

7 February 2019

Prospex Oil and Gas Plc ('Prospex' or the 'Company')
Selva Gas Field, Onshore Italy
Maiden Gas Reserves for Prospex

Highlights:

- Gross 2P reserves of 13.3 billion cubic feet ('bcf') assigned to Selva Gas Field in northern Italy by independent geophysical services consultancy, CGG, representing the Company's maiden reserves via its 17% interest
- Equates to 2.26 bcf of net 2P reserves attributable to Prospex's 17% interest in the Podere Gallina Exploration Permit
- Reclassification of gross contingent resources follows successful drilling and testing of Podere Maiar well ('PM-1') in January 2018
- Selva is due to commence production in 2020 at a gross rate of up to 150,000 cubic metres per day
- Reserves are subject to the award of a Production Concession, for which preliminary approval has been granted
- Combined additional prospective resources of up to 50bcf (100% best case) with 30-34% chance of success estimated for East Selva and Fondo Pierino prospects on Podere Gallina

Prospex Oil and Gas Plc, the AIM quoted investment company, is pleased to announce gross gas reserves ('2P') of 13.3 bcf for the Selva Malvezzi Gas Field ('Selva') in northern Italy, representing the first reserves for Prospex. This follows the successful drilling and testing of the Podere Maiar 1 well in 2018 which informed a reclassification of previously reported gross contingent resources ('2C') by independent geophysical services consultancy, CGG Services (UK) Limited ('CGG') via a Competent Persons Report (CPR) for the co-venturers in Selva. Selva sits within the 331km² Podere Gallina Exploration Permit (the 'Podere Gallina') in the Po Valley region of Italy. Prospex holds a 17% interest in Podere Gallina, equating to net 2P reserves attributable to the Company of 2.26 bcf for Selva.

Selva Gas Field Reserves

	Selva Gas Field Reserves (bcf)		
	February 2019		
	1P	2P	3P
Gross	4.1	13.3	29.8
Net to Prospex	0.697	2.26	5.1

Additional Prospectivity at Podere Gallina

Additional prospects have been identified within Podere Gallina, including the Selva East, Selva South Flank, Fondo Pierino and Riccardina structures. The gross prospective resources are tabulated below:

	Gross un-risked prospective resources bcf (100% best estimates)	
Prospect	Best	Chance of Success
Selva East	34.8	30%
Fondo Pierino	14.6	34%
Cembalina	3.3	51%
Selva South Flank	To be determined in Q2 2019	
Riccardina	To be determined in Q2 2019	

All the above structures are located within the Production Concession licence application area (the 'Production Concession'). Following the anticipated final grant of the Production Concession, East Selva will be a priority for drilling. The chances for success at East Selva were significantly upgraded to 30% following the successful PM-1 well.

Prospex non-executive Chairman, Bill Smith, said, "Our 2.26bcf share of the Selva Gas Field's reserves represents another first for Prospex. While bringing the Bainen gas field in Romania online generated our first production and revenues in 2018, Selva is the first time that valuable reserves have been assigned to one of our projects by an independent third party. Not only is this a major milestone for the Company, it provides Prospex with significant asset backing, particularly when compared to our current market valuation of approximately £3.3m.

"In a short space of time, Prospex has been transformed from an investment company with a growing portfolio of interests in late stage European onshore projects, to one that is asset-backed and cash flow generative. Thanks to an inventory of multiple targets across our existing portfolio, including the up to 2 Tcf Tesorillo Gas Project in southern Spain and a further 50bcf of prospective resources identified in Italy, we are well placed to build on our success to date, particularly as, in line with our investment criteria, all our projects hold historic discoveries and are located close to producing fields. I look forward to providing further updates on our progress, as we focus on closing the disconnect between our share price and the value of our portfolio."

Further Information

The Selva gas field sits within the Podere Gallina Exploration Permit and was a significant historical producer for Eni S.p.A, producing 2,380 MMscm (84 bcf) from 24 wells between 1956 and 1984. Podere Maiar was drilled in Q4 2017 into Selva and 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.

The proposed development of Selva centres 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.

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

The Italian Ministry has confirmed that recent government amendments to energy policy will not affect the approval processes for Selva, which continues to progress through the normal approval procedures. In January 2019, the Italian Government granted the Selva Field a preliminary award for the Production Concession and Selva remains on course to commence first production in 2020.

CGG has given its consent to the reference to its CPR and its contents, in this announcement. The CPR conforms with the guidelines and definitions of the Petroleum Resources Management Systems (2007 and 2011). CGG confirms it has reviewed this announcement and confirms that the estimates have been correctly extracted from the CPR. The CPR has been signed by Andrew Webb who has over 30 years of relevant experience in the oil industry and is a member of the Society of Petroleum Engineers.

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.