

19 January 2018

Prospex Oil and Gas Plc ('Prospex' or the 'Company')
Significant Commercial Gas Discovery Onshore Italy

Prospex Oil and Gas Plc, the AIM quoted investment company, is pleased to announce that it has been advised by the operator Po Valley Energy Limited ('PVE') that strong flow rates from testing operations have confirmed a significant commercial gas discovery at the Podere Maiar-1d appraisal/redevelopment well ('Podere Maiar' or 'the Well'). Prospex holds a 17% interest in Podere Maiar, which is located on the Podere Gallina Exploration Permit ('Podere Gallina') in the Po Valley region of Italy, a proven hydrocarbon province where over 5,000 wells have been drilled historically.

Podere Maiar was drilled in Q4 2017 into the Selva Gas-Field (previously operated by ENI), which historically produced 83Bcf of gas between 1960 and 1984. As announced on 20 December 2017, two gas-bearing reservoirs, C1 and C2, were encountered by the Well in the Medium-Upper Pliocene sands of the Porto Garibaldi formation. Peak flow rates achieved at both levels during testing are as follows:

- C2 (net pay of 25.5 m): 148,136 scm/day (5.2mmscf/d) on a 3/8 inch choke and a pressure differential of 11 bar with no water production - pressure recovery to formation pressure occurred in two minutes
- C1 (net pay of 15.5 m): 129,658 scm/day (4.6 mmscf/d) on a 3/8 inch choke with good pressure recovery of approximately 12 minutes

Tables showing flow test results for various choke sizes at both levels are set out below.

Based on the strong flow rates, which significantly exceed pre-test expectations of 100,000 scm/day, 99.1% methane gas content recorded at both levels, and the Well's close proximity (600metres) to the Italian national grid pipeline connection, PVE has declared Podere Maiar a commercial discovery. PVE will now prepare and submit a production concession application to the Italian Ministry in H1 2018. The Ministry has been formally informed of the discovery and officials were in attendance during the successful test.

In tandem with this, analysis of the log and well test results will commence to generate revised contingent resource and reserve estimates, which is targeted for completion in Q2 2018. This work will include reservoir engineering to optimise production from the two gas levels over the field life.

Crucially, further upside exists as in addition to the Selva field, Podere Gallina holds several other targets, including the much larger East Selva prospect. The remaining interests in Podere Gallina are held by PVE (63% - operator) and United Oil & Gas Plc (20%).

Prospex Non-Executive Chairman, Bill Smith, said, “We ended 2017 with a commercial gas discovery in Romania and thanks to these significantly stronger than expected flow test results we have started 2018 with a commercial gas discovery in Italy. The strong momentum behind Prospex is set to be maintained in the months ahead: at Selva we look forward to reporting revised contingent resource and reserves estimates as well as updates on the production permitting process; in Romania, production and first gas sales at the Baint gas discovery are expected to commence in Q2 2018; while in Spain work is planned later this year to delineate a gas discovery, which has been independently assigned unrisks prospective resources of 830 Bcf (Best Estimate) with upside in excess of 2 Tcf. The year ahead will not be short of high impact newsflow, as we focus on exposing our shareholders to near term value trigger events, such as drilling and first production.”

Table 1: Flow test results C2 level 1282.5m – static well head pressure 123.0 bara

Choke	Flow rate (Standard cubic metres per day)	Flowing well head pressure (bars of atmospheric pressure)	ΔP(%) (% Pressure drop across constriction)
1/8 inch	17,850 scm/day	122.8 bara	0.2%
2/8 inch	66,000 scm/day	120.7 bara	1.87%
18/64 inch	80,700 scm/day	119.5 bara	2.8%
3/8 inch	148,136 scm/day	111.9 bara	9.0%

Table 2: Flow test results C1 level 1253.5m - static well head pressure 119.7 bara

Choke	Flow rate	Flowing well head pressure	ΔP(%)
1/8 inch	14,348 scm/day	119.3 bara	0.3%
1/4 inch	64,475 scm/day	115.0 bara	3.9%
18/64 inch	77,351 scm/day	113.7 bara	5.0%
3/8 inch	129,658 scm/day	105.1 bara	12.2%

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 ****

For further information visit www.prospexoilandgas.com or contact the following:

Edward Dawson

Prospex Oil and Gas Plc

Tel: +44 (0) 20 3766 0325

Rory Murphy Ritchie Balmer Jack Botros	Strand Hanson Limited	Tel: +44 (0) 20 7409 3494
Jon Belliss	Beaufort Securities Limited	Tel: +44 (0) 20 7382 8300
Duncan Vasey	Peterhouse Corporate Finance	Tel: +44 (0) 20 7469 0932
Frank Buhagiar Charlotte Page	St Brides Partners Ltd	Tel: +44 (0) 20 7236 1177

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.