

12 March 2019

Prospex Oil and Gas Plc ('Prospex' or the 'Company')
Concession Enlargement and Production Update

*New Gas Prospect Added to Portfolio Following Enlargement of Suceava Concession,
Romania
&
Bainet-1 Production Update*

Prospex Oil and Gas Plc, the AIM quoted investment company, is pleased to announce that it has been advised by the operator, Raffles Energy S.R.L. ('Raffles'), that the National Agency for Mineral Resources ('NAMR') has granted an enlargement ('Additional Area') of the Exploration Area of the EIV-1 Suceava Concession (the 'Concession' or 'Suceava Exploration'), North East Romania. The Additional Area awarded covers a new gas prospect that is similar to the Bainet discovery which Raffles and Prospex successfully drilled in November 2017 and started production in September 2018. Prospex's wholly-owned subsidiary PXOG Massey Limited holds a 50% non-operated interest in the now enlarged 984 sq km Concession.

The Additional Area is located near the Bainet discovery and extends the Concession west towards the Bilca Gas Processing plant. Importantly, the Additional Area contains a gas prospect which is well defined on 2D seismic with similar seismic attributes to the Bainet field. This Bainet look-a-like prospect lies at a similar depth and is similarly positioned in relation to a fault. Bainet-1 was drilled to a total depth of 600m and encountered 9m of reservoir with 8m of net gas pay consisting of a good quality Sarmatian sandstone reservoir, similar to that found in fields producing in and around the Concession. During testing, natural gas containing over 99% methane flowed at a rate of approximately 33,000 cubic metres/day through an 8mm choke.

The Bainet-1 well has been connected to the Raffles operated Bilca gas processing plant via a 2.2km flowline tie back to the existing production infrastructure. After a six-month period of production, Bainet's reservoir is currently performing in line with expectations. Moving forward the Joint Venture is assuming an average production rate of 15,000 m³ per day for 2019 budgeting purposes. If a future discovery was made in the Additional Area, it would be likely put on production in a similar fashion to Bainet.

Prospex has agreed to reimburse Raffles a 50% share of the back costs incurred maturing the prospect, in amount of €125,000 net to Prospex and payable from production, after a well is drilled in the Additional Area. A new exploration well would require permitting approvals for

drilling, site preparation and civil engineering works and flowline connection to the gas processing facility, the operator has commenced work on putting the required permits in place.

Prospex's Non-Executive Chairman, Bill Smith, said, "With the addition of a look-a-like Bainet structure, the enlargement of the Suceava Concession immediately increases the inventory of low cost, low risk gas prospects already mapped on the licence. With a less than a year cycle between drilling, completion and production start-up, the rapid development of Bainet demonstrates Romania's credentials as a good jurisdiction to invest in. Thanks to a positive regulatory backdrop and the 'Can do Attitude' of the experienced operator, small but very meaningful accumulations can be developed to generate attractive returns, if they are close to infrastructure and costs are controlled. Based on our €400,000 share of costs to drill and complete the Bainet-1 well as a producer and excellent access to existing infrastructure, the Bainet look-a-like is one such opportunity which we hope will generate attractive returns for the partners.

"Further investment in our Romanian portfolio makes huge sense on both a standalone basis and part of prudent portfolio management, as we focus on generating multiple routes to quick, low risk cashflow. Combined with our 17% interest in the Podere Gallina licence onshore Italy, where we are working with our partners to bring the 13.3 bcf Selva Gas Field into production at a gross rate of 150,000 cubic metres / day in 2020, and our Tesorillo Project in Spain, where a technical work programme is underway to de-risk gross prospective resources of up to 2tcf of gas which includes an historic discovery, the value case for Prospex is clear.

"Furthermore, we continue to evaluate additional opportunities that match our investment criteria, specifically late stage European onshore projects with short timelines to value-generating activity, such as drilling. I look forward to providing further updates on our progress as we focus on monetising and growing our asset base and in the process generating significant value for our shareholders."

Competent Person Review

Carlos Venturini, Fellow of the Geological Society of London, Exploration Manager has reviewed and approved the technical information contained within this press release in his capacity as a qualified person, as required under the AIM Rules.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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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.