral (post the Tarba acquisition) represents ~20% of Prospex's net production. The gas fuels an 8.1MW power station (electricity production capacity of 71GWh/y) located on the licence area, which sells electricity into the Spanish spot market. Maximum power generation capacity is ~2.7MW at present, ~30%, due to the limited current gas supply, modest thermal efficiency and intermittent plant operation. The low utilisation highlights substantial upside potential if higher gas production is achieved. The power plant now operates on a 24/7 basis and has been hybridised through "Project Apollo", the installation of a 41.5kW array of solar panels on the roof in August 2022, with a payback period estimated at three to four years.

El Romeral benefits from existing infrastructure, including the power plant and a fully owned local network of pipelines connecting the producing wells. The power plant has the right to export up to 8.4MW into to the electricity grid operated by Red Electrica. Additionally, the 26-inch ENAGAS pipeline traverses the Romeral concessions, presenting a potential opportunity for future connection and gas sales beyond power generation.

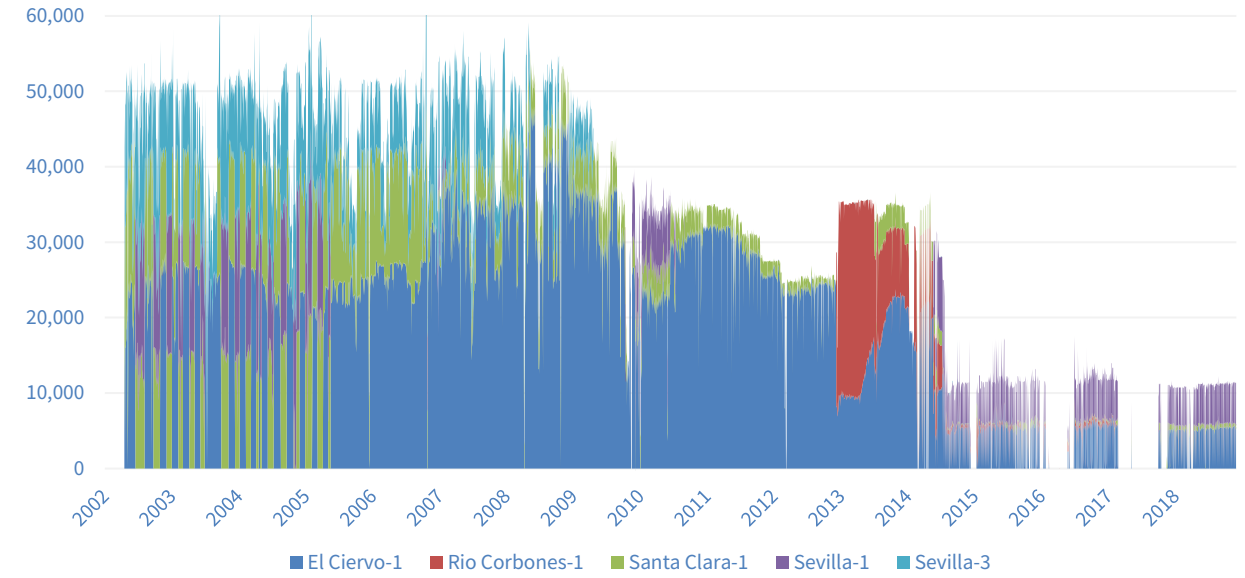
Electricity prices fluctuate considerably between day and night and across seasons. Prospex actively monitors these price fluctuations, strategically choosing when to produce or shut off the power plant and in turn the gas production. This proactive energy management approach allows Prospex to capitalise on peak pricing periods and extreme weather conditions. The company employs an internal cut-off electricity price of €30/MWh, below which it suspends production.

The power plant currently operates at a gas-to-power thermal efficiency of ~30%. Using a GWh/bcf gas conversion rate of 293, this corresponds to a gas input of 29GWh (or 0.1bcf) in 2025, producing 9GWh of electricity sold at spot market prices.

We assume a base-case electricity price of €80/MWh in 2025, transitioning to a flat rate of €75/MWh from 2026 onward. For current production, Prospex pays a 4% hydrocarbon royalty to the government. Annual fixed costs are assumed at approximately €1.5mm.

Exploration history

El Romeral long-term historical production m³/d



Source: Prospex Energy

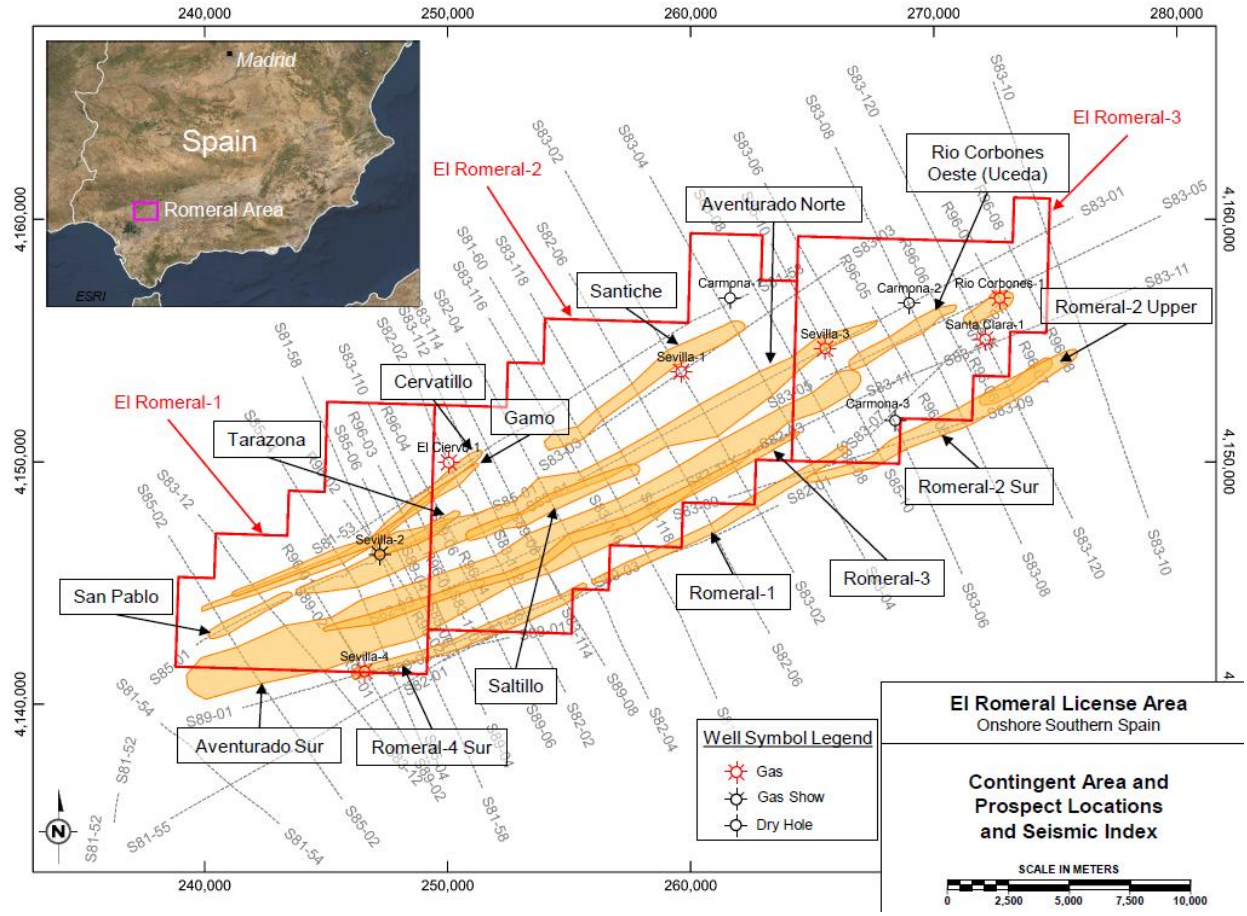
Exploration in the El Romeral License Area began in the 1950s with the drilling of five dry wells. During the 1980s, Chevron conducted 2-D seismic surveys and drilled three successful discoveries (El Ciervo-1, Sevilla-1, and Sevilla-3) and two sub commercial gas wells (Sevilla-2 and Sevilla-4). Repsol acquired the licence area in 1994 and made the Santa Clara-1 gas discovery in 1998. Five wells went into production from 2002. POGESA acquired a 100% interest by 2008 and drilled the Rio Corbones-1 discovery well in 2007. Prospex became a 49.9% owner of the El Romeral assets in March 2021 and a 100% owner in April 2025.

The El Romeral License Area includes 12 wells: 5 dry hole wells drilled between 1957 and 1959 (Carmona wells) without the aid of seismic data, and 7 wells drilled from 1983 to 2007 utilising conventional and AVO-processed 2-D seismic data. These efforts resulted in 5 commercially viable gas discoveries. When examining only the 7 wells drilled from 1983 to 2007, the success rate for commercial discoveries stands at 71%. If positive AVO data had been used to determine drilling locations, the Sevilla-2 and Sevilla-4 wells could have been drilled or sidetracked to a higher structural elevation above the interpreted GWCs, potentially achieving a 100% success rate for gas discoveries.

Average net reservoir thickness is 7m, varying from 1 to 33 m. Reservoir quality ranges from well-sorted medium- to coarse-grained sandstones with low clay content to poorly sorted fine-grained sandstones, siltstones, and clay. Average porosity is 30% and gas saturation is 55%. Pressure depletion drives the reservoir, with gas-water contacts detected in well logs and varying degrees of water influx recorded. The El Romeral License Area has variable DHI support and is considered low-risk for gas discoveries, with a 75-80% success rate based on current seismic data.

Exploration upside

El Romeral prospects identified from original CPR



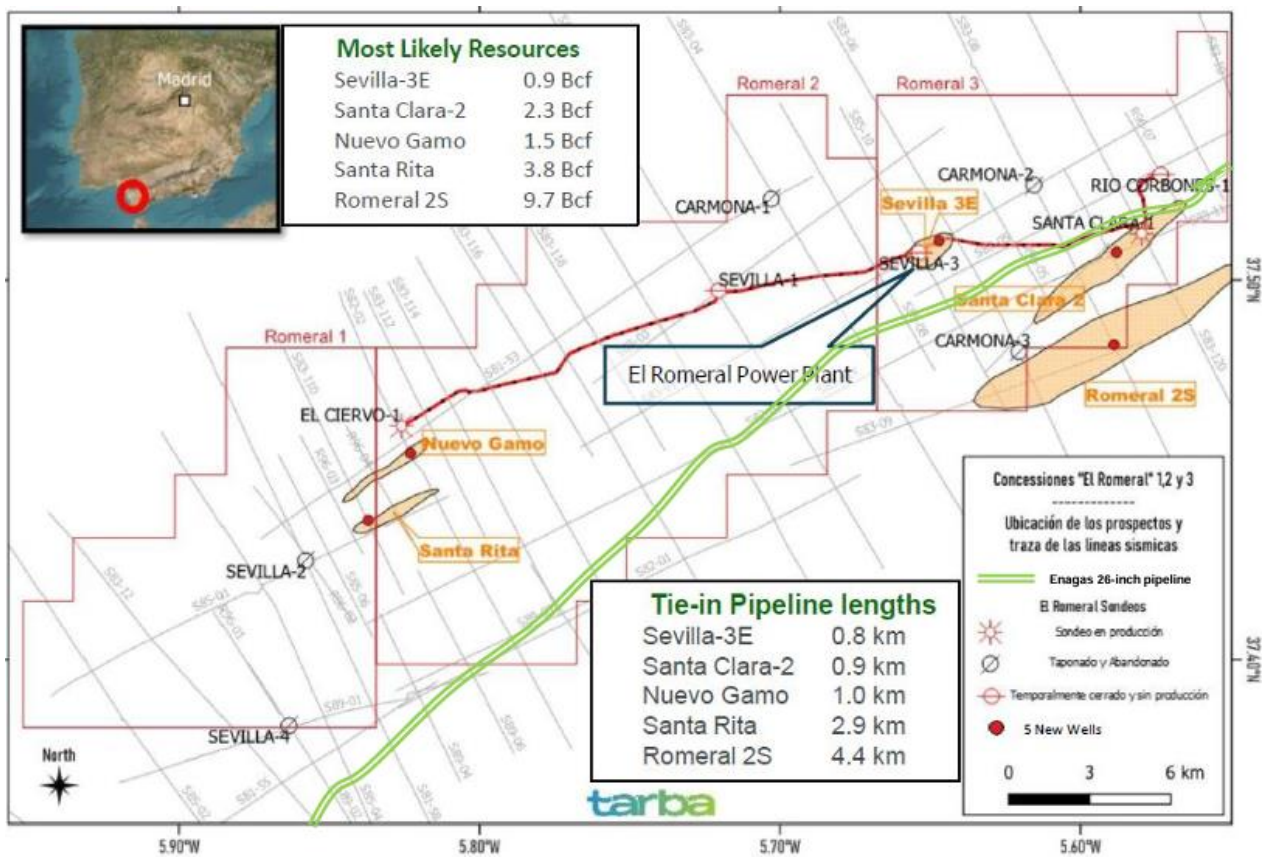
Source: Prospex Energy CPR, NSAI

According to the CPR on El Romeral, there is 5bcf of contingent resource. However, following the reprocessing by Prospex on Tarazona, the size has reduced, and the other pocket of contingent resource Romeral-4 Sur is inaccessible. Therefore, we are not currently including any contingent resources and treating all five planned prospects as prospective resource.

Two sub commercial wells (Sevilla-2 and Sevilla-4), drilled based on DHIs, encountered minor gas volumes above formation water and were not completed. The area updip of the GWC is subdivided into a contingent resources area and a prospective resources area. The contingent resources area on Sevilla-2 was designated as the Tarazona Contingent Area (3.3bcf of 2C) in the CPR but based on more recent processing, Prospex is using a lower contingent resource and has renamed the prospect Santa Rita.

For Sevilla-4 the maximum contingent area is 4 km^2 and is designated as the Romeral-4 Sur Contingent Area (1.7bcf of 2C). The updip prospective resources area is designated as the Romeral-1 Prospect. These are not being tested in the current campaign given logistical issues accessing the site.

El Romeral next five exploration wells



Source: Prospex Energy

The 2019 CPR (still the most recent one) assigned gross un-risked mid-case prospective resources in the three El Romeral concessions of 90 bcf across 11 low-risk prospects. Since then, Prospex's technical team has re-processed and re-evaluated the data to come up with an updated five-well plan. The re-processing includes comparing the CPR data with the historic well results which has guided the company pick the five most viable prospects, in their opinion. They have also re-assessed the geological and commercial risks for each to get a better understanding of the project. Therefore, we use the company's guidance for the production and EUR estimates, GCOS, and CCOS.

The full reprocessing of El Romeral 2D Seismic using modern, broad bandwidth processing flow and new methods for noise attenuation has improved imaging quality. AVO products were included in the reprocessing because they have previously indicated the presence of gas. Re-interpretation has been completed, resulting in a shortlist of 20 targets. In 2023, Prospex further assessed these targets by examining AVO anomalies at the pre-stack level with the assistance of a geophysical consultancy. Priority was given to very low-risk targets, but one moderate-risk target was included due to its resource size. In Q2'24, the operator submitted an EIA initiation document for the 5 selected targets to the Spanish Regulator targeting 18.2 Bcf with the expectation of receiving these by year end with drilling following early next year.

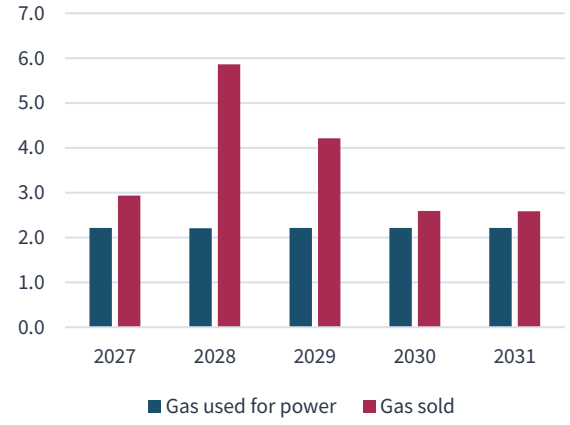
The depth of the wells average about 700 metres and will each take no longer than 3 to 4 weeks to drill once a suitable drilling rig has been mobilised. These are low-risk targets identified after reprocessing and re-interpreting over 500 km of 2D seismic data and AVO data. The structures are shallow tertiary turbidite reservoirs, ~900m deep, which translates to lower drilling costs.

The five prospects to be drilled are S3 East (0.9bcf), Santa Clara 2 (2.3bcf), Nuevo Gamo (1.5bcf), Santa Rita (3.8bcf) and Romeral 2S (9.7bcf). The expected exploration cost for all the wells is €5.5mm and in a success scenario there will be a further €6mm required to tie-in the wells and €1.4mm to upgrade the power plant. Also, if all the wells are successful, there will be excess gas for the power plant, so this will need to be connected into the Enagas trunkline at an estimated cost of €3mm. Therefore, if all wells are successful total capex will be ~€16mm.

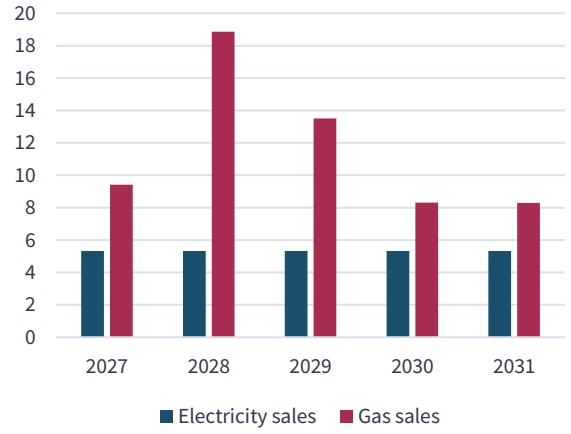
The initial aim is to drill enough new wells to bring the power plant to 100% utilisation, requiring two new wells with production of ~1.1mmcf/d each. Any extra gas from the remaining new wells or any future wells drilled on the concessions will support expansion of the power plant as well as the ability to supply natural gas directly to the grid.

The company is also planning to upgrade its power plant engines and transformer (which it is currently renting) if the wells flow successfully. This will allow for ~40% higher flow rate into the power plant increasing the electricity output. Furthermore, based on the type of upgrade it undertakes, the thermal efficiency of the plant and/or the capacity could also be improved thereby increasing the overall output of the plant. The initial plant upgrade would cost the company ~€1.4mm.

Gas fed into the power plant vs gas sold (mmcf/d)



Electricity and gas sales (€mm)

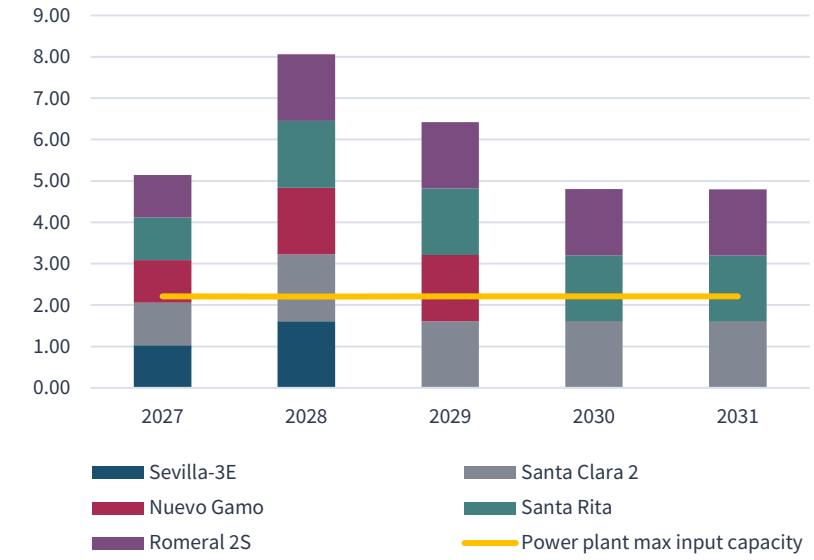


Source: H&Pe

Prospex currently holds only a licence to convert gas to electricity and sell that electricity on the spot market. Prospex has already applied for a separate licence to sell produced gas directly into the national grid. Securing that permit would allow the company to market the full gas stream rather than being constrained by plant throughput, materially improving project economics. For this, the company needs to build a pipeline tie-in which will cost ~€3mm and take 15-18 months to construct. The main advantage of this project is that it would allow unrestricted gas flow letting the wells produce at full capacity.

To illustrate the impact: at a gas production rate of 1mmcf/d, converting all gas to power would yield roughly 32GWh per year (assuming a 30% thermal efficiency); using our long-term electricity price assumption of €75/MWh, this equates to €2.5mm of gross revenue. In contrast, selling the same 1mmcf/d directly as gas (after assuming a 5% compression loss), at our long-term price deck of €30/mcf, would deliver about €10mm. The ability to switch from power-only to combined power-and-gas sales therefore offers a potential 4x uplift in annual revenue, a strategic option Prospex is already working to unlock.

El Romeral production potential from planned drilling (mmcf/d)



Source: Prospex Energy

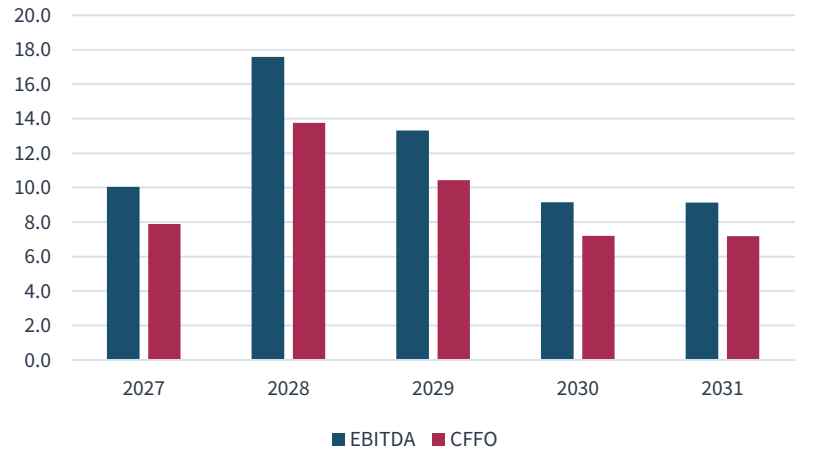
Development modelling of the five exploration prospects

Well name	2U EUR (bcf)	Plateau years	GCOS	CCOS	Unrisked NPV €mm	IRR %
Sevilla-3E	0.9	1	85%	96%	1.2	27%
Santa Clara 2	2.3	5	80%	95%	3.0	99%
Nuevo Gamo	1.5	3	72%	95%	2.0	76%
Santa Rita	3.8	7	86%	86%	5.0	102%
Romeral 2R	9.7	16	51%	78%	12.7	101%

Source: Prospex and H&Pe

Given the high geological chance of success for all the prospects (on average 75%), we have modelled them out on the basis all of them are successful and brought onto production. We have done a valuation of the total prospective resources on this basis and applied the same €/bbl valuation to all the prospects.

Romeral EBITDA and CFFO (€mm)



Source: H&Pe

The five prospects in aggregate would produce at peak 8mmcf/d of gas in 2028. This would generate €24mm in revenue (€19mm from gas and €5mm from electricity). This leads to EBITDA of €17mm and CFFO of €14mm.

We estimate that the fixed opex will increase to €1.75mm per year from 2027. Capex will include the drilling and completion ("D&C") cost of ~€1.1mm per well and an internal pipeline cost of €6mm for the 5 wells together which we allocate as €1.2mm per well; thus, total cost per well is ~€2.3mm. We believe that these costs would be incurred in 2026 after the drill permits are secured. Depreciation is on a unit cost basis.

General assumptions across the five wells

We assume that each well, if successful, would produce at an initial production ("IP") rate of 1.8mmcf/d. We make this assumption based each well's historical analogue data which shows that all wells can naturally flow >3.6mmcf/d but were limited due to plant or pipeline constraints. We note that if more than one well is produced, Prospex would need to limit total flow to 2.2mmcf/d (assuming no power plant upgrade).

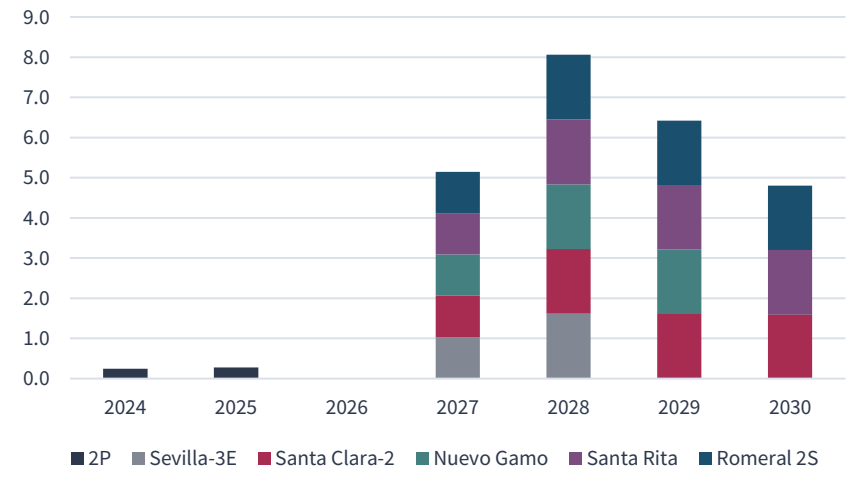
The wells will produce for 330 days a year due to planned maintenance and the first year will only see 200 producing days given initial testing and ramp up times.

For future production, Prospex is liable to an over-riding royalty rate of 16% in additional to the government royalty rate of 4% bringing its total royalty rate to 20%. Prospex is trying to negotiate to a lower over-riding royalty with the owners. The corporate tax rate is 25%.

Given the development timelines and permitting delays, we believe that the wells would come onstream in mid-2027. The wells will produce for a certain number of years at a plateau after which production will decline at 10% until it reaches its estimated ultimate recovery ("EUR"). The wells would be abandoned once they reach their EUR and cost €1mm each.

Exploration prospect details

El Romeral exploration potential (mmcf/d)



Source: H&Pe

Sevilla-3 East

The Sevilla-3 East ("S3E") well is located over the Sevilla 3 field on the Romeral 3 concession. Re-processed data shows that the well will be able to extract 0.9bcf. The S3E well is geologically similar to the Sevilla 3 well which was previously drilled between an interval of 485-494m and produced at a peak rate of 4.4mmcf/d. This is comfortably over the IP rate of 1.8mmcf/d that we are using. The plan on this well is to go to the east and a little up-dip where almost half the volume is left. This is likely one of the safest prospects as it has been derisked by previous production. We estimate an unrisked NAV of €1.2mm or 0.3p/sh. According to Prospex, the GCOS is high at 85% given that it has been de-risked. Commercially, it is located next to the Romeral power plant and will be easy to connect leading to a CCOS 96% with the only hold up being the permitting. Overall, this leads to a risked NAV of €1mm or 0.3p/sh.

Santa Clara 2

Santa Clara 2 ("SC2") is a completely new prospect, not captured in the 2019 CPR. Previously, the Santa Clara 1 well was drilled which extracted ~30mmcf of gas and was then abandoned due to readings from the P/Z curve. A P/Z curve plots reservoir pressure (P) divided by a gas compressibility factor (Z) against cumulative gas production to estimate the initial gas in place within a reservoir and to track reservoir performance over time. After the 30mmcf was extracted, the P/Z curve showed that majority of the gas was depleted.

However, when Prospex re-assessed the data, large volumes were seen in seismic with no water in place. Based on the P/Z curve readings and the seismic data, Prospex believes that the historic production was only targeting a small reservoir compartment and that a larger one is still in place, which is the target of the SC2 well. Prospex's EUR for SC2 is 2.3bcf. The Santa Clara 1 well was drilled at an interval of 418-423m with a peak production rate of 4.8mmcf/d. This is also comfortably over the IP rate of 1.8mmcf/d that we are using.

We estimate an unrisked NAV of €3mm or 0.8p/sh. According to Prospex, the GCOS is 80% due to a downdip section in water. Commercially, it is located close to the Romeral power plant and will be easy to connect leading to a CCOS 95% with the only hold up being the permitting. Overall, this leads to a risked NAV of €2.3mm or 0.6p/sh.

Nuevo Gamo

Nuevo Gamo ("Gamo") is located over the Gamo field and close to the El Ciervo 1 production well. Prospex believes this is a promising asset given its proximity to the previously producing well. Prospex's EUR for Gamo is 1.5bcf. The El Ciervo-1 well is deeper was drilled at an interval of 511-516m with a peak production rate of 7.7mmcf/d.

We estimate an unrisked NAV of €2mm or 0.5p/sh. According to Prospex, the GCOS is 72% given that there is risk from moderate Amplitude Versus Offset ("AVO") results and some erosional top from overlapping El Ciervo-1 field. Commercially, it is located close to the existing El Ciervo 1 pipeline which makes connection to the Romeral power plant easy resulting in a CCOS 95%. Overall, this leads to a risked NAV of €1.3mm or 0.4p/sh.

Santa Rita

Santa Rita is located on the Tarazona contingent resource. This prospect was derisked by 1985 Sevilla 2 well, but it is located updip from the gas-water-contact ("GWC"). Sevilla 2 saw potential for development at a higher structural elevation which is the target of Santa Rita.

The area updip of the GWC is subdivided into a contingent resources area and a prospective resources area. The interpreted connected reservoir to the Sevilla-2 well has seismically defined minimum and most likely areas of 0.9 and 2.0 km^2 (222 and 493 acres), respectively. A 1996-vintage seismic line with no AVO response separates the contingent area from the prospective resources area. The contingent resources area is designated as the Tarazona Contingent Area. The CPR also observed porosity of 26% and shale volume of 36%. For natural gas reservoirs, good porosity levels typically range from 10% to 25%.

Prospex notes that the Santa Rita well can also test the Aventurado Norte prospect which is the largest prospect on the Romeral licences. This is a deeper sands prospect and has a higher risk but since its stacked beneath Santa Rita, it can be tested by the same well.

Prospex's EUR for Santa Rita is 3.8bcf which is after re-assessing the Tarazona area for which the CPR estimated 1.7bcf. The Sevilla 2 well was not tested and Prospex believes this makes it more geologically risky versus the contingent resources (100% GCOS) estimated by the CPR.

We estimate an unrisked NAV of €5mm or 1.3p/sh. According to Prospex, the GCOS and CCOS is 86%. Overall, this leads to a risked NAV of €3.7mm or 1p/sh.

Romeral 2S

The Romeral 2S well is targeting two vertically stacked prospects – Romeral 2 Sur Sand and Romeral 2 Upper Sand. Collectively, these result in an EUR of 9.7bcf making it the largest of the five wells.

An analogue to Romeral 2S is the Sevilla 4 well but during testing, this well did not lift the brine cushion and was too close to the GWC and thus did not perform well. It was drilled to an interval of 718-720m and produced 0.25mmcf/d at its peak; however, this is not representative of Romeral 2S' potential.

The AVO response on Romeral 2S was as good as Sevilla 4 (>20ms thick) which flowed gas, though not as good as other producing assets. New AVO on the 70Hz was disappointing at the well location, was but visible on parallel lines. The well pad for Romeral 2S has already been constructed by Naturgy, the previous owners of El Romeral which received the permit to drill this well but it was never drilled.

We estimate an unrisked NAV of €12.7mm or 3.3p/sh. The main risk is that it looks very similar to Sevilla 4 which had poor permeability due to its offset position from basin centre. On the other hand, the well-defined channel, compaction features, frequency change, and AVO on offset lines all contribute to de-risking. Thus, Prospex believes that there is a 51% GCOS. The CCOS is relatively high because the area is already secured, and a flowline can link it to Santa Clara about 5km away to tie into the Romeral power plant. According to Prospex, the GCOS and CCOS is 78%. Overall, this leads to a risked NAV of €5mm or 1.3p/sh.

Other opportunties on Romeral

Solar potential

Source: Prospex Energy

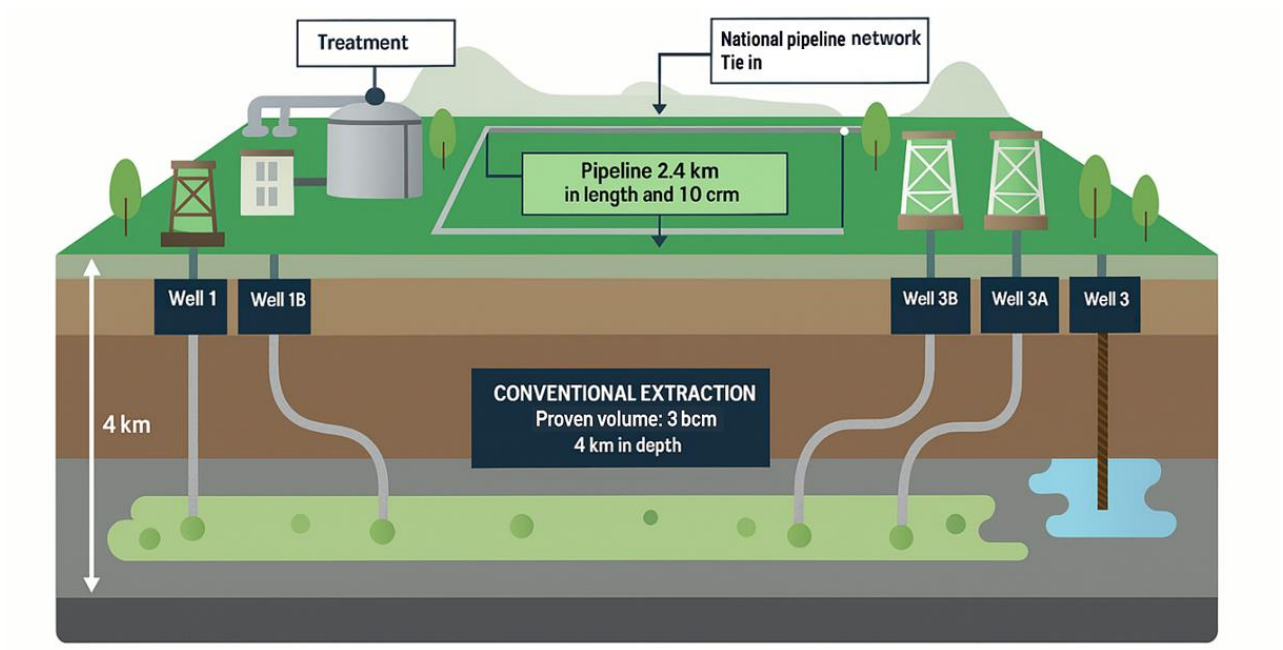
In Q3'22, Project Apollo was executed: Solar panels were installed on the power plant roof. Following Project Apollo, there is Project Helios, a 5MW solar PV project on land adjacent to the power plant also underway, further enhancing the renewable energy aspect of the operation, which would cost an estimated €3.4mm. There is also the possibility to add battery storage to manage the fluctuations in power prices, which would cost ~€5mm.

There is potential to utilise existing non-producing wells within the Romeral concession for gas storage, which could increase Spain's fuel independence. The Rio Corbones-1 well was specifically designed with gas storage in mind. Connection to the ENAGAS pipeline would be necessary for this.

Viura

The Viura gas field is in the Province of La Rioja, northern Spain within the Ebro Basin. It is one of only three producing onshore gas fields in Spain and accounts for ~80% of Spanish gas production. The field has established pipeline infrastructure to tie into the gas grid. Prospex hold an indirect stake of 7.24% in Viura through its investment in the operator, HEYCO Energy Iberia. The field has ~90bcf (net 8.3bcf, explained below) of gas reserves remaining which we value at €2/mcf that provides an unrisked value of €16mm (4.3p/sh) to Prospex.

Viura project schematic



Source: Prospex Energy, H&P

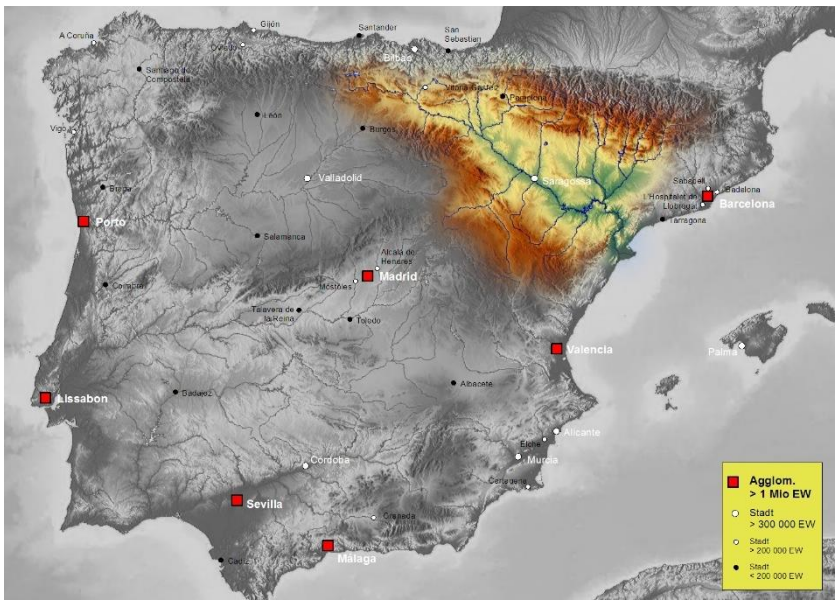
In 2017 an exploitation licence was granted until July 2027 with contract terms stipulating a maximum production rate of 37.3mmcf/d. The reservoir held ~210bcf of gas in place with ~106bcf gas reserves. By end-2024, 16bcf had been produced from the field with remaining reserves of 90bcf, with further upside possible using compression technologies. To date, US$87mm has been spent on Viura's infrastructure which comprises a processing plant and a 30cm pipeline that extends 2.4km to an ENAGAS tie-in point connecting to the gas grid.

Prospex holds a 7.5% interest in HEYCO Energy Iberia ("HEI"), the company that has majority ownership (96.5% acquired in 2022) and operates the Viura gas field. This translates to a 7.24% net interest for Prospex in the Viura concession. Prospex acquired its stake in HEI in August 2024 for US$4.3mm and agreed to fund 15% of the cost of the 2024-2026, three phase, HEI development programme, estimated to cost ~US$70mm. This is not a standard "2:1 Promote" transaction: Prospex will also 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. After payback, Prospex's share of net income will revert to 7.5%.

The 2024 development programme costed the company £4mm, which included the Viura-1B well (total cost of £27mm). Prospex's 15% share of the 2026 development programme is estimated at a further £4.84mm, which is planned to be funded by future cash calls or from Phase 1 production or both.

Exploration and development history

Ebro Basin map

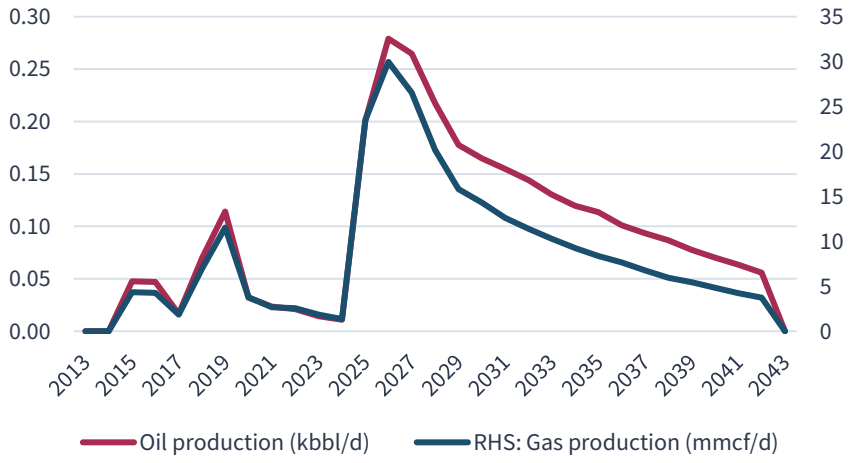


Source: Wikipedia

The Ebro Basin, located in northern Spain, consists in a triangular shape depression lying between three mountain ranges. The basin covers an area of 41,931 km^2. The Upper Cretaceous reservoir (Utrillas formation, ~150m thick) consists of fan-delta sandstones and interlayered shales, with the top at a depth of 3,550m. It has a matrix porosity of 5-8% and permeability of 11-32 mD, likely enhanced by fractures, and is effectively sealed by Tertiary sediments. The reservoir produces gas with a minor condensate cut of 3.5stb/mmcf.

The field was discovered in 2010 with the Viura-1 well, which demonstrated high production rates from a high-pressure (>500 bars), high-temperature reservoir (TD at 3,788m). Viura-1 flowed at a maximum rate of 18mmcf/d and was put into production at 4mmcf/d.

Viura historic and forecast production profile



Source: Prospex Energy, H&Pe

In 2012, the operator submitted a three-phase development plan for the development of Viura. The first phase, which represents the initial development of

the Viura field, involved the completion of the Viura 1 and the Viura 3 wells, and installation of a processing plant and export pipelines.

Viura-3 was drilled nearby Viura-1 in 2013 and had excellent gas shows. The well is currently suspended and there were plans to convert it into a water injector (V3 workover) to dispose of produced water from the other Viura wells, however it was found to be unsuitable.

A 3D seismic survey completed in 2013 year revealed a presence of a large 4-way closure with estimated gas in place of 210bcf. This 3D seismic data is now being reprocessed for new well optimisation.

The first natural gas sales to the national grid commenced in February 2015, with permanent commercialisation starting in March 2015.

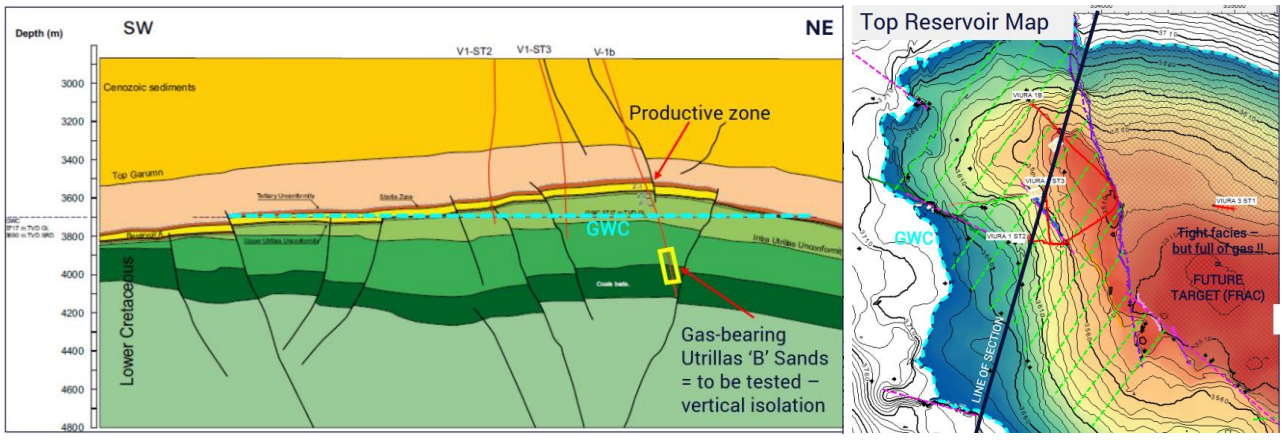
On July 25, 2017, the Spanish official state gazette published the Royal Decree granting the Hydrocarbons Exploitation Licence for the Viura project, covering ~50k acres and is valid until July 25, 2047.

Phase 2 of Viura, to increase production, was approved in late 2017 and comprised a three-well development programme. The first well (Viura 1 ST3) was drilled in early 2018. The Viura-1ST3 well was producing intermittently since mid-October 2024 through December 2024 at rates up to 7.1mmcf/d gross, as water handling issues were being managed.

Gross gas production from the Viura field averaged 11.4mmcf/d in January 2025 but fell to 7.7mmcf/d on average in February and March. The original producing well on the Viura field known as Viura-1 ST3 was not in production in this period. The Viura-3 well was intended for water injection in late 2024/early 2025 but was deemed unsuitable. As a result, current water abatement procedures continue, and the Viura-3 well has been capped and suspended.

Viura 1B well

Viura sub-surface

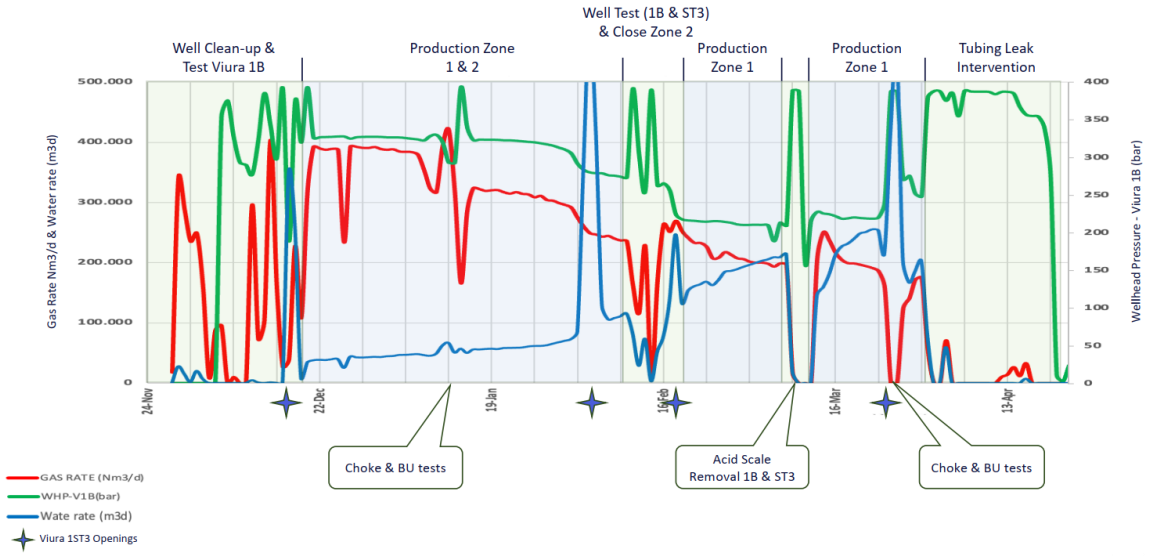


Source: Prospex Energy, Heyco Energy Iberia

The Viura-1B development well was spudded on June 22, 2024. Fundraising for this well was completed in August 2024. It exceeded pre-drill expectations for the main reservoir target the Utrillas-A. High-quality gas reservoirs were encountered during drilling, and new deeper gas-bearing sections were discovered (Utrillas-B).

The well reached the primary Utrillas-A reservoir unit 50m higher than anticipated, encountering the top reservoir with high-quality rock. High indications of gas were present throughout the drilling of the main reservoir target, with gas-bearing formations extending ~30m deeper than in nearby wells within the formation. The well was deepened by 450m, at a gross cost of €2.5mm, to target the deeper Utrillas-B section, which will be tested in Q1'26.

Viura 1B Production & Intervention History Since Start-up



Source: Prospex Energy, Heyco Energy Iberia

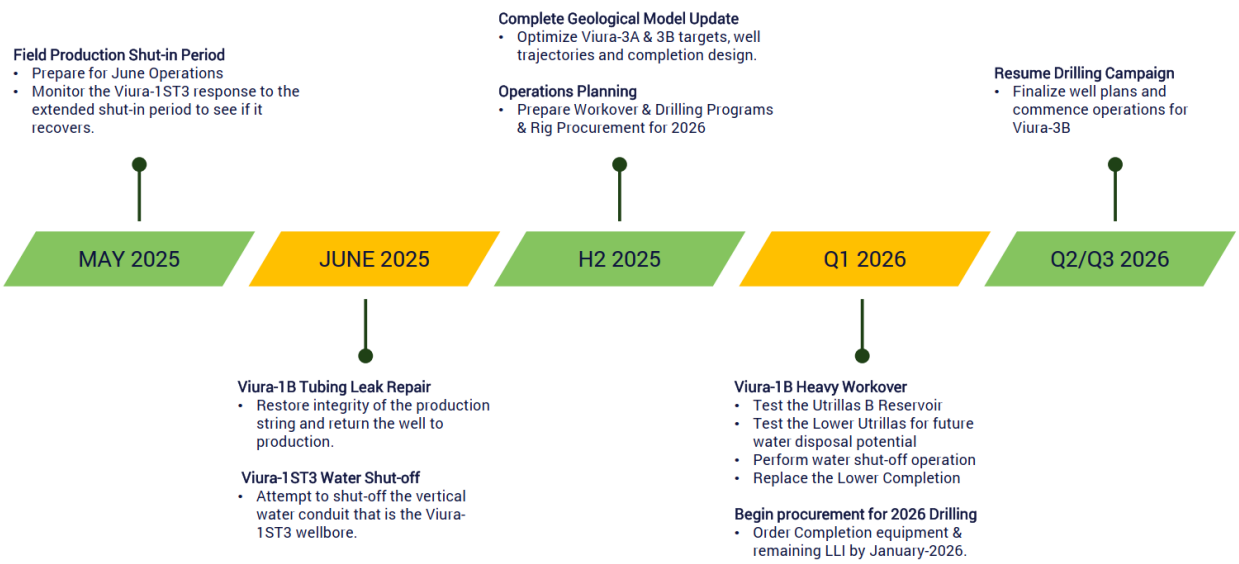
The Viura-1B well was connected to the existing gas processing facilities for a planned flow testing programme, which commenced on 29 November 2024. In December, it was reported that the well test flow rates exceeded expectations, at 18mmcf/d during its initial flow test from the larger than prognosed reservoir section of the main Viura reservoir target. Three zones were completed and tested in the main reservoir target of the Utrillas-A formation in Viura-1B. The well was completed in December 2024, and it was put on production at a stabilised plateau rate of 10.6mmcf/d.

Initial production from Viura-1B demonstrated strong early gas flow, but output has since declined faster than expected, indicating potential near-wellbore damage or formation "skin" effects. In Q1'25 production averaged 8.5mmcf/d.

Reservoir analysis highlights anisotropic permeability (i.e., when the measured permeability varies depending on the direction of fluid flow) and strong well-to-well connectivity across the field. However, water breakthrough has occurred earlier and at shallower depths than expected, possibly due to geological faults or unconformities. Additional concerns include potential well integrity issues such as corrosion or fault-related impacts, alongside gamma ray and temperature anomalies following production. Despite these challenges, the field retains significant recoverable volumes and benefits from existing infrastructure. The application of targeted remediation and compression could unlock further value.

Development plans

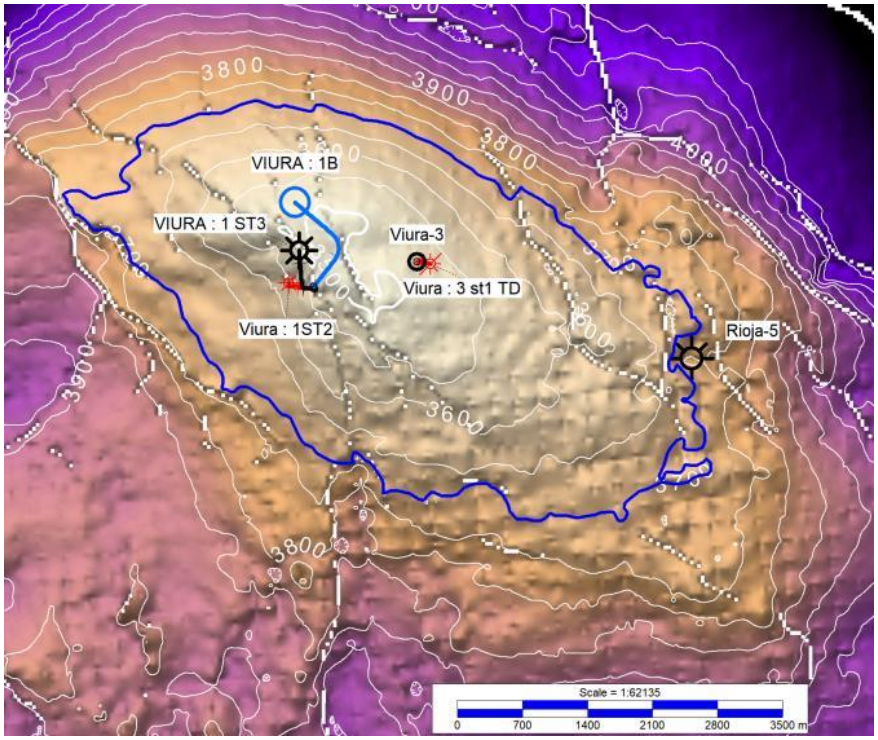
Operations outlook



Source: Prospex Energy, Heyco Energy Iberia

In April 2025 the field was shut in to execute key workovers. The operator is repairing a tubing leak on Viura-1B and installing a slick-line plug to halt water ingress in Viura-1ST3; Viura-1B is expected back onstream by mid-June 2025 while Viura-1 ST3 will be plugged and sealed to prevent water from flowing to the top of the reservoir from which it can get into Viura-1B. In parallel, reprocessed 3-D seismic—now benefitting from sharper facies and fracture definition—is feeding an updated dynamic model that will refine future well targets.

Viura field and well locations



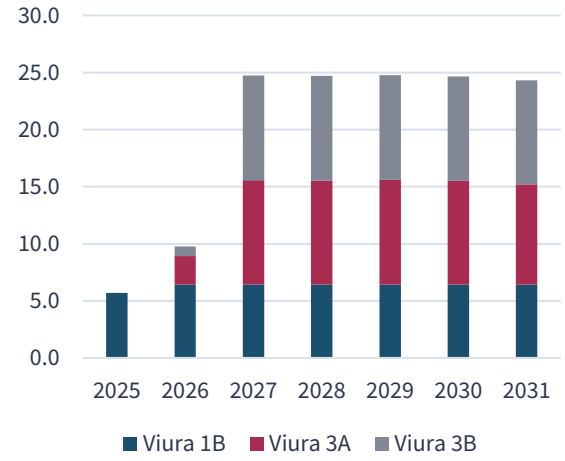
Source: Prospex Energy

Development forecasts

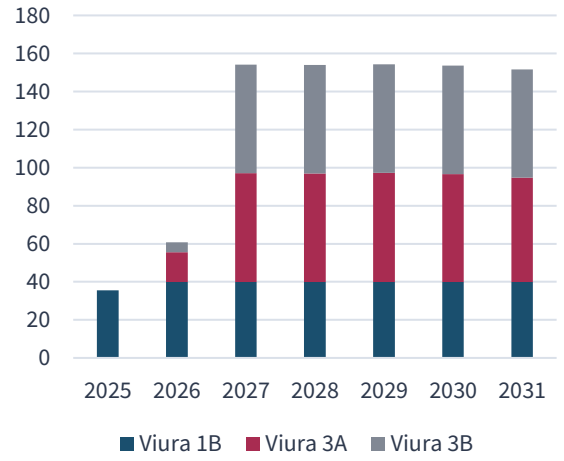
According to Prospex's acquisition agreement for Viura, it will fund 15% of the 2024-2026 capex for a 7.5% WI in HEI. Since HEI owns ~96% of the field, effectively, Prospex's share of full field capex is 14.5% and a 7.24% WI. However, the transactions terms state that Prospex will hold a 14.5% (effective) WI until the additional capex of 7.24% (14.5% less 7.24%) is paid back after which Prospex's WI will revert to the original 7.24%. Each well has a different payback period; we assume all three wells are commercialised, which results in a payback during early 2030.

We model each well individually, including gas and natural gas liquids ("NGL") output. Viura-1B is expected to restart in mid-June 2025, with HEI guidance forecasting H2'25 average production of ~6mmcf/d of gas and 35bbl/d of NGL. From 2026 onwards, we assume plateau production of 6.4mmcf/d and 40bbl/d of NGL. Over the well life, this equates to 21.5bcf of gas and 133kbbl of NGL, with production continuing until 2037.

Viura gas production (mmcf/d)



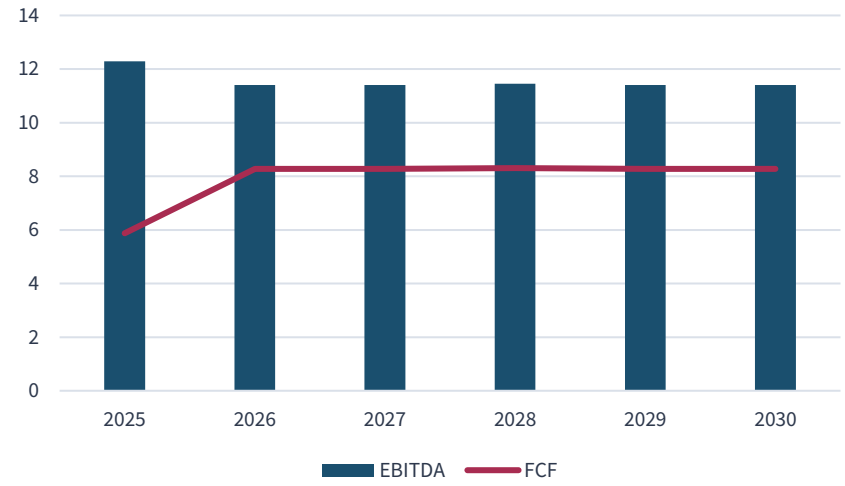
Viura NGL production (bbl/d)



Source: H&Pe

Using our gas price assumptions of €9.1/mcf in 2026 onwards, Viura-1B generates ~€20mm in gross revenue. Fixed opex is estimated at €4.9mm per year and variable opex is modelled at €1.2/mcf, which at plateau volumes results in ~€2.6mm per year. This delivers an annual EBITDA of ~€11mm. Capex of €2.9mm is expected in 2025 for the workovers. FCF from 2026 is ~€9mm. Our unrisked NAV for Viura-1B only is 1.4p/sh or 1.2p/sh on a risked basis.

Viura-1B EBITDA and FCF (€mm)

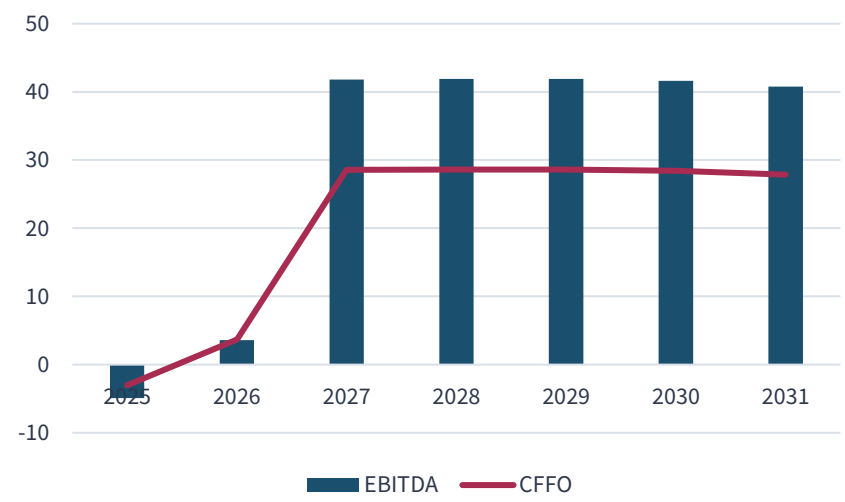


Source: H&Pe

Two development wells are to be drilled in mid-2026 to further increase production. Both wells (Viura-3A and Viura-3B) are fully permitted by the Ministry. The operator is waiting for the completion of the 3D seismic reprocessing project and the reinterpretation of that new data, before it starts the drilling programme. This data driven approach will increase the chance of success and further optimise the subsurface well targets. They are expected to be immediately placed on production upon completion. This new well programme is expected to take production to a peak of 30mmcf/d.

Viura-3A and 3B are modelled using the same approach. Both are assumed to start production in 2026. Initial production from Viura-3A is modelled at 2.3mmcf/d and 14bbl/d of NGL, while Viura-3B begins at 0.8mmcf/d and 0.8bbl/d. Based on HEI's guidance, Viura-3A ramps up more quickly but also declines sooner, with production ending in 2037. Viura-3B has a flatter, more extended plateau, with production continuing to 2043.

Viura-3A and 3B EBITDA and FCF (€mm)



Source: H&Pe

At plateau, both wells combined are expected to produce 8.4mmcf/d of gas and ~52bbl/d of NGL. Applying the same fiscal and cost assumptions, these two wells generate EBITDA in the range of €18–20mm per year. Combined capex for both wells is estimated at €38mm.

Overall, this results in a gross unrisked NPV of 1.5p/sh for Viura 3A and 1.4p/sh 3B. On a risked basis this is 1.1p/sh each for Viura 3A and 3B.

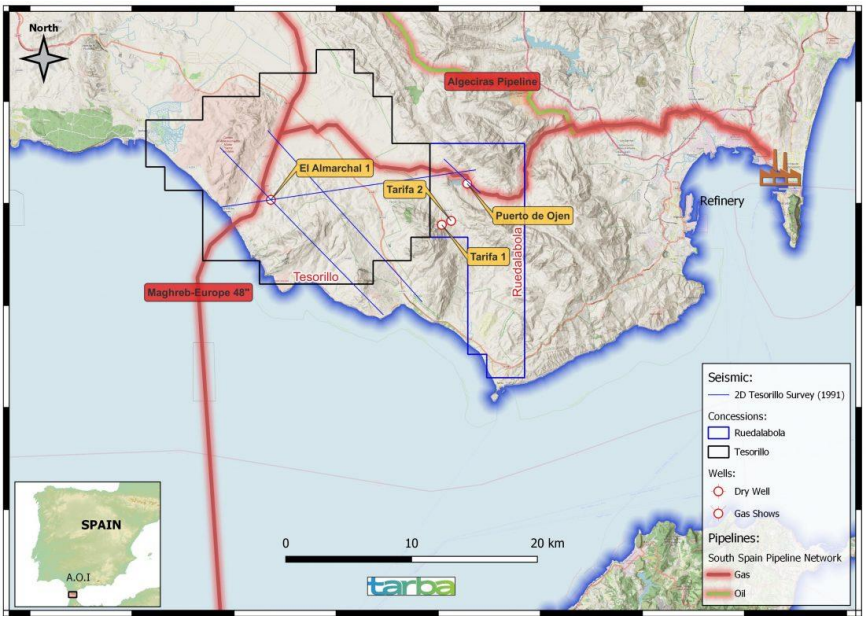
Exploration upside

The rock formations beneath the producing Viura gas field (Utrillas-B formation) have never been appraised and could be gas-bearing, offering future upside potential. Drilling the Viura-1B well deeper to evaluate the Utrillas-B formation appears to have been a highly successful commercial decision, with good gas shows and several potential reservoir formations encountered in this previously undrilled section and with valuable new data acquired. A flow test is planned for Q1'26 and if successful could lead to a reserves upgrade. There are no details at present on prospect size: we are estimating a 25bcf prospect size (1.8bcf net) with a €1.5/mcf NPV, which gives 0.7p/sh unrisked or 0.3p/sh risked.

Tesorillo

Tesorillo is a gas exploration project in southern Spain with significant prospective resources based on a historical gas discovery. While currently under permit suspension, plans are in place for future exploration and potential development, leveraging nearby gas infrastructure for monetisation. This is a low probability asset with very high potential if the restrictions are lifted: on an unrisked basis the 831bcf of prospective resources could be worth €0.8bn based on €1/mcf NPV10.

Overview map of the Tesorillo-Ruedalabola concessions showing the locations of historical wells & existing infrastructure



Source: Prospex Energy

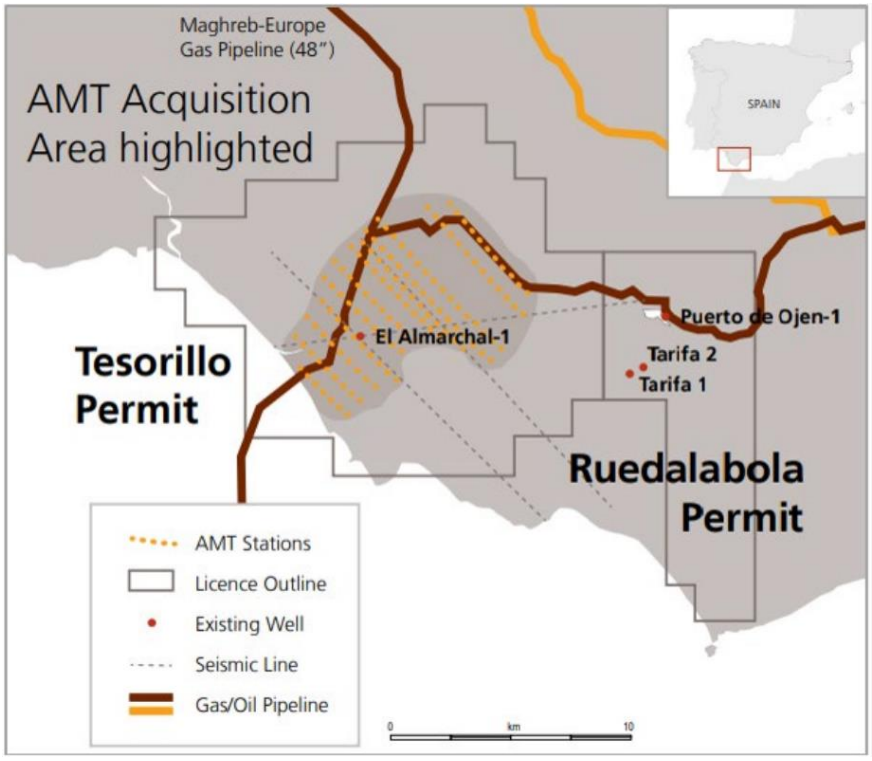
The Tesorillo and Ruedalabola licence areas are in the Cádiz province of southern Spain, covering >380km^2. Prospex currently owns a 100% interest in the Tesorillo Exploration Permit following the acquisition of Tarba Energía's 85% stake from Warrego. Prospex will pay Warrego a 5% gross overriding royalty on the gross revenues from any future Tesorillo Project development.

Tesorillo is located close to infrastructure with easy gas monetisation potential. The 48-inch Maghreb to Europe gas pipeline, with excess capacity, is located just 3km from the well location, providing potential access for gas export. The San Roque Gas Power Plant is also located nearby.

The Tesorillo Exploration Permit is currently suspended from a voluntary request made in 2015 and awaits a Ministry resolution and reinstatement as a production licence. On 12 May 2021, an application was submitted to MITECO (the Spanish Regulator) to convert the vast majority of the existing Tesorillo Project to an exploitation concession, together with a field development plan for approval and all of the necessary supporting documents. The application was submitted before the Climate Change Act 7/2021 of 22 May 2021 came into force. MITECO is currently reviewing this application, and the timeline for a decision has not been determined. The Tarba team has continued to liaise with various government agencies to progress drilling and environmental approvals for Tesorillo. An Environmental Impact Assessment (EIA) Initiation Document for the Tesorillo-1 well was submitted in Q4 2021 and is awaiting feedback from the Regulator to start the EIA process.

The Tesorillo concession contains the Almarchal-1 gas discovery well, which was drilled in 1957. This well logged 212 meters of net gas pay, and multiple Drill Stem Tests (DSTs) flowed gas to the surface. In 2014, original core from the Almarchal-1 well was located and analysed, leading to revisions of previous resource estimates based on updated porosity and net sand values calibrated to wireline log data.

Location of Tesorillo Project, including the El Almarchal-1 discovery well



Source: Warrego Energy

As of May 5, 2015, independent resource consultants, Netherland, Sewell & Associates, Inc (NSAI), estimated Tesorillo's independently certified Gross Prospective Resources at 219/831/2,288bcf of gas (Lo/Best/Hi). These estimates are for four prospects within the licence area based on the Almarchal-1 well and surface anticlines. 70 core plugs were cut from the best reservoir sections of the whole core of the Almarchal-1 well. Modern core analysis measured an average reservoir porosity of 13% (low permeability reservoirs with deep drilling fluid invasion corresponding with poor results from the multiple drill stem tests). A mid-case recovery factor or 50% is assumed. There are four prospects each with 208bcf of recoverable unrisked prospective resource. The geological chance of success is estimated to be between 6.25% and 12.5%.

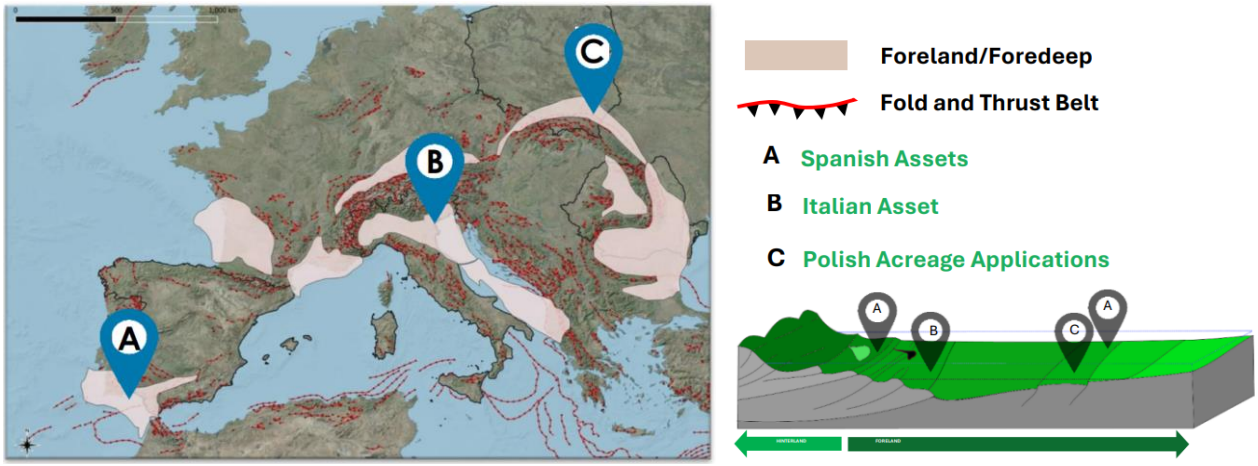
A well had been designed, and the location agreed upon in Q4 2021. The focus is on a low-risk exploration strategy – an initial exploration well is estimated to cost ~€6.5mm and could potentially heavily derisk €0.8bn of value. State-of-the-art geological and geophysical work is underway to de-risk prospects.

Poland

Prospex has strategically identified Poland as an attractive new growth opportunity within its portfolio. Prospex has submitted applications for licenses in Poland and is initially seeking a 100% working interest in these ventures. The identified areas present a compelling investment case, offering proven gas production and high prospectivity within targeted geological horizons. Crucially, these assets also have the potential for near-term production, with commercialisation expected within just two to three years, positioning Prospex for rapid value creation and growth in Poland. This move provides a broader geographical footprint for the company's operations.

Geology and strategy

Prospex asset locations and plays



Source: Prospex Energy

The strategic rationale for Prospex's interest in Poland is based on the geological characteristics of the region. Prospex is focusing on areas inside foreland basins, which are known to typically host Tertiary turbidite sandstone reservoirs charged with gas. This geological profile aligns with Prospex's expertise and successful operational experience in Italy. The underlying technical rationale for applying for acreage in Poland is low geological risk since reservoirs and seals tend to be deposited as a single event. Furthermore, the shallow depth of these Tertiary formations implies inexpensive drilling due to their young geological age.

Prospex views Poland as a natural extension of its European onshore gas strategy. Poland offers an excellent fiscal regime with favourable conditions and a positive business climate for gas development. Poland's ambitions to replace lost Russian gas supplies means the attitude of the regulator in Poland is encouraging investment, particularly from smaller foreign companies like Prospex. This supportive regulatory stance makes Poland an attractive destination for expansion.

To effectively advance these initiatives, Prospex has appointed a country manager and assigned a consultant reservoir geologist dedicated to its Polish operations. Additionally, Prospex has established a strategic partnership with AGH University of Kraków, leveraging the institution's geological expertise and research capabilities. Collectively, these steps reinforce Prospex's broader objective of scaling production, diversifying its asset portfolio, and enhancing cash flow.

The costs associated with the application process in Poland have been managed through Prospex's existing financial resources, from the production income

generated by its assets in Spain and Italy. This demonstrates the company's strategy of leveraging its producing assets to fund future growth initiatives.

Prospex's licence application

Prospex's entry into Poland commenced with an initial evaluation of three potential onshore regions, culminating in the selection of two priority licence areas. Following the Board's approval in November 2023 to initiate a low-cost licence application strategy, the company's technical team conducted an extensive dataroom review at the Polish Geological Institute in Warsaw in January 2024, identifying optimal blocks meeting its stringent investment criteria. In February 2024, Prospex engaged a local geotechnical consultancy to develop detailed geological work programmes aligned with Polish regulatory standards.

Subsequently, Prospex established a fully owned subsidiary, PXEN Tatra, in March 2024, which formally submitted its pre-qualification application to the Ministry of Climate and Environment in May. In October 2024, PXEN Tatra successfully obtained this pre-qualification, validating the company's technical expertise and financial capacity. Prospex promptly followed this by submitting detailed licence applications for the identified prospective areas later in the same month, positioning the company to potentially secure licences in mid-2025.

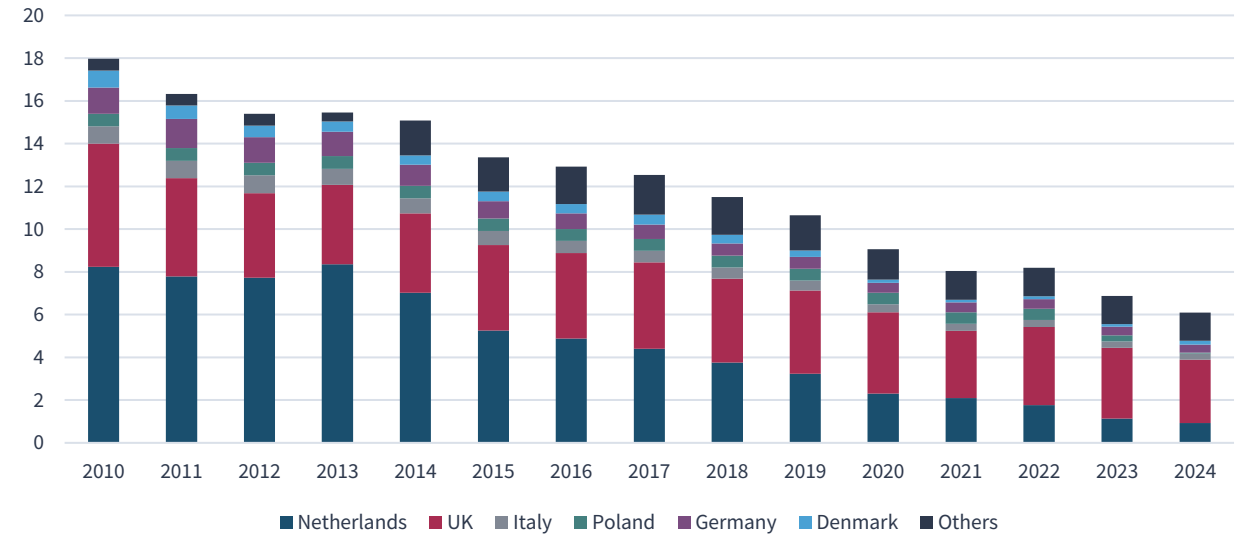
Given the early-stage exploration and lack of details on the licences, we do not include any risked exploration value for Poland. However, once the licences are awarded, we see this as creating some option value and once the geological studies are carried out and prospects identified we can then incorporate the risked value into our net asset value for Prospex.

European gas market

Prospex is one of the few listed European oil and gas companies whose commodity exposure is almost exclusively into European gas. Given the current dynamics around European gas, we see this as a key positive attribute. Since Russia's invasion of Ukraine, there has been a significant shift in Europe's priorities towards ensuring energy security and affordability, moving away from the previous focus on decarbonising energy markets.

Energy security

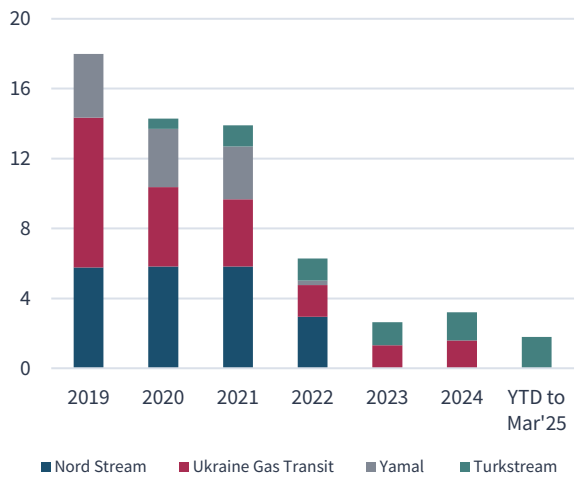
European gas production (bcf/d)



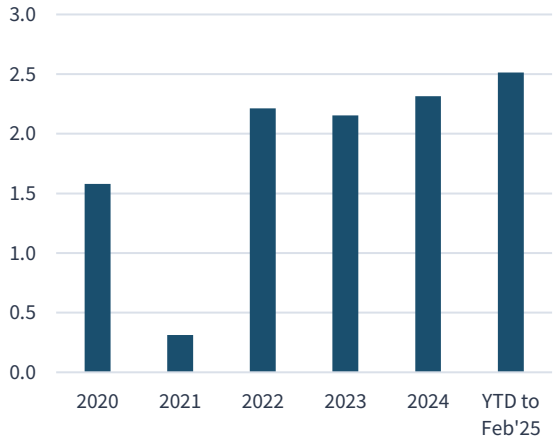
Source: H&Pe

Natural gas plays a critical role in Europe's energy security, serving as an essential transition fuel in the move towards renewable energy. Due to intermittent renewable energy generation, gas is crucial in ensuring stable, round-the-clock power supply with gas still accounting for ~17% of Europe's power (in 2024). Gas production in the continent has been weak with mature and declining fields raising concerns of long-term energy security.

Russian pipeline gas routes to Europe (bcf/d)



Russian LNG Europe (bcf/d)



Source: H&Pe

Russian gas had been Europe's solution to fill the gap with plans to increase pipeline flow via new projects such as Nord Stream 2. However, post the Russia-Ukraine war, new plans were halted, and the existing supply has dwindled to just one pipeline of Russian gas via Turkey. Europe's problems were exacerbated further after the EU imposed optimistic storage mandates which sent gas prices in Europe through the roof.

Europe's current solution is to rely on LNG with large-scale new LNG projects across the globe coming online over the next 3 years, which can fulfil Europe's needs. However, domestic gas production, particularly in Spain and Italy, significantly enhances Europe's energy independence, reducing reliance on imported LNG. This local production offers a more secure, stable supply and has a substantially lower carbon footprint (~30x lower) compared to imported LNG.

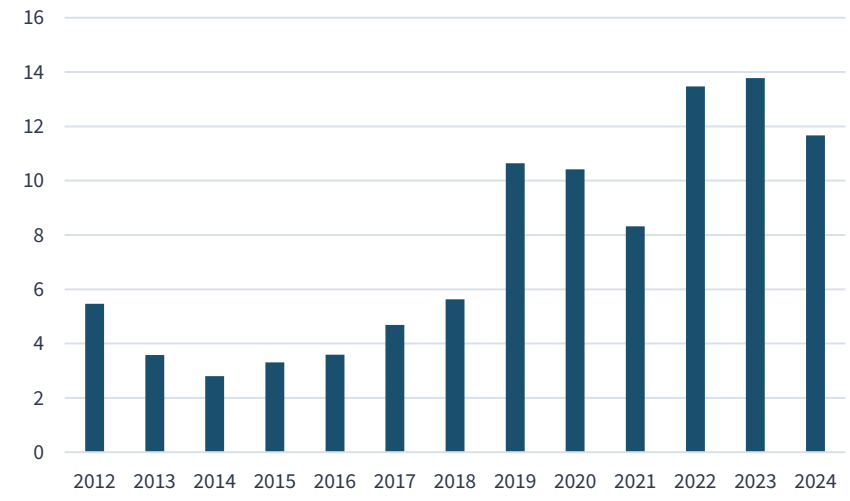
The steep increase in gas prices post-invasion prompted many European countries to re-evaluate their energy policy and supply chains including recognising gas as a key baseload fuel in the transition to renewable energy and the potential easing of restrictions for domestic resource development.

Governments across Europe are increasingly recognising the importance of indigenous natural gas projects. There is a growing acknowledgment in Europe that natural gas is the cleanest fossil fuel and a vital transition fuel as the continent moves towards a greener energy mix. Italy, in particular, has taken proactive steps, including renaming its ministry to the Ministry of Environment and Energy Security and implementing permitting reforms that streamline project development. Spain, despite bureaucratic hurdles, has extended natural gas production concessions, underscoring the strategic role of domestic gas.

Strong market fundamentals

Europe has a strong demand base spread across power, industrial and residential and commercial demand. Collectively Europe consumes 39bcf/d of which industrial and residential and commercial demand is difficult to replace. There is not enough domestic supply. LNG is a solution but comes at a premium and logistical challenges. Notably, even after all the pushback against Russian pipeline gas, Russian LNG has been increasing over the last few years with record imports in Q1 2025 at 2.5bcf/d.

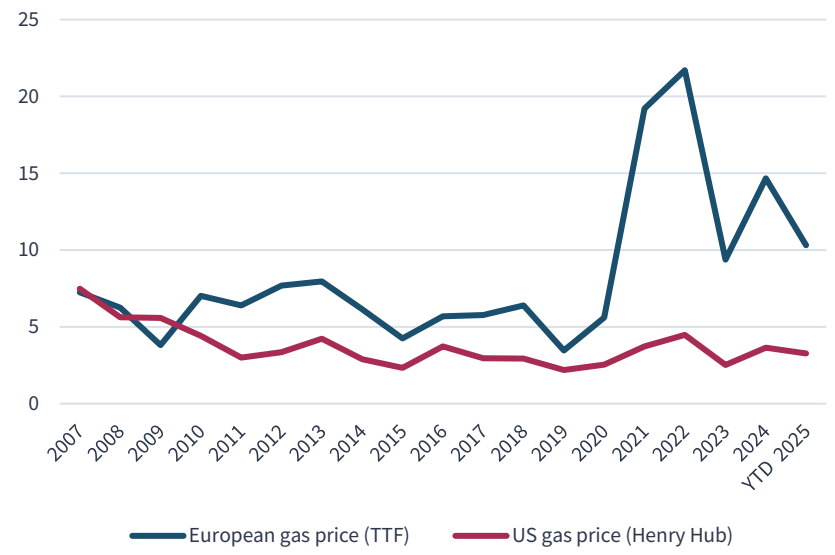
Europe's LNG sendout (bcf/d)



Source: H&Pe

Europe's total LNG sendout (i.e., amount of LNG re-gasified and sent into the grid) during 2024 was ~12bcf/d vs the pre-2020-decade average of ~5bcf/d. This shows the potential to which domestic gas could replace imports.

European gas prices vs US gas prices (US$/mcf)



Source: H&Pe

Gas pricing in Europe has generally been higher than in the US (Henry Hub). In recent years, European gas prices have increased by approximately threefold, averaging US$10.3/mcf YTD to April 25. This situation provides domestic producers such as Prospex with more pricing flexibility for their projects, making them more economical and potentially leading to higher earnings.

Given Europe's age-old reliance on natural gas for energy, it has mature and well-functioning infrastructure to get gas into the system. Prospex's assets leverage established gas infrastructure, including connections to Spain's ENAGAS pipeline and Italy's SNAM grid. Facilities such as the gas-to-power plant at El Romeral enable cost-effective gas monetisation and minimise barriers to entry.

Spain, Italy, and Poland

Prospex operates in stable European nations, Spain and Italy, which seek to reduce foreign energy dependency by investing in local gas production. Poland, with licence applications from Prospex, offers a favourable fiscal regime and business climate for gas development, encouraged by regulators. Due to an ongoing dispute with Russia, Poland has paused gas flow via the Yamal pipeline and is developing its own gas resources to compensate.

Spain and Italy have existing gas infrastructure such as pipelines and processing facilities. Poland has several large pipelines and plans to develop more for crude and oil products.

Both Spain and Italy possess onshore gas resources with potential for further development, including drilling new wells in existing concessions to boost production.

The European energy market also presents opportunities for companies to grow through strategic acquisitions of existing producing assets or prospective resources. Prospex's acquisition of a stake in the Viura gas field in northern Spain demonstrates this avenue for growth.

Management Overview

Prospex's board and management team exemplify a strong alignment with the company's strategic focus on onshore European natural gas. The team brings a wealth of specialised experience, from CEO Mark Routh's proven record in European gas exploration and development to Carlos Venturini's deep geological expertise, and a robust financial acumen provided by Grant Glanfield. This amalgamation of technical, financial, and executive expertise is key to unlocking shareholder value and accelerating Prospex's ambitions across Europe.

Name	Experience
Mark Routh *CEO & Managing Director*	• Leads Prospex with more than 40 years of oil & gas expertise. • Spent eight years as CEO/Chairman of AIM-listed Independent Oil & Gas plc (IOG). • Served for seven years as Chairman/Non-Executive Director of Warrego Energy. • Founded CH4 Energy (2002–2006), which sold for £152m after four years. • Earlier career included a decade at Hess (UK), six years with BP, and five years with Schlumberger in Southeast Asia and the North Sea. • Holds an MSc in Petroleum Engineering from Imperial College London.
Richard Jameson *Chief Operating Officer*	• Appointed COO of Prospex Energy in April 2025, supporting operational scale-up and growth, including a dual role as COO of Tarba in Spain. • Advisor to the Board at Cornerstone Resources Group (2021–2025), focusing on strategy and engineering for low-carbon UK Southern North Sea gas projects. • Senior Project Advisor at Independent Oil & Gas plc (2020–2022), involved in key infrastructure and operational planning at the Bacton Gas Terminal. • Decommissioning Manager at Premier Oil (2015–2020), leading strategic planning and team creation for late-life asset optimisation in the UK. • Held multiple senior roles at Hess Corporation over 13 years, including North Sea Decommissioning Manager and Engineering/Project Manager, delivering complex decommissioning and infrastructure projects. • Brings over 40 years of oil & gas engineering, project delivery, decommissioning, and executive leadership experience.
Grant Glanfield *Group Finance Manager*	• Joint Prospex in 2018 and oversees Prospex's day-to-day finance and administration. • He is a Chartered Accountant with 35 years' experience encompassing corporate finance, project management, and general management roles. • Previously CFO for a European E&P group operating in the UK and Poland, transitioning into energy finance from venture capital in 2012. • Contributes to deal execution, funding decisions, and ongoing portfolio management.
Carlos Venturini *Chief Geoscientist*	• Oversees geological interpretation and prospect generation at Prospex. • Held technical roles at Schlumberger, ENI, and Sipetrol, covering multiple continents. • Founded a Libya-based consultancy, executing major projects for Petrobras, GDF, and OMV. • Recognised expert in Mediterranean and North African petroleum geology with 35+ years' experience. • Holds a BSc in Geology and an MSc in Structural Geology.

Alecos Stavrou *Senior Geologist*	• Conducts prospect evaluations, volumetric analyses, and seismic interpretation at Prospex. • Has led 40+ data room reviews in onshore European foreland basins. • Experience spans seismic reprocessing, petrophysical studies, and AVO analysis. • Previously worked at SASOL and PGS, developing a broad geoscience skill set. • Graduate of Durham University and Imperial College London.
Bill Smith *Non-Executive Chairman*	• Currently chairs Prospex, overseeing corporate governance and Board agendas. • Held executive roles at international oil companies and a listed investment firm, focusing on major transactions. • Served on multiple public boards (TSX, TSXV) including Orca Exploration and Mosaic Capital. • Former senior partner at McCarthy Tétrault LLP, specialising in corporate finance and energy law.
Alasdair Buchanan *Independent NED*	• Joined Prospex Board as an Independent Non-Executive Director, bringing 40+ years of upstream oil & gas experience. • Former Global Energy Director at Lloyd's Register and COO/Director of Senergy Group plc. • Served as Non-Executive Director of Warrego Energy, assisting with pre-IPO preparations. • Spent nearly three decades at BJ Services and three years at Halliburton in senior roles. • Holds a BSc in Chemical Engineering from the University of Edinburgh.
Andrew Hay *Independent NED*	• Joined Prospex as an Independent Non-Executive Director in April 2023. • Currently Senior Adviser at Smith Square Partners and NED of Lloyd George Advisory's holding company and Great Western Mining Corporation PLC. • Previously built and led London corporate finance at Edmond de Rothschild and chaired LGB Corporate Finance. • Held senior positions at Schroders and ING Barings in London/New York. • Served as NED for Aminex plc and Independent Oil & Gas plc.
Paweł Żuk *Country Manager, Poland*	• Manages Prospex's operational and stakeholder engagements in Poland. • Oversees licensing, local partnerships, and regulatory compliance. • Brings regional expertise to advance Polish onshore gas developments. • Works closely with the technical team to align strategy and execution in-country.
Tomasz Rosowski *Senior Reservoir Geologist*	• Provides specialised reservoir geology expertise for Prospex's onshore European assets. • Focuses on reservoir characterisation, well planning, and production optimisation. • Collaborates with the broader geoscience team to evaluate and derisk prospects. • Contributes regional knowledge to support the company's expansion goals.

Source: Prospex, LinkedIn, S&P Capital IQ

Company History

2020

- **January 2020** – Raised £720,000 via equity placing.
- **March 2020** – Reported positive independent reserves report for El Romeral gas fields.
- **June 2020** – Completed share consolidation and changed company name to Prospex Energy PLC.
- **October 2020** – Divested 50% interest in PXOG Massey Ltd, simplifying asset portfolio.
- **December 2020** – Granted approval for the acquisition of a 49.9% interest in El Romeral.

2021

- **February 2021** – Confirmed completion of acquisition of 49.9% interest in El Romeral gas and power project.
- **March 2021 –** Raised £750,000 via placing to support project development and working capital to fund acquisition of a 49.9% interest in the El Romeral gas and power project in Spain.
- **April 2021 –** Received full environmental approval for Selva Gas Field in Italy.
- **May 2021 -** Tesorillo exploitation concession application submitted ahead of Climate Change Act deadline.
- **July 2021 –** Reported consistent monthly revenues of €65,000–70,000 from El Romeral electricity generation.
- **July 2021 –** Announced new independent reserves upgrade for Selva field in Italy.
- **August 2021 –** Conditional acquisition of additional 20% interest in Selva gas field in Italy for €2.1mm - Prospex's holding will increase to 37%.
- **September 2021 –** Approved the budget for well intervention work at Romeral.
- **October 2021 –** Commenced pipeline and development activities at Selva field in Italy.
- **December 2021 –** Approved 2022 development budget for Selva field targeting first production; El Romeral plant optimisation upgrades enable 24/7 operations, strong income and cost savings.

2022

- **February 2022** – Raised £2.455mm through placing to fund Selva development and general working capital and the acquisition of 20% of the Selva field in Italy.

- **April 2022** – Completed the acquisition of an extra 20% of the Selva field in Italy bring working interest to 37%. Also received approval received for change of control of UOG Italia.
- **May 2022** – Awarded full production concession for Selva field from Italian Ministry.
- **June 2022** – Prospex begins solar projects Apollo and Helios to boost and diversify power generation at Romeral in Spain.
- **July 2022** – Successful fund raise of £1.87mm to fund portion of costs to first gas production at the Selva Field. Also received full approval for Production Concession at Selva.
- **August 2022** – Signed contract for construction of gas processing plant at Selva. El Romeral's Project Apollo solar installation completed and generating power.
- **September 2022** – Selva field progresses with land rights secured and pipeline materials delivered for Podere Maiar.
- **November 2022** – Construction and pipeline works begin at Selva with first gas on track for early Q2 2023.

2023

- **February 2023** – Selva joint venture signs gas sales agreement with BP Gas Marketing ahead of first production .
- **May 2023** – Project Helios advances toward FID to boost El Romeral output by up to 60%. At Selva, gas plant construction and SNAM grid connection completed ahead of first gas.
- **July 2023** – Gas production starts from the Podere Maiar-1 well, Selva, marking first revenue from Selva field.
- **August 2023** – Podere Maiar-1 completes commissioning with 64mmcf sold to BP Gas Marketing.

2024

- **January 2024** – Optimal flow rates confirmed at Podere Maiar-1 as long-term production planning advances.
- **June 2024** – Annulment of Italy's Plan of Areas confirmed, supporting domestic gas development.
- **July 2024** – Spanish government grants 10-year extension for El Romeral gas production concessions.
- **August 2024** – Completed acquisition of Viura Gas Field, expanding Spanish portfolio.
- **October 2024** – Viura-1B well successfully reached reservoir. Prospex qualifies to apply for Polish gas licences, expanding into third European market.

- **December 2024** – Viura-1B well test exceeded flow rate expectations, indicating strong long-term production potential.

2025

- **January 2025** – Approved 3D seismic campaign at Selva Malvezzi in Italy, paving way for four-well expansion programme .
- **February 2025** – Spanish Ministry launches EIA consultation for five new wells at El Romeral.
- **March 2025** – Announced proposed acquisition of 100% of Tarba Energía, gaining full control of El Romeral and Tesorillo assets.
- **April 2025** – Completed the 100% acquisition of Tarba Energía.
- **April 2025** – Temporary cessation of production of the new Viura-1B well due to a leak in the completion tubing.

Investment Risks

We believe that other than the main macroeconomic risks such as global energy price fluctuations, currency volatility, and broader economic downturns, the main risks to the company are as follows:

Viura water handling and well integrity: Early water breakthrough and tubing failures have already curtailed Viura production. If ongoing workovers (e.g., Viura-1B leak repair and Viura-1ST3 water shut-off) fail to restore stable deliverability, gross field output and the planned debt package for Phase-2 drilling could both be jeopardised. A permanent solution may require higher-cost down-hole remediation or compression that is not in the current budget.

El Romeral drilling permits and 16 % ORRI: Prospex's five-well campaign is contingent on Spanish environmental approvals now targeted for Q4'25. Any slippage would defer incremental gas and power revenues, extending the reserve tail-off of the existing wells. If the 16 % overriding royalty is not renegotiated before first gas, post-tax project economics and the ability to attract a farm-in partner would be materially weaker.

Selva Malvezzi permit & partner concentration risk: Four new Selva wells and the 3D seismic survey require Italian drilling permissions that have historically been slow. Selva's operator Po Valley Energy (~63 % WI) controls capital pacing; any financial or operational constraints at Po Valley could delay Prospex's 37 % WI growth schedule and associated cash flow.

Viura Phase-2 funding obligation: Prospex must fund 15 % of HEI's ~US$70mm 2025-26 Viura programme (~US$10–11mm net). Should Viura cash flow disappoint or compression capex rise, the company may need to secure additional equity or debt at less favourable terms, diluting existing shareholders. As an investment company, Prospex is subject to the risk of not having sufficient funding to continue its operations and development plans.

Poland: Prospex has applied for two 100 % WI Polish blocks, with awards expected by Q3/Q4'25. Failure to secure acreage or award on less favourable fiscal/work-programme terms would remove a key "next leg" of the growth story and strand internal resources already committed to in-country staffing and technical studies.

Spanish gas-to-power price exposure: El Romeral revenue is sensitive to day-ahead Iberian electricity prices and the Spanish gas-for-power price cap (currently €48.8/MWh). Prolonged low power prices or tighter caps could force plant shut-ins, lowering gas throughput and cash generation just as new wells come online. To mitigate this, Prospex has applied for a licence that will allow it to sell gas directly to the grid and avoid the downtimes from being unable to sell electricity.

Operating partner underperformance: The success of Prospex's investments depends on the effective operation of the assets by its partners. Underperformance by operating partners can impact production and revenue as already seen by the temporary production pause at Viura.

Valuation of Investments: A significant portion of Prospex's total assets comprises the fair value of its investments in subsidiaries. The valuation of these investments relies on various assumptions and estimates, such as future gas prices, production forecasts, and discount rates, which are subject to uncertainty. Changes in these assumptions can lead to significant revaluations.

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