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MX Oil plc ("MX Oil' or the 'Company")

Investment update

MX Oil plc, the AIM quoted oil and gas investing company, provides the following update on its investments.

Nigeria

As announced on 4 May 2016, production of oil has now commenced from the Aje Field within block OML 113, offshore Nigeria in which the Company has an indirect investment. At the same time, the oil price has been steadily increasing and is expected to continue to increase further in the medium term. Against this background, the Company therefore believes that its indirect investment in OML 113 is becoming both more valuable and further de-risked.

As previously advised, the Company had provided GEC Petroleum Development Company Limited ("GPDC") with an option to acquire this interest, however, the first payment from GPDC to secure this option has not yet been received. The Company has been advised by GPDC that it remains committed to making this acquisition and is working hard to put the necessary funding in place. The Board still believes that selling the investment to GPDC could still be an attractive option, particularly against the background of the Company's current market capitalisation. However, at the same time, given the Board's view on future oil prices and the upside potential of the second phase of the Aje development, another viable option would be for the Company to retain this investment.

Mexico

On 8 March 2016, the Company announced that it had agreed to assign the Company's 55% working interest ("WI") in three of the four Land Contract Areas (the "LCAs") onshore Mexico that it was awarded in December 2015, for a total consideration of US$1.8 million to its partner Geo Estratos ("Geo"). As part of this agreement, the Company's WI in the Tecolutla LCA was to be increased from 55% to 66.6%.

As part of the assignment process, and given the financial risk associated with signing the contracts for the four LCAs and providing bonding, the Company was only going to proceed with this on the basis that Geo deposited the assignment funds in escrow prior to the signature date and provided the bonding for each LCA. Geo has not been able to do this this and therefore the contracts for the LCAs could not be signed and the subsequent assignment of these LCAs cannot now take place. Furthermore, having carried out more detailed work on Tecolutla with the competent person, ERC Equipoise, it would now appear that this licence is now unlikely to generate the required return to justify the necessary financial commitment and expected equity dilution resulting from the raising of funds required to develop this licence. The Company has therefore decided that it would not be in the Company's or shareholders' best interests to proceed with any of these licences particularly given the inherent risks associated with their funding in general and uncertainty surrounding its partner's funding ability. Whilst this outcome is disappointing, it is imperative that the Company limits its exposure to risk, is disciplined in only taking on attractive projects and ensures that the Company's existing indirect investment production asset in Nigeria is properly funded and protected.

The Company still believes that Mexico remains an attractive area for the production of hydrocarbons where the appropriate return can be generated and is now well placed to look at future opportunities.

MX Oil's Chief Executive Officer Stefan Olivier said:

"It is clearly disappointing that our Mexican partner could not come up with the necessary funds and that Tecolutla has proved to be less attractive than first thought. We have therefore had to make a tough decision not to proceed with the Mexico licences at this time, in order to avoid exposing the Company to undue risk and protect our existing investment that has now commenced production. I look forward to providing further production updates on the Aje field in due course"

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