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MX Oil PLC
22 October 2018

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MX OIL PLC
("MXO" or the "Company")

Fundraise, Issue of Equity and Corporate Update

MXO plc, an oil and gas investing company quoted on AIM, announces that it has raised £1,000,000 before expenses via a placing and subscription (the "Fundraise") and provides the corporate update.

Highlights

- **£1,000,000 raised, before expenses, through a subscription and placing of ordinary shares to provide on-going working capital**
- **Continued production from the Aje field of around 3,300 bopd (165bopd net to MXO)**
- **Discussions underway with potential project financing partners in connection with MXO's 6.67% of the Aje Phase 2 development, targeting estimated gross production of 8-12,000 bopd**
- **Appointment of Gneiss Energy, a boutique energy corporate advisory firm, to assist with project financing discussions**
- **The Company has undertaken its own engineering cost estimates which indicate that the future gas development could be substantially lower than the originally estimated figure of US$1.1 billion. At a development cost of US$ 545 million, the NPV10 could be US$ 50 million, net to the Company - a 78% increase in the Company's base NPV assumption**
- **Reduction in Company's operating cost base including the receipt of shares in lieu of salary for 6 months by certain Company Directors to preserve cash**
- **Non-Executive Chairman Nicolas Lee has stepped down with immediate effect**
- **Richard Carter, currently a Non-Executive Director, will assume an interim role as Non-Executive Chairman as the Board undertakes a restructuring designed to prepare the Company for future activity**

Fundraise

MXO has raised £1,000,000, before expenses, via a placing and subscription of 1,000,000,000 new ordinary shares at a price of 0.1 pence per share ("Placing Price") (the "New Ordinary Shares"). As part of the Fundraising, certain Directors will participate, by way of both subscription and conversion of accrued salaries, for £153,000 of New Ordinary Shares at the Placing Price.

In August 2018, the Company announced that consent from the Minister of Petroleum Resources had been received for the renewal of the OML 113 licence for another term of 20 years. The renewal is subject to the satisfaction of certain conditions, including a commitment to develop the gas potential of the licence.

The proceeds of the Fundraise will be used for the additional investment appraisal of OML113 and to pay its working interest share of the licence extension fees associated with the renewal of the OML 113 licence.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares on AIM will commence on or around 28 October 2018.

Board participation and remuneration

As part of the Fundraising, Directors will participate, by way of subscriptions and conversion of accrued salaries, for £153,000 of New Ordinary Shares at the Placing Price.

Certain directors of the Company have participated in the Fundraise as follows:

Name	**Subscription amount (£)**	**Conversion amount (£)**	**Number of New Ordinary Shares acquired**	**Interest in shares following the Fundraise**	**Interest as a percentage of enlarged issued share capital**
Nicholas Lee	-	49,000	49,000,000	50,000,000	1.8%
Stefan Olivier	30,000	23,000	53,000,000	63,000,000	2.3%
Nigel McKim	20,000	19,000	39,000,000	39,000,000	1.4%
Richard Carter	-	12,000	12,000,000	12,000,000	0.4%
Total	**50,000**	**103,000**	**153,000,000**	**164, 000,000**	**5.9%**

Furthermore, the Company has carried out a review of its cost base and has taken measures to significantly reduce this going forward. To this end, in addition to the participations above, Directors have also agreed to receive shares in the Company in lieu of salary for six months following the Fundraise. It is intended that these shares will be issued at the higher of, the price based on the 5-day VWAP preceding the date of issue of these shares or the Placing Price.

Operational Update

During 2018, the Company's investment in the OML 113 licence has continued to make good progress. The two wells in the Aje Field within the OML 113 licence area have continued to produce at a relatively stable rate of around 3,300 bopd (165 bopd net to MXO).

Based on the updated CPR, the details of which were announced in May 2018, the partners are modelling the potential for new oil wells in both the Turonian and Cenomanian. Subject to the outcome of this modelling work, the Company expects the partners to commission further drilling in 2019 ("Phase 2") with a view to a full development project thereafter.

Accordingly, MXO is in the early stages of discussions with groups on the provision of project financing for its share of the development costs for the completion of the additional wells expected in Phase 2 through to full field development. The Company believes that these two development phases may result in peak oil production rates of 8,000 to 12,000 barrels of oil per day for the initial development drilling, assuming one new development well in the Cenomanian reservoir and one horizontal side track development well in the Turonian reservoir, and could increase to 20,000 barrels of oil per day and 100 million standard cubic feet per day of gas for the full development project.

The CPR estimates that the oil in place in the two reservoirs targeted by the potential additional development activity may be up to 150-170 million barrels in the mid case. A Company review of analogue development projects suggests that recovery factors of up to 40% may be achievable with the future development, under this assumption total oil resources of up to 50 million bbls may be accessed by this development activity.

It is envisaged that in order to fund the development described above, project financing at the asset level would be procured. At this stage, the development costs are still being modelled. The Board recognises funding projects of this size by equity is not practical and, accordingly, the Board has commenced steps to secure debt funding for Phase 2 and, potentially, further future stages of development.

MXO has entered into an agreement with Gneiss Energy, an energy-focused advisory firm, for the purposes of advising on the project finance arrangements for the next phase of development.

As part of the Company's investment appraisal process, it has modelled economic cases that assess the potential value of the Company's net share of the Aje project under further development assumptions. At oil prices of 80 US$/barrel, the current development plan could generate a net present value at 10% discount rate ("NPV10") of US$ 28 million net to the Company. This includes a current assumption that the gas development project would cost US$ 1.1 billion. The Company has undertaken its own engineering cost estimates which indicate that the gas development project could be substantially lower than this figure. At a development cost of US$ 545 million, the NPV10 is estimated to be US$ 50 million, net to the Company. A further scenario was modelled which included the potential recovery of an incremental 40 million barrels at an additional capital expenditure of US$ 400 million, risked at 50%, resulting in a risked NPV10 of US$ 78 million net to the Company.

The Company advises that these estimates are solely for the purpose of the Company's investment appraisal and based on a number of assumptions. There can be no certainty of the estimates at this stage, the recovery rates or the success or cost of the development activity needed.

Directorate change and Board restructuring

MXO announces that Nicholas Lee, Non-Executive Chairman, has decided to step down from the Board with immediate effect in order to spend more time on his other business interests. The Board would like to thank Nick for his help and guidance during his time with the Company.

Richard Carter, who is currently a Non-Executive Director, will assume the role of Non-Executive Chairman in the interim. The Board intends to continue to look to restructure in an appropriate manner to support the next phase of the Company's development. The Board is seeking to appoint a new independent Non-Executive Chairman from outside the Company and a further announcement will be made in due course.

Related Party Transaction

The participation by Directors and the agreement to receive shares in lieu of salary constitute related party transactions pursuant to Rule 13 of the AIM Rules for Companies. With the exception of Mr Lee, Mr Olivier, Mr McKim and Mr Carter, the directors consider, having consulted with its nominated adviser, Cairn Financial Advisers LLP, that the terms of the transactions are fair and reasonable insofar as its shareholders are concerned.

Total Voting Rights

The Placing is conditional, among other things, upon Admission becoming effective. Following Admission, the issued share capital of the Company will comprise 2,771,349,664 Ordinary Shares with one voting right per share.

The Company does not hold any shares in treasury. Therefore, the total number of ordinary shares and voting rights in the Company will be 2,771,349,664. The above figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

Stefan Oliver, the Company's CEO commented:

"I am very pleased that investors continue to be supportive and these new funds will go towards the further development of the Aje project. The Company is very encouraged by the progress that RPS Energy are making on the modelling work and look forward to providing updates on this in due course. The continued production stability is extremely encouraging and provides a solid base upon which to build the significantly larger full field development."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 and the person who arranged for release of this announcement on behalf of the Company was Stefan Olivier, Chief Executive Officer of the Company. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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MX Oil's classification of reserves and resources are based on the definitions set by the Petroleum Resources Management System (PRMS-2007), sponsored by the Society of Petroleum Engineers/World Petroleum Council/American Association of Petroleum Geologists/Society of Petroleum Evaluation Engineers (SPE/WPC/AAPG/SPEE) as issued in March 2007.

The announcement has been reviewed by Nigel McKim, COO of MX Oil plc, who is a petroleum engineer and SPE member with more than 30 years of experience in field development planning and production.

Glossary of key terms

bbls	barrels
bopd	barrels of oil per day
Mscf	Thousand standard cubic feet
MMboe	Million barrels of oil equivalent