

Prospex Energy

New Leadership: Strategy Reset Focused on European Gas and Non-Dilutive Growth

Project Updates: Selva Producing, Romeral Restarted, Viura Underway

Prospex enters a new phase under CEO Tom Reynolds, with a clear mandate: grow value through disciplined capital allocation and active asset management. At Selva, the PM-1 well is producing steadily at ~2.8mmcf/d gross, with gas sold at a premium to TTF, which has doubled since the start of the year. The 3D seismic data is being processed, with results in Q2'26, feeding an updated CPR in H2'26, ahead of a four-well drilling programme targeting up to 88bcf gross commencing H2'27. At Romeral, the rental transformer has restarted production (6-months ahead of schedule), but output is constrained by limited remaining gas reserves from existing wells and Spanish wholesale electricity pricing. The five-well drilling permit applications remain with regulators, with earliest drilling in 2027, while Prospex is engaging with prospective farm-in partners to fund the drilling programme. At Viura, production trials are planned until April to calibrate a dynamic reservoir model, with average rates of ~3.6mmcf/d gas (vs ~1.3mmcf/d from the existing Viura well), reflecting test conditions rather than steady-state operation. Well design and target selection for a 2027 drilling campaign will follow.

Poland: estimated 2mmbbl oil discovery and 200bcf gas in adjacent acreage

Prospex has been offered 100% stakes in San and Dunajec onshore licence areas in southern Poland for <€300k, payable on formal award, by May. They show high prospectivity due to proven historical production in the Carpathian Foredeep: San is on a clear Miocene trend of gas discoveries (up to 200bcf in place) and Dunajec is surrounded by Miocene gas and Cretaceous/Jurassic oil plays. Both blocks have seen very limited activity since 2000, offering the opportunity to apply modern imaging techniques to potentially overlooked prospectivity. The work commitments include high-res AeroGravMag surveys followed by a drill-or-drop decision within three years (earliest drilling H2'27). Of interest is the Mniszów oil discovery on Dunajec, a shallow (600m) fractured carbonate accumulation discovered in 1966, with 13m of oil pay and a cased hole test flow of 45bbl/d, left undeveloped due to its relatively small size versus the larger Grobla and Pławowice fields nearby. Prospex estimates ~2mmbbl of oil in place and sees potential for a near-term path to production, which could represent a quick route to incremental cash flow. The 100% ownership provides headroom for farm-downs to fund work programmes without equity dilution.

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

Even before the current Iran conflict, European gas presented a compelling investment opportunity as the continent reorients its energy strategy towards security, affordability, and self-sufficiency. Since Russia's invasion of Ukraine, Europe prioritised reducing dependence on imported 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. Prospex stands out as one of the few listed pure-play gas companies offering direct exposure to this re-rating theme. The gas crisis in may push Governments to speed up permitting, one of the key frustrations for Prospex. We assume 2026 gas prices at €50/MWh (vs futures at ~€55/MWh), and 2027+ prices at €36/MWh (vs futures pricing for 2027 of €46/MWh).

Valuation: Risked NAV provides 280% upside to the current share price

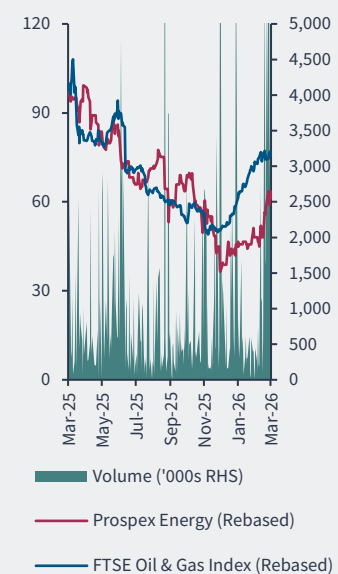
Our risked NAV dropped slightly by 6% to 13.6p/sh after adjusting for the company's latest drilling plans. It is trading on a discount to our 2P reserves valuation with further upside from the development of contingent resources. Prospex's unrisks value is 32p/sh, >8x the current share price with relatively low risk exploration. Current revenue covers direct opex, corporate overhead and ~£750k annual capex.

GICS Sector	Energy
Ticker	AIM: PXEN
Market cap 27-Mar-26 (US\$m)	21
Share price 27-Mar-26 (GBP)	3.6

NAV summary (p/sh)

Asset	Unrisks	Risks
Cash & other	0.1	0.1
2P+2C	8.9	7.5
Exploration	22.4	5.9
Total NAV	31.5	13.6

Source: H&Pe



Source: S&P CapIQ

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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 Prospex will generate a net EBITDA of €5.6mm in 2026 implying an EV/EBITDA of ~3.2x. 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 ~9x by 2029 from an estimated 1.8mmcf/d in 2026, which would see EBITDA expand to €39mm from €5.6mm. Using the current EV of €18mm and stable production level (in 2028), 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.

Our 2026 estimate has been increased to €50/MWh (US\$17/mcf) from €35/MWh (more conservative than futures pricing at ~€55/mcf) and our 2027+ forecast to €36/MWh (US\$12/mcf) from €30/MWh versus futures pricing for 2027 of €46/MWh. A €1/MWh increase in our 2027+ gas price increases our risked NAV by 3%.

We see Prospex trading at an ~60% discount to its discovered resource (2P plus 2C) valuation of 8.9p/sh. We see a further 4.8p/sh of risked upside from its planned exploration wells over the next two years, which would be worth 16p/sh unrisks. Our risked NAV, on a fully diluted basis, is 13.6/sh, which implies ~280% upside to the current share price. Our risked NAV on a basic share basis would be 16p/sh. Overall, we estimate that Prospex's unrisks value is 32p/sh which is ~8.5x the current share price.

On a reserves and contingent resources basis, we value Prospex at €3.2/mcf of its 2P and 2C of 18bcf (~3mmboe) that are producing or expected to be developed in the next two years.

Financial ratios	2026	2027	2028	2029	2030
Market capitalisation (€mm)	18	18	18	18	18
Net debt	0	0	0	0	0
EV	18	18	18	18	18
EV/EBITDA	3.2x	3.1x	0.6x	0.5x	0.6x
EV/CFFO	4.5x	4.6x	0.9x	0.6x	0.9x
FCF yield	18%	1%	60%	101%	117%
EV per boe/d	58.6	39.3	7.8	6.0	7.4
EBITDA per boe/d	18.3	12.5	12.5	12.7	11.5
P/E	7.1x	7.5x	1.0x	0.7x	1.0x

Source: H&Pe

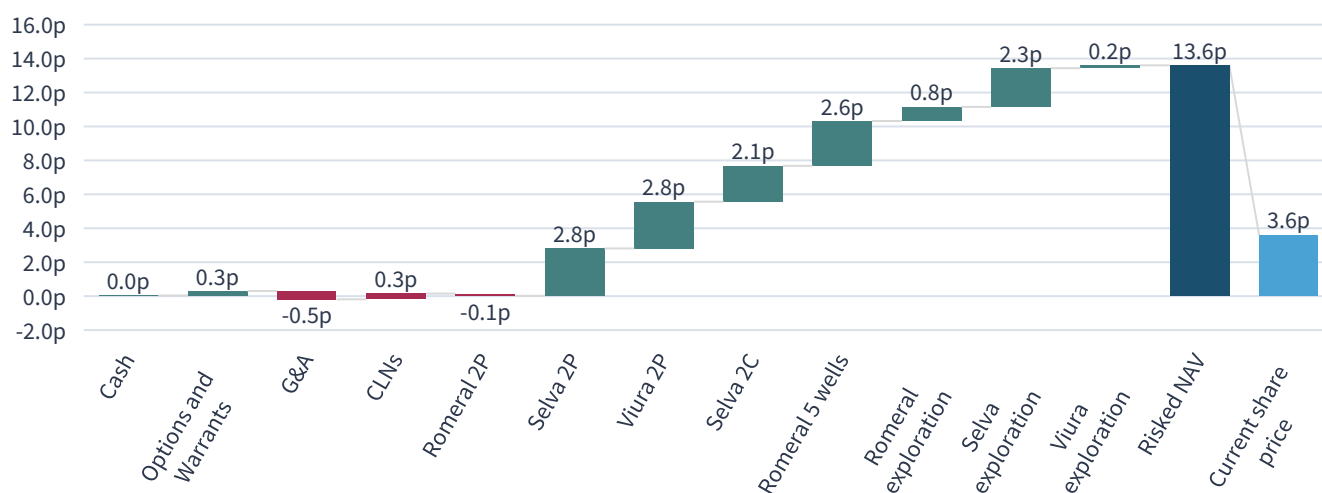
Risked NAV

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 long-term flat gas price of €36/MWh (€12/mcf) from 2026 and an NGL price of €50/bbl. We use an electricity price of €100/MWh for 2026 and €75/MWh from 2027 onwards. We use a USD/EUR FX rate of 1.16 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					€0.2	0.0p			€0.2	0.0p
Options and Warrants					€1.6	0.3p			€1.6	0.3p
Capitalised G&A @2x					-€2.9	-0.5p			-€2.9	-0.5p
CLNs (Dec 2025)					€2.0	0.3p			€2.0	0.3p
Romeral 2P	0.2	100%	0.2	-€3.8	-€0.7	-0.1p	100%	100%	-€0.7	-0.1p
Viura 2P (well 1B)	23	11.6%	2.7	€2.8	€7	1.2p	100%	90%	€6.7	1.1p
Viura 2P (well 3B)	38	7.7%	2.9	€2.4	€7	1.2p	100%	75%	€5.3	0.9p
Viura 2P (well 3A)	23	9.5%	2.2	€2.8	€6	1.0p	100%	75%	€4.7	0.8p
Selva 2P	12	37%	4.5	€3.8	€17	2.8p	100%	100%	€16.8	2.8p
Selva 2C	14	37%	5.2	€3.3	€17	2.8p	100%	75%	€12.7	2.1p
Total 2P and 2C	111	16%	17.6	€3.1	€53.8	8.9p	100%	85%	€45.5	7.5p
Romeral: Sevilla 3 East	0.9	100%	0.9	€1.6	€1.4	0.2p	85%	96%	€1.2	0.2p
Romeral: Santa Clara 2	2.3	100%	2.3	€1.6	€3.6	0.6p	80%	95%	€2.8	0.5p
Romeral: Nuevo Gamo	1.5	100%	1.5	€1.6	€2.4	0.4p	72%	95%	€1.6	0.3p
Romeral: Santa Rita	3.8	100%	3.8	€1.6	€6.0	1.0p	86%	86%	€4.4	0.7p
Romeral: Romeral 2S	9.7	100%	9.7	€1.6	€15.3	2.5p	51%	78%	€6.1	1.0p
Romeral: Exploration	60.2	100%	60.2	€0.5	€30.1	5.0p	34%	49%	€5.1	0.8p
Selva East	31	37%	11.5	€2.4	€28	4.7p	40%	75%	€8.5	1.4p
Selva: Riccardina	36	37%	13.3	€2.3	€30	5.0p	21%	75%	€4.8	0.8p
Selva: Fondo Perino	14	37%	5.3	€2.9	€15	2.5p	34%	10%	€0.5	0.1p
Viura Ullitras B	25.0	7%	1.8	€1.5	€2.7	0.4p	50%	75%	€1.0	0.2p
Total exploration value	185	60%	110	€1.2	€136	22p			€35.9	5.9p
Total NAV	296		128	€1.5	€190	31p			€82	13.6p

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		€7.3	€8.8	€10.6	€11.7	€13.2
€/MWh		€25	€30	€36	€40	€45
Discount Rate	5.0%	12.4p	14.7p	17.9p	19.9p	22.5p
	7.5%	10.7p	12.8p	15.5p	17.3p	19.5p
	10.0%	9.4p	11.2p	13.6p	15.2p	17.2p
	12.5%	8.4p	10.0p	12.1p	13.5p	15.3p
	15.0%	7.6p	9.0p	10.9p	12.1p	13.7p

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

		Long term gas price (€/MWh)				
		€25	€30	€36	€40	€45
Discount Rate	5.0%	4.4p	5.3p	6.7p	7.6p	8.8p
	7.5%	4.0p	4.8p	6.0p	6.8p	7.8p
	10.0%	3.6p	4.3p	5.4p	6.1p	7.1p
	12.5%	3.3p	3.9p	4.9p	5.6p	6.4p
	15.0%	3.0p	3.6p	4.5p	5.1p	5.9p

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

		Long term gas price (€/MWh)				
		€25	€30	€36	€40	€45
Discount Rate	5.0%	6.3p	7.7p	9.6p	10.8p	12.4p
	7.5%	5.6p	6.8p	8.5p	9.6p	11.0p
	10.0%	5.0p	6.0p	7.5p	8.5p	9.8p
	12.5%	4.5p	5.4p	6.8p	7.6p	8.8p
	15.0%	4.1p	4.9p	6.1p	6.9p	7.9p

Source: H&Pe

Proforma 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%).

Operational data	2025	2026	2027	2028	2029	2030
Gas production (mmcf/d)						
El Romeral	0.3	0.3	0.3	4.9	8.0	6.4
Selva Malvezzi	1.0	1.0	1.0	5.3	6.5	6.5
Viura	0.5	0.6	1.4	3.6	3.6	1.8
Total production	1.8	1.8	2.7	13.8	18.1	14.7
El Romeral: Electricity produced (GWh)	17	6	10	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)	2025	2026	2027	2028	2029	2030
Romeral	1.7	0.6	0.7	15.8	27.7	21.4
Selva	4.1	5.7	4.1	9.0	9.0	9.0
Viura	2.1	3.0	5.3	13.4	13.4	6.7
Gross Revenue	8.0	9.3	10.1	38.3	50.2	37.2
Romeral	-0.1	0.0	-0.1	-3.2	-5.5	-4.3
Selva	-0.4	-0.6	-0.4	-0.9	-0.9	-0.9
Viura	-0.1	-0.2	-0.3	-0.8	-0.8	-0.4
Royalty	-0.6	-0.8	-0.9	-4.9	-7.2	-5.6
Romeral	1.7	0.6	0.6	12.7	22.1	17.2
Selva	3.7	5.1	3.7	8.1	8.1	8.1
Viura	2.0	2.9	5.0	12.6	12.7	6.3
Net Revenue	7.4	8.6	9.3	33.4	42.9	31.6
Romeral	-1.5	-1.5	-1.8	-1.8	-1.8	-1.8
Selva	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Viura	-0.9	-0.9	-1.3	-2.1	-2.1	-1.1
Opex	-2.9	-2.9	-3.5	-4.4	-4.4	-3.3
Romeral	0.2	-0.9	-1.2	10.9	20.4	15.4
Selva	3.2	4.7	3.2	7.7	7.7	7.7
Viura	1.0	1.9	3.7	10.5	10.5	5.2
EBITDA	4.4	5.6	5.8	29.1	38.6	28.3
Romeral	-0.1	-0.1	-0.1	-1.4	-2.2	-1.8
Selva	-0.9	-1.1	-1.1	-1.1	-1.3	-1.2
Viura	-0.4	-0.4	-0.4	-0.7	-0.9	-0.4
Depreciation	-1.5	-1.6	-1.7	-3.2	-4.4	-3.4
Romeral	0.0	-1.0	-1.2	9.6	18.2	13.6
Selva	2.3	3.6	2.1	6.5	6.3	6.5
Viura	0.7	1.5	3.3	9.8	9.6	4.8
Pre-tax Income	3.0	4.1	4.1	25.9	34.1	24.9
Romeral	0.0	0.0	0.0	-2.4	-4.5	-3.4
Selva	-0.6	-1.0	-0.6	-1.9	-1.8	-1.8
Viura	-0.2	-0.5	-1.1	-3.4	-3.4	-1.7
Income Tax	-0.9	-1.5	-1.7	-7.7	-9.7	-6.9
Romeral	0.0	-1.0	-1.2	7.2	13.6	10.2
Selva	1.7	2.6	1.5	4.7	4.5	4.6
Viura	0.4	1.0	2.1	6.4	6.3	3.1
Net Income	2.1	2.5	2.4	18.2	24.4	18.0

Source: H&Pe

Pro forma Cashflow (€mm)	2025	2026	2027	2028	2029	2030
Romeral	0.2	-0.9	-1.2	8.5	15.8	12.0
Selva	2.5	3.6	2.6	5.7	5.8	5.7
Viura	0.8	1.4	2.6	7.1	7.1	3.6
Post tax cashflow	3.5	4.0	4.0	21.3	28.8	21.3
Romeral	0.0	-0.4	0.0	-5.5	-9.0	0.0
Selva	-1.5	-0.4	0.0	-2.1	-1.5	0.0
Viura	-1.0	0.0	-3.8	-2.8	0.0	0.0
Capex and decommissioning	-2.5	-0.8	-3.8	-10.3	-10.5	0.0
Romeral	0.2	-1.3	-1.2	3.1	6.8	12.0
Selva	1.0	3.2	2.6	3.6	4.3	5.7
Viura	-0.2	1.4	-1.2	4.3	7.1	3.6
Free cashflow	1.0	3.2	0.2	11.0	18.2	21.3

Source: H&Pe

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