Prospex Energy

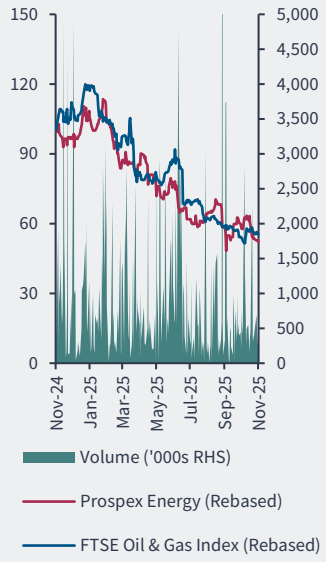
El Romeral licence approvals in-sight; Strong performance at Selva

GICS Sector	Energy
Ticker	AIM: PXEN
Market cap 17-Nov-25 (US$mm)	22.6
Share price 17-Nov-25 (GBp)	3.2

NAV summary (p/sh)

Asset	Unrisked	Risked
Cash & other	-0.1	-0.1
2P+2C	10.2	8.6
Exploration	30.1	8.0
Total NAV	**40.1**	**16.5**

Source: H&Pe



Source: S&P CapIQ

Final EIA stage at El Romeral unlocks near-term drilling pathway

Prospex Energy ("Prospex") has taken a major step forward at El Romeral in Spain with completion of the Environmental Impact Assessment ("EIA") consultation process, removing a key permitting uncertainty and materially de-risking the near-term drilling outlook. Tarba (100% owned by Prospex), operator of the Romeral licences submitted the full EIA suite to the authorities following a comprehensive consultation phase with zero objections from any of the 29 statutory consultees, NGOs, regulators or local authorities. With the project now in the final stage of review, the authorities indicate a 90–180-day timeline to issue its internal assessment and recommend a Ministerial resolution to approve the five production well permits. Alongside this, Tarba has advanced essential pre-drill workstreams, including well design, contractor selection and sourcing long-lead items, positioning the company to move quickly once approvals are received. Prospex is considering debt funding, farm-in partners, or both to finance the wells.

Five exploration wells planned worth 6.3p/sh unrisked; average 75% GCOS

El Romeral is a highly attractive, scalable gas-to-power asset with >90bcf of resource potential. 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). We see total unrisked value from the current 5 well drilling programme of 6.3p/sh with a high average geological COS of ~75% given geological simplicity and short drilling durations into shallow biogenic horizons. The expected exploration cost for all the wells is €5.5mm and in a success scenario there will be a further €6mm tie-in cost. The five prospects in aggregate, if all successful, could produce 8mmcf/d of gas in 2028. We estimate this would generate €24mm in revenue and EBITDA of €17mm. Importantly, the power plant can achieve full output from just two of these wells, with incremental volumes planned to support expansion options and potential direct sales to the gas grid at higher margins.

Romeral power plant: now expected to resume production in Q2'26

The Romeral power plant went offline in July due to an issue with the transformer, and Tarba has now secured a replacement transformer with a Spanish vendor on an accelerated six-month delivery schedule. The Lessor removed the transformer from El Romeral power plant on 1 July 2025, agreeing to replace it within weeks and compensate Tarba for lost revenue. No replacement or payment has been provided, so Tarba is seeking recovery from the Lessor.

Selva 3D seismic underway alongside strong PM-1 performance

At Selva, Italy, Prospex is acquiring a 3D seismic survey, with acquisition underway and due to finish by mid-December, ahead of processing to April 2026 to refine well placement across the concession. Operationally, PM-1 continues to perform well, with the latest slickline test confirming no water or sand ingress and production restored to ~2.8mmcf/d, ahead of our forecast of 2.67mmcf/d.

Valuation: Risked NAV provides a ~400% upside to the current share price

Our risked NAV remains unchanged at 16.5p/sh. Prospex is pursuing a disciplined ramp up profile for its Viura wells and could bring the five Romeral wells on stream in 2027, alongside Selva's four additional wells. If these are producing in 2027, we expect Prospex to trade on an EV/EBITDA of 0.9x. Currently, Prospex trades at a ~60% discount to our 2P + 2C valuation, with further upside potential from the development of its prospective resources which will be unlocked by Romeral, Viura and Selva. Prospex's unrisked value is 40p/sh, offering >10x upside to the current share price.

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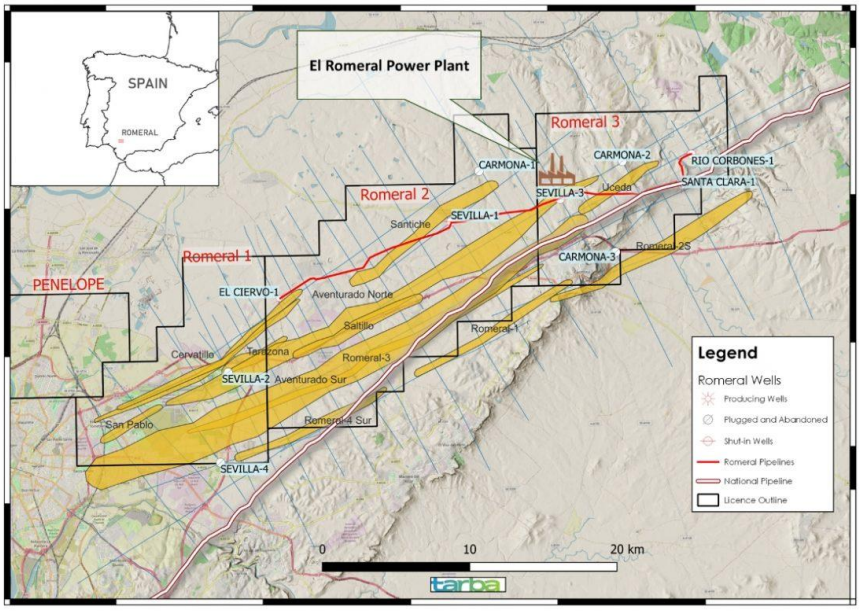
El Romeral

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 operated on a 24/7 basis and was 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.

Due to issues with the onsite transformer, Prospex had to suspend operations on 1 July 2025 until the Lessor replaced the transformer and receive compensation for the lost revenue. However, the Lessor failed to substitute the transformer prompting Prospex to pursue a different vendor in November 2025 that agreed to expedite delivery within six-months (normally ten-months). Prospex is expecting the plant to restart in mid-2026.

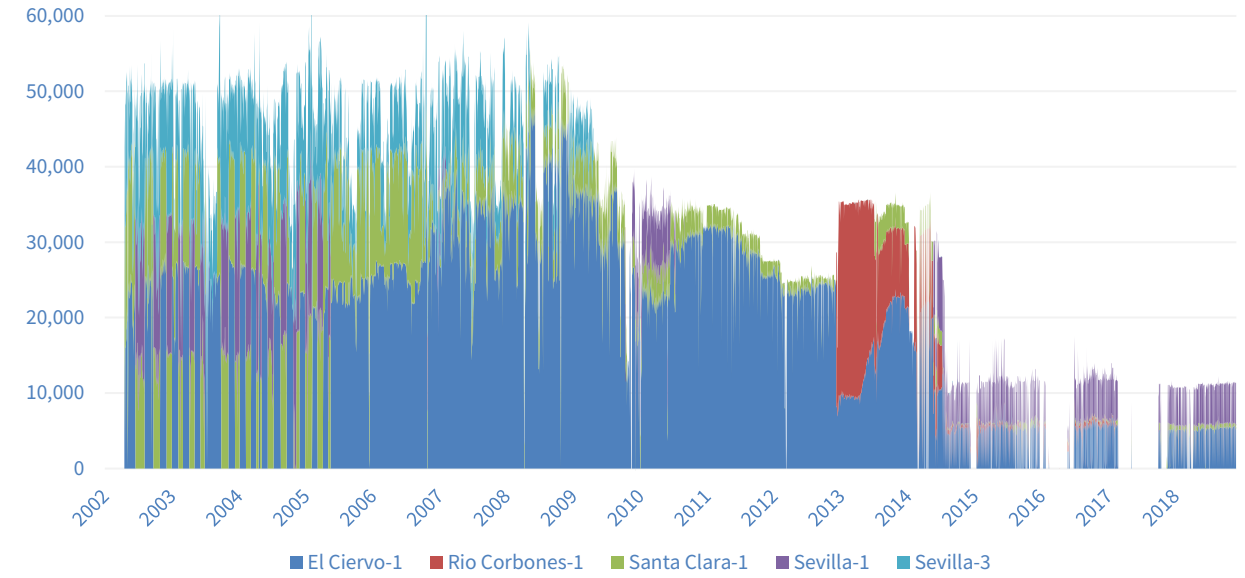
El Romeral benefits from existing infrastructure, including the power plant and a fully owned local network of pipelines connecting the producing wells. The power plant has the right to export up to 8.4MW into to the electricity grid operated by Red Electrica. Additionally, the 26-inch ENAGAS pipeline 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.

Exploration history

El Romeral long-term historical production m³/d



Source: Prospex Energy

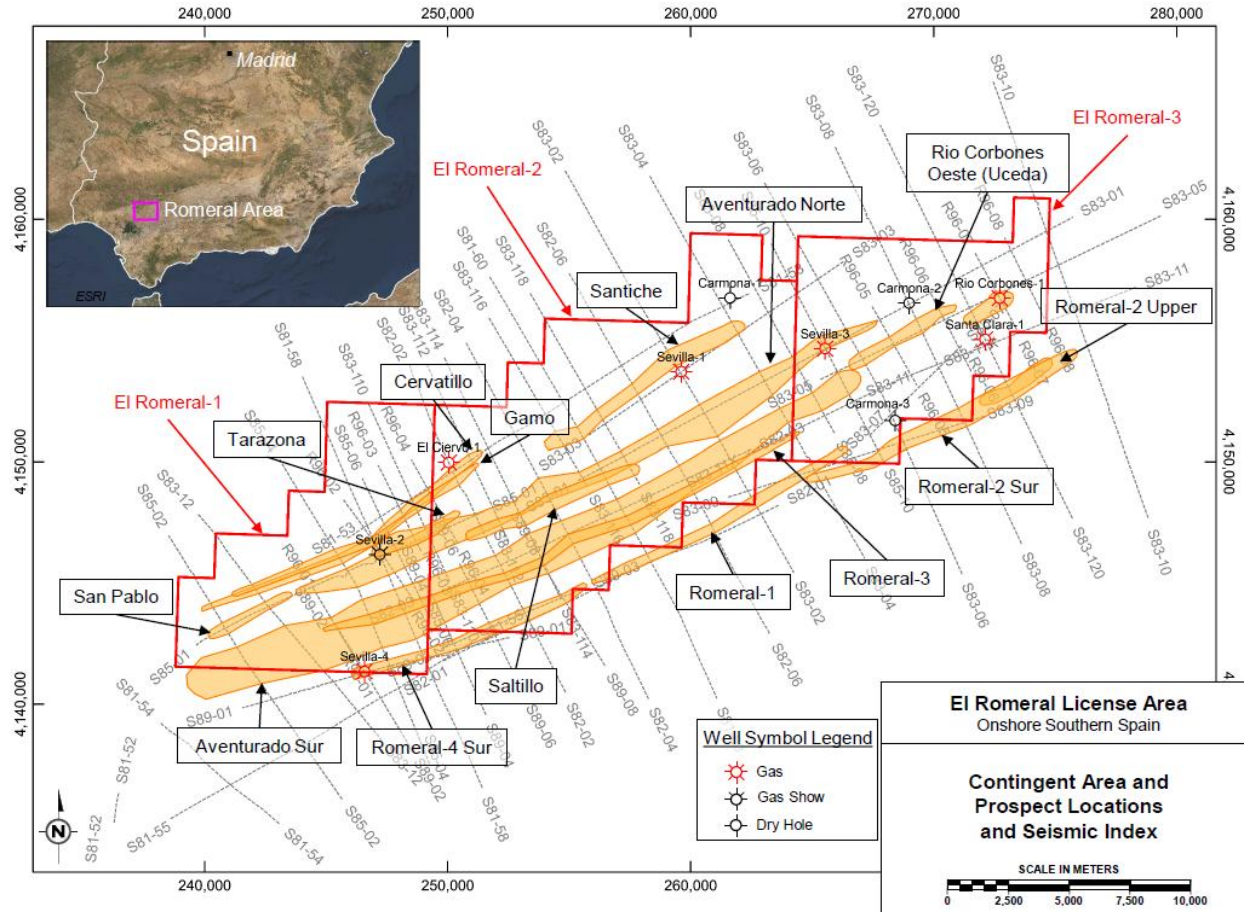
Exploration in the El Romeral License Area began in the 1950s with the drilling of five dry wells. During the 1980s, Chevron conducted 2-D seismic surveys and drilled three successful discoveries (El Ciervo-1, Sevilla-1, and Sevilla-3) and two sub commercial gas wells (Sevilla-2 and Sevilla-4). Repsol 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



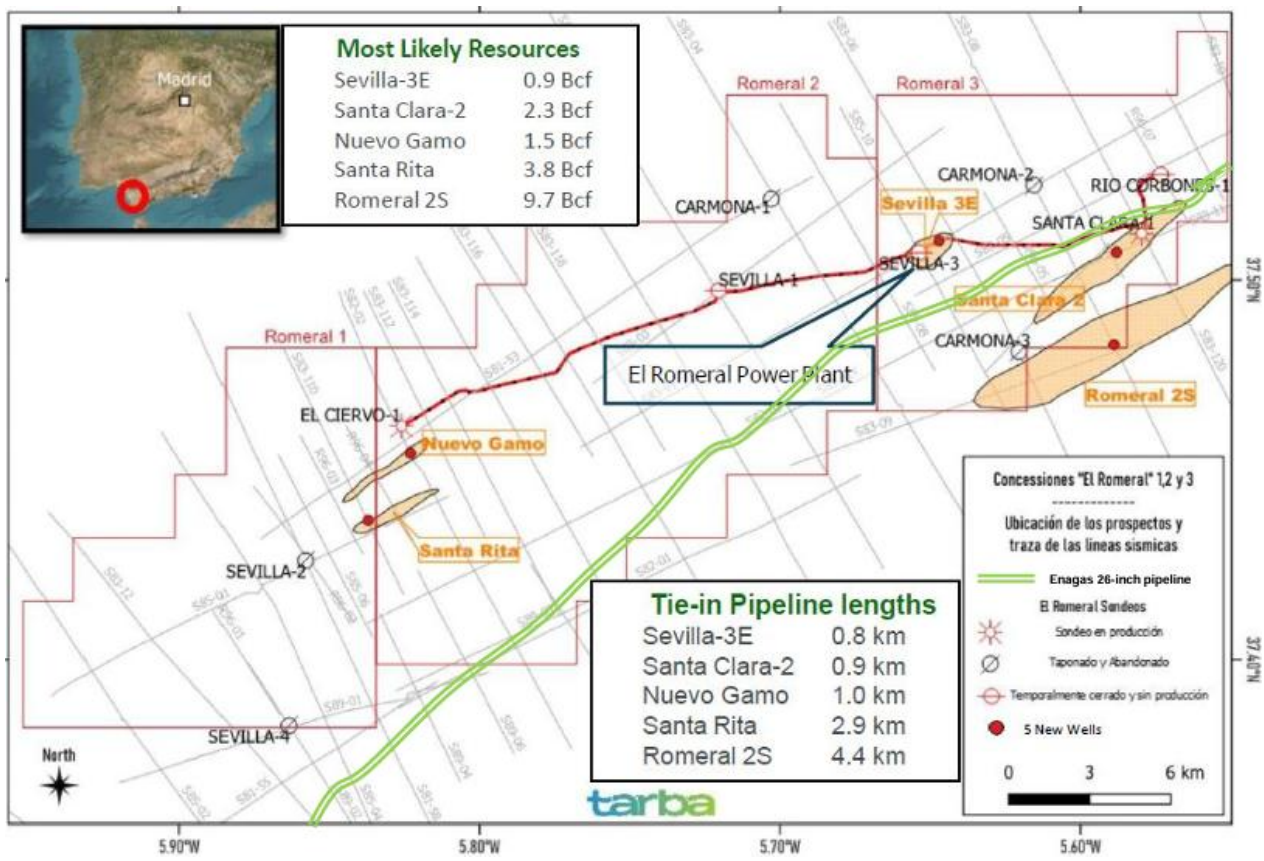
Source: Prospex Energy CPR, NSAI

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; in Nov'25 the EIA was complete and is pending approval from the authorities with the expectation of receiving these in early 2026 and drilling to follow.

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

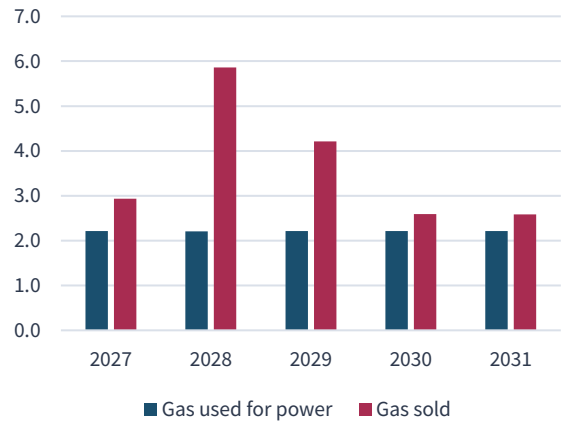
seismic data and AVO data. The structures are shallow tertiary turbidite reservoirs, ~900m deep, which translates to lower drilling costs.

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.

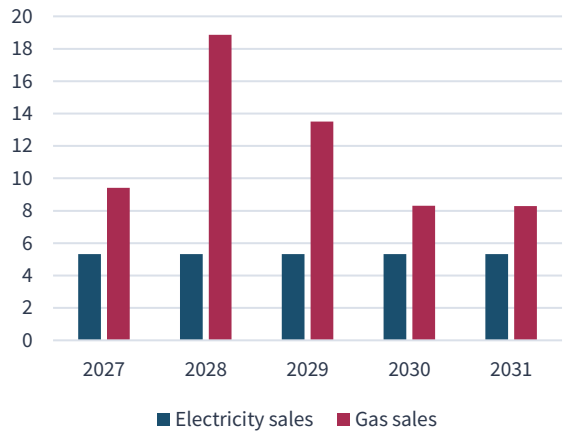
The initial aim is to drill enough new wells to bring the power plant to 100% utilisation, requiring two new wells with production of ~1.1mmcf/d each. Any extra gas from the remaining new wells or any future wells drilled on the concessions will support expansion of the power plant as well as the ability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



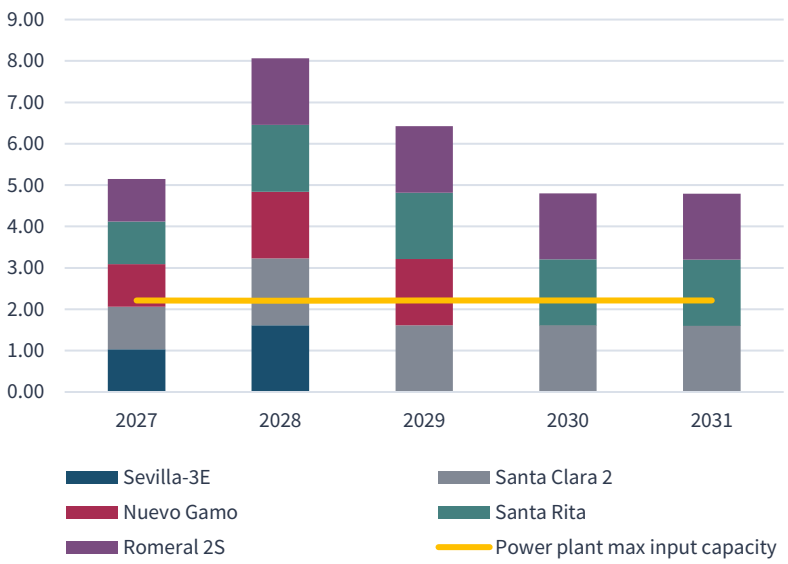
Source: H&Pe

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

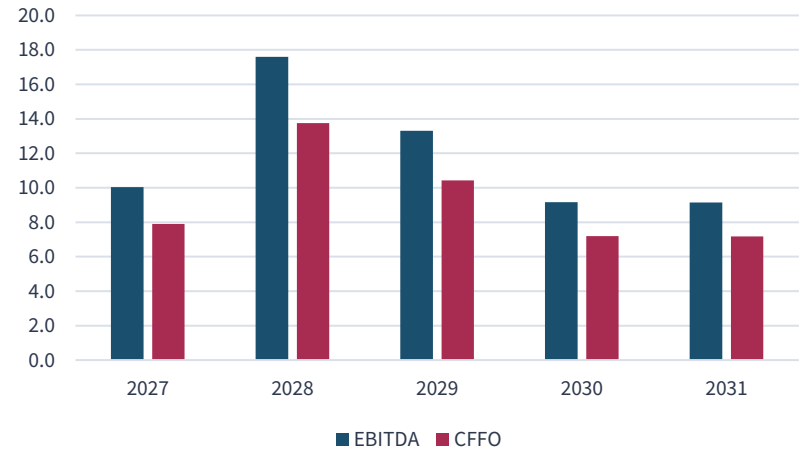
Development modelling of the five exploration prospects

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).

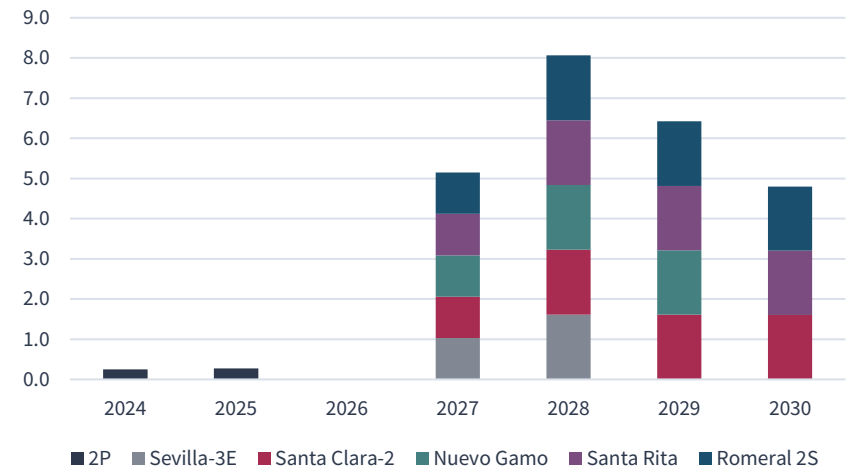
The wells will produce for 330 days a year due to planned maintenance and the first year will only see 200 producing days given initial testing and ramp up times.

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.

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 ~4x) 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 (~80% premium to the current share price). Furthermore, we see Viura generating €1mm of proforma EBITDA in 2025 from existing producing well, growing to €8.4mm in 2028 from the development of the 2P reserves. Our risked valuation of the discovered resource at Viura is 3.1p/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 2028 from an estimated 1.8mmcf/d in 2025, which would see EBITDA expand to €32mm from €3.2mm in 2025E. Using the current EV of €13mm 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 ~20% below the average year to date in 2025. A 10% increase to our forecast 2026+ price would raise our risked NAV by 9% to 18p/sh and our 2027 EBITDA forecast by 10% to €35mm.

We see Prospex trading at an ~60% discount to its discovered resource (2P plus 2C) risked valuation of 8.6p/sh. We see a further 6.3p/sh of risked upside from its planned exploration wells over the next two years, which would be worth 19p/sh unrisked. Our risked NAV, on a fully diluted basis, is 16.5p/sh, which implies ~400% upside to the current share price. Our risked NAV on a basic share basis would be 17p/sh. Overall, we estimate that Prospex's unrisked value is €40.1p/sh which is >10x the current share price.

On a reserves and resources basis, Prospex trades at €4.6/boe of its 2P and 2C reserves of 18bcf (3mmboe) that are producing or expected to be developed in the next two years. This compares to the average reserves NPV10 of €14/boe.

Financial ratios	2025	2026	2027	2028	2029
Market capitalisation (€mm)	14	14	14	14	14
Net debt/(cash)	-1	-1	-1	-1	-1
EV	13	13	13	13	13
EV/EBITDA	3.9x	5.4x	0.7x	0.4x	0.4x
EV/CFFO	5.4x	7.4x	0.9x	0.5x	0.6x
FCF yield	-1%	-69%	11%	175%	151%
EV per kboe/d	41.0	47.1	6.3	4.4	4.5
EBITDA per kboe/d	10.6	8.7	9.7	11.4	10.1
P/E	13.3x	65.6x	1.2x	0.7x	0.8x

Source: H&Pe

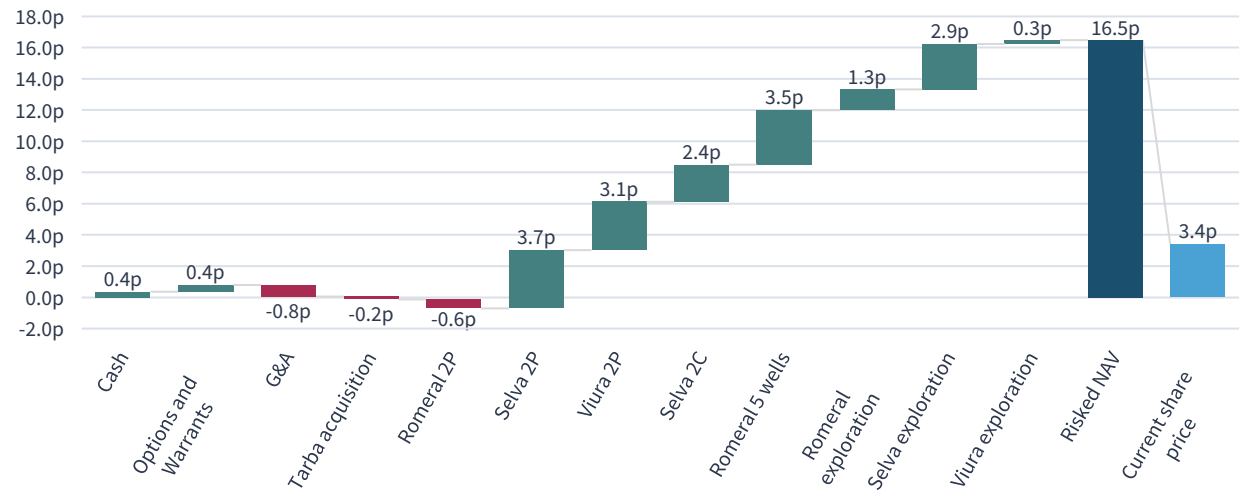
Risked NAV

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 1.34 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)	23	13.5%	3.1	€1.6	€5	1.3p	100%	90%	€4.5	1.2p
Viura 2P (well 3B)	38	7.5%	2.9	€1.7	€5	1.3p	100%	75%	€3.7	1.0p
Viura 2P (well 3A)	23	10.5%	2.4	€2.0	€5	1.3p	100%	75%	€3.6	0.9p
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	**111**	**16%**	**18.2**	**€2.1**	**€39.0**	**10.2p**	**100%**	**85%**	**€33.0**	**8.6p**
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	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	**298**		**129**	**€1.2**	**€153**	**40.1p**			**€63.0**	**16.5p**

Source: H&Pe

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%	5.9p	14.4p	22.6p	30.5p	38.0p
	7.5%	4.9p	12.2p	19.2p	26.0p	32.4p
	10.0%	4.1p	10.4p	**16.5p**	22.4p	28.0p
	12.5%	3.4p	9.0p	14.3p	19.6p	24.4p
	15.0%	2.9p	7.8p	12.6p	17.2p	21.5p

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%	0.8p	4.7p	8.2p	11.4p	14.3p
	7.5%	0.7p	4.1p	7.1p	10.0p	12.5p
	10.0%	0.6p	3.6p	**6.3p**	8.8p	11.0p
	12.5%	0.5p	3.1p	5.5p	7.8p	9.7p
	15.0%	0.5p	2.7p	4.9p	6.9p	8.7p

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%	1.5p	6.8p	11.6p	16.3p	20.5p
	7.5%	1.2p	5.7p	10.0p	14.0p	17.7p
	10.0%	1.0p	4.9p	**8.6p**	12.2p	15.4p
	12.5%	0.8p	4.2p	7.5p	10.7p	13.5p
	15.0%	0.6p	3.6p	6.6p	9.4p	11.9p

Source: H&Pe

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