

15 January 2019

**Prospex Oil and Gas Plc ('Prospex' or the 'Company')**  
**Preliminary approval of production concession application, onshore Italy**

Further to the announcement of 29 May 2018, Prospex Oil and Gas Plc, the AIM quoted investment company, is pleased to announce that it has been advised by the operator, Po Valley Operations Limited ('PVO'), that the production concession application to develop the Selva Malvezzi Gas-Field ('Selva') in northern Italy (the 'Production Concession') has received preliminary approval from the Italian Government. Prospex holds a 17% interest in Selva, which sits within the 331km<sup>2</sup> Podere Gallina Exploration Permit (the 'Podere Gallina') in the Po Valley region of Italy.

**The Development**

The proposed development centers on the installation of a fully automated gas plant at the existing Selva/Podere Maiar-1d appraisal/redevelopment well site. Based on dynamic reservoir studies, phase one is targeting daily production at a rate of up to 150,000 cubic metres (5.3 mmscf/d) from two gas-bearing reservoirs, C1 and C2, in the Medium-Upper Pliocene sands of the Porto Garibaldi formation. In addition, a 1km long pipeline will be laid to connect the plant to the Italian National Grid.

Podere Maiar was drilled in Q4 2017 into Selva (previously operated by ENI), which historically produced 83Bcf of gas between 1960 and 1984. During testing, peak flow rates of 148,136 scm/day (5.2mmscf/d) on a 3/8 inch choke and 129,658 scm/day (4.6 mmscf/d) on a 3/8 inch choke were recorded from the C1 and C2 reservoirs respectively.

A further phase of the development is planned, which is contingent on the results of a planned 3D seismic acquisition programme (subject to JV approval) and involves PVO drilling additional wells to significantly expand the Production Concession's natural gas resource base. Drilling will target prospects including Selva East and Selva South Flank which fall within the Production Concession area. 3D seismic will be acquired across these areas in 2019.

Final approval from the Italian Government is subject to customary regulatory processes being completed, including the approval of an Environmental Impact Assessment.

**Prospex non-executive Chairman, Bill Smith, said,** "With the preliminary approval of this Production Concession, Podere Gallina remains on course to become Prospex's second revenue generative asset when it comes on stream in 2020, alongside our 50% interest in the producing Suceava licence in Romania. As with Suceava, Podere Gallina offers significant development upside and, importantly, the approved development plan covers multiple prospects that have already been identified on the licence. These prospects will be targeted through the acquisition of 3D seismic data to further de-risk the additional prospectivity and inform a future well programme.

“The approval marks an excellent start to 2019 for Prospex. With activity planned across our portfolio, including work to advance the up to 2 Tcf Tesorillo Gas Project in southern Spain, together with our continued efforts to acquire interests in additional onshore European projects that match our strict investment criteria, 2019 promises to be an exciting year for Prospex. I look forward to providing further updates on our progress, as we focus on exposing our shareholders to a continuous pipeline of opportunities that offer significant re-rating potential.”

**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.