VSA Morning Flow Test

This Morning's News

Prospex (PXEN LN)#

Prospex Energy (PXEN AIM) has confirmed the successful installation of the permanent electrical transformer at its El Romeral gas-to-power plant in Andalucía, Spain, with generation and power exports resuming on 11 September without material disruption to output. The timing enables PXEN to benefit fully from stronger European gas and power prices. Indeed, PXEN's investment case is underpinned by Europe's current reliance on imports and the disruption in the Middle East has highlighted this with Europe approaching winter with gas storage levels currently unseasonably low at around 68%.

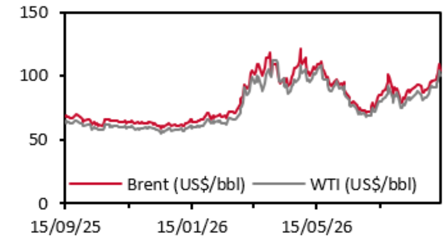
The new transformer replaces a rental unit that had been in place since February 2026. The cost saving is c.€14,000 per month. The final purchase instalment of €188k is payable within 60 days of installation and will be met from existing cash. Since the rental transformer was installed in February, daily generation at Romeral has increased from around four hours to around 16 hours, and Tarba has been cash self-sufficient in both July and August on the back of strong Spanish wholesale electricity prices.

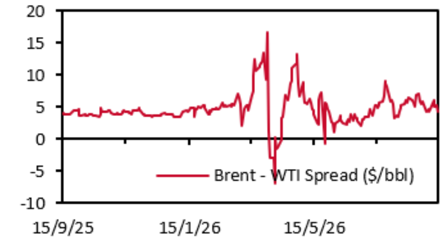
Tarba also has permit applications pending with Spanish regulators for five infill wells on the Romeral concessions which could substantially increase production and unlock value.

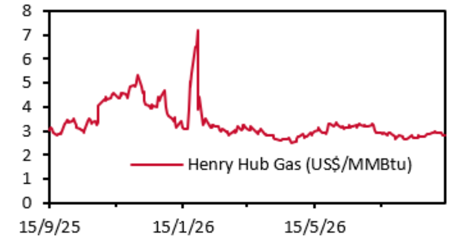
PXEN's share price is up c130% since early August as European gas and power prices have risen sharply. The resolution of issues at Tarba and previously Viura means PXEN is well-positioned to capitalise on higher prices. The rerating to date catalysed by higher prices therefore in part represents normalisation after these operational disruptions and our fundamental but heavily risked valuation indicates further upside.

We reiterate our BUY recommendation and target price of 19p/sh..

One-Year Charts







***NOTE:** #Indicates VSA house stock.*

***SOURCE**: Workspace LSEG, as of last close.*

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Stock Information

Stock	BBG Ticker	Exchange	Currency	Market Cap (Curr m)	Last Close (Curr)	Rec	TP	Date of Recommendation
Prospex Energy	PXEN	LSE AIM	£/p	29.71	6.85	BUY	19.00	06/09/2022

***NOTE:** #VSA house stock. **SOURCE:** Workspace LSEG data, VSA Capital estimates. Pricing as of last close.*

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SELL: The stock is expected to decrease by in excess of 10% in absolute terms over the next twelve months.

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Equities breakdown: 14/09/26	BUY	SPEC BUY	HOLD	SELL
Overall equities coverage	77%	23%	0%	0%
Companies to which VSA has supplied investment banking services	100%	100%	n/a	n/a