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Prospex Oil and Gas PLC
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Prospex Oil and Gas Plc

("Prospex" or the "Company")

Acquisition of 17% interest in Proven Gas Permit in Po Valley, Italy

Placing to raise £1.6 million

Update on Investment in Romania

Prospex Oil and Gas Plc, the AIM quoted investment company, is pleased to announce a farm-in agreement with Po Valley Operations Pty Ltd, a subsidiary of ASX listed, Po Valley Energy ("PVE"), to acquire a 17% working interest in the Podere Gallina Exploration Permit ("Podere Gallina" or the "Permit") in the Po Valley region of Italy (the "Acquisition") for a total consideration payable of approximately €1.15 million (the "Consideration").

The Company also announces that it has raised £1.6million (approximately €1.8 million gross) via an oversubscribed placing of 372,093,000 ordinary shares of £0.001 each (the "New Ordinary Shares") at a price of 0.43 pence per New Ordinary Share (the "Placing Price") (the "Placing"). The net proceeds of the Placing will be used to satisfy the Consideration and for general working capital purposes.

The Acquisition

The Permit contains the currently shut-in Selva Gas-Field, which historically produced 83Bcf between 1960 and 1984, as well as multiple exploration opportunities. The Acquisition is in line with the Company's objective to build a portfolio of high impact onshore and shallow offshore European opportunities with short timelines to first, or restarted production.

Podere Gallina Permit: a proven play in a prolific hydrocarbon region

- Located onshore northern Italy in the Po Valley where over 5,000 wells have been drilled historically

- Holds the Selva Gas-Field (previously operated by ENI) ('Selva'), which produced 83 Bcf from Lower Pliocene gas sands before being shut-in in 1984, at which point it was still producing at >0.9Bcf per year
- Modelling work highlights the potential to recover undrained gas structurally updip from historic Selva wells

Significant near term development project at Selva

- The Podere Maiar-1d appraisal/redevelopment well ("Maiar-1d" or "the Well") is to be drilled into Selva in Q4 2017 to a total of 1,350 metres measured depth, targeting contingent resources (2C) of 17 Bcf. Excellent quality reservoir with 70+ m of sand and porosities over 27%
- €3.4 million gross cost of Maiar-1d includes completion of drilling and testing - the Company's share of the cost of this well is the Consideration.
- Limited additional capex required to put the Well on production in the event of success due to nearby infrastructure and minimal gas processing requirements - high methane (99%) / low liquids content of Selva gas
- The Operator, PVE, is highly experienced in developing similar sized gas projects in the Po Valley
- PVE will mobilise the Archimede HH Rig to site in the first weeks of November with a planned spud date of 14 November 2017 for an anticipated 30-day drilling programme.

Multiple exploration prospects identified

- East Selva - lies along the same play trend as the nearby Minerbio and Selva Fields
 - o Estimated 35 Bcf recoverable prospective resource - historic CPR by CGG Services (UK), dated 25 July 2017 (the "CGG CPR")
 - o 3D Seismic acquisition has been proposed to mitigate high risk identified in the CGG CPR due to sparse seismic coverage
- Fondo Perino, also lies along the same play trend as the nearby Minerbio and Selva Fields
 - o 3D seismic planned to further de-risk the prospect
 - o Estimated 14 Bcf recoverable prospective resource (Source:- CGG CPR)
- Cembalina, estimated 3.3 Bcf recoverable prospective resource (Source: - CGG CPR)

Acquisition Details

- Consideration of approximately €1.15 million earns a 17% interest in Podere Gallina and

equates to c. 34% of the Maiar-1d well costs. Equivalent to a 2:1 promote on the Podere Maiar-1d well to earn an ongoing interest in the Permit

- Upon payment of the Consideration, a 17% interest in the Permit will be transferred to Prospex
- United Oil & Gas plc ("United"), party to the permit, have given their approval to the transfer from PVE to PXOG
- Prospex to be a party to the Joint Operating Agreement along with PVE and United

Following the Acquisition, the interests in the Permit are PVE 63%, United 20% and Prospex 17%

Update on Investment in Romania

Prospex is also pleased to provide an update on its investment in the Exploration Area of the EIV-1 Suceava Concession (the 'Concession' or 'Suceava'), which is located in a proven hydrocarbon basin in North East Romania. Prospex has a 50% interest in Suceava.

Prospex has been informed by the operator, Raffles Energy S.R.L. that the Weatherford 865 rig has not yet been released from drilling operations in the neighbouring block to the west. Once these operations are complete the rig will move and commence operations at Baiset-1. It is anticipated that the rig could be onsite in a couple of weeks, but exact timings remain dependent on the rig being released from its current operations.

Bill Smith, Non-executive Chairman, commented: *"Today's farm-in to Podere Gallina will see Prospex participate in the drilling of two wells in Q4 2017: the Maiar-1d well in the Po Valley and the Baiset-1 well on the Suceava concession in Romania. From the outset we set out to expose our shareholders to value triggering events such as drilling, and we are doing just that."*

"As demonstrated by today's Placing, we have a shareholder base that is highly supportive of our strategy to build a portfolio of investments in European onshore projects, which are located in proven plays; are close to infrastructure and markets; benefit from considerable historic data either via well logs or seismic analysis; offer a combination of development and exploration opportunities; and are low cost. We do not intend to stop with Podere Gallina and we continue to evaluate a number of additional projects that match our investment criteria. In the meantime, with operations on the Maiar-1d well due to commence before the end of the year, we are looking forward to working closely with the strong technical teams of United Oil and Gas and Po Valley, as we focus on generating significant value for Prospex shareholders in the near term."

Further details on the Placing and Total Voting Rights

The Placing Price represents a discount of approximately 11 per cent to the mid-market closing price of the Company's Ordinary Shares on 30 October 2017. The New Ordinary Shares will rank pari passu with the existing Ordinary Shares. Application will be made for the New Ordinary Shares to be admitted to trading on AIM ("Admission") and Admission is expected to occur on 6 November 2017.

Following Admission, the Company will have in issue a total of 1,013,593,136 Ordinary Shares. The Company has no shares in treasury, therefore the figure 1,013,593,136 should be used by shareholders 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 Guidance and Transparency Rules.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

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Notes

Prospex Oil and Gas Plc is an AIM quoted investment company focussed on high impact onshore and shallow offshore European opportunities with short timelines to production. The Company's management is looking to acquire undervalued projects with multiple, tangible value trigger points that can be realised within 12 months of acquisition and then applying low cost re-evaluation techniques to identify and de-risk prospects.

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

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