15 July 2026

OIL & GAS

Flashnote

Marketing Communication (Connected Research)

Prospex Energy Plc#

BBG Ticker: PXEN LN *Price: 3.0p* *Mkt Cap: £13.0m* **BUY**

Positioned for Growth

Organic Growth Strategy

Prospex Energy (PXEN LN) has entered an active period of development activity across its three core jurisdictions. At Selva, the completed 3D seismic survey is being processed ahead of an updated CPR expected in H2 2026, underpinning the planned four-well programme targeting 400MMscm of contingent resources. At El Romeral, prompted by widening intraday spreads in power prices, the new management team has determined a direct gas strategy, with the five-well permit decision expected within the coming months and the recent IMMAGE collaboration contributing up to US$1.5m toward drilling costs at no charge to PXEN. At Viura, the dynamic reservoir model nearing completion should clarify the path to the Viura-3A and 3B development wells, targeted for 2027. The newly awarded Polish licences add a further growth opportunity, with the AGM-disclosed Mniszów resource upgrade (13mmbbl STOIIP, 3.7mmbbl recoverable) indicating realistic near-term oil production potential alongside the broader Miocene gas prospectivity across San and Dunajec.

Energy Security Rationale

European gas prices have risen sharply since the start of the year, with TTF moving from the high-€20s/MWh to current levels around €42–43/MWh, driven by low storage and renewed supply risk following the Strait of Hormuz disruption to Middle Eastern LNG flows. The impact underpins the core rationale behind PXEN; providing secure domestic energy to Europe from low-cost proven hydrocarbon districts with proximity to infrastructure. With Europe's remaining Russian gas supply being phased out, recent disruption has further highlighted the vulnerability of Europe's current energy supply chains. This backdrop should ameliorate permitting risks as governments recognise the risks of reliance on global markets.

Recommendation and Target Price

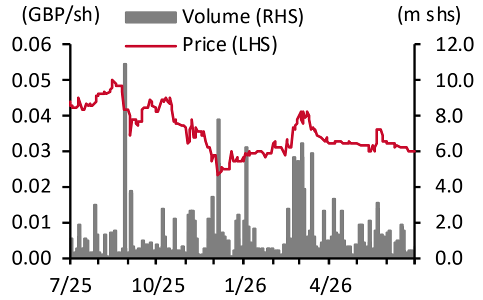
The Convertible Loan Note raise, completed at £2.0m in Q1 2026, has steadied the liquidity position following the operational disruptions of 2025. Our risked sum-of-the-parts valuation is updated to reflect the enlarged share count, the revised El Romeral strategy targeting direct gas production, and the inclusion of the Polish licences, where the Mniszów contingent resource (3.7 mmbbl recoverable, company estimate) is now captured on a heavily risked basis. Full ownership of both Tarba and the Polish licences gives PXEN optionality to fund growth through farm-out and partner capital, while debt funding at Viura is expected to cover the bulk of development costs.

We reiterate our Buy recommendation and adjust our target price to 19p/sh.

Company Description

Investment company with interests in producing gas assets in Spain and Italy and development licenses in Poland.

One Year Price Performance



Price % chg	1mn	3mn	12mn
	-9.1%	-6.3%	-31.8%
12mn high/low:			5p/2.4p

***SOURCE**: Workspace, as of 14 July 2026 close*

Market:	LSE AIM
Price target:	19p
Shares in issue diluted:	433.8m
Free float:	63.4%
Cash (March 2026):	£0.9m
Enterprise value:	£12.1m
Major shareholders	
Heyco Energy Group	10.64%
Simon Chantler	6.02%
Colin Wilson	4.62%

Oliver O'Donnell, CFA, Natural Resources
+44 (0)20 3005 5005 | oodonnell@vsacapital.com

European Gas Portfolio

With 2025's operational disruptions now resolved, the portfolio has stable production at its core assets and is advancing growth programmes across Spain (Viura, El Romeral), Italy (Selva Malvezzi) and the newly added Poland licences, where PXEN management provided additional detail at its recent AGM. Our forecasts have been updated to reflect a stable production outlook at Selva Malvezzi, a revised strategy at El Romeral targeting direct gas export rather than gas-to-power, and an updated Viura development plan expected shortly.

Full ownership of both El Romeral and the Polish licences gives Prospex flexibility to fund growth through farm-out, while the Mniszów oil discovery illustrates the near-term production potential underlying the original licence selection in Poland. The IMMAGE scientific drilling collaboration, which may contribute up to US$1.5m toward operational drilling costs at El Romeral, adds a further source of non-dilutive funding.

Operational Forecast Highlights, €'000

	2026 F	2027 F	2028 F	2029 F
Selva				
Production (100%), mmscfd	2.9	2.9	3.6	5.8
Net Income	7,644	6,356	7,805	14,160
Capex	(1,200)	(6,900)	(5,700)	(100)
FCF	7,032	991	4,265	15,911
Production (Net 37%)	1.1	1.1	1.3	2.1
Net Income	2,828	2,352	2,888	5,239
Capex	(444)	(2,553)	(2,109)	(37)
FCF	2,602	366	1,578	5,887
El Romeral				
Production (100%), MWh	22,366	11,183	0	0
Production (100%), mmscfd	0.0	4.9	7.2	4.2
Net Income	(460)	15,947	22,955	12,985
Capex	0	(15,000)	(10,000)	0
FCF	(398)	1,336	13,511	13,458
Viura				
Production (Gross), BCF	1.8	5.0	10.0	10.0
Net Income (Gross)	16,724	57,413	103,840	96,932
Capex (Gross)	0	(44,160)	(300)	(300)
FCF (Gross)	16,724	13,253	103,540	96,632
Production (Net)	0.1	0.4	0.8	0.8
Capex (Net)	0	(6,624)	(45)	(45)
FCF (Net)	1,209	(2,132)	7,569	7,062

*Source: Company data, VSA Capital Research. *At Viura Gross reflects 100% at the asset level while net reflects PXEN's 7.24% exposure.*

Selva Update

The Selva Malvezzi Production Concession in northern Italy has continued to perform consistently in 2026 from an operational perspective but with 3D seismic completed and being processed, attention is turning towards the growth potential of the asset. Q1 2026 gross production was 7.26MMscm (2.69MMscm net to Prospex at 37% WI), sold at an average realised price of €0.43/scm and generating net revenue of €1.155m for the quarter. Gas prices increased significantly due to the closure of the Straits of Hormuz having softened through 2025. Cumulative gross production has now exceeded 72.9MMscm, surpassing the milestone certified P1 reserve level. Quarterly gross operating revenue of £912k was ahead of Q4 2025 (£769k), with the stronger pricing environment expected to provide continued support into Q2 2026.

Full-year 2025 production attributable to Prospex totalled 10.4MMscm at approximately 80,000 scm/d gross, generating €4.1m in gas sales revenues. Realised pricing softened through the year from approximately €0.50/scm in early 2025 to €0.33/scm by Q4.

Selva Production and Earnings Highlights

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Production PM1 -100% (kscm)	7,323	6,724	7,260	7,249	6,971	7,262
Production PM1 - Net to PXEN (37%) (kscm)	2,709	2,488	2,686	2,682	2,579	2,687
Revenue PM1 -100% €	3,380	3,338	2,865	2,681	2,302	3,122
Revenue PM1 - Net to PXEN (37%) €	1,250	1,235	1,060	992	852	1,155

SOURCE: *Company data, VSA Capital Research.*

Looking ahead, the primary value driver at Selva Malvezzi is the planned four-well development programme targeting gross contingent resources of approximately 400MMscm (14.6 Bcf), with further gross prospective resources of 2,083MMscm (75.9 Bcf) identified on the concession. A 3D seismic campaign covering approximately 140km² was completed in December 2025 and is currently being processed by Schlumberger Italy. The resulting subsurface model will underpin an updated CPR expected in H2 2026, which will in turn support well targeting, permitting, and engagement with potential debt providers ahead of drilling currently planned for 2027. The operating partner submitted the EIA which covers permission to drill the wells in late June 2026.

The stable nature of the operational asset means that Selva M assumptions are unchanged and with seismic, a CPR and drill targeting due to happen in the next few months, our valuation methodology is updated to include Selva North and South within the DCF with development spending and new production incorporated in our estimates. The remaining targets are valued on an analogue basis.

Viura Update

During 2024, PXEN acquired 7.5% in HEYCO Energy Iberia S.L. ("HEI"), committing to fund 15% of the 2024–2027 development costs, giving PXEN an indirect net interest of 7.2365% in the Viura gas field. The asset is large scale and, assuming future wells are completed and brought onstream, we anticipate gross cashflows near €100mpa at full production, with annual cashflow net to PXEN of ~€7m on a €40/MWh gas price. The near-term focus at Viura is on the technical and commercial groundwork for development drilling. HEI is building a dynamic reservoir model to support development planning, after which an independent reserves report will be commissioned. This report is intended to support a debt facility at the HEI level to fund the bulk of development costs, with development drilling now targeted for 2027.

We highlight that PXEN continues to accrue 14.47% of production income from Viura until the payback of its capital investment plus the agreed 10% preferred return, which materially enhances cash flows beyond the base 7.2365% equity interest in production and reserves. The additional invested capital relating to the 2025 operational issues is also subject to the preference structure with cumulative invested capital now at around £6.2m as of year-end.

The 2025 workover and its associated disruptions; a tubing leak in April, a wireline obstruction requiring specialist retrieval equipment mobilised from Aberdeen in September, are now resolved. The Viura-1B well in northern Spain was successfully brought back online on 17 October 2025 following a period of enforced downtime, with plateau rates confirmed at over 190,000 scm/d gross and water cut reduced to less than 10 scm/d. Net production accruing to Prospex at the enhanced 14.47% income share averaged more than 27,100 scm/d at that point. During Q1 2026, HEI conducted a series of deliberate production trials at an average rate of 107,800 scm/d to calibrate a dynamic reservoir model; these rates are not representative of steady-state operation but explain the recent production variation. The modelling work, which was originally scheduled for completion by end-April 2026, is still ongoing and its outputs are expected to inform a more definitive operational and development plan in the coming months including solutions for more economical management of water output. At its AGM, PXEN highlighted that water currently accounted for around a third of opex.

Despite the setback in 2025, the potential impact on production and cash flows net to PXEN following the development remains significant, underpinning the strategic rationale for PXEN's participation in the project through to later phases. At PXEN's current market capitalization, there is no value attributed to this asset. Given the ongoing reservoir modelling, we expect HEI and PXEN to provide more detailed guidance on the near-term operational requirements and timelines and the impact of this on the next phases of drilling. At this stage, our forecast revisions are principally timing-related, with no material changes to assumed production volumes, operating costs or capital expenditure.

El Romeral

El Romeral's strategic direction has shifted materially under the new management team. Rather than targeting incremental production to fill unused capacity in the existing gas-to-power plant, the focus is now on direct gas export via connection to the adjacent Enagas 26-inch pipeline. We have updated our valuation methodology accordingly with a model based on unconstrained production rather than capped based on power plant output.

Whilst this potential is not new, management's explicit articulation of the value underpinned by direct to gas is. The daily spread in power prices makes direct gas sales more economically attractive as well as being able to sell on an unconstrained basis rather than constrained by power plant capacity; front loaded production enhances the NPV. With a five-well programme plus grid infrastructure, we assume all-in-costs that average at €1.5m per well. Tie-in distances are short at 0.8 to 4.4km across the five wells, also limiting the additional capital required, but requiring modest additional permitting. Total estimated capex for phase 1 is expected to be €15m including tie ins therefore although based on projected cashflows this could likely fund future well programmes for phases 2 and 3. Our forecasts reflect the vendor royalty as well and still the new economics appear attractive.

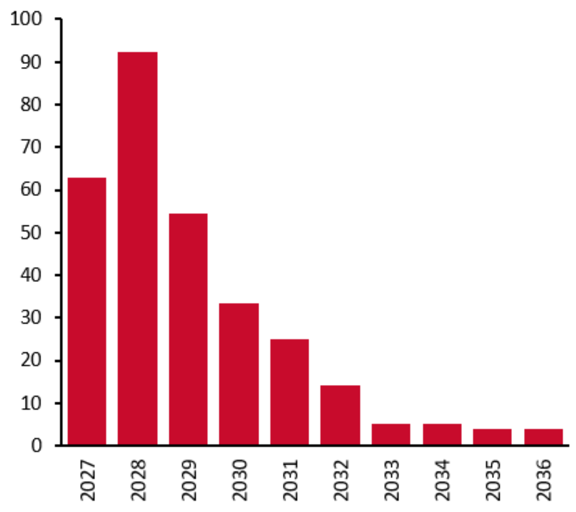
PXEN acquired full ownership of Tarba in April 2025 via pre-emption of an unsolicited offer from Warrego Energy, at a total consideration of €662,725. This consolidates 100% control of the asset at the Tarba level and, critically, provides farm-out flexibility to introduce partner capital for the drilling programme.

The five-well programme targets shallow Miocene structures at approximately 700m depth, implying relatively low well costs and short payback periods. Applications were delivered to the Minister's office in December 2025 following a clean EIA consultation with no adverse objections from 29 statutory consultees, the guidance of 90-180 days for a response passed recently and PXEN is pushing for updates. This does make timing difficult to forecast; however, we assume drilling in 2027.

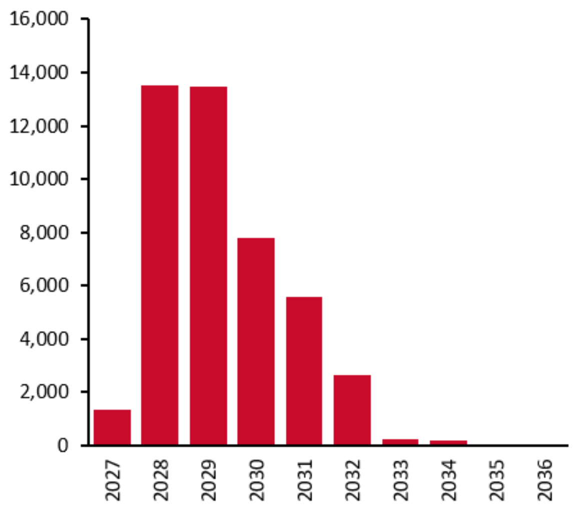
The five wells in the Tranche 1 model target 11.0 Bcf EUR against a broader prospective resource base of 90 Bcf Best Estimate (NSAI 2019) across 11 identified low-risk prospects. Whilst PXEN has explicitly modelled further drilling for tranches 2 and 3 we have maintained our analogue approach and applied a higher risk factor of 30% (reflecting the likelihood of a farmout and permitting requirements) and applied a €/unit value to the broader resource.

Operationally, 2025 was disrupted by transformer failure in July which halted generation for the second half of the year. A rental unit was installed in February 2026 reinstating intermittent output, with a permanent replacement funded from CLN proceeds expected in Q3 2026. Revenue has increased steadily since reinstatement, reducing the cash support PXEN provides to Tarba on an ongoing basis pending permit award and drilling.

Direct Gas Forecast Production (mmscm)



Direct Gas Forecast FCF (€'000)



SOURCE: *Company data, VSA Capital Research.*

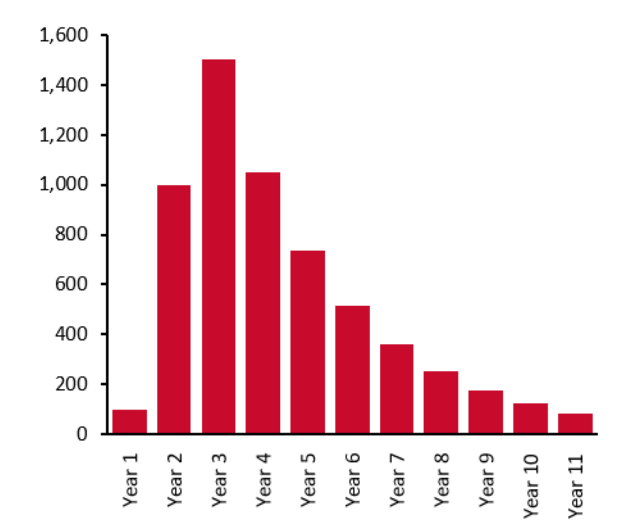
Poland

PXEN provided a notable update at its AGM on the entry into Poland which extends the Company's European footprint into a third jurisdiction with the key characteristics of the earlier investments; established hydrocarbon production, supportive regulation, and existing infrastructure. At its AGM, PXEN highlighted the near-term potential of the Mniszow oil target where both licences, San (818km², awarded 1 April 2026) and Dunajec (1,182km², awarded 22 April 2026), are held 100% by wholly owned subsidiary PXEN Tatra Sp. z o.o. and are located in southern Poland within the Carpathian foredeep, one of the country's key gas-producing geological plays. Historical discoveries in the vicinity range from a few Bcf to approximately 200 Bcf of gas initially in place.

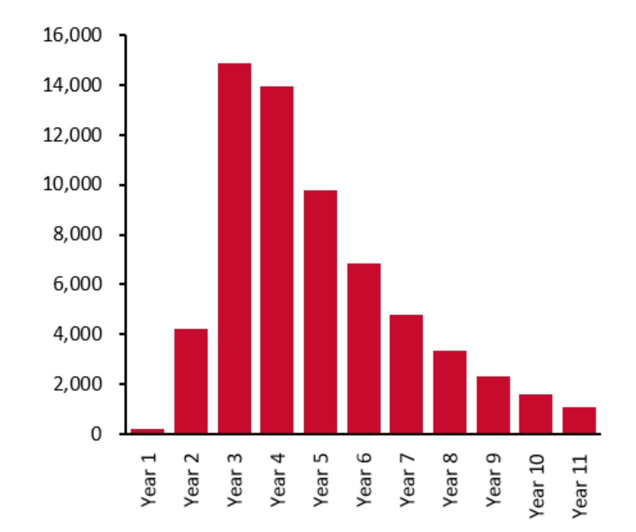
The licences were applied for in 2025 following an extensive technical review by the Company's in-house team, which has direct experience of Polish geology and the regulatory environment. Both are drill-or-drop permits carrying a three-year initial term, within which Prospex must elect to drill a well and complete an AirGravMag survey over each block. A licence fee of approximately €289k was payable on award, funded from the Q1 2026 CLN proceeds. The Company is currently gathering historical geological, seismic, and production data across both blocks to prioritise work programme design. As an investment company, PXEN intends to introduce joint venture partners to fund activity and reduce carried exposure to 100% working interest costs.

Management particularly highlighted the Mniszów oil discovery on the Dunajec licence. Multiple wells drilled in 1966 identified a 13m oil pay within fractured carbonate at approximately 600m depth, with an historically mapped oil-water contact suggesting approximately 2 mmbbl of OOIP; the Mniszów-3 well flowed at 45 bbl/d on an acidised cased-hole test. The field was left undeveloped at the time due to its modest size relative to nearby discoveries, but its shallow depth, established flow rates, and proximity to infrastructure give it credible near-term development potential. Prospex has indicated it is assessing the opportunity for early development at Mniszów as a potential route to accelerating first cashflow from the Polish portfolio ahead of the broader gas exploration programme on both blocks. The current production assumptions based on management guidance relate to production rates in line with historical recoveries and do not reflect the potential for higher recoveries using modern reservoir stimulation techniques which could substantially enhance the recoverable potential, in our view.

Production (bopd)



FCF (€'000)



SOURCE: *Company data, VSA Capital Research.*

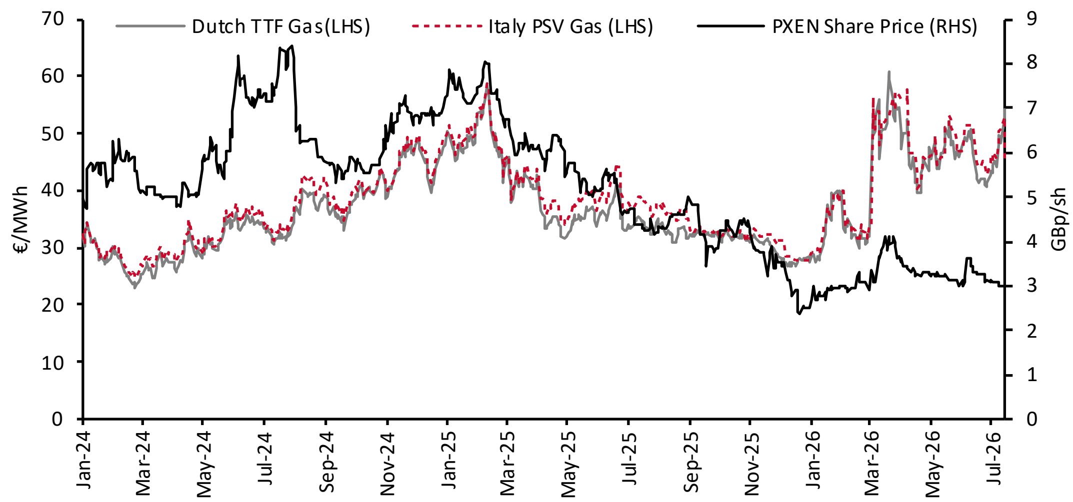
European Gas

European gas prices have risen sharply since the lows seen in late 2025, with TTF front-month currently trading around €42–43/MWh as of late June 2026, up materially from the circa €27–28/MWh levels that prevailed in early January following a period of abundant LNG supply and mild weather. The primary driver of the move higher has been a combination of structurally low storage and renewed geopolitical risk owing to the closure of the Strait of Hormuz and the impact on Qatar’s LNG export facilities. In tight markets, buying for storage has been deferred with EU storage currently at approximately 45.6% full, roughly 14% below the five-year seasonal average and significantly behind the 54.4% level recorded at the same point last year. The injection season opened with storage at only 40.4%, requiring a materially higher injection pace than in prior years to meet the EU's 90% target by 1 November.

Although a preliminary US-Iran framework agreement in mid-June provided partial relief to pricing uncertainty over the pace of recovery at Qatar's Ras Laffan complex, the world's largest LNG export facility, the situation continues to weigh on the supply outlook. Indeed, it is typically harder to restart and normalise such facilities than the time to turn off.

On the policy side, the EU's regulatory trajectory continues to reinforce the structural case for indigenous European gas production. Russian short-term gas import contracts are prohibited from 17 June 2026, with a full ban on Russian LNG imports planned for January 2027; removing a residual source of European supply flexibility and placing greater emphasis on Norwegian pipeline flows, Atlantic Basin LNG, and domestic production. The backdrop is one in which near-term price volatility remains elevated and the risk of further upside surprises into winter 2026–27 is notable, providing a supportive pricing environment for PXEN's Italian and Spanish gas assets and indeed its overall investment case.

PXEN Share Price vs. Dutch TTF & Italy PSV



SOURCE: *Eikon, VSA Capital Research.*

Financial Results

As an investment company, PXEN's reported financial performance remains largely a function of updated accounting assumptions rather than a direct reflection of underlying project cash flows and operational outcomes. PXEN cannot consolidate the net revenues of its underlying investments, meaning group-level figures are shaped by valuation adjustments and holding company costs rather than operating income.

Highlights Table Results, €’000

	2023	2024	2025
Operating Loss	(1,371,768)	(1,359,840)	(1,179,490)
Gain on Investments	(469,709)	713,583	(2,541,311)
Net Finance Costs	278,926	614,433	906,826
Net Income	(1,231,400)	(46,759)	(2,795,169)
Cash	3,186	1,185,386	38,935
Borrowings	168,487	–	536,971
Investments Value	15,594,931	16,310,197	13,768,886

SOURCE: *Company Data, VSA Capital Research*

For the year ended 31 December 2025, PXEN reported an operating loss of £1.18m, a modest improvement on the prior year loss of £1.36m. Administrative expenses fell 6.6% year-on-year to £1.18m. Share-based payment charges were nil (FY2024: £96k), reflecting no new option grants or vesting during the period. Net finance income increased to £907k from £614k in FY2024, driven by higher interest accruing on intercompany shareholder loans as the loan book to subsidiaries continued to grow.

In contrast to FY2024, PXEN recorded a significant negative fair value movement of £2.54m on its investments in the period. This was wholly attributable to a reduction in the carrying value of PXOG Marshall Limited, the vehicle holding the Company's 37% interest in the Selva Malvezzi production concession in Italy, reflecting a combination of reserve depletion at the PM-1 production well and lower TTF forward gas prices applied at 31 December 2025. As a result, PXEN reported a materially widened net loss of £2.80m for the year (FY2024: £47k). Since then, prices have increased substantially as described earlier.

PXEN's balance sheet weakened through 2025. Total cash at 31 December 2025 stood at just £39k, down sharply from £1.19m at the end of 2024, as operating costs and capital commitments, including the Viura workover funding and Tarba acquisition, were not fully offset by the partially successful June 2025 equity raise of £1.18m gross. The Company issued £575k of unsecured Convertible Loan Notes in December 2025 (12% p.a., convertible at 3p, repayable in tranches December 2027–June 2028), which remained outstanding at year-end as the sole borrowing on the balance sheet. The carrying value of the investment portfolio declined to £13.77m from £16.31m, reflecting the Selva Malvezzi revaluation. Post period-end, a further £1.435m of CLNs were issued in Q1 2026, completing the raise at £2.0m and restoring the Group's liquidity position to £907k at 31 March 2026.

Valuation

PXEN has stabilised its cash position and has demonstrated a credible and realisable growth strategy based on partner capital unlocking significant upside at each of its assets. Given last year's issues the market is, in our view, pricing in too much risk. We expect successful permitting at El Romeral to provide a key catalyst to support a rerating as well as a definitive plan for drilling at Viura. We have updated our model to reflect the updated strategy and funding position.

Although the CLN's add to the share count we highlight that the tight funding position in part fulfilled 100% ownership of El Romeral and Poland both of which are likely to deliver value significantly beyond the nominal sums needed to secure the interests. Our analysis demonstrates significant upside potential while full ownership provides the flexibility needed to fund development costs in the most attractive way for investors in PXEN.

Our valuation methodology remains a risked sum-of-the-parts, built on DCF-based valuations for the producing and near-producing assets (Selva Malvezzi, El Romeral and Viura), with analogue-based valuations applied to adjoining prospects in Spain and Italy where direct DCF modelling is not yet supportable. We continue to exclude Tesorillo from the valuation given its suspended status, though successful permitting at El Romeral would be a useful read-through for the Spanish regulatory environment more broadly. As an investment company, PXEN does not publish consolidated group-level financial forecasts, and our valuation is built asset-by-asset accordingly. Our approach incorporates the convertible bonds on a fully diluted basis; these stabilised the company after the operation disruption experienced in 2025 and we believe that the company is now in a strong position to execute its growth strategy and management has articulated how it intends to minimise the funding burden to PXEN.

In Italy our approach is updated, and we have included the Selva North & South wells into our DCF analysis rather than using the analogue approach alone. This has a net positive impact despite the higher risk discount we have applied to the new wells.

The operational disruption at Viura through 2025, and the associated cash calls to fund PXEN's share of workover costs, weighed heavily on the share price, which fell to its lowest level since 2022. With the well now reinstated and reservoir updates expected soon, the growth strategy is back on track. We have updated the timings on funding and cashflows and expect to update forecasts more accurately after the reservoir modelling is complete.

Following the AGM announcement, the Polish licenses are now incorporated into the valuation for the first time albeit on a heavily risked basis given the production figures and economic analysis is based on historic data and desktop review.

We apply a risked NPV10 to Mniszów which covers the relatively early-stage nature, limited work carried out by PXEN and likelihood of a farm out whilst the broader San and Dunajec gas prospectivity is not yet incorporated. Full ownership of both licences gives Prospex flexibility to introduce partner capital through farm-out, reducing the capital intensity of the Polish development programme to the Company directly.

At El Romeral, our forecasts now reflect a direct gas production strategy for the first time. We have reviewed our risk weighting given the higher capex associated with this strategy and the likelihood of a farm out to partially fund this. Management indicated a further two phases of drilling to exploit the balance of the wider 90BCF resource; given the additional permitting requirements we have valued this on a more heavily risked basis using an analogue value from phase 1 which is covered by the drilling permits currently applied for where a response is expected soon.

We reiterate our Buy recommendation with a revised target price of 19p/sh.

Valuation Summary, £'000

NAV			Unrisked	Equity	Net unrisked	CoS	Net risked	EMV	EMV	Net unrisked	Net risked per share
Asset Name	**Stage**	**Timing**	BCF	%	BCF	%	BCF	€/mscf	€m	€m	(GBp)
Selva M plus North & South	**Producing**	**Production**	**21.3**	**37%**	**7.9**	**80%**	**6.3**	**4.2**	**26**	**33**	**4.6**
Fondo Perino	Contingent Resources	TBD	9.2	37%	3.4	70%	2.4	4.2	10	14	1.8
East Selva	Contingent Resources	TBD	21.9	37%	8.1	70%	5.7	4.2	24	34	4.1
Riccardina	Contingent Resources	TBD	24.4	37%	9.0	70%	6.3	4.2	26	38	4.6
El Romeral	**Producing / Development**	**Production**	**10.8**	**100%**	**10.8**	**50%**	**5.4**	**2.1**	**11**	**23**	**2.0**
El Romeral	Resources	TBD	89.8	100%	89.8	30%	26.9	1.1	28	95	5.0
El Tesorillo	Suspended Licence	N/A	0.0	100%	0.0	0%	0.0	0.0	0.0	0.0	0.0
Viura	**Producing**	**Production**	**90.0**	**7.5%**	**6.8**	**90%**	**6.1**	**3.5**	**21**	**24**	**3.7**
			BOE		**BOE**						
Mniszow	Contingent Resources	**TBD**	**2.2**	**100.0%**	**2.2**	**25%**	**0.6**	**15.1**	**8**	**34**	**1.5**
Adjustments									**£m**		
	SG&A (£)								(8.3)		(1.7)
	Debt (£)								(2.0)		(0.4)
	Cash, £ (YE26)								0.9		0.2
Total									146.6		25.3
								DLOC	**25%**		**19.0**

SOURCE: *Company Data, VSA Capital Research.*

Risks

- **Commodity Prices**. The company is primarily exposed to natural gas and electricity prices and unexpected changes to commodity prices are likely to affect our valuation.
- **Political Risk.** Changes to the political regime and energy codes in Italy, Spain and Poland would potentially alter the risk profile.
- **Macro Risk.** Unexpected moves in the GBPEUR and higher than expected inflationary pressure may significantly impact the company's earnings.
- **Operational Risk.** The potential for delays and operating issues is an inherent industry risk.
- **Permitting Risk.**
- **Construction and Execution Risk.** Where PXEN holds non-operated interest, PXEN does not have control over operational decisions.
- **Financing Risk.** Access to financing is a perennial challenge for junior E&P companies.

Historical Financials

Profit & Loss , £'000 December Year End

Income Statement (GBP 000's)	Dec-22	Dec-23	Dec-24	Dec-25
Revenue	–	36,936	–	–
Cost of Sales	–	–	–	–
Gross Profit	**–**	**36,936**	**–**	**–**
SG&A	(975,725)	(1,112,513)	(1,263,452)	(1,179,490)
D&A	–	–	–	–
Other Operating	(187,417)	(296,191)	(96,388)	–
EBIT	**(1,163,142)**	**(1,371,768)**	**(1,359,840)**	**(1,179,490)**
Interest Payable	(173,023)	(241,056)	(7,053)	(8,558)
Interest Receivable	324,052	519,982	621,486	915,384
Net Interest	151,029	278,926	614,433	906,826
Gain / Loss from Investments	9,367,435	(469,709)	713,583	(2,541,311)
Impairment Charge	–	–	–	–
PBT	**8,355,322**	**(1,562,551)**	**(31,824)**	**(2,813,975)**
Tax Expense	(1,218,415)	331,151	(14,935)	18,806
Net Income	7,136,907	(1,231,400)	(46,759)	(2,795,169)
EBIT	(1,163,142)	(1,371,768)	(1,359,840)	(1,179,490)
Depreciation	–	–	–	–
Amortisation	–	–	–	–
EBITDA	**(1,163,142)**	**(1,371,768)**	**(1,359,840)**	**(1,179,490)**

SOURCE: *Company data, VSA Capital Research.*

Balance Sheet, £'000 December Year End

Balance Sheet (GBP 000's)	Dec-22	Dec-23	Dec-24	Dec-25
Current Assets				
Cash and cash equivalents	1,482,762	3,186	1,185,386	38,935
Trade and Other Receivables	5,515,237	6,201,093	8,262,184	10,701,269
Inventory	-	-	-	-
Other	100	100	100	100
Total	**6,998,099**	**6,204,379**	**9,447,670**	**10,740,304**
Non-Current Assets				
Investments	16,064,640	15,594,931	16,310,197	13,768,886
Intangible assets	-	-	-	-
PP&E	-	-	-	-
Other	-	-	-	-
Total	**16,064,640**	**15,594,931**	**16,310,197**	**13,768,886**
TOTAL ASSETS	**23,062,739**	**21,799,310**	**25,757,867**	**24,509,190**
Current Liabilities	-	-	-	-
Borrowings	1,812,744	168,487	-	-
Trade creditors	41,440	126,117	225,120	108,511
Other	-	-	-	-
Total	**1,854,184**	**294,604**	**225,120**	**108,511**
Non-Current Liabilities				
Borrowings	799,145	-	-	536,971
Deferred tax	1,258,809	927,658	942,593	923,787
Other	-	-	-	-
Total	**2,057,954**	**927,658**	**942,593**	**1,460,758**
TOTAL LIABILITES	**3,912,138**	**1,222,262**	**1,167,713**	**1,569,269**
NET ASSETS	**19,150,601**	**20,577,048**	**24,590,154**	**22,939,921**
Equity				
Paid-in capital	7,225,893	7,279,630	7,349,585	7,375,755
Retained earnings	- 20,141,952	- 20,938,603	- 21,587,622	- 21,074,703
Other	32,066,660	34,236,021	38,828,191	36,638,869
Total	**19,150,601**	**20,577,048**	**24,590,154**	**22,939,921**

SOURCE: *Company data, VSA Capital Research.*

Cashflow Statement, £'000 December Year End

Cashflow Statement (GBP 000's)	Dec-22	Dec-23	Dec-24	Dec-25
Operating Activities				
EBIT	(1,163,142)	(1,371,768)	(1,359,840)	(1,179,490)
D&A	–	–	–	–
Changes in WC	(3,137,812)	(86,135)	(1,343,004)	(1,640,990)
Changes in Other CA and CL	–	–	–	–
Income tax paid	–	–	–	–
Other	187,417	296,191	96,388	–
Cash flow from operations	**(4,113,537)**	**(1,161,712)**	**(2,606,456)**	**(2,820,480)**
Investing Activities				
Capital Expenditure	–	–	(1,683)	–
Increase in intangibles	–	–	–	–
Change in NCA and NCL	(122,091)	(161,427)	(4,651)	680
Cash flow from investing	**(122,091)**	**(161,427)**	**(6,334)**	**680**
Financing Activities	–	–	–	–
New issuance of shares	3,414,181	58,017	4,197,323	1,177,658
Net Debt (Repayment) / drawdown	2,196,253	(214,454)	(168,487)	575,000
Net interest charges	–	–	–	–
Other	(112,104)	–	(233,846)	(79,309)
Cash flow from financing	**5,498,330**	**(156,437)**	**3,794,990**	**1,673,349**
Net change in cash	1,262,702	(1,479,576)	1,182,200	(1,146,451)
Beginning cash balance	220,060	1,482,762	3,186	1,185,386
FX differences	–	–	–	–
Ending cash balance	**1,482,762**	**3,186**	**1,185,386**	**38,935**

SOURCE: *Company data, VSA Capital Research.*

Disclaimer

Investment Analyst Certification

In my role as a Research Analyst for VSA Capital Limited, I hereby certify that the views about the companies and their securities discussed in this report are accurately expressed and that I have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.

Non-Independent Research

This is a marketing communication. It is non-independent research as it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Important Disclosures

This research report has been prepared by VSA Capital Limited, which is party to an agreement to be paid a fee as corporate finance advisors and arrangers with, or has provided investment banking services to, Prospex Energy, or has been party to such an agreement within the last twelve months, and is solely for, and directed at, persons who are Professional Clients as defined under Annex II of the Markets in Financial Instruments Directive, Directive 2004/39/EC, or as defined in the FCA Handbook. Persons who do not fall within the above category should return this research report to VSA Capital Limited, 42 New Broad Street, London EC2M 1JD, immediately.

This research report is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. It is being supplied to you solely for your information and may not be reproduced, forwarded to any other person or published, in whole or in part, for any purpose, without out prior written consent.

This research report is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity and has therefore not been approved by an authorised person, as would otherwise be required by Section 21 of the Financial Services and Markets Act 2000 (the "Act"), as amended by The Financial Services and Markets Act 2012.

Neither the information nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

The information and opinions contained in this research report have been compiled or arrived at by VSA Capital Limited (the "Company") from sources believed to be reliable and in good faith but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. All opinions and estimates contained in the research report constitute the Company's judgments as of the date of the report and are subject to change without notice. The information contained in the report is published for the assistance of those persons defined above but it is not to be relied upon as authoritative or taken in substitution for the exercise of the judgment of any reader.

The Company accepts no liability whatsoever for any direct or consequential loss arising from any use of the information contained herein. The company does not make any representation to any reader of the research report as to the suitability of any investment made in connection with this report and readers must satisfy themselves of the suitability in light of their own understanding, appraisal of risk and reward, objectives, experience and financial and operational resources.

The value of any companies or securities referred to in this research report may rise as well as fall and sums recovered may be less than those originally invested. Any references to past performance of any companies or investments referred to in this research report are not indicative of their future performance. The Company and/or its directors and/or employees may have long or short positions in the securities mentioned herein, or in options, futures and other derivative instruments based on these securities or commodities.

Not all of the products recommended or discussed in this research report may be regulated by the Financial Services and Markets Act 2000, as amended by The Financial Services and Markets Act 2012, and the rules made for the protection of investors by that Act will not apply to them. If you are in any doubt about the investment to which this report relates, you should consult a person authorised and regulated by the Financial Conduct Authority who specialises in advising on securities of the kind described.

The Company does and seeks to do business with the companies covered in its research reports. Thus, investors should be aware that the Company may have a conflict of interest that may affect the objectivity of this report. To view our policy on conflicts of interest and connected companies, please go to: http://www.vsacapital.com/policies/conflict-of-interest-policy.

VSA Capital acts as Joint Broker to Prospex Energy and is therefore classed as a connected company.

Investors should consider this report as only a single factor in making their investment decision.

The information in this report is not intended to be published or made available to any person in the United States of America (USA) or Canada or any jurisdiction where to do so would result in contravention of any applicable laws or regulations. Accordingly, if it is prohibited to make such information available in your jurisdiction or to you (by reason of your nationality, residence or otherwise) it is not directed at you.

Definition of Ratings

VSA Capital Limited uses the following stock rating system to describe its equity recommendations. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the research report contains more complete information concerning the analyst's views, investors should carefully read the entire research report and not infer its contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock or investment fund should depend on individual circumstances and other considerations.

VSA Capital Limited's recommendations are defined as follows:

BUY: The stock is expected to increase by in excess of 10% in absolute terms over the next twelve months.
HOLD: The price of the stock is expected to move in a range between -10% and +10% in absolute terms over the next twelve months.
SELL: The stock is expected to decrease by in excess of 10% in absolute terms over the next twelve months.

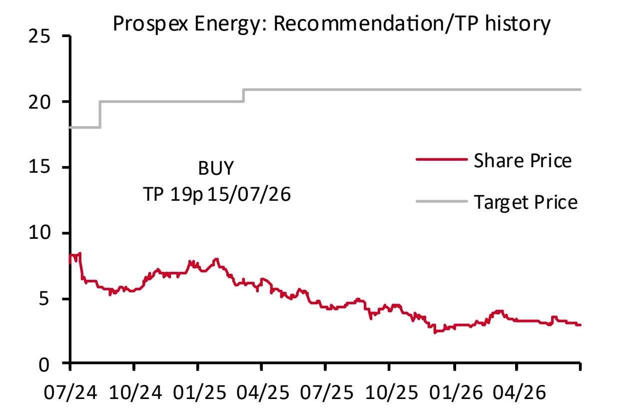
In addition, on occasion, if the stock has the potential to increase by in excess of 10%, but on qualitative grounds rather than quantitative, a SPECULATIVE BUY may be used.

Distribution of VSA Capital Limited's Equities Recommendations

VSA Capital Limited must disclose in each research report the percentage of all securities rated by the member to which the member would assign a "BUY", "HOLD, or "SELL" rating, and also the proportion of relevant investments in each category issued by the issuers to which the firm supplied investment banking services during the previous twelve months. The said ratings are updated on a quarterly basis.

Equities breakdown: 15/07/26	BUY	SPEC BUY	HOLD	SELL
Overall equities coverage	84%	16%	0%	0%
Companies to which VSA has supplied investment banking services	100%	100%	n/a	n/a

Recommendation and Target Price History



***SOURCE**: Workspace, VSA Capital Research.*

Valuation basis

Our valuation is derived from a risked NAV for the producing assets and analogue derived resource valuations for the contingent resources.

Risks to that valuation

Risks to our valuation include possible disappointing drilling results delays to farm-outs and oil price uncertainty.

This recommendation was first published on 6 September 2022.