30 June 2020

Prospex Oil and Gas Plc ('Prospex' or the 'Company')
Annual General Meeting Statement

Prospex Oil and Gas Plc, the AIM quoted investment company, is holding its Annual General Meeting ('AGM') later today. At the meeting, Edward Dawson, CEO of Prospex, will make the following statement:

"The 2020 Prospex Oil & Gas AGM is unusual, not just because COVID-19 has prevented shareholders from attending and voting in person, but also because a resolution has been put forward for shareholders to vote by proxy to change the Company's name to Prospex Energy Plc. In our view, the proposed name change reflects how far we have come in terms of building a portfolio of onshore European projects that are at various stages of development and cover the entire energy cycle including exploration, development, production and power generation. Today, Prospex has a producing gas field in Romania, an integrated gas and power project in Spain, a gas discovery in Italy that is expected to come online in H1 2021 and a large scale exploration / appraisal project in southern Spain that has the potential to hold up to 830 Bcf of gas.

"It is no coincidence that all our projects target gas as opposed to oil. Historically gas prices are less volatile than oil benchmarks, due in part to the fuel typically being sold to local markets at prices agreed in multi-year contracts, providing a greater degree of predictability to revenues. Natural gas is the cleanest hydrocarbon in terms of carbon emissions when combusted, and so is increasingly viewed as an important transition fuel as the world moves towards net zero emissions. We believe now is the right time to change the Company's name to Prospex Energy as the Board attaches a great deal of importance to its Environmental, Social and Governance ('ESG') obligations and the Company is on course to become a 49.9% owner of an 8.1 MW power station that sells electricity to the Spanish grid, subject to the completion of the transfer of the El Romeral asset.

"The proposed name change is not based solely on the Company's assets today but also on those we expect to acquire in the future. Three of our four core projects are either currently producing gas, such as the Bainet field in Romania and the El Romeral gas and power project in Spain, or being advanced towards first production, as is the case with the Selva gas field in Italy, but all our projects offer multiple follow-up opportunities to substantially grow the number of gas fields within our portfolio.

"At El Romeral in Spain there are, gross contingent resources of 5 Bcf and gross prospective gas resources of 90 Bcf have been identified at two development locations and 11 very-low risk prospects respectively. These provide considerable scope to add to the three producing wells on the licence, which would not just increase gas production but would also scale up electricity generation towards the plant's full capacity. Together with enough gas resources to feed the plant for years to come, El Romeral has the potential to generate annuity-like returns for Prospex, which in turn could be reinvested elsewhere in our portfolio to increase production and cash flows further.

"Another prime candidate for follow-up activity is the Podere Gallina Permit in the Po Valley region of Italy. Here, as well as the Selva gas field, which is currently in the process of being permitted ahead of commencing production in H1 2021, there is much more to go for in terms of additional prospectivity across the licence. In addition to the 13.3 Bcf (2P) gross gas reserves assigned to the Selva field, a CPR produced by geophysical services consultancy, CGG Services (UK) Limited, estimated Selva's two historic gas producing North Flank and South Flank reservoirs have a 60% - 70% chance of holding gross contingent resources ('2C') of 14.1 Bcf. Outside Selva, there are four large prospects (East Selva, Fondo Perino, Cembalina, and Riccardina), which are estimated to hold aggregate gross prospective resources (best estimate) of 91.5 Bcf.

"Our immediate priority in Italy is of course to bring Selva into production. Once the permitting process has been completed, the planned development is relatively straightforward and involves initially installing a fully automated gas plant at the location of the successful Podere Maiar 1dir well, along with a one-kilometre long pipeline to connect the well with the nearby Italian National Gas Grid. In all, the footprint of the planned Selva development will be less than half a hectare and importantly will result in zero emissions arising from any future gas production. At an estimated net cost to Prospex of €400,000, bringing Selva into production at an initial daily production rate of up to 150,000 cubic metres (5.3 mmscf/d) has an attractive payback profile, even at today's subdued gas prices.

"When Selva comes on stream and subject to conclusion of customary discussions with the regulator regarding the transfer of El Romeral to our Spanish affiliate Tarba Energia, we will have material interests in five producing wells, which combined have the potential to produce over 7,800,000 scm net to Prospex in 2021. This level of production will provide us with a cash flow generative platform to further develop the portfolio, whether at El Romeral, Selva, Suceava or Tesorillo.

"While timings may be pushed out by the ongoing COVID-19 pandemic and associated lockdowns, as has been the case with the Selva gas field where first production is now expected in H1 2021, a route map remains in place to monetise and maximise the value of our asset base. I am therefore confident the year ahead will see further progress made towards transforming Prospex into an energy company that not only has a portfolio of diverse and stable revenue streams, but also one that takes its ESG responsibilities seriously."

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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 strategy is 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.