

17 September 2018

**Prospex Oil and Gas Plc ('Prospex' or the 'Company')**  
**First gas production in Romania**

**Highlights**

- The Bainen gas field on the EIV-1 Suceava Concession, Romania commenced the experimental production at an initial rate of c.0.7mmscf/day
- Bainen gas production is sold to the local market at current prices of approximately €6 per mcf
- Represents Prospex's first production revenues from its portfolio of licences focused on the European Foredeep play, which includes a further gas discovery onshore Italy that is being advanced towards production
- Similar gas prospective areas / potential drilling targets on the licence currently being evaluated as part of forward development plan to scale up revenues

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 first gas production has commenced from the Bainen gas field ('Bainen' or 'the Field') in the Exploration Area of the EIV-1 Suceava Concession (the 'Concession' or 'Suceava'), North East Romania. Prospex's wholly-owned subsidiary PXOG Massey Limited holds a 50% non-operated interest in the 980 sq km Concession.

Gas from the Field is sold into the national grid run by Transgaz at the Romanian market prices of circa €6 per mcf. The buyer of gas is a well-established Romanian gas trading business. Gas delivered in one month is paid for in the following month. The operator has elected to target an initial flow rate of c.0.7mmscf/day (approximately equivalent to 20,000 scm/day). Production rates may be adjusted up or down according to the well performance and the market demand.

Bainen, which was drilled in November 2017 and completed as a producer, has been connected to the Raffles operated Bilca gas processing plant via a 2.2km flowline tie back to the existing production infrastructure. The Well 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.

Bainen was the first ready-to-drill prospect out of the multiple prospects and leads identified on the Concession. The remaining prospects continue to represent relatively low cost opportunities to further increase production at Suceava and are currently being evaluated for exploration and potential development.

Bainet came on stream within the original drilling and development estimate, Prospex has paid its share, totalling €400,000.

**Prospex non-executive Chairman, Bill Smith, said,** "The commencement of first gas production in Romania is a milestone event, which transforms Prospex into a revenue generative investment company. With multiple similar prospects already identified on the licence, each of which can be explored and developed at relatively low cost, Suceava represents an excellent, low risk opportunity to scale up our revenues.

"Prospex first announced the acquisition of a 50% interest in Suceava in August 2017 and in the intervening period not only has the joint venture made a commercial gas discovery but we have completed planning, permitting and development work and now brought the Bainet well into production. To have successfully put Bainet into production in such an incredibly short time frame, congratulations must first go to Raffles, the operator, whose professional approach and proven experience have enabled us to reach this very significant step on budget. I would also however like to take this opportunity to congratulate our own first-rate team, who not only identified Suceava as a suitable project but their contribution along the way. This is an incredible achievement for any oil and gas company, let alone a junior such as Prospex.

"We intend to replicate this success elsewhere on our other licences, including the Podere Maiar gas discovery onshore Italy which is being advanced towards production, and Tesorillo in Spain where work is underway to de-risk up to 2TCF of gross prospective resources. With activity ongoing across our asset base, I look forward to providing further updates on our progress."

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.*

**\*\* ENDS \*\***

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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.