

RNS Number : 2151A
MX Oil PLC
18 December 2014

MX Oil / Ticker: MXO / Index: AIM / Sector: Oil & Gas

18 December 2014

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

Update on Mexican Joint Venture Company activities in Mexico

MX Oil plc, the AIM quoted oil and gas investment Company focused on the re-opening Mexican energy sector, is pleased to update the market on its Mexican Joint venture company ('the JVCo') with its partner Geo Estratos ('Geo').

Significant work has been undertaken by the JV on a number of target blocks which are anticipated to be proposed for sale by both CNH, Mexico's upstream energy regulator, and made available for farm-in by Pemex, the state-owned national oil company. The JVCo has been in dialogue with a number of potential incoming partners who are interested in assisting the JVCo in pre-qualifying to bid for these assets. These parties include both potential partners with an historic production profile that it is likely the CNH will insist upon, and potential strategic investors which would demonstrate the JVCo's ability to fund multiple asset bids in Bid Rounds 0.5 and 1.

Over the last few months, it has become clear to the management team, how important the JV with Geo is to MX Oil and with this in mind, the Company has strengthened its relationship via an amended JV agreement which has now been executed. As part of this agreement, 20 million of the warrants announced to the market on the 1 August 2014 are being transferred to Geo's principal shareholders from MX Oil's management team and partners. As a result, Geo's and MX Oil's shareholder interests are more closely aligned without any dilutive impact to MX Oil's shareholders. Furthermore, under the terms of this amended JV agreement, Geo is assigning to the JVCo all the benefits and opportunities that fall under their Master Technological Agreement with Pemex. Management believes this strengthens JVCo's profile as a partner with Pemex which better positions it to secure farm-out opportunities that are currently being explored with Pemex.

The key changes to MX Oil's JV with Geo are:

- Geo agrees to direct any E&P concession with either Pemex, the state-owned national oil company, or CNH in Mexico exclusively through the JVCo on a right of first refusal basis - however, MX Oil retains the right to participate in any concessions or projects in Mexico outside of the JVCo
- Geo agrees to transfer the benefits and opportunities generated by Geo's Research, Scientific and Technology Agreement ('Technology Agreement') with Pemex through which it provides services such as exploration, drilling, production, transportation and storage of hydrocarbons into the JVCo
- To further align interests between MX Oil and Geo, 20 million existing warrants currently due to the Board and Northcote Energy ('Northcote'), are to be transferred to Geo's management team - subject to shareholder approval
- JVCo's technical team including geoscientists, engineers and seismic specialists which has been in place since September 2014 continues to undertake analysis on a number of target onshore assets and have identified a number of primary candidates to focus on
- Discussions with Pemex with regards to making an application for specific target assets in Mexico under Bid Round 0.5 are progressing well - a further announcement will be provided in due course

MX Oil's Chief Executive Officer Stefan Olivier said, "MX Oil's strategy to acquire and develop licences in Mexico is progressing well and we are confident that the funds raised during 2014 will be sufficient to see us secure our first block or blocks in the initial bidding rounds. Geo's agreement to exclusively bid for all concessions and projects in Mexico through our JVCo is a major milestone for us which, thanks to Geo's existing relationship with Pemex, strengthens MX Oil's position as an early mover in the vast reopening Mexican energy sector. Geo have received approaches from a number of significantly larger players than MX Oil and their commitment to us is a reflection of our growing status in the Mexican energy space. Similarly, transferring the benefits and opportunities generated by their technology agreement with Pemex, which covers the provision of activities including exploration, drilling and production significantly enhances our JVCo's credibility with both Pemex and CNH, the upstream regulator.

"We are greatly encouraged by the results of the work we and our partners have carried out to date on our target concessions. This work suggests that these are highly attractive, both in terms of the geology but also with regards to the financial returns on offer, which remain significant despite current volatile oil markets. Following last week's opening of Bid Round 1 by the Mexican energy regulator initially for shallow offshore acreage, we are looking forward to the release of prequalification criteria covering conventional onshore acreage in Q1 2015. Given that MX Oil has sufficient funding to participate in the upcoming bidding

rounds, we believe we have in place a strong platform with which to secure assets in both Bid Rounds 0.5 and 1. Further updates on our progress and exploration work will be provided in due course as we look to secure and develop what we believe are company-making oil and gas assets, and in the process generate significant value for our shareholders."

* * ENDS * *

For further information please visit www.mxoil.co.uk or contact:

MX Oil PLC

Stefan Olivier, CEO +44 20 7710 9618

Cairn Financial Advisers LLP

(Nominated Adviser) +44 20 7148 7900

Jo Turner/Liam Murray

Hybridan LLP +44 20 3713 4581

(Lead Broker)

Claire Louise Noyce

Niall Pearson

Cornhill Capital +44 20 7710 9612

(CoBroker)

Nick Bealer

St Brides Media & Finance Ltd +44 20 7236 1177

(Financial PR)

Lottie Brocklehurst

Frank Buhagiar

This information is provided by RNS
The company news service from the London Stock Exchange