

RNS Number : 2685N
Prospex Oil and Gas PLC
08 May 2018

Prospex Oil and Gas Plc / Index: AIM / Epic: PXOG / Sector: Oil and Gas

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Prospex Oil and Gas Plc ('Prospex' or the 'Company') Portfolio Update

Prospex Oil and Gas Plc, the AIM quoted investment company, provides the following update on its portfolio of investments focused on high impact onshore and shallow offshore European opportunities with short timelines to production.

Bainet-1 well, EIV-1 Suceava Concession, onshore Romania

Following the gas discovery by the Bainet-1 well on the Exploration Area of the EIV-1 Suceava Concession, ('Suceava Exploration'), work has been undertaken by the operator, Raffles Energy S.R.L. ('Raffles'), to bring the discovery into production in H1 2018, subject to permitting consent. The operator reports land access for the routing of pipeline connecting the discovery to existing production facilities has been secured. In addition, front-end engineering and design work has been completed, while permitting, procurement and contractor selection are well advanced. The physical pipeline construction and tie-in work will begin once the final construction permit is received.

Prospex's wholly-owned subsidiary PXOG Massey Limited has a 50% non-operated interest in Suceava Exploration.

Tesorillo Project, southern Spain

The 2018 work programme, which is designed to further test known gas bearing sandstone sequences at the 38,000ha Tesorillo Project ('Tesorillo' or 'the Project') is ongoing. This programme is focused on de-risking a known gas discovery on Tesorillo, which a Competent Person's Report undertaken by Netherland Sewell and Associates ("NSAI") in 2015 estimated could hold gross unrisked Prospective Resources of 830 billion cubic feet of gas (Best Estimate), with upside in excess of 2 Tcf. Tesorillo is located in a proven hydrocarbon region in the Cadiz Province, southern Spain.

The 2018 work programme is being undertaken by the operator and licence holder Schuepbach Energy Espania ('SEE'). To date preparatory field work has been undertaken at the Project ahead of the commencement of an Audio Magnetotellurics ('AMT') survey in late H1 2018. The AMT survey will evaluate the subsurface geology of the licence area and test for resistivity, as a further indicator of the presence of hydrocarbons. The operator expects to appoint a contractor to carry out this work shortly, at which point the Company will update the market accordingly.

As announced on 19 December 2017, Prospex currently holds a 2.5% interest in SEE and has the option to increase this to 49.9% based on the results of the 2018 work programme. The other shareholder of SEE is

Scheupbach Energy Internation LLP ('SEI'). SEI is in turn 62.7% owned by Petrel Energy (ASX: PRL) ('PRL') and 37.3% by Schuepbach International Holdings ('SIH'). Prospex is aware that PRL and SIH have announced a reorganisation of their joint interests and as a result PRL will take a 100% interest in the non-Prospex owned interest in SEE.

Boleslaw-1, Kolo Licence, onshore Poland

The Company announces that Strzlecki Energia Sp z.o.o. ('Strzlecki'), 100% owned by Strzlecki Energy Holdings UK Ltd (previously called Hutton Poland Ltd) of which 49% is owned by Prospex has taken the decision not to extend the Kolo Licence ('Kolo') into the second exploration period. The licence, awarded in April 2016, was for four years split into two equal periods. Strzlecki drilled the dry Boleslaw prospect on Kolo in December 2016 to January 2017. As a result of not entering into the second period, the Company is considering the accounting treatment of its investment in Strzlecki for its upcoming Final Results for the year ended 31 December 2017. The well result, as previously announced, has already led to an impairment of its investment in Kolo and will be being written down to zero as a result of the relinquishment of the licence, either at end of 2017 or 2018 half year.

Prospex non-executive Chairman, Bill Smith, said, "Prospex is a multi-project investment company and with production from the Bainen gas discovery in Romania on course to commence later this quarter and the Podere Maiar gas discovery in Italy due to come on stream within the next 18 months, our core investments contain multiple near-term value triggers. In addition, with gross unrisks Prospective Resources of up to 2 Tcf cubic feet of gas, a historic gas discovery in a proven hydrocarbon region, and excellent access to nearby infrastructure, the investment case for Tesorillo is clear. The 2018 work programme is centred on de-risking Tesorillo's company-making volumetrics further and with this in mind we are looking forward to the near-term commencement of the MT survey.

"It is against this backdrop of high impact near-term activity across our core investments, in tandem with a thorough evaluation of the relevant data, that the Board has decided to drop its interest in Kolo. This is an exciting period for Prospex and I look forward to providing further updates on our progress as we focus on realising the underlying value of our investments and in the process build a leading oil and gas investment company."

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

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