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

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Market update - Nigeria investment

In 2016, the production of oil commenced from the Aje Field within block OML 113, offshore Nigeria, in which the Company has an investment. The Aje-4 well, the first well to go into production, has continued to produce since the date of first production. After an initial period of decline associated with rising water cut, production has now stabilised. As previously announced, production from the Aje-5 well has been limited and has required subsurface intervention. This intervention is in the process of being completed and will include re-connection to the subsea tree. A further update will be provided in due course. To date, the Company has completed its share of the payments required to get to this stage of the project's development.

As has previously been announced, the Aje Field is believed to hold significant resources of gas. The partnership has been progressing the field development plan for the development of the gas and has also held discussions with various potential gas off-takers. The partners in the Aje Field are therefore currently considering whether it would be more appropriate for the next stage of the field development to focus on gas production rather than drilling additional oil wells. It is expected that a CPR will be updated shortly with a focus on the gas using the new data obtained from the recent operational work on the Aje 5 well. Previously, it was anticipated that a further well, Aje 6, would be drilled in the short term to increase oil production from the field, however, until the partners have concluded as to the most appropriate next steps, the drilling of this well will be deferred.

CEO, Stefan Oliver said:

"Given the potential scale of the gas opportunity versus the risk and reward of drilling additional oil wells, it makes sense for the partners to consider and reflect on what the next stage of the development should be. This discussion is currently ongoing and I look forward to updating the market in due course as the thinking develops."

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