

REGISTERED NUMBER: 03896382 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2025
for
Prospex Energy Plc**

**Contents of the Financial Statements
for the year ended 31 December 2025**

	Page
Company Information	1
Chairman's Report	2
Chief Executive Officer's Report	4
Corporate Governance	11
Strategic Report	15
Report of the Directors	18
Statement of Directors' Responsibilities	20
Report of the Independent Auditors	21
Statement of Profit or Loss and Other Comprehensive Income	27
Statement of Financial Position	28
Statement of Changes in Equity	29
Statement of Cash Flows	30
Notes to the Statement of Cash Flows	31
Notes to the Financial Statements	32

Prospex Energy Plc

Company Information for the year ended 31 December 2025

DIRECTORS: T H Reynolds (Appointed 1st February 2026)
M C Routh (Retired 1st February 2026)
W H Smith
A I Buchanan
A N J Hay
S Ashby-Rudd (Appointed 7th May 2026)

SECRETARY: B Harber

REGISTERED OFFICE: C/O Arch Law
Huckletree Bishopsgate
8 Bishopsgate
London
United Kingdom
EC2N 4BQ

REGISTERED NUMBER: 03896382 (England and Wales)

AUDITORS: Adler Shine LLP
Chartered Accountants & Statutory Auditor
Aston House
Cornwall Avenue
London
N3 1LF

FINANCIAL PR St. Brides Partners Limited
7th Floor
22 Bishopsgate
London
EC2N 4BQ

Prospex Energy Plc

Chairman's Report for the year ended 31 December 2025

Prospex Energy is an AIM quoted investment company with a portfolio of producing natural gas interests in Spain and Italy, a connected electrical plant in Spain and exploration and potential development licences in Poland. The Company's core investment thesis is that European natural gas is a key strategic asset for energy security, energy supply and lower emissions.

2025 saw progress in some areas but was an operationally challenging year for the Company. Late in the year, the Board of Directors refocused the Company's strategic objectives and Tom Reynolds, a highly experienced oil and gas company Director with a successful track record in the sector, was appointed as CEO and Director effective 1 February 2026.

Increasing shareholder value, as reflected in the share price, involves growing the production and asset base by accessing alternative sources of capital and accretive financing, limiting share offerings and, where appropriate, making portfolio adjustments through acquisition or divestment. This is enabled by a strong technical and operating team, motivated to increase share price and liquidity while being sensitive to the Company's financial capacity and risk tolerance. Post year-end, Simon Ashby-Rudd joined the Board as a Non-Executive Director, bringing decades of corporate finance experience to support this goal.

The Company's main producing assets are the Viura gas field in Northern Spain, operated by HEYCO Energy Iberia ("HEI"), and the Selva Malvezzi concession in Italy, operated by Po Valley Operations Pty Limited ("PVO"), a wholly owned subsidiary of Po Valley Energy Limited ("Po Valley Energy"). El Romeral in southern Spain is operated by the Company's wholly owned subsidiary, Tarba Energía S.L. ("Tarba"), while the two licences in Poland (awarded post year end) are operated by the Company's wholly owned subsidiary, PXEN Tatra SP Z. o. o. Further operational details are included in the CEO's Report.

There were several significant achievements in 2025 including the acquisition of our former partner's shares in Tarba on the exercise of a Right of First Refusal in April 2025; completion of a seismic acquisition programme at Selva Malvezzi in December; filing of the final documentation needed for the application for permits to drill five wells at El Romeral also in December; and filing applications for two licence areas in Poland, which were awarded after year end.

However, the Company faced several operational challenges during the year, including the unexpected but necessary workover at Viura which halted production and required the Company to raise funds to maintain its stake in the asset and reinstate production at the Viura-1B well. Production at El Romeral was also stopped from July 2025 to January 2026 due to an equipment issue. While natural gas prices realised at Selva Malvezzi and Viura were reasonable for most of 2025, electricity prices at El Romeral fluctuated due to Spain's solar and wind capacity and hydroelectric generation, resulting in low and sometimes negative electricity prices. Funds generated at Viura are retained in HEI to fund future capital needs pursuant to the shareholder agreement. Net operating income from Selva Malvezzi was sufficient to fund the Company's day-to-day expenses, but not to fund growth capital.

The Company undertook a placing and subscription share offering in June 2025 which was partially successful but failed to achieve all stated objectives. The Company was therefore initially unable to meet the full cash call for the Viura workover. The operator helpfully agreed to accept subsequent payment in Convertible Loan Notes as part of the December 2025 offering. The seismic acquisition campaign at Selva Malvezzi, and the capital expenditures in El Romeral required additional investment capital. The offering of unsecured Convertible Loan Notes referred to above was initiated in December 2025 and ultimately oversubscribed at completion in March 2026, raising over £1.90 million of new capital for the Company.

Facing significant challenges in accessing the capital required to protect and enhance the asset base, and the apparent lack of market support, the Board determined a need to reestablish market confidence, access alternative sources of capital and reemphasise the growth and monetisation of investments, while maintaining operating and technical excellence. Several significant changes took place including the appointment of Tom Reynolds as Chief Executive Officer in February 2026, a deep review of the Company's holdings, the appointment of Simon Ashby-Rudd as Non-Executive Director in May 2026, enhanced shareholder communications, and engagement with partners and investors.

Management and Staff

The Company benefits from an exceptional team with a broad range of skills and experience including geoscience, engineering, and finance. The team has operating experience and knowledge in Italy, Spain and Poland and engages constructively with the Company's partners. In a year marked by many technical and operational challenges, the team brought creativity and insight across all areas of activity.

I would like to thank Mark Routh for his significant contribution to bringing the Company's asset portfolio to its current stage and wish him the best in the future. Andrew Hay is not standing for re-election at the AGM. His insight and experience have been very much appreciated.

Prospex Energy Plc

Chairman's Report for the year ended 31 December 2025

Outlook

The changes to strategic focus and leadership are solid steps toward enabling the Company to deliver on its commitment to create shareholder value. The Company has strong investments to grow upon and a team capable of delivering results. Communication and interaction with shareholders help to inform progress towards the shared goals.

Your Board of Directors appreciate the trust and confidence placed in us. On behalf of the entire team, I thank all investors, both long-term and those who have recently joined, for their support.

William Smith

Non-Executive Chairman

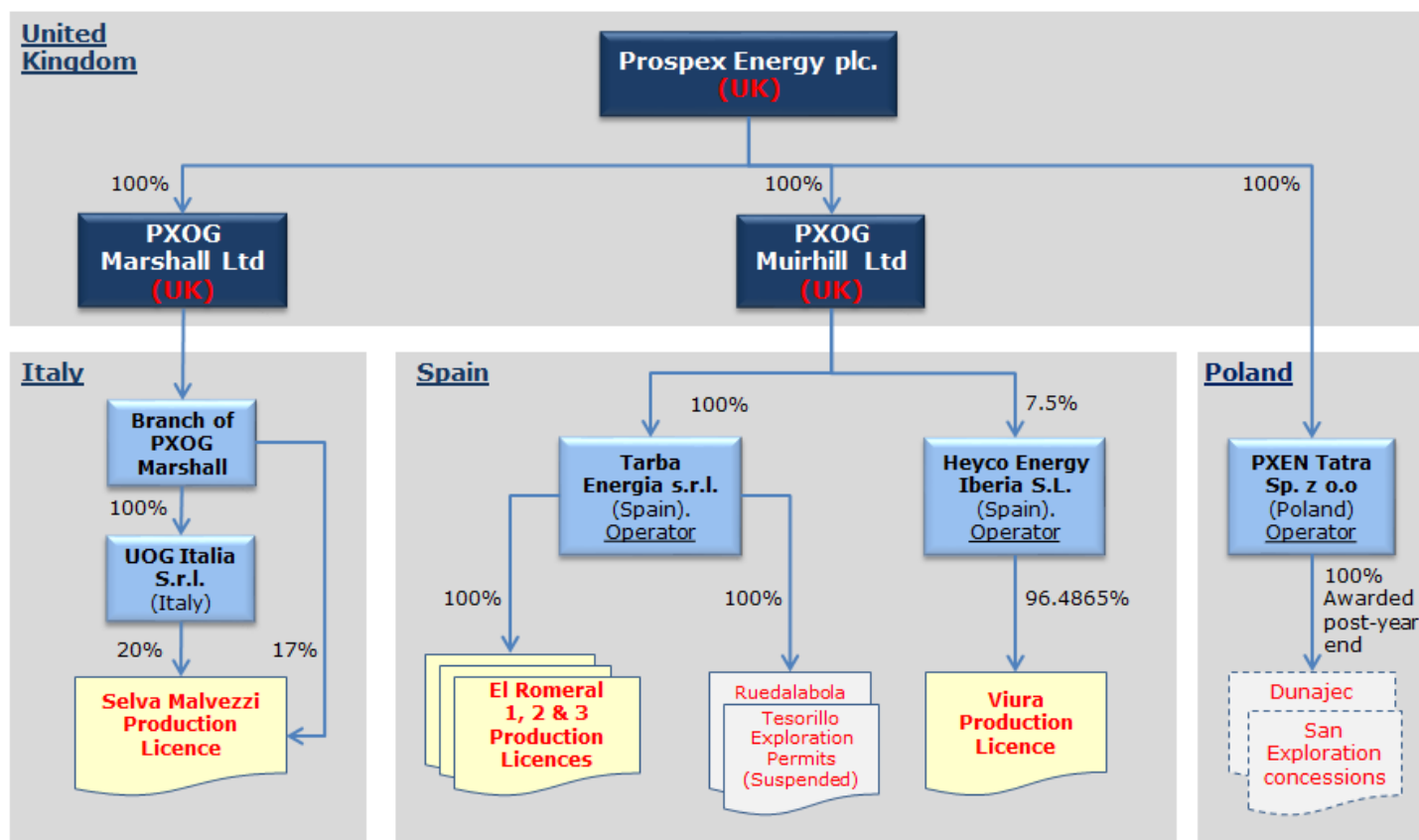
27 May 2026

Prospex Energy Plc

Chief Executive Officer's Report for the year ended 31 December 2025

Corporate Structure and Investments

The chart below shows the ownership structure of the Prospex group of companies (the "Group").



The table below summarises the Company's investments in, and loans to, Group companies as at 31 December 2025.

Group Company:	PXOG Marshall Ltd	PXOG Muirhill Ltd			PXEN Tatra
Country of focus:	Italy	Spain			Poland
Related to:	Selva Malvezzi	Romeral & Tesorillo	Viura	Shares/ Interest	San and Dunajec
	£000's	£000's	£000's	£000's	£000's

Prospex Energy Plc. Balance sheet:

Investments in Group Undertakings at Fair Value

Included in Investments (Note 11)

Loans to Group Undertakings

Included in Trade and Other Receivables (Note 12)

Owed by PXOG Muirhill Ltd.
Owed by PXOG Marshall Ltd.
Owed by UOG Italia S.r.l.
(Owned by PXOG Marshall)
Owed by PXEN Tatra Sp z.o.o.

Total included in Assets

Investments in Group Undertakings at Fair Value	13,719	13,717			2
Loans to Group Undertakings	10,673	1,895	1,743	6,235	741
Owed by PXOG Muirhill Ltd.	8,719		1,743	6,235	741
Owed by PXOG Marshall Ltd.	1,656	1,656			
Owed by UOG Italia S.r.l. (Owned by PXOG Marshall)	239	239			
Owed by PXEN Tatra Sp z.o.o.	59				59
Total included in Assets	24,392	15,612	1,743	6,235	741
					61

Prospex Energy Plc

Chief Executive Officer's Report for the year ended 31 December 2025

Preparation of Consolidated Financial Statements

Prospex Energy Plc is an investment entity as defined by IFRS 10, and as such, the results of its subsidiaries are not consolidated up to the parent company.

These financial statements therefore present the financial position of the Company on a standalone basis, and the Company's investments in its subsidiaries, joint ventures and underlying assets are recognised at fair value through profit and loss.

Asset Report

Since being appointed CEO in February 2026 the priority has been to reassess priorities and re-evaluate our investment portfolio to ensure the Group is positioned for long-term growth. Prospex has an attractive portfolio of assets that is well positioned to deliver growth through increased reserves and production. I summarise the portfolio below and for each asset include a review of 2025 activity. Guidance on the pathway to value growth and an indication of the timeline is also set out for each asset.

As of the date of writing this report, the Company has cash on hand following the extension of the Convertible Loan Note financing in Q1 2026. Continuing strength in European gas markets supports robust cashflow, adding to cash reserves.

Tarba Energía, El Romeral licences and Tesorillo/Ruedalabola permits

Asset Description

Tarba Energía S.L. ("Tarba") is owned 100% by PXOG Muirhill Limited, a wholly owned subsidiary of Prospex Energy plc. Tarba owns 100% of the El Romeral gas to power project, which includes three exploitation licences covering 310 km², and the connected El Romeral gas to power plant located near Seville in the Andalucía region of southern Spain. Tarba also owns 100% of the suspended Tesorillo and Ruedalabola exploration permits covering 380 km² in the Cadiz province of Spain. El Romeral delivered first gas and power in 2002. The originally developed reservoirs are largely depleted and Tarba is focused on obtaining new drilling permits to increase production and reserves.

2025 Period

2025 saw Prospex consolidating its ownership in Tarba with full ownership secured at modest cost, the permitting process for five new wells significantly advanced without material challenge and H1 production delivered modest cash flow before an extended transformer-related outage.

At the beginning of 2025 Prospex held a 49.9% working interest in Tarba. In April 2025, the Company announced the completion of the acquisition of Warrego Energy's remaining shareholding in Tarba for a total consideration of €665,725, including a deferred payment of €100,000 payable upon approval of drilling permits for three of the five wells which were then in the regulatory process. This took Prospex to 100% ownership of both El Romeral and the suspended Tesorillo permit, adding significant prospective resources at low cost.

Production performance in H1 2025 saw the El Romeral plant generate 3,752 MWh of electricity and €365,152 in sales revenue. However, the electrical plant was offline from 1 July 2025 due to a transformer availability issue. A planned two-week shutdown to replace the main transformer was extended because delivery of a more suitably sized, lower-cost unit was delayed. The Company ordered a replacement transformer in November 2025, with delivery expected in Q3 2026.

In February 2025 the EIA statutory consultation for five new wells was publicly gazetted following the submission of the May 2024 application. No adverse comments or objections were received from 29 statutory consultees or the public; the process advanced through the sub-delegation in Seville toward final Ministry review in Madrid. The applications were delivered to the Minister's office on 5 December with a target for review completion of 90–180 days.

Events after period end and asset outlook

A replacement rental transformer was installed in February 2026. This reinstated Tarba's ability to generate and export electricity. Generation is intermittent, limited by low production rates from El Romeral's depleted gas reservoirs and by volatile pricing in the Spanish electricity market, which at certain times of the day does not support economic generation. As a result Tarba is supported financially by Prospex through an interest-bearing loan to cover operating costs while permits are progressed toward approval. Generation activity contributes to Tarba income and reduces the level of support required from Prospex.

Prospex Energy Plc

Chief Executive Officer's Report for the year ended 31 December 2025

Looking ahead, the Company's focus is to continue to engage with Spanish regulatory authorities to deliver the permits which will allow the drilling of five additional wells and the construction of a direct gas export route through connection to the gas grid. This will position Tarba for significant reserve and production growth and mitigate the limitations placed on economic export by the electricity market through the ability to export gas directly to the grid. The Company has identified 11 low risk prospects with up to 2,469 MMscm (90 Bcf - Best Estimate Prospective Resource based on the Reserves and Resources Report by NSAI, 2019). This represents a significant opportunity to convert prospective resources to producing reserves and the Company expects to engage with third parties with an appetite and capability to invest alongside Prospex to support any future drilling and development capex.

Selva Malvezzi

Asset description

The Selva Malvezzi production concession is located in the Po Valley in northern Italy, covering an area of 81 km². Prospex holds an aggregate 37% working interest through two entities. PXOG Marshall Limited, 100% owned subsidiary of Prospex, owns 17%. UOG Italia SRL, a 100% owned subsidiary of PXOG Marshall Limited, holds 20%. The concession is operated by Po Valley Operations Pty Ltd, a subsidiary of ASX listed Po Valley Energy Ltd (ASX: PVE) which holds 63%. The concession delivers natural gas production from the Podere Maiar-1 well (PM-1), which has cumulatively produced 65.6 MMscm (gross) since first gas on 4 July 2023 to 31 December 2025. The joint venture is progressing other drilling targets with the objective of increasing production and reserves.

2025 Period

The asset delivered consistent production throughout the year from the PM-1 well. The share of production for the year attributable to the Company's investment was 10.4 MMscm, and the share of gross revenue earned from gas sales was €4.1 million. Rates remained stable at c. 80,000 scm/d (gross) for the balance of the year underpinned by strong reservoir performance and a supportive Italian regulatory environment focused on domestic gas supply security.

Permitting linked to future development planning for the broader concession advanced materially in the period. In early April 2025 the operator secured INTESA from the Emilia-Romagna Region and final MASE authorisation for a low-cost 3D geophysical survey. Field acquisition (covering c.140 km²) was originally targeted for early October 2025 to avoid harvest disruption. During May 2025 the MASE EIA technical commission requested additional flood-risk studies linked to field development (following 2023–2024 regional events), while Budrio Municipality sought relocation of the Casale Guida (North Selva) and Ronchi (South Selva) well pads on visual/noise grounds; the East Selva site was also reviewed for flood mitigation. The operator prepared an updated EIA incorporating these inputs.

In August 2025 the joint venture signed a new 12-month Gas Sales Agreement with Hera Trading (effective 1 October 2025), replacing the expiring BP contract and committing to supply approximately 27.96 MMscm at prices linked to the Italian Gas Index (IG Index GME), which typically trades at a premium to TTF.

In December 2025 the 3D seismic acquisition campaign was successfully completed on budget and on schedule, providing high-quality data to refine subsurface targets ahead of drilling expected in 2027.

Events after period end and Outlook

During Q1 2026 stable production continued with gross production of 7.26 MMscm (net to Prospex 2.69 MMscm) which was sold at an average realised price of €0.43/scm, generating €1.155 million net revenue. Cumulative gross production exceeded 72.9 MMscm, passing the milestone certified P1 reserve level. The 3D seismic data is being processed by Schlumberger Italy to create a high-resolution subsurface model supporting future development plans. Development costs of £300k primarily related to seismic processing were funded from the proceeds of the extended CLN raise.

Stable production during 2025 confirms Selva Malvezzi as a foundation asset delivering consistent cash flow while the operator progressed the necessary technical and regulatory groundwork for a four-well development programme targeting substantial additional gross contingent resources of approximately 400MMscm (14.6 Bcf), and further gross prospective resources of 2,083MMscm (75.9 Bcf).

Looking ahead during the balance of 2026 the seismic data will be processed, forming the basis for an updated Competent Persons Report ("CPR") on the asset with the potential for resource upgrades. In H2 2026 the operator plans to advance the necessary technical and regulatory work for the development programme. The CPR will also support engagement with potential investors including debt providers for the development programme planned for 2027.

Prospex Energy Plc

Chief Executive Officer's Report for the year ended 31 December 2025

Viura, HEYCO Energy Iberia

Asset description

The Viura gas field is located in Northern Spain and is Operated by HEYCO Energy Iberia ("HEI") which owns a 96.4865% interest. Prospex's wholly owned subsidiary PXOG Muirhill Limited holds a 7.5% shareholding in HEI following acquisition of 'B' shares in 2024. Prospex therefore benefits from an indirect, equivalent working interest of 7.24% in the field. Prospex does not hold a direct participating interest in the Viura concession. Prospex does not receive cashflow related to Viura production. Under the terms of the acquisition, net cashflow from Viura arising from HEI's c. 96.5% interest is retained within HEI for general corporate requirements and future capex.

Prospex rights to invest and receive cashflow from Viura are expected to change over the life of the investment:

- **Investment Phase** – the current phase where further investment in development drilling is expected. Prospex has the right to invest at a 15% participation level. Any net cashflow accruing within HEI can be used to offset capex.
- **B share distribution** –After development drilling is complete and steady state operation established – expected in 2027 - initial distribution will be to B shareholders until they recover their cumulative investment plus a premium of 10% (the "B Share Payback"). Prospex cumulative investment to 31 December 2025 is c. £6.2 million.
- **General distribution** – Following the B Share Payback, dividend distributions will be made to all **HEI** shareholders (both A and B shareholders) and Prospex share of dividend distributions will reduce to 7.5%.

The operator's best estimate of gross remaining recoverable gross reserves stands at 2.5 Bcm (90 Bcf) with Prospex net implied share of 0.18 Bcm (6.5 Bcf).

2025 Period

Production at Viura from startup in December 2024 through end-Q1 2025 totalled 30.2 MMscm (1.1 Bcf) gross, or approximately 4.4 MMscm (154 MMscf) net to Prospex. Beginning in April 2025 production was significantly disrupted due to a series of operational difficulties. In April 2025 the Viura-1B well was shut in due to a detected leak in the completion tubing. The operator HEI mobilised a workover rig to reinstate production in June 2025. The tubing repair was completed in July. The costs associated with Prospex's net share of the drilling workover costs were funded via a combined placing and WRAP retail offer, together with the issue of unsecured Convertible Loan Notes.

Testing in August 2025 using wireline downhole pressure and flow-rate monitoring encountered a pressure-control equipment failure. This required the safe cutting of the wireline cable inside the well, leaving a logging tool and cable in the tubing. Retrieval operations using equipment mobilised from Aberdeen commenced in September 2025, with production unable to resume safely until the obstruction was cleared and secured below the safety valve.

The well was brought back online on 17 October 2025 and gas production increased in stages, reaching 120,000 scm/d with 7 scm/d water by 20 October 2025. Plateau rates of 186,333 scm/d were achieved by 24 October 2025. By November 2025 the well was delivering steady natural gas production averaging around 190,000 scm/d. Water production had fallen to an average of less than 10 scm/d.

Events after period end and asset outlook

During Q1 2026 operator HEI conducted a series of production trials to support the construction and calibration of a dynamic reservoir model which will be used to inform future development drilling decisions. Average production rates during Q1 2026 were 107,800 scm/d gas and 163 scm/d water. Because the operating regimes were deliberately selected to calibrate the dynamic model these production rates are not indicative of steady state operation. The modelling work, originally scheduled for completion by end-April 2026, continued at the time of annual report preparation.

The operator anticipates establishing a steady-state regime following the calibration trials. The balance of 2026 will focus on the preparation of an independent reserves report (with the potential to underpin a debt facility at HEI) and preparatory work to support drilling and tie-in works in 2027. Participation in Viura offers Prospex the opportunity to benefit from significantly increased gas production and valuation uplift during 2027 following the planned drilling programme. Once new well production is online and HEI dividend distributions commence, Prospex will receive cashflow capable of supporting further investment in the wider portfolio.

Prospex Energy Plc

Chief Executive Officer's Report for the year ended 31 December 2025

San & Dunajec licences, Poland (awarded after period end)

Asset description

The Company applied for two licences in the Carpathian Foreland Basin in southern Poland in 2024 following an extensive work programme reviewing unlicensed potential. Prospex believes that Poland offers an attractive regime to explore for and develop hydrocarbon resources:

- The political and regulatory regimes are pragmatic and supportive of the oil & gas industry
- Poland benefits from an established oil field services sector with the equipment, capabilities and experience available locally to support asset development
- Established infrastructure. As an operating production territory, Poland has a network of infrastructure ensuring efficient and cost-efficient transportation and delivery of product to market
- Historical database. Oil and gas production has been active in Poland for over 100 years and as a result there is a broad database of seismic, well and production data available.

Two licences were awarded after period end with Prospex holding 100% ownership in both.

San is an exploration licence covering 818km² in south-east Poland. Prospex believes the block contains attractive shallow, Miocene-age exploration potential which fit well with the Company's established strategy and technical expertise. The licence is a drill or drop permit. The Company will need to elect to drill a well before the third anniversary of award to retain the licence. The licence also places a firm obligation on Prospex to carry out an AirGravMag survey over the block within the initial three-year term.

Dunajec is an exploration licence covering 1,182km² in southern Poland. It contains similar Miocene age, shallow gas prospectivity as well as deeper Jurassic age potential. Dunajec also contains the undeveloped Mniszów oil discovery which is described in more detail below. The Dunajec licence is also a drill or drop permit. The Company will need to elect to drill a well before the third anniversary of award to retain the licence. The licence also places a firm obligation on Prospex to carry out an AirGravMag survey over the block within the initial three-year term.

Both licences have seen very limited activity since the early 2000s and as a result the Company believes that the application of modern technology, methods and equipment developed over the last 20+ years can add value to the licences.

Mniszów discovery, Dunajec licence

Multiple discovery wells drilled in 1966 identified a 13m oil pay within fractured carbonate at approximately 600m depth, with a historically mapped oil-water contact indicating around 2 mmbbl of OOIP. The Mniszów-3 well confirmed a 13m oil-saturated interval and flowed at 45 bbl/d following a cased hole acidised test, but the field remained undeveloped due to its relatively small size and thinner reservoir compared to the nearby Grobla (1962) and Pławowice (1963) fields.

Asset outlook

Prospex intends to use modern imaging, evaluation and development techniques to support resource discovery and development on its Polish licences. The Company is currently gathering historical data across both licences to inform and prioritise its work programmes. The Mniszów shallow undeveloped oil discovery has near-term commercial potential, and the Company is assessing the opportunity for early development given the potential to deliver near-term cashflow for re-investment. Once a work programme is finalised, the 100% ownership in both licences provides Prospex with the option of farming-out to partners at the asset level to fund activity.

Prospex Energy Plc

Chief Executive Officer's Report for the year ended 31 December 2025

Financial Review

The Company recorded a loss for the year of £2,795,169 (2024: loss - £46,759).

The current year's loss includes an unrealised loss on revaluation of investments of £2,541,311 (2024: unrealised gain £713,583).

Administrative expenses decreased by £83,962 (6.6%) to £1,179,490 (2024: £1,263,452).

Net finance income increased by £292,393 to £906,826 (2024: £614,433).

The Company is reporting a decrease in shareholder equity (net asset value) at 31 December 2025 of £1,650,233, to £22,939,921 (2024: £24,590,154).

Total Assets decreased by £1,248,677 to £24,509,190 (2024: £25,757,867).

The decrease is primarily attributable to a decrease in the valuation of the Company's investment in PXOG Marshall Limited, the investment vehicle which directly and indirectly holds 37% of Selva Malvezzi production concession in Italy. A decreased valuation within PXOG Marshall Limited of its interest in the production concession arose from the utilisation during the year of the reserves at the Podere Maiar-1 production well ("PM-1"), and a decrease in European forward gas prices applied to remaining reserves of PM-1, and to contingent resources on the concession.

Total Liabilities increased by £401,556 to £1,569,269 (2024: £1,167,713).

This is comprised primarily of a provision for deferred tax and the unsecured Convertible Loan Notes in issue at the year end.

The revaluation of investments at fair value resulted in a decrease of 15.5% to £13,768,886 (2024: £16,310,197) and the unrealised loss of £2,541,311 (2024: unrealised gain - £713,583).

This unrealised loss comprises the change in the fair value of the Company's wholly owned investment vehicle, PXOG Marshall Limited. The change takes into account the reduction in the valuation of the Selva Malvezzi production concession, interest payable by the Company on its loans, and deferred taxes, offset by a reduction in the liability of PXOG Marshall to the Company through loan repayments made during 2025 and interest receivable by the Company on its loans to its subsidiary undertakings.

The Italian asset has been re-valued on a methodology consistent with that used in prior years audited financial statements, updated to reflect underlying future gas pricing based on the benchmark Title Transfer Facility ("TTF") European forward contract gas prices applicable at 31 December 2025.

At 31 December 2025, the Company held cash and cash equivalents of £38,935 (2024: £1,185,386).

Amounts owed to the Company by its investment vehicles earn interest and are repaid out of surplus funds arising from after-tax net earnings in the underlying undertakings. Where appropriate, surplus funds within the investment entities are reinvested, at the direction of the Company, to develop and diversify the underlying assets.

Prospex Energy Plc

Chief Executive Officer's Report for the year ended 31 December 2025

Business Development and outlook

In 2025, the Company's technical team conducted in-depth evaluations of a number of potential opportunities; however, no investments were made in new properties other than the acceptance of the two licences in Poland which were awarded post year end. The Company's resources were focused on protecting and growing the value of existing assets: the acquisition of additional shares in Tarba, funding well intervention work at Viura and seismic acquisition at Selva Malvezzi.

The Company has an enviable inventory of investment opportunities. Looking ahead to the balance of 2026 and beyond, Prospex will continue to prioritise the application of resources to its existing assets to increase reserves, grow production and increase cashflow. The Company will also continue to seek opportunities to add to the portfolio, particularly where production can be acquired at a favourable valuation. Due to the depth of opportunity within the existing portfolio, any additional cashflow can be quickly re-invested creating a flywheel effect that accelerates growth.

The new licences in Poland offer attractive prospectivity and potential development opportunities. This will be a key area of focus for the team in the near term, given the attractive return profile and ability to farm-down from 100% ownership to fund activities.

A significant amount of shareholder value is tied up in Prospex assets. The Company has a portfolio of investments in three European countries with very significant production potential which it is taking active steps to realise. A number of attractive investment opportunities are expected to be finalised over the next 12-18 months. It is the responsibility of the Prospex Board and management team to test whether value can be crystallised for existing assets at attractive valuations and this is supported by the current strong European gas market. If the opportunity presents itself to sell part, or all, of an existing asset to fund an investment or acquisition that offers significant future growth, this allows the Company to compound shareholder value over time whilst avoiding the need to issue shares to fund activity.

A key objective for the next 12 months is to demonstrate to shareholders and the broader market that increasing production and cashflow can be delivered by leveraging additional sources of funding and minimising the call on shareholders through equity issuance.

Tom Reynolds

Chief Executive Officer

27 May 2026

Glossary:

Bcf	Billion standard cubic feet
Bcm	Billion standard cubic metres
Boe	Barrels of Oil Equivalent (where 1 MMBoe = 5.8 Bcf)
MMBoe	Million Barrels of Oil Equivalent
mcf	Thousand standard cubic feet
MMscf	Million standard cubic feet
MMscfd	Million standard cubic feet per day
MMscm	Million standard cubic metres
MMscm/d	Million standard cubic metres per day
MWh	Mega Watt hour
OOIP	Oil Originally in Place
scm	Standard cubic metres
scm/d	Standard cubic metres per day
TTF	The 'Title Transfer Facility' - a virtual trading point for natural gas in the Netherlands.

Prospex Energy Plc

Corporate governance for the year ended 31 December 2025

Corporate governance is the method by which the Board of Directors sets the strategic aims of the Company, provides leadership to achieve the goals and manages the risks the Company faces. Good governance is based on the integrity of people and processes, setting the right goals, having the right people and tools to achieve them and acting in a disciplined fashion to understand and manage risks inherent in the business. Thoughtful change and refocus are sometimes required to realise the goals of growth and stability while enhancing value to the owners of the Company, the shareholders.

Prospex follows the QCA Corporate Governance Code, and governance practices are aligned with the ten principles of good governance set out in the Code. Where there are variations, this report explains the differences. Elements of governance reporting are found in the Company's Annual Reports available on the Company's website (www.prospex.energy) with a full index to reporting.

As Non-Executive Chair, William Smith is responsible for the leadership of corporate governance and, in conjunction with management, establishing appropriate agendas for Board meetings, ensuring that the executives and the Board are fully engaged in appropriate aspects of strategy development, decision making, risk analysis and overall implementation.

The Ten Principles in relation to Prospex

Principle 1 - Establish a purpose, strategy and business model which promote long term value for shareholders.

The Company's purpose is to build shareholder value primarily focused on investments in European energy, natural gas and electricity. The strategy is to acquire investment holdings in real energy assets which will become more valuable with inflation and energy insecurity, with clear paths to realizing value. Building and managing the portfolio and underlying assets presents a number of challenges, including access to accretive capital for growth. The nature of the energy business is inherently risky; the number of opportunities is finite and investments are exposed to technical, political and commercial risks that must be navigated.

Principle 2 – Promote a corporate culture that is based on ethical values and behaviours.

Every Director and senior manager has significant business and industry experience. Collectively, they uphold a very high standard of ethical values embedded in the corporate culture. With a small staff, everyday interactions are sufficient to communicate that integrity is a cornerstone of the Company, and unethical behaviour will not be tolerated. In interactions with industry partners, suppliers and stakeholders, the Company communicates its values. Internal financial controls in place are appropriate for a company of the size and complexity of Prospex, but may be supplemented as the business grows.

Principle 3 - Seek to understand and meet shareholder needs and expectations.

The Company engages with shareholders and other interested parties through formal and informal mechanisms, including the Annual General Meeting; the website; online and in person investor presentations and meetings; social media; and one on one communications, always having regard to appropriate disclosure rules and guidelines. Communication is interactive with shareholders individually and collectively expressing their expectations, particularly for increasing share value. The Chief Executive Officer, Tom Reynolds and the Chair, William Smith, are the primary contacts, but each Director participates in shareholder engagement.

Principle 4 - Take into account wider stakeholder interests including social and environmental responsibilities and their implications for long term success.

While the principal focus of a listed company is to enhance value for its investors, Prospex has positive engagement with a wide and diverse set of stakeholders and takes socially responsible activities very seriously. The Company and Joint Venture partners engage with individuals and groups to set out the benefits and risks of development. One of the primary social benefits of the Company's business is to increase sovereign and secure access to energy, including electrical power. Environmental protection is a key element in all development decisions and extensive consultation with residents, organizations and regulators is undertaken prior to any work. Utilising indigenous natural gas to generate electricity, or as a fuel source, is far less environmentally impactful than LNG or other sources of fuel and supports a baseload of energy generation for renewables. Hydrocarbon exploration and development is a highly regulated business in all jurisdictions, and Prospex and its partners maintain good relations with regulatory authorities. The Company provides well paid employment opportunities directly and, through joint venture partners and contractors. As a small Company, each employee has direct and confidential access to Directors and has personal relationships that enable frank discussions. The Directors' collective experiences in the oil and gas industry strongly support a safety-orientated culture.

Prospex Energy Plc

Corporate governance - continued for the year ended 31 December 2025

Principle 5 - Embed effective risk management, internal controls and assurance activities considering both opportunities and threats, throughout the organisation.

Financial and physical risk is inherent in all aspects of natural gas exploration and development. The Board evaluates investment opportunities on a multifaceted basis having regard to technical risk, balancing risk and potential reward and political and security risks. The Company maintains active oversight and engagement over operational and financial risks with the relevant Joint Venture partner and directly with Tarba and PXEN Tatra. Full formal internal controls over financial matters are difficult in smaller companies, but the Board and the Audit Committee are very engaged in the review of financial statements and operating results. The Company mitigates operational risk through careful opportunity review and modelling, due diligence, through investing in regions with stable governments and appropriate fiscal regimes, and the selection of investments with a variety of risk/reward profiles. A focus on value creation permeates corporate activities from initial business development review, to detailed geological and economic assessment, including financial modelling, to post activity review to formalise learnings from success and opportunities for improvement. No significant expenditure is authorised without formal Board review, either in an annual budget or on a case-by-case basis for larger projects. Joint venture partners and key suppliers are subject to extensive review for experience, integrity and ability, not simply on a low-cost basis.

Principle 6 – Establish and maintain the Board as a well-functioning, balanced team led by the Chair.

Four of the current five Directors are independent Non-Executive Directors with diverse backgrounds and experience. As the Company is in a stage of rapid development, all Directors participate in weekly update video conferences with management, as well as in more formal meetings at least once per year in-person strategy and planning meetings with the entire Prospex team. Audit committee and Remuneration committee functions are reserved for the NEDs. All of the Non-Executive Directors are considered independent. All Non-Executive Directors participate to a limited extent in the Company's stock option program and are shareholders, aligning the interests of the Directors with those of shareholders. The CEO's compensation program is heavily weighted to share value, and a portion of his compensation is taken in shares each month. The website contains information about the industry and the relevant governance experience of each Director. In order to provide consistency, Directors are elected for 3-year terms, as set out in the Company's constitutional documents.

Principle 7 – Maintain appropriate governance structures and ensure that individually and collectively between them the Directors have the necessary up to date experience, skills and capabilities.

The Board reviews its performance at least annually. A skills matrix is used to determine skill sets which would enhance the Board. The website has detailed information about each current Director's education, experience and skills. The current group of Directors collectively have international oil and gas experience in more than 10 countries and executive or Director roles in more than a dozen listed companies. The Company has an Audit Committee and a Remuneration Committee, each chaired by an NED.

Principle 8 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

A desire for continuous improvement permeates all aspects of Prospex. The Board is responsible for implementing the business objectives, governance and strategic planning. The Board reviews its own performance and composition at least once per year albeit that without following a formal review process, mindful that each Director has experience with such reviews. From time to time, a skills analysis discussion is undertaken, recognising that, as the Company grows in complexity, additional skills will be required. In 2026, after extensive discussion, the CEO was changed in line with a refocus of the Company's strategic objectives.

Principle 9 – Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose, strategy and culture.

The Company provides base compensation commensurate with the skills and experience of the individual. Employees are provided with appropriate benefits programs. As many of the key individuals live outside of the UK, and in some cases are subject to service agreements, there are occasions when the Company provides compensation in lieu of benefits. Individuals are provided with all necessary technological support, as the Company does not have an office and all work is 'remote' work. Long term incentives are provided through equity linked to growth in shareholder value and liquidity. In exceptional circumstances, the Board may award a performance bonus.

Principle 10 - Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.

Annual Reports include a report on governance under the QCA Code, which sets out in detail how the Company is governed. Many of the Company's communication techniques with key stakeholders, including regulators, Joint Venture partners and others, as well as investor communications, are described above. Interested parties seeking more information are invited to contact the CEO or the Chair directly using the contact information contained on the website.

Prospex Energy Plc

Corporate governance - continued for the year ended 31 December 2025

Remuneration Committee

The Remuneration Committee for 2025 consisted of William Smith, Andrew Hay and Alasdair Buchanan, who chairs the committee. The Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for any executive Directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the Non-Executive Directors. Simon Ashby-Rudd joined the Committee post period end.

Audit Committee

The Audit Committee consists of Alasdair Buchanan, William Smith and Andrew Hay, who chairs the committee. The Committee provides a forum for reporting by the Company's external auditors. The Committee is responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors. Simon Ashby-Rudd joined the Committee post period end.

MANAGEMENT TEAM AND BOARD OVERVIEW

BOARD

Tom Reynolds Chief Executive Officer

Tom is a well-qualified leader with extensive and successful experience in senior executive roles in listed companies in the energy sector, including CEO of Scirocco Energy, and CEO of Bridge Energy.

He also has considerable experience in structuring and managing private equity investments for a wide range of privately held companies involved in energy, energy investment and finance. He holds a B.Eng. Chemical & Process Engineering with First Class Honours.

Bill Smith Non-Executive Chairman

William is a Canadian solicitor with 40 years of experience in corporate finance and has been a Non-Executive Director of a number of listed and private companies including: Orca Exploration Group (TSXV); Mosaic Capital Corporation (TSXV); and PFB Corporation (TSX).

He was a senior partner of McCarthy Tetrault LLP in Canada and was subsequently Executive Vice President of two listed international oil companies and a listed investment firm. He has extensive experience including a number of start-up ventures in the oil and gas sector.

Alasdair Buchanan Independent Non-Executive Director

Alasdair has a BSc in Chemical Engineering and over 40 years of experience in the upstream oil and gas sector.

Most recently he was Global Energy Director at Lloyds Register and was COO and a Director of Senergy Group plc. Alasdair was a Non-Executive Director of Warrego Energy from 2012-2019 prior to its public listing on the ASX. Alasdair worked for Halliburton for three years in Aberdeen and Texas, most recently as Vice President UK and worked for BJ Services for 28 years both in the UK and internationally.

Simon Ashby-Rudd Independent Non-Executive Director

Simon is an energy banking professional with over 35 years' experience providing strategic and financial advice to the energy sector.

He has senior investment banking experience leading deals across equity capital market, public and private debt, and corporate and asset acquisitions and divestments in Europe, North America and Africa. He is an experienced corporate Director, currently serving as a Non-Executive Director of AIM-listed Europa Oil & Gas Plc and as the Independent Chairman of other closely held companies.

Prospex Energy Plc

Corporate governance - continued for the year ended 31 December 2025

Andrew Hay **Independent Non-Executive Director**

Andrew is an experienced corporate financier and Board member with more than 30 years of experience in leading corporate finance firms in London and New York, including ING Barings and Schroders.

A graduate of Oxford University, Andrew is currently a Senior Adviser at Smith Square Partners, a leading London based corporate finance firm, and a Non-Executive Director of Great Western Mining Corporation PLC, an AIM listed mineral exploration and development company with assets in Nevada.

Andrew Hay is not standing for re-election at the AGM.

MANAGEMENT TEAM

Richard Jameson **Chief Operating Officer**

Richard has forty years' experience in Project Management and Engineering, including offshore North Sea Decommissioning and Production Operations Management. Experience includes conceptual and detailed design, engineering, construction, project execution, commissioning, decommissioning and operations, both onshore and offshore in the Oil and Gas industry.

With an impressive track record of safely implementing numerous successful major projects and optimising production operations for Blue Chip Companies. Richard holds qualifications in Business Administration (MBA), Mechanical and Production Engineering (HND) and Marketing (Dip.M).

Grant Glanfield **Finance Manager**

Grant is a Chartered Accountant with 35 years' experience in a broad range of financial, project and general management roles within Finance and Energy. Following a successful career in the City of London, in 2012 he moved into venture capital and to a CFO role for a pan-European E&P group of companies with operations primarily in the United Kingdom and Poland.

Grant joined Prospex in 2018 and, aside from managing day-to-day finance and administrative functions, contributes to the investment decision-making, execution and ongoing operational activities.

Carlos Venturini **Chief Geoscientist**

Carlos is a geologist (BSc) with an MSc in structural geology and over 35 years in geophysical interpretation and oil prospect generation.

Experience gained with Schlumberger, ENI, Sipetrol, and from his own Libya-based consultancy working for Petrobras, GDF and OMV amongst others. He is an expert in Mediterranean and African petroleum geology.

Alecos Stavrou **Senior Geologist**

Alecos is a Senior Geologist with expertise in prospect generation, prospect evaluation and volumetrics. He has undertaken more than 50 data rooms, with a focus on onshore European foreland basins and has led several technical projects within the company, including seismic reprocessing, petrophysical re-evaluations and AVO studies. He has working experience in all stages of the E&P cycle, from country-entry to relinquishment.

Alecos has previously worked for SASOL and PGS. He is a graduate of Durham University and Imperial College, where he was awarded an industry scholarship by PGS and graduated with Merit.

Prospex Energy Plc

Strategic Report for the year ended 31 December 2025

The Directors present their strategic report for the year ended 31 December 2025.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of an Investing Company.

STRATEGY

Prospex is building an investment portfolio of energy assets in Europe, focusing on high impact, onshore and shallow offshore opportunities located in working hydrocarbon systems.

The Company believes that this offers attractive potential returns supported by the following favourable dynamics:

- *Inflation – Prospex will invest in "Real Assets" – properties which produce energy related commodities required by society and which will increase in value during inflationary periods, outperforming other investment classes where buying power is eroded*
- *Energy resource sovereignty - as established supply chains for energy delivery to Europe fail or are disrupted, energy resources within Europe will be recognised as strategically more valuable and asset prices will be revalued*
- *Clear value pathway - each asset owned or targeted by Prospex offers a clearly defined pathway to add value through discovery, derisking and/or development.*

Utilising the team's proven track record and global experience, the Company seeks to invest in opportunities in Europe's energy sector which offer value uplift through reserve/resource recognition, cashflow through development or improvement of existing fields where new ideas and the latest technology can be applied. The Company will prioritise gas opportunities, and will selectively look at oil investments, where tangible value can be crystallised in the near term, ideally creating the ability to recycle cashflow to support further investments, rapidly compounding shareholder value.

Investment criteria

- Regions with working hydrocarbon systems
- Favourable fiscal regimes with low political risk
- Resource materiality - scale for acquirers and returns for shareholders
- Scope for technology to unlock latent value
- Line of sight catalysts for value re-rating
- Clear monetisation opportunity after value creation

BUSINESS REVIEW

A review of the development and performance of the Company, including important events, progress during the year and likely future developments, can be found in the CEO's Report.

In summary:

- administrative expenses for continuing operations for the year decreased to £1,179,490 (2024: £1,263,452)
- unrealised losses arising on financial assets at fair value through profit or loss was £2,541,311 (2024: gain - £713,583)
- net loss for the year from continuing operations was £2,795,169 (2024: loss - £46,759)
- as at 31 December 2025, the Company had cash and cash equivalents of £38,935 (2024: £1,185,386)

KEY PERFORMANCE INDICATORS

The business Key Performance Indicator ('KPI') monitored by the Board is focused on managing the investing activities of the Company. The financial KPI is to ensure that there is adequate funding in place to cover the Company's investing activities and holding company costs. Information on individual investments is contained within the Chairman's Report on page 2.

SECTION 172 STATEMENT

Each Director is required by the Companies Act 2006 to act in the way considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so is required to have regard for the following:

- the likely long-term consequences of any decision;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between shareholders of the Company.

Prospex Energy Plc

Strategic Report - continued for the year ended 31 December 2025

Certain companies are required to report on the matters enumerated in S. 172, while others are doing so voluntarily. As a matter of good governance in full support of complete and transparent disclosure, your Company is pleased to make this annual s. 172 Statement.

The Company has adopted the Corporate Governance Code for Small and Mid-Sized Quoted Companies from The Quoted Companies Alliance (the "QCA Code"). The QCA Code is an appropriate code of conduct for the Company's size and stage of development. In the Corporate Governance Report, below are comments regarding the application of the ten principles of the QCA Code. Some s.172 considerations are addressed in more detail in the Corporate Governance Report.

The Chairman's Report describes the Company's activities, strategy and future prospects and some s.172 considerations are also addressed in the Chairman's Report, including the considerations for long term decision making.

The Board considers the Company's major stakeholders to include employees, suppliers, partners and shareholders. When making decisions, consideration is given to the interest of each stakeholder group individually and collectively. Certain decisions require more weight attached to some stakeholders than others and while generally seeing the long-term interest of the shareholders as of primary importance, the Directors consider those interests are best served by having regard to the interests of the other key stakeholder groups and, in fact, to all the s. 172 considerations.

Given the size of the Company and the nature of its business, there are only a few employees. However, the Board considers the Company's employees essential to the success of the Company. As is referred to in the Corporate Governance Report, attracting and retaining highly skilled and dedicated employees and contractors is key to realising the Company's potential and is a strategic objective.

The Board ensures that the Company endeavours to maintain good relationships with its suppliers through contracting on standard business terms and paying promptly, within reasonable commercial terms.

The Company does not deal directly with customers or suppliers in relation to the natural gas interests held by its subsidiaries, save for its relationship with its joint venture partners and Tarba, which operate the relevant fields. There is direct communication on a regular basis between the CEO and the Company's partners and some of the Non-Executive Directors also interact with the joint venture operators to foster business relationships and to re-enforce shared values. The Company invests in interests in licences where it has some influence over the manner in which the operations are conducted and communicates to the operators the need for appropriate relationships with suppliers, to support local contracting where possible and implement other measures to enhance communities in which operations are conducted.

Environmental protection is a key element in all development decisions, and extensive consultation with residents and regulators is undertaken prior to any work. The Board spends considerable time each year discussing the impacts of the Company's operations on the environment to mitigate adverse impacts and to promote natural gas as a transitional fuel with lower emissions than other fuels or LNG.

As is stated in the Corporate Governance Report, "integrity is a cornerstone of the Company, and unethical behaviour will not be tolerated" by employees, consultants or operators. The Board recognises its responsibility for setting and maintaining a high standard of behaviour and business conduct. There is no special treatment for any group of shareholders, and all material information is disseminated through appropriate channels and available to all through the Company's corporate presentations, social media, investor presentations, news releases and website, as is described in more detail in the Corporate Governance Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company invests in early-stage investments in the natural resources sector, which is subject to a range of inherent risks and uncertainties. Being at an early stage, the prime risks to which the Group is subject are the access to sufficient funding to continue its operations, the status and financing of its partners, changes in cost and reserves estimates for its investment assets, changes in forward commodity prices, regulatory regimes and the successful development of its Energy reserves. Key risks and associated mitigation are set out below.

Investment returns: Management seeks to raise funds and then to generate shareholder returns through investment in a portfolio of exploration and development entities leading to the drilling of wells, the discovery of commercial reserves followed by their exploitation. The delivery of this business model carries several key risks.

Prospex Energy Plc

Strategic Report - continued for the year ended 31 December 2025

PRINCIPAL RISKS AND UNCERTAINTIES

Risk

Market support may be eroded obstructing fundraising and lowering the share price

General market conditions may fluctuate hindering delivery of the Company's business plan

Governmental regulations and the timing of responses to applications for activities may delay corporate activity

Risk

Each asset carries its own risk profile, and no outcome can be certain

The Company may not be able to raise funds to exploit its assets or continue as a going concern

Investments: Investments may not go to plan, leading to

Risk

Individual investments may not deliver recoverable Energy reserves

Resource estimates may be misleading curtailing actual reserves recovered

Personnel: The Company relies upon a pool of experienced and motivated personnel to identify and execute successful investment strategies

Risk

Key personnel may be lost to other companies

The competition for qualified personnel in the Energy industry can be intense and there can be no assurance that the Company will be able to attract and retain all personnel necessary in the required jurisdictions for the future development and operation of its business

Commercial environment: World and regional markets continue to be volatile with fluctuations and infrastructure access issues that might hinder the Company's business success

Risk

Volatile commodity prices mean that the Company investments cannot be certain of the future sales value of its products

Mitigation

Management regularly communicates its strategy to shareholders

Focus is placed on building an asset portfolio capable of delivering regular news flow and offering continuing prospects

Management aims to retain adequate working capital and secure finance facilities sufficient to ride out downturns should they arise

The Company maintains current knowledge of evolving regulatory requirements and maintains positive engagement with regulators, respecting environmental protection, worker safety and energy transition

Mitigation

Management aims to avoid over-exposure to individual assets and to identify the associated risks objectively

Management continuously explores creative funding sources and maintains regular dialogue with a variety of potential funding partners. The Company's growth has opened additional areas of opportunity for access to capital if required such as farm outs, joint ventures, asset sales etc.

damage, pollution, cost overruns and poor outcomes

Mitigation

A commitment to invest is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter

Regular third-party reports are commissioned. A prudent range of possible outcomes are considered within the planning process

and motivated personnel to identify and execute successful investment strategies

Mitigation

The Remuneration Committee regularly evaluates incentivisation schemes to ensure they remain competitive

The Company continues to review and adopt attractive packages for both staff and contractors

Mitigation

Gas may be sold under long-term contracts reducing exposure to short term fluctuations. Energy price hedging contracts may be utilised where viable

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF:

T.H. Reynolds

Director

Date: 27 May 2026

Prospex Energy Plc

Report of the Directors for the year ended 31 December 2025

The Directors present their report and financial statements for the year ended 31 December 2025.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2025.

The results for the year are set out on page 27.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in note 24 to the financial statements.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1 January 2025 to the date of this report.

William H Smith
Alasdair I Buchanan
Andrew N J Hay

Tom Reynolds was appointed as a Director on 1 February 2026.

Simon Ashby-Rudd was appointed as a Director on 7 May 2026.

Mark Routh ceased to be a Director on 1 February 2026

Andrew Hay is not standing for re-election at the AGM.

The Directors of the Company held the following beneficial interests in the ordinary shares of the Company:

	2025	2024
	No. of shares	No. of shares
Mark Routh	2,973,162	2,639,829
William Smith	8,414,343	8,081,010
Alasdair Buchanan	5,059,172	5,059,172
Andrew Hay	555,555	333,333

Share options and share warrants.

The Directors of the Company held share options granted under the Company share option scheme and warrants to subscribe for shares as indicated below. No share options or warrants were exercised during the year. Full details of the share options and warrants held are disclosed in note 22 to the financial statements.

	2025	2024
	No. of shares	No. of shares
Share options		
Mark Routh	6,733,333	6,733,333
William Smith	2,870,000	2,891,669
Alasdair Buchanan	2,870,000	2,870,000
Andrew Hay	1,300,000	1,300,000

FINANCIAL INSTRUMENTS

The Company's financial risk management objectives and policies are set out in note 19 to the financial statements.

GOING CONCERN

In common with many investment companies, the Company raises finance for its investments, as and when required.

The Directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. Further information is set out in note 2 to the financial statements.

DIRECTORS' INSURANCE

The Directors and officers of the Company are insured against any claims against them for any wrongful act in their capacity as a Director, officer or employee of the Company, subject to the terms and conditions of the policy.

SUBSTANTIAL SHAREHOLDINGS

The Company has been notified of the following voting rights as a shareholder of the company as at 28 April 2026, which remains current as of the date of publication of this report:

	No. of ordinary shares	% of issued share capital
HEYCO Energy Group Inc	46,166,668	10.64%
Simon Chantler	26,129,533	6.02%
Colin Wilson	20,073,557	4.62%
James Simmons	17,150,000	3.95%

Prospex Energy Plc

Report of the Directors - continued for the year ended 31 December 2025

The market value of the Company's shares at 31 December 2025 was 2.66p, and the high and low share prices during 2025 were 5.75p and 2.35p, respectively.

CREDITOR PAYMENT POLICY

The Company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing on the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Company's contractual and other legal obligations.

On average, trade creditors at the year-end represented 20 days' purchases.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Adler Shine LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF

T. H. Reynolds

Director

Date: 27 May 2026

Prospex Energy Plc

Statement of Directors' Responsibilities for the year ended 31 December 2025

The Directors are responsible for preparing the Strategic Report, Directors' Report, Corporate Governance Statement and the Company's financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Company's financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare financial statements in accordance with UK adopted International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006.

The financial statements are required by law and the UK adopted IAS to present fairly the financial position and performance of the Company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Company's financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare the financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Report of the Independent Auditors to the Members of Prospex Energy Plc

Opinion

We have audited the financial statements of Prospex Energy Plc (the 'Company') for the year ended 31 December 2025 which comprises the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 11 to the financial statements which describes the basis of the valuation of the investments in shares in group undertakings. The underlying value of the investment in PXOG Marshall Limited ('Marshall') is based on Marshall's underlying interest in the Selva Malvezzi Production Concession. Marshall's audit report includes an Emphasis of Matter in respect of the valuation of the underlying investment.

The valuation of Marshall's investments, which includes direct and indirect holdings in the Selva Malvezzi Production Concession, are based on management's calculated discounted cash flows (DCF). The DCFs include a number of variables within the calculation which include the volume of gas in the wells, the extraction rate and period, discount factors and the price of gas. These variables are subjective and are based on professional judgements of expectations. The volatility of the price of gas as a result of continued geopolitical instability, is an example of a factor which may impact the DCF.

While we have assessed managements judgements and application in their calculations and consider these to be reasonable, as set out in our key audit risks below, a variance in these subjective components of the DCF could result in a material change in the valuation of the underlying asset and in turn, the valuation of the Company's investment in group undertakings.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Review of managements cashflow forecast and challenging assumptions used in forecasts;
- Review of the cash held by the Company, including a review of projected income streams post year end, and assessing whether this will be sufficient to support the expected level of activities;
- Considering whether material uncertainties existed that could cast significant doubt on the Company's ability to continue as a going concern for at least 12 months after the date of approval of the financial statements;
- Considering the appropriateness of the model used to prepare forecasts; and
- Assessing the disclosures made within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Report of the Independent Auditors to the Members of Prospex Energy Plc - continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

The key audit matters identified were:

Going concern

Area of focus

Refer to Note 2 to the financial statements for the Directors' disclosures of related accounting policies, judgements and estimates. The Directors have concluded that the Company has sufficient cash resources and access to potential cash inflows to continue its activities for not less than twelve months from the date of approval of these financial statements and have therefore prepared these financial statements on a going concern basis.

The Company had cash and cash equivalents of £38,935 at 31 December 2025. Subsequent to the year end the Company received subscriptions to £1.435m of Convertible Loan Notes and at the date of approval of the Annual Report the Company had sufficient funds to continue its activities, as noted above.

Management produces a cash flow forecast based on the board's plans.

The key judgement within the cash flow forecast that we particularly focused on are:

- The ability and likelihood of cash inflows from operating activities.
- Flexibility of development programme.
- Cash outflows expected from investing activities.

How our audit addressed the area of focus

We assessed the reasonableness and support for the judgements underpinning management's forecast, as well as the sensitivity of projections to these judgements.

- We reviewed management's financing plans.
- We considered the reasonableness of the assumptions within management's proposed plan.
- We reviewed and compared financial forecasts to actual results to assess the likelihood of management's forecasts to be realised and materially accurate.

Our conclusion on management's use of the going concern basis of accounting is included in the going concern section of the report.

Valuation of Investments

As set out in note 11, in accordance with IFRS 10, the proportion of the Company's investment in its unconsolidated subsidiaries is presented as part of the fair value of the subsidiaries. Each subsidiary has an interest in its own underlying investments, which include various assumptions and assessments in deriving the value of these assets. We have undertaken a review of the investments in each subsidiary as follows:

Area of focus - Fair Value of PXOG Marshall Limited

The Company's investment in PXOG Marshall Limited ('Marshall') represents the net asset value of Marshall.

Marshall holds an interest, which represents a combined direct (17%) and indirect (20%) holding of 37% in the Selva Malvezzi Concession ('the Concession') in the Po Valley region of Italy, a proven play in a prolific hydrocarbon region. The fair value of the investment is determined using valuation techniques such as NPV analysis, which includes several judgemental variables within the calculation.

The Concession contains proven reserves, contingent resources and prospective resources:

- the '2P - Proved and Probable Reserves' ('2P Reserves') is valued on an NPV model; and
- the '2C - Best Estimates Contingent Resources' ('2C Resources') the value of which is based on a probability for success of the quantifiable estimate derived from the 2022 CPR report.
- There is no value ascribed to the prospective resources.

A net decrease in Marshall's value of its underlying investment has resulted in a loss of £2,541,311 on the Company's investment in Marshall for the year ended 31 December 2025.

Report of the Independent Auditors to the Members of Prospex Energy Plc - continued

How our audit addressed the area of focus

The net decrease in Marshall's underlying investment arises from a decrease in the value of the 2P Reserves and the 2C Resources.

We assessed the appropriateness of the methodology applied and tested the mathematical accuracy of the models. We reviewed the 2022 CPR report and management's assumptions in updating the data used in each model.

2P Reserves valuation:

We obtained a copy of the NPV model used to calculate the decrease in valuation of the investment in the 2P Reserves. The data for the model is derived from the 2022 CPR report, updated for management's revised assumptions based on their working knowledge of the wells and forward gas prices at the year end.

We gained an understanding of the key assumptions and judgements underlying the model. We reviewed the NPV calculations provided considering the various scenarios modelled.

2C Resources valuation:

We obtained a copy of the 2022 CPR report and assessed managements calculations based on the quantifiable estimates stated in the report.

We assessed management's judgements and assumptions in their assessment of the probability of success of the contingent resources and application of this percentage to the calculated value of the contingent resources.

We considered the net decrease in the valuation of investment in the financial statements of the Company to be reasonable.

Area of focus - Fair Value of PXOG Muirhill Limited

The Company's investment in PXOG Muirhill Limited ('Muirhill') is recognised at cost.

PXOG Muirhill Limited ("Muirhill") holds its interests in the Tesorillo and El Romeral projects through its wholly owned subsidiary, Tarba Energía S.L. The fair value of the Romeral and Tesorillo assets held by Muirhill at the prior year-end, has been changed to reflect the independent valuation implicit in a 3rd party offer, received in April 2025, for the shares owned by the joint venture partner. The offer was subsequently pre-empted by Muirhill and, as a result, Muirhill owned 100% of the assets at 31 December 2025.

PXOG Muirhill Limited owns 7.5% of HEYCO Energy Iberia S.L., which has majority ownership in the producing Viura gas field in northern Spain. This investment by PXOG Muirhill, which totalled £6,270,139 by year-end, was funded by an intercompany loan. The value of the Company's investment in PXOG Muirhill Limited remains at a cost of £100.

How our audit addressed the area of focus

We obtained a copy of the Tarba financial statements and post year end production results, including forecasted future production. We gained an understanding of managements key assumptions and judgements. We also assessed the future plans of HEYCO Energy Iberia S.L. We assessed the appropriateness of these assumptions and the material impact to the financial statements.

We considered the recognition of the investment at cost and consider this to be reasonable

Area of focus - Fair Value of PXOG Massey Limited

In August 2020, a sale and purchase agreement ('SPA') was entered into with H2Oil Limited ('H2Oil') regarding the sale of the entire issued share capital of PXOG Massey Limited ('Massey'). As at the balance sheet date, the conditions of the SPA had not been met, and Massey remains a subsidiary of the Company. Management used the value of the SPA as the basis of the valuation of Massey in the financial statements.

How our audit addressed the area of focus

We have reviewed the SPA agreement and gained an understanding of the conditions of the SPA. We assessed the conditions necessary to recognise the point of sale and considered management's judgements and estimations in the likelihood of these conditions being met. We reviewed the value of the sale proceeds included within the SPA in comparison to the carrying value of the investment.

We considered the recognition and classification of Massey as a subsidiary of the Company, at the carrying value included, to be reasonable.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole.

We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Report of the Independent Auditors to the Members of Prospex Energy Plc - continued

In order to reduce the probability that any misstatement exceeds materiality to an appropriately low level, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect of the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Final materiality was set at £245,000, based on 1% of the Company's gross assets. In our professional judgement, this benchmark is considered appropriate as it reflects the investment nature of the business, representing a key performance indicator for users of the financial statements in assessing the Company's financial performance.

Final performance materiality was set at £184,000, based on 75% of materiality. In setting the level of performance materiality, we consider a number of factors including the control environment, our testing strategy, the total value of known and likely misstatement (based on past experience and other factors) and management's attitude towards proposed adjustments.

Reporting thresholds

We agreed with the Audit Committee that we would report to them all unadjusted audit differences in excess of £24,500, as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The audit was scoped to ensure that the audit team obtained sufficient and appropriate audit evidence in relation to significant operations of the Company during the year ended 31 December 2025. In particular, we looked at areas involving significant accounting estimates and judgement by the Directors. We also addressed the risk of management override of internal controls, including an evaluation of whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

As part of our planning, we assessed the risk of material misstatement including those that required significant auditor consideration. Procedures were designed and performed to address the risk identified and for the most significant assessed risks of material misstatement, the procedures performed are outlined above in the key audit matters section of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Annual Report but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Prospex Energy Plc- continued

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns;
- or certain disclosures of Directors' remuneration specified by law are not made;
- or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We are not responsible for preventing irregularities. The primary responsibility for the prevention and detection of fraud rest with both those charged with governance of the entity and management.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with the Director and other management, and from our commercial knowledge and experience of the oil and gas exploration sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Report of the Independent Auditors to the Members of Prospex Energy Plc- continued

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law and regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Engin Zekia BSc FCA (Senior Statutory Auditor) for and on behalf of Adler Shine LLP

Chartered Accountants & Statutory Auditor
Aston House
Cornwall Avenue
London
N3 1LF

Date: 27 May 2026

Prospex Energy Plc
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2025

	Notes	2025 £	2024 £
Administrative expenses		(1,179,490)	(1,263,452)
Share-based payment charges		-	(96,388)
OPERATING LOSS		(1,179,490)	(1,359,840)
(Loss)/gain on revaluation of assets	12	(2,541,311)	713,583
		(3,720,801)	(646,257)
Finance income	6	915,384	621,486
Finance costs	6	(8,558)	(7,053)
LOSS BEFORE INCOME TAX	7	(2,813,975)	(31,824)
Income tax	8	18,806	(14,935)
LOSS FOR THE YEAR		(2,795,169)	(46,759)
LOSS PER SHARE	9		
Basic loss pence per share		(0.67)p	(0.01)p
Diluted loss pence per share		(0.67)p	(0.01)p

Prospex Energy Plc (Registered number: 03896382)
Statement of Financial Position
31 December 2025

	Notes	2025 £	2024 £
ASSETS			
NON-CURRENT ASSETS			
Investments	11	13,768,886	16,310,197
		13,768,886	16,310,197
CURRENT ASSETS			
Trade and other receivables	12	10,701,269	8,262,184
Investments	13	100	100
Cash and cash equivalents	14	38,935	1,185,386
		10,740,304	9,447,670
TOTAL ASSETS		24,509,190	25,757,867
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	7,375,755	7,349,585
Share premium		22,124,548	21,052,369
Merger reserve		2,416,667	2,416,667
Capital redemption reserve		43,333	43,333
Fair value reserve		12,007,734	15,315,822
Other equity reserve		46,587	-
Retained earnings		(21,074,703)	(21,587,622)
TOTAL EQUITY		22,939,921	24,590,154
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
- Interest bearing loans and borrowings	17	536,971	-
Deferred taxation	18	923,787	942,593
		1,460,758	942,593
CURRENT LIABILITIES			
Trade and other payables	16	108,511	225,120
		108,511	225,120
TOTAL LIABILITIES		1,569,269	1,167,713
TOTAL EQUITY AND LIABILITIES		24,509,190	25,757,867

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2026 and were signed on its behalf by:

T. H. Reynolds
Director

Prospex Energy Plc
Statement of Changes in Equity
for the year ended 31 December 2025

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Fair value reserve	Other equity reserve	Retained earnings	Total
	£	£	£	£	£		£	£
Balance at 1 January 2024	7,279,630	17,158,847	2,416,667	43,333	14,617,174	-	(20,938,603)	20,577,048
Changes in equity								
Loss for the year	-	-	-	-	-	-	(46,759)	(46,759)
Issue of shares	69,955	4,127,368	-	-	-	-	-	4,197,323
Costs of shares issued	-	(233,846)	-	-	-	-	-	(233,846)
Equity-settled share-based payments	-	-	-	-	-	-	96,388	96,388
Transfer to fair value reserve	-	-	-	-	698,648	-	(698,648)	-
Balance at 31 December 2024	7,349,585	21,052,369	2,416,667	43,333	15,315,822	-	(21,587,622)	24,590,154
Changes in equity								
Loss for the year	-	-	-	-	-	-	(2,795,169)	(2,795,169)
Issue of shares	26,170	1,151,488	-	-	-	-	-	1,177,658
Costs of shares issued	-	(79,309)	-	-	-	-	-	(79,309)
Equity component of convertible loan notes	-	-	-	-	-	46,587	-	46,587
Transfer to fair value reserve	-	-	-	-	(3,308,088)	-	3,308,088	-
Balance at 31 December 2025	7,375,755	22,124,548	2,416,667	43,333	12,007,734	46,587	(21,074,703)	22,939,921

Share capital – The nominal value of the issued share capital

Share premium account – Amounts received in excess of the nominal value of the issued share capital less costs associated with the issue of shares

Merger reserve – The difference between the nominal value of the share capital issued by the Company and the fair value of the subsidiary at the date of acquisition

Capital redemption reserve – The amounts transferred following the redemption or purchase of the Company's own shares

Fair value reserve - the cumulative fair value changes of the company's fixed asset investment, net of deferred tax

Other equity reserve – The equity component of the convertible loan notes assessed under IAS 32

Retained earnings – Accumulated comprehensive income for the year and prior periods

Prospex Energy Plc

**Statement of Cash Flows
for the year ended 31 December 2025**

	Notes	2025	2024
		£	£
Cash outflow from operations	1	<u>(2,820,480)</u>	<u>(2,606,456)</u>
Cash flows from investing activities			
Purchase of fixed asset investments		-	(1,683)
Interest received		680	2,402
Interest paid		-	(7,053)
Net cash inflow/(outflow) from investing activities		<u>680</u>	<u>(6,334)</u>
Cash flows from financing activities			
New loan notes		575,000	-
Loan repayments		-	(168,487)
Share issue		1,177,658	4,197,323
Costs of shares issued		(79,309)	(233,846)
Net cash inflow from financing activities		<u>1,673,349</u>	<u>3,794,990</u>
(Decrease)/increase in cash and cash equivalents		(1,146,451)	1,182,200
Cash and cash equivalents at beginning of year	2	<u>1,185,386</u>	<u>3,186</u>
Cash and cash equivalents at end of year	2	<u><u>38,935</u></u>	<u><u>1,185,386</u></u>

Prospex Energy Plc

Notes to the Statement of Cash Flows for the year ended 31 December 2025

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2025	2024
	£	£
Cash flows from operations		
Loss before income tax	(2,813,975)	(31,824)
Loss/(gain) on revaluation of fixed asset investments	2,541,311	(713,583)
Finance income	(915,384)	(621,486)
Finance costs	8,558	7,053
Operating loss	(1,179,490)	(1,359,840)
Increase in trade and other receivables	(1,524,381)	(1,442,007)
(Decrease)/increase in trade and other payables	(116,609)	99,003
Equity settled share-based payments	-	96,388
Net cash outflow from operations	(2,820,480)	(2,606,456)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2025	31.12.25	01.01.25
	£	£
Cash and cash equivalents	38,935	1,185,386
Year ended 31 December 2024	31.12.24	01.01.24
	£	£
Cash and cash equivalents	1,185,386	3,186

Prospex Energy Plc

Notes to the Financial Statements for the year ended 31 December 2025

1. STATUTORY INFORMATION

Prospex Energy Plc is a public limited company, is registered in England and Wales and is quoted on the AIM Market of the London Stock Exchange Plc. The Company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£), rounded to the nearest £1.

2. ACCOUNTING POLICIES

Basis of preparation

The Company's financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as they apply to the financial statements of the Company for the year ended 31 December 2025 and as applied in accordance with the provisions of the Companies Act 2006.

The Company financial statements have been prepared under the historical cost convention or fair value where appropriate.

Preparation of consolidated financial statements

The Company is an investment entity and, as such, does not consolidate the investment entities it controls. The Company's interests in subsidiaries are recognised at fair value through profit and loss.

Going concern

The Company has reported an operating loss for the 2025 year of £1,179,490 and as at 31 December 2025 had cash at bank and in hand of £38,935 and net assets of £22,939,921.

In 2026 it is expected that the Company will have continuing receipts resulting from ongoing gas sales from its investment in Italy which are either reinvested or used to repay loans to the Company. These receipts are initially being received as loan repayments together with interest charged, reimbursing the Company for capital advances made in prior years which were applied to acquisition, exploration and development costs. As a result, it is expected that the Company will again record an operating loss during 2026, but also again, an increase in cash inflows and balance sheet strength.

In Spain, gas sales from the Viura gas-field net of operating costs are applied by the Operator, HEYCO Energy Iberia ("HEI") against the Companies 15% share of costs of the continuing drilling programme, expected to complete in 2027. Once the drilling programme is complete, the Company's total investment cost (which is already net of the reinvested operating income to that point) and a 10% additional preferred return will be repaid by HEI at a rate of 15% of net after-tax income as a dividend until both the capital invested and the 10% preferred return are fully repaid. The Company will then continue to earn dividends from HEI as a 7.5% shareholder.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the approval of these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that are expected to prevail over the forecast period.

In Q1 2026, the Company received subscriptions to £1.435m of Convertible Loan Notes. The Board expects to raise additional funding only as and when required to cover any shortfall between the Group's own cash resources and its development and expansion of activities. In the absence of sufficient funds being available to the Company from producing assets, farm-out activity, debt and equity finance, the Company has the ability to alter its planned investment activities to concentrate on key areas in order to ensure sufficient cash is available for at least 12 months from the date of approval of these financial statements.

Should regulatory approval be received which allows for an expansion of current operations, or appropriate new investment opportunities arise which meet the Company's objectives and criteria, then the Directors will explore all potential sources of funding available to meet such shortfall. Based on the Company's track-record, assets and prospects, the Directors have a reasonable expectation that they will be able to secure such further funding should the need arise.

The Directors have therefore prepared the financial statements on a going concern basis.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Computer equipment - 25% per annum on reducing balance

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

**Notes to the Financial Statements - continued
for the year ended 31 December 2025**

2. ACCOUNTING POLICIES - continued

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The principal financial assets of the Company are loans and receivables, which arise principally through the provision loans to subsidiary undertakings but also incorporate other types of contractual monetary asset. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets.

The Company's loans and receivables are recognised and carried at the lower of their original amount less an allowance for any doubtful amounts. An allowance is made when collection of the full amount is no longer considered possible.

The Company's loans and receivables comprise other receivables and cash and cash equivalents in the consolidated statement of financial position.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Equity comprises the following:

- Share capital represents the nominal value of equity shares;
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- Profit and loss reserve represents retained deficit;
- The capital redemption reserve arises on redemption of shares in previous years and own share reserve;
- Merger reserve represents the difference between the nominal value of the share capital issued by the Company and the fair value of the subsidiary at the date of acquisition;
- Fair value reserve represents the cumulative fair value changes of the company's fixed asset investment, net of deferred tax.

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

**Notes to the Financial Statements - continued
for the year ended 31 December 2025**

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Foreign currency translation

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency) which is UK sterling (£). The Financial Statements are accordingly presented in UK Sterling

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Finance income and finance costs

Finance income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. It is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Equity-settled share-based payment

The Company makes equity-settled share-based payments. The fair value of options granted is recognised as an expense, with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The fair value of the options granted is measured based on the Black-Scholes framework, taking into account the terms and conditions upon which the instruments were granted. At each statement of financial position date, the Company revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

New standards, interpretations and amendments adopted from 1 January 2025

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21).
- Amendments to the SASB standards to enhance their international applicability (

These amendments had no effect on the financial statements of the Company. In the current year the Company has applied a number of new and amended IFRS Accounting Standards issued by the International accounting Standards Board ("IASB") and adopted by the UK, that are effective for the first time for the financial year beginning 1 January 2025 Their adoption has not had any material impact on the disclosure or on the amounts reported in these financial statements.

Prospex Energy Plc

Notes to the Financial Statements - continued for the year ended 31 December 2025

2. ACCOUNTING POLICIES - continued

New standards, interpretations and amendments effective from 1 January 2026 onwards

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

		Effective date (period beginning on or after)
IFRS 9 and IFRS 7	Financial instruments Amendment regarding the classification and measurement of financial instruments	01/01/2026
IFRS 1	First-time Adoption Amendment - Hedge accounting for first-time adopter	01/01/2026
IFRS 7	Financial instruments; Disclosures Amendment - Gain or loss on derecognition	01/01/2026
IFRS 7	Financial instruments: Disclosures Amendment - deferred difference between fair value and transaction price	01/01/2026
IFRS 7	Financial instruments: Disclosures Amendment - Introduction and credit risk disclosures	01/01/2026
IFRS 9	Financial instruments: Amendment - Lessee derecognition of lease liabilities	01/01/2026
IFRS 9	Financial instruments: Amendment - Transaction price	01/01/2026
IFRS 10	Consolidated financial statements: Amendment - Determination of a 'de facto agent'	01/01/2026
IAS 7	Statement of Cash Flows: Amendment - Cost method	01/01/2026
IFRS 9 and IFRS 7	Financial instruments: Amendment - Contracts referencing nature-dependent electricity	01/01/2026
IFRS 18	Presentation and disclosures in financial statements Original issue	01/01/2027
IFRS 19	Subsidiaries without public accountability: Disclosures Original issue	01/01/2027
IFRS 19	IFRS for SMEs - third edition	01/01/2027
IFRS S2	Greenhouse Gas Emissions Disclosures: Amendment - simplification of disclosures	01/01/2027
IAS 21	The Effects of Changes in Foreign Exchange Rates: Amendment - Translation to a Hyperinflationary presentation currency	01/01/2027

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

The Company is currently assessing the effect of these new accounting standards and amendments, but does not expect that they will have a material impact on the Company's financial statements in future periods.

The Company does not expect to be eligible to apply IFRS 19.

Prospex Energy Plc

Notes to the Financial Statements - continued for the year ended 31 December 2025

2. ACCOUNTING POLICIES - continued

Revenue recognition

Revenue is measured at the fair value of consideration receivable, net of any discounts and VAT. It is recognised to the extent that the transfer of promised services to a customer has been satisfied, and the revenue can be reliably measured.

Revenue from the rendering of services to the customer is considered to have been satisfied when the service has been undertaken.

Revenue which is not related to the principal activity of the Company is recognised in the Statement of Profit or Loss as other operating income. Such income includes consultancy fees and rent receivable.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial information in conformity with IFRS requires the use of certain critical accounting estimates that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates. The estimates and underlying assumptions are as follows:

Investment entities

The judgements, assumptions and estimates involved in the Company's accounting policies that are considered by the Board to be the most important to the portrayal of its financial condition are the fair valuation of the investment and the assessment regarding investment entities. The investment portfolio is held at fair value. The Directors review the valuations policies, process and application to individual investments.

Entities that meet the definition of an investment entity within IFRS 10 are required to account for most investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit and loss. The Board has concluded that the Company continues to meet the definition of an investment entity as its strategic objective of investing in portfolio investments for the purpose of generating returns in the form of investment income and capital appreciation remains unchanged.

Fair value is the underlying principle and is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date". Fair value is therefore an estimate and, as such, determining fair value requires the use of judgement. The quoted assets in our portfolio are valued at their closing bid price at the statement of financial position date. The largest investment in the portfolio, however, is represented by an unquoted investment.

Impairment of assets

The Company's principal investments are in wholly owned unquoted subsidiaries which each have a minority interest in overseas entities with energy assets.

The Company is required to test, on an annual basis, whether its non-current assets have suffered any impairment. Determining whether these assets are impaired requires an estimation of the value in use of the cash-generating units to which the assets have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate the present value. Subsequent changes to the cash generating unit allocation or to the timing of cash flows could impact on the carrying value of the respective assets.

The calculation of value-in-use for energy assets under development or in production is most sensitive to the following assumptions:

- Commercial reserves
- production volumes;
- commodity prices;
- fixed and variable operating costs;
- capital expenditure; and
- discount rates.

A potential change in any of the above assumptions may cause the estimated recoverable value to be lower than the carrying value, resulting in an impairment loss. The assumptions which would have the greatest impact on the recoverable amounts of the fields are production volumes and commodity prices.

Notes to the Financial Statements - continued
for the year ended 31 December 2025

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)**

Share based payments

The estimates of share-based payments requires that management selects an appropriate valuation model and make decisions on various inputs into the model including the volatility of its own share price, the probable life of the options before exercise and behavioural consideration of employees.

Deferred tax assets

Deferred taxation is provided for using the liability method. Deferred tax assets are recognised in respect of tax losses where the Directors believe that it is probable that future profits will be relieved by the benefit of tax losses brought forward. The Board considers the likely utilisation of such losses by reviewing budgets and medium-term plans for the Company. The Directors have decided that no deferred tax asset should be recognised at 31 December 2025. If the actual profits earned by the Company differs from the budgets and forecasts used then the value of such deferred tax assets may differ from that shown in these financial statements.

4. **REVENUE**

Segmental reporting

The Company operates a single reportable segment, being an Investing Company. All of the Company's activities are conducted from the UK. Segmental information is therefore not presented, as the Directors consider that the financial statements provide sufficient information.

5. **EMPLOYEES AND DIRECTORS**

	2025	2024
	£	£
Wages and salaries	355,042	517,939
Social security costs	39,823	49,640
Other pension costs	15,555	6,073
Share-based payments	-	96,388
	410,420	670,040

The average number of employees during the year was as follows:

	2025	2024
	Number	Number
Directors	4	4
Staff	1	1
	5	5

Under the Pensions Act 2008, every employer must put certain staff into a pension scheme and contribute to it. The Company auto-enrolled its eligible employees in a defined contribution scheme. The charge to the Statement of Profit or Loss represents the amounts paid to the scheme. At the year end, the amount due to the pension scheme was £nil (2024: £nil).

Details of Directors' remuneration can be found in note 23.

Prospex Energy Plc

Notes to the Financial Statements - continued for the year ended 31 December 2025

6. NET FINANCE COSTS

	2025	2024
	£	£
Finance income		
Interest receivable on group loans	914,704	619,084
Bank interest receivable	680	2,402
	<u>915,384</u>	<u>621,486</u>
Finance costs		
Loan interest payable	8,558	6,753
Interest on overdue tax	-	300
	<u>8,558</u>	<u>7,053</u>
Net finance income	<u><u>906,826</u></u>	<u><u>614,433</u></u>

7. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	2025	2024
	£	£
Auditors remuneration	45,000	30,000
Foreign exchange differences	(46,898)	1,289
	<u>(1,806)</u>	<u>14,935</u>

8. INCOME TAX

	2025	2024
	£	£
Current tax charge		
UK corporation tax on profit for the year at 25.00% (2024: 25.00%)	-	-
Deferred tax	(18,806)	14,935
Tax charge for the year	<u>(18,806)</u>	<u>14,935</u>

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2025	2024
	£	£
Loss before income tax	(2,813,975)	(31,824)
Loss before income tax multiplied by effective rate of UK corporation tax of 25.00% (2024: 23.52%)	(703,494)	(7,956)
Effects of		
Non-deductible expenses	513	24,212
Tax losses not utilised	67,653	162,140
Unrealised chargeable losses/(gains)	635,328	(178,396)
Deferred tax	(18,806)	14,935
	<u>684,688</u>	<u>22,891</u>
Current tax charge	<u><u>(18,806)</u></u>	<u><u>14,935</u></u>

There is no provision for UK Corporation Tax due to adjusted losses for tax purposes, subject to agreement with HM Revenue and Customs. The deferred tax asset, measured at the standard rate of 25%, of approximately £2.99m (2024: £2.92m) arising from the accumulated tax losses of approximately £11.98m (2024: £11.70m) carried forward has been used to reduce the deferred tax charge on the unrealised gain arising on the revaluation of investments. This will be subject to agreement with HMRC.

Prospex Energy Plc
Notes to the Financial Statements - continued
for the year ended 31 December 2025

9. **EARNINGS PER SHARE**

	Year ended 31 December 2025			Year ended 31 December 2024		
	Earnings £	Number of shares	Per share amount	Earnings £	Number of shares	Per share amount
Basic EPS						
Loss for the year and earnings available to ordinary shareholders	(2,795,169)	415,732,573	(0.67)p	(46,759)	359,725,698	(0.01)p

The loss and weighted average number of shares used for calculating the diluted loss per share are identical to those for the basic loss per share. The outstanding share options (note 23) would have the effect of reducing the loss per share and would therefore not be dilutive under IAS 33 'Earnings per share'.

10. **PROPERTY, PLANT AND EQUIPMENT**

Computer equipment
£

COST

At 1 January 2024 and 2024 and 31 December 2025

1,699

DEPRECIATION

At 1 January 2024 and 2024 and 31 December 2025

1,699

NET BOOK VALUE

At 31 December 2025

-

At 31 December 2024

-

11. **INVESTMENTS**

	Shares in group undertakings £	Unlisted investments £	Total £
COST			
At 1 January 2024	15,544,931	50,000	15,594,931
Additions	1,683	-	1,683
Revaluations	713,583	-	713,583
At 31 December 2024	16,260,197	50,000	16,310,197
Revaluations	(2,541,311)	-	(2,541,311)
At 31 December 2025	13,718,886	50,000	13,768,886

Shares in group undertakings represent investments in PXOG Marshall Limited of £13,717,103 (2024: £16,258,414), PXOG Muirhill Limited of £100 (2024: £100) and PXEN Tatra Sp. Z o. o of £1,683 (2024: £1,683).

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Prospex Energy Plc
Notes to the Financial Statements - continued
for the year ended 31 December 2025

11. INVESTMENTS – continued

PXOG Marshall Limited

Registered office:

8 Bishopsgate, London, United Kingdom, EC2N 4BQ

Nature of business: Investment entity % holding

Ordinary shares 100.00

	2025	2024
	£	£
Aggregate capital and reserves	13,717,104	16,258,414
(Loss)/profit for the year	(2,541,310)	713,583

The underlying value of PXOG Marshall Limited is based on the underlying value of the Selva Malvezzi Production Concession, Po Valley, Italy, of which it owned 37% at the year end. Consistent with prior years, a discounted cash flow (“DCF”) model was produced at the year end, based on proved and probable (2P) reserves supported by a Competent Person Report (CPR) produced in 2022. The DCF model has been updated to reflect forward gas prices as at 31 December 2025 using the Dutch TTF Gas Futures contracts for 2026 and subsequent production years. The DCF cashflows were discounted at 10% p.a.

In addition, consistent with the prior year, a risked valuation of 2C contingent resources in the Selva North and South fields in the 2022 CPR has been updated and included. With the achievement of 1st production at the Podere Maiar 1 well in 2024, and successful conversion of the exploration licence to a production licence, the likelihood of realising the contingent resources, which are on the same production licence, was increased in 2024.

PXOG Muirhill Limited

Registered office:

8 Bishopsgate, London, United Kingdom, EC2N 4BQ

Nature of business: Investment entity % holding

Ordinary shares 100.00

	2025	2024
	£	£
Aggregate capital and reserves	(944,143)	(407,397)
Loss for the year	(536,746)	(410,812)

PXOG Muirhill Limited (“Muirhill”) holds its interests in the Tesorillo and El Romeral projects through its wholly owned subsidiary, Tarba Energía S.L. The fair value of the Romeral and Tesorillo assets held by Muirhill at 31 December 2024, was revalued to reflect the independent valuation implicit in a 3rd party offer, received in April 2025, for the shares owned by the joint venture partner. The offer was subsequently pre-empted by Muirhill. As a result, Muirhill owns 100% of the assets at 31 December 2025.

PXOG Muirhill Limited owns 7.5% of HEYCO Energy Iberia S.L., which has majority ownership in the producing Viura gas field in northern Spain. This investment by PXOG Muirhill, which totalled £6,270,139 by year-end, was funded by an interest-bearing loan from the Company to PXOG Muirhill. No further investment has been made subsequent to year-end.

Prospex Energy Plc
Notes to the Financial Statements - continued
for the year ended 31 December 2025

11. **INVESTMENTS – continued**

PXEN Tatra Sp. z o.o.

Registered office: Prosta 67, 00-838 Warsaw, Poland

Nature of business: Investment entity % holding

Ordinary shares 100.00

	2025	2024
	£	£
Aggregate capital and reserves	(53,115)	(31,618)
Loss for the year	(19,391)	(33,044)

PXEN Tatra was incorporated in March 2024 to apply for licences to search for and develop onshore natural gas in Poland.

Subsequent to year-end, in April 2026, PXEN Tatra Sp z.o.o. ("PXEN Tatra") has been formally awarded the San and Dunajec onshore licence areas in Poland. These licenses were applied for during 2025.

PXOG Marshall Limited and PXOG Muirhill Limited are incorporated in the UK and registered in England & Wales. PXEN Tatra Sp. z. o. o is incorporated and registered in Poland.

Investments are recognised and de-recognised on the date when their purchase or sale is subject to a relevant contract and the associated risks and rewards have been transferred. The Company manages its investments with a view to profiting from the receipt of investment income and capital appreciation from changes in the fair value of investments.

All investments are initially recognised at the fair value of the consideration given and, with the exception of PXOG Muirhill Limited, are subsequently measured at fair value through profit and loss.

Unquoted investments, including both equity and loans are designated at fair value through profit and loss and are subsequently carried in the statement of financial position at fair value. Fair value is determined in line with the fair value guidelines under IFRS.

In accordance with IFRS 10, the proportion of the investment portfolio held by the Company's unconsolidated subsidiaries is presented as part of the fair value of investment entity subsidiaries, along with the fair value of their other assets and liabilities.

The holding period of the Company's investment portfolio is on average greater than one year. For this reason, the portfolio is classified as non-current. It is not possible to identify with certainty investments that will be sold within one year.

Investments in investment entity subsidiaries are accounted for as financial instruments at fair value through profit and loss and are not consolidated in accordance with IFRS10.

These entities hold the Company's interests in investments in portfolio companies. The fair value can increase or reduce from either cash flows to/from the investment entities or valuation movements in line with the Company's valuation policy.

The fair value of these entities is their net asset values.

The Directors determine that in the ordinary course of business the net asset values of an investment entity subsidiary are considered to be the most appropriate to determine fair value. For each reporting period, they consider whether any additional fair value adjustments need to be made to the net asset values of the investment entity subsidiaries. These adjustments may be required to reflect market participants' considerations about fair value that may include, but are not limited to, liquidity and the portfolio effect of holding multiple investments within the investment entity subsidiary.

Prospex Energy Plc

Notes to the Financial Statements - continued for the year ended 31 December 2025

12. TRADE AND OTHER RECEIVABLES

	2025	2024
	£	£
Current:		
Trade receivables	3,346	3,206
Amounts owed by group undertakings	10,673,146	8,243,866
VAT	11,469	10,055
Prepayments and accrued income	13,308	5,057
	<u>10,701,269</u>	<u>8,262,184</u>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

13. CURRENT ASSET INVESTMENTS

	2025	2024
	£	£
Shares held for sale		
Shares in group undertakings	<u>100</u>	<u>100</u>

The investment in PXOG Massey Limited is held at £100, based on the SPA agreement which is pending completion of sale to H2Oil Limited. In August 2020, Prospex signed a sale and purchase agreement ('SPA') with H2Oil Limited ('H2Oil') regarding the sale of the entire issued share capital of PXOG Massey Limited ('Massey'). Under the terms of the SPA, the Company will receive up to £215,000 in cash in respect of historical debt owed to the Company by Massey and nominal consideration for shares in Massey of which 85% of the funds (£182,650) had been received by Prospex by 31 December 2020. As at the statement of financial position date, although it is still expected, the final condition of the SPA had not been met.

Should the final condition of the SPA not be met, the asset would need to be reinstated at fair value which is considered to be higher than the carrying value. The Directors have taken a prudent view not to recognise this asset at fair value unless it is virtually certain that the final condition of the SPA will not be met.

14. CASH AND CASH EQUIVALENTS

	2025	2024
	£	£
Bank accounts	<u>38,935</u>	<u>1,185,386</u>

The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value. All of the Company's cash and cash equivalents are at floating rates of interest.

Prospex Energy Plc

Notes to the Financial Statements - continued for the year ended 31 December 2025

15. CALLED UP SHARE CAPITAL

	2025 Number	2024 Number	2025 £	2024 £
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	428,710,121	402,539,928	428,710	402,541
Deferred shares of 0.1p each	942,462,000	942,462,000	942,462	942,462
Deferred shares of £24 each	54,477	54,477	1,307,459	1,307,459
Deferred shares of 0.9p each	285,785,836	285,785,836	2,572,073	2,572,073
Deferred shares of £4.80 each	442,719	442,719	2,125,051	2,125,051
			<u>7,375,755</u>	<u>7,349,585</u>

Share issues

In June 2025, the Company raised £1.17 million before expenses by way of a placing, subscription and a retail offer of 26,170,193 new ordinary shares of £0.001 each in the Company at a price of 4.5p pence per share. The funds were used to provide working capital for the Group.

Deferred shares rights

The deferred shares have no rights to vote, attend or speak at general meetings of the Company or to receive any dividend or other distribution and have limited rights to participate in any return of capital on a winding-up or liquidation of the Company.

16. TRADE AND OTHER PAYABLES

	2025 £	2024 £
Current:		
Trade payables	26,136	3,714
Social security and other taxes	32,416	19,933
Accruals and deferred income	49,959	201,473
	<u>108,511</u>	<u>225,120</u>

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

17. FINANCIAL LIABILITIES - BORROWINGS

	2025 £	2024 £
Current:		
Unsecured loan notes	-	-
	<u>2025</u>	<u>2024</u>
	£	£
Non-current:		
Unsecured loan notes	536,971	-

Prospex Energy Plc

Notes to the Financial Statements - continued for the year ended 31 December 2025

17. FINANCIAL LIABILITIES – BORROWINGS - continued

Terms and debt repayment schedule:

	1-2 years	2-5 years	Total
	£	£	£
2025			
Unsecured loan notes	178,990	357,981	536,971
	<u>178,990</u>	<u>357,981</u>	<u>536,971</u>
2024			
Unsecured loan notes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

Loan notes

	Loan notes 2025 £
At 1 January 2024 and 31 December 2024	-
Issued during the year	575,000
Transfer equity component to other equity reserves	(46,587)
Interest capitalised	8,558
At 31 December 2025	<u>536,971</u>

2025 Unsecured Convertible Loan note

The 2025 Unsecured Convertible Loan Notes ('2025 Loan Notes') totalling £575,000 pay interest at 12% per annum, on a quarterly basis, with the first two payments on 31 March 2026 and 30 June 2026 to be capitalised and added to the loan principal.

The Loan Notes are convertible at 3p per ordinary share at any time at the election of the Loan Note Holder.

The Loan Notes are to be repaid in three tranches at the end of December 2027, the end of March 2028 and the end of June 2028.

18 DEFERRED TAXATION

	2025	2024
	£	£
At start of period	942,593	927,658
On revaluation of investments	(18,806)	14,935
At end of period	<u>923,787</u>	<u>942,593</u>

Prospex Energy Plc

Notes to the Financial Statements - continued for the year ended 31 December 2025

19. FINANCIAL INSTRUMENTS

The principal financial instruments used by the Company, from which financial instrument risk arises are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

A summary of the financial instruments held by category is provided below:

	2025	2024
	£	£
Financial assets measured at amortised costs:		
Trade and other receivables	14,815	13,261
Cash and cash equivalents	38,935	1,185,386
Amounts owing from group undertakings	10,673,146	8,243,866
	10,726,896	9,442,513

	2025	2024
	£	£
Financial liabilities measured at amortised costs:		
Unsecured loan notes	536,971	-
Trade and other payables	76,095	205,187
Total financial liabilities	613,066	205,187

Financial assets at fair value through profit or loss

Financial instruments that are measured at fair value are classified using a fair value hierarchy that reflects the source of inputs used in deriving the fair value. The three classification levels are:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

The following table presents the Company's assets carried at fair value by valuation method:

	Fair value measurement		
	Level 1	Level 2	Level 3
	£	£	£
At 31 December 2025	-	-	13,768,886
At 31 December 2024	-	-	16,310,197

The financial assets at fair value through profit and loss are the Company's holdings in subsidiary undertakings and one unquoted security and within Level 3 of the fair value hierarchy.

The fair value is determined to be equal to the cost of the investment and is reviewed periodically based on information available about the performance of the underlying business. Where cost is deemed to be inappropriate, the following table shows the valuation technique used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. The only method used is that of NPV.

Notes to the Financial Statements - continued
for the year ended 31 December 2025

19. FINANCIAL INSTRUMENTS - continued

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<p>NPV - The valuation model considers the present value of expected receipts, discounted using a risk-adjusted discount rate. The expected receipt is determined by considering the possible scenarios of forecast revenue and gas prices, the amount to be received under each scenario and the probability of each scenario.</p>	<p>Forecast annual revenue growth rate</p> <p>Forecast gas prices</p> <p>Risk-adjusted discount rate</p>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - the annual revenue growth rate were higher (lower); - the gas prices were higher (lower); or - the risk-adjusted discount rate were lower (higher). <p>Generally, a change in the any of the above variables would be accompanied by a directionally similar change in revenue receipts and a consequential change in the valuation of the investment</p>

Financial risk management

The Company's activities expose it to a variety of risks including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company manages these risks through an effective risk management programme and through this programme, the Board seeks to minimise potential adverse effects on the Company's financial performance.

The Board provides written objectives, policies and procedures with regards to managing currency and interest risk exposures, liquidity and credit risk including guidance on the use of certain derivative and non-derivative financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its receivables and its cash deposits. It is Company policy to assess the credit risk of new customers before entering contracts. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk and interest rate risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Board regularly receives cash flow projections for a minimum period of 12 months, together with information regarding cash balances monthly.

The Company is principally funded by equity and invests in short-term deposits, having access to these funds at short notice. The Company's policy throughout the period has been to minimise interest rate risk by placing funds in risk free cash deposits but also to maximise the return on funds placed on deposit.

All cash deposits attract a floating rate of interest. The benchmark rate for determining interest receivable and floating rate assets is linked to the UK base rate.

Foreign currency exposure

At 31 December 2025, the Company's monetary assets and liabilities are denominated in GBP Sterling, the functional currency of the Company and therefore at the year end the company had no exposure to net currency gains and losses.

Although the Company's subsidiary undertakings operate in the Eurozone and the Company provides working capital to those companies, it has no formal policies in place to hedge the Company's activities to the exposure to currency risk. It is the Company's policy to ensure that it enters into transactions in its functional currency wherever possible.

Management regularly monitor the currency profile and obtain informal advice to ensure that the cash balances are held in currencies which minimise the impact on the results and position of the Company from foreign exchange movements.

Prospex Energy Plc

Notes to the Financial Statements - continued for the year ended 31 December 2025

20. RELATED PARTY DISCLOSURES

Included in trade and other receivables, and interest receivable in the Statement of Profit or Loss are the following amounts in respect of group undertakings;

	Balance in trade and other receivables		Interest receivable in statement of profit or loss	
	2025	2024	2025	2024
	£	£	£	£
PXOG Massey Limited	60	26	-	-
PXOG Marshall Limited	1,656,304	3,294,059	239,504	473,031
PXOG Muirhill Limited	8,719,390	4,913,281	669,201	144,553
PXEN Tatra SP. Z.o.o	58,748	36,500	5,087	1,500
Tarba Energía S.L.	3,346	3,206	-	-
UOG Italia Srl	238,644	-	912	-

21. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, there is no ultimate controlling party.

22. SHARE-BASED PAYMENT TRANSACTIONS

Share options

At 31 December 2024 and 31 December 2025 outstanding awards to subscribe for ordinary shares of 0.1p each in the Company, granted in accordance with the rules of the share option scheme, were as follows:

	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (pence)
2025			
Brought forward	22,346,364	3.12	8.05
Lapsed during the year	(146,364)		-
Carried forward	22,200,000	2.21	7.38
	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (pence)
2024			
Brought forward	17,946,364	2.84	6.61
Granted during the year	4,400,000		-
Carried forward	22,346,364	3.12	8.05

All options were exercisable at the year end.

**Notes to the Financial Statements - continued
for the year ended 31 December 2025**

22. SHARE-BASED PAYMENT TRANSACTIONS - continued

The following share-based payment arrangements were in existence at the year-end.

Options

Date of grant	18/03/2022	23/09/2022	28/02/2023
Number of shares	6,300,000	3,600,000	3,700,000
Expiry date	18/03/2027	23/09/2027	27/02/2028
Exercise price (p)	5.00	8.15	12.25
Expected life of options (years)	2	2	3
Fair value at date of grant (p)	2.10	2.91	5.18
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	89.40%	87.40%	87.20%
Risk-free interest	1.21%	4.03%	3.73%

Options

Date of grant	26/07/2023	03/10/2024
Number of shares	4,200,000	4,400,000
Expiry date	25/07/2028	02/10/2029
Exercise price (p)	7.00	6.4
Expected life of options (years)	3	3
Fair value at date of grant (p)	2.49	2.19
Dividend yield	0.00%	0.00%
Expected volatility	79.90	76.70%
Risk-free interest	4.52%	3.75%

The fair value of remaining share options has been calculated using the Black Scholes model.

Volatility was determined by reference to the standard deviation of expected share price returns based on a statistical analysis of daily share prices over a 3-year period to grant date. All of the above options are equity settled.

All of the share options are equity settled and the charge for the year is £nil (2024: £96,388).

23. DIRECTORS' EMOLUMENTS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, including all Directors of the Company.

	2025	2024
	£	£
Salaries and other short-term employee benefits	323,883	382,186
Share-based payment	-	54,767
	323,883	436,953

Prospex Energy Plc

**Notes to the Financial Statements - continued
for the year ended 31 December 2025**

23. DIRECTORS' EMOLUMENTS - continued

	Mark Routh	Alasdair Buchanan	Andrew Hay	William Smith	Total
2025	£	£	£	£	£
Salary	236,250	25,000	-	15,000	276,250
Fees	-	-	24,751	-	24,751
Total fees and salary	236,250	25,000	24,751	15,000	301,001
Medical insurance	15,856	-	-	-	15,856
Pension	7,026	-	-	-	7,026
	<u>259,132</u>	<u>25,000</u>	<u>24,751</u>	<u>15,000</u>	<u>323,883</u>
2024	<u>331,706</u>	<u>33,763</u>	<u>32,721</u>	<u>38,763</u>	<u>436,953</u>

The Directors interests in share options as at 31 December 2025 are as follows:

Director	Number of share	Exercise price	Date of grant	First date of exercise	Final date of exercise
Mark Routh	2,100,000	5.00p	18/03/2022	17/03/2027	17/03/2027
Mark Routh	900,000	8.15p	23/09/2022	23/09/2022	23/09/2027
Mark Routh	1,233,333	12.25p	28/02/2023	28/02/2023	27/02/2028
Mark Routh	1,200,000	7.00p	26/07/2023	26/07/2023	25/07/2028
Mark Routh	1,300,000	6.40p	03/10/2024	03/10/2024	02/10/2029
	<u>6,733,333</u>				
William Smith	900,000	5.00p	18/03/2022	17/03/2027	17/03/2027
William Smith	900,000	8.15p	23/09/2022	23/09/2022	23/09/2027
William Smith	370,000	12.25p	28/02/2023	28/02/2023	27/02/2028
William Smith	300,000	7.00p	26/07/2023	26/07/2023	25/07/2028
William Smith	400,000	6.40p	03/10/2024	03/10/2024	02/10/2029
	<u>2,870,000</u>				
Alasdair Buchanan	900,000	5.00p	18/03/2022	17/03/2027	17/03/2027
Alasdair Buchanan	900,000	8.15p	23/09/2022	23/09/2022	23/09/2027
Alasdair Buchanan	370,000	12.25p	28/02/2023	28/02/2023	27/02/2028
Alasdair Buchanan	300,000	7.00p	26/07/2023	26/07/2023	25/07/2028
Alasdair Buchanan	400,000	6.40p	03/10/2024	03/10/2024	02/10/2029
	<u>2,870,000</u>				
Andrew Hay	900,000	7.00p	26/07/2023	26/07/2023	25/07/2028
Andrew Hay	400,000	6.40p	03/10/2024	03/10/2024	02/10/2029
	<u>1,300,000</u>				

Prospex Energy Plc

Notes to the Financial Statements - continued for the year ended 31 December 2025

24. **EVENTS AFTER THE REPORTING PERIOD**

The Company began issuing Convertible Loan Notes in December 2025, raising £565,000 prior to year-end. The issuance was completed in March 2026 raising a further £1,434,997.

In April 2026 the Company's wholly owned subsidiary, PXEN Tatra Sp z.o.o. ("PXEN Tatra") was formally awarded the San and Dunajec onshore licence areas in Poland.

25. **CONTINGENT LIABILITIES**

In April 2025, PXOG Muirhill Limited ("Muirhill"), a wholly owned subsidiary of the Company, acquired the remaining shares it did not already own of Tarba Energía S.L. ("Tarba") from Warrego Energy Pty Ltd ("Warrego"). Under the terms of the acquisition, Muirhill will pay to Warrego €100,000 of deferred consideration upon securing drilling permits. At the year end the permits had not yet been granted.