

26 April 2019

Prospex Oil and Gas Plc ('Prospex' or the 'Company')
Resource upgrade at Podere Gallina investment and Selva gas field ('Selva')
Significant production expansion potential at Selva

Prospex Oil and Gas Plc, the AIM quoted investment company, is pleased to announce that operator, Po Valley Energy Limited ('Po Valley'), has informed its partners of a substantial upgrade to the resource estimate for the Podere Gallina Exploration Permit ('Podere Gallina'), and specifically the Selva gas field resources in the Po Valley region of Italy to 14.1bcf contingent resources ('2C') and 91.5bcf prospective resources (best estimate). Previously gross resources for Podere Gallina stood at zero 2C resources and 52.7bcf prospective resources, alongside 13.3bcf of 2P reserves. The resource upgrade for the 331km² Podere Gallina licence area has been validated by independent sub-surface technical services consultancy, CGG Services (UK) Limited ('CGG'), via an updated Competent Persons Report. Prospex holds a 17% interest in Podere Gallina, equating to net 2P reserves / 2C resources / prospective resources attributable to the Company of 2.26 bcf / 2.40 bcf / 15.56 bcf respectively.

Highlights:

- Substantial upgrade to gas resources at Podere Gallina validated by CGG - provides significant scope for low risk expansion of production from Selva:
 - Selva assigned gross contingent resources of 14.1 billion cubic feet (bcf) (previously zero) following evaluation of the historical gas producing North Flank and South Flank reservoirs, with chance of success on the prospects of between 60% and 70%, and 2C resources of 8.9 bcf and 5.2 bcf respectively
 - 74% increase in aggregate gross prospective resources (best estimate case) to 91.5 bcf from 52.7 bcf following detailed evaluation of four large prospects
- Upgraded resources are in addition to gross 2P reserves of 13.3 bcf already assigned to Selva by CGG
- Prospex's 17% interest equates to 2P reserves of 2.26 bcf; 2C resources of 2.40 bcf; and prospective resources of 15.56 bcf net to Prospex – providing significant asset backing
- All reserves, contingent and prospective resources lie within the Selva Malvezzi Production Concession area within Podere Gallina, which contains the Selva gas field
- Production at Selva remains on course to commence in 2020 at a gross rate of up to 150,000 cubic metres per day (5.3 million standard cubic ft per day) following preliminary award of a Production Concession by the Italian Government in January 2019.

The new reserve and resource estimates for Podere Gallina are detailed in the table below and follow the successful drilling and testing of the Podere Maiar 1 well in January 2018.

| Selva Gas Field summary bcf | | | |
|------------------------------------|-----------|-----------|-----------|
| Gross Reserves | 1P | 2P | 3P |

| | | | |
|---|-------------|--------------|--------------|
| | 4.1 | 13.3 | 29.8 |
| Reserves Net to Prospex | 0.70 | 2.26 | 5.07 |
| Gross Contingent Resources | 1C | 2C | 3C |
| | 5.6 | 14.1 | 30.7 |
| Contingent Resources Net to Prospex | 0.95 | 2.40 | 5.22 |
| Gross Prospective Resources | Low | Best | High |
| | 54.3 | 91.5 | 194.8 |
| Prospective Resources Net to Prospex | 9.23 | 15.56 | 33.12 |

Prospex non-executive Chairman, Bill Smith, said, “The new resource estimates for Podere Gallina further highlight the level of asset-backing behind Prospex, particularly when compared to our current market cap. It also demonstrates significant scope for a low risk expansion of production at Selva through an additional 14.1bcf (2C) of natural gas contingent resources in the Selva North and South Flanks. Progress is being made to bring Selva online, specifically the preliminary award of a production concession earlier this year which keeps the field on track to commence production in 2020 at a gross rate of up to 150,000 cubic metres per day. At this rate and subject to gas prices, we estimate Selva will generate significant net revenue to Prospex.

“Prospex, however, is a growth as well as a value play. With gross contingent and prospective resources of 14.1bcf and 91.5bcf respectively, Podere Gallina offers considerable run room. Elsewhere, a work programme to de-risk gross prospective resources of up to 2tcf of gas, including an historical discovery at the Tesorillo gas project in southern Spain is ongoing. Meanwhile preparations are underway to drill a second well later this year at the Suceava Concession in North East Romania targeting a lookalike structure to the Baint discovery which was successfully drilled in 2017 and is currently on production. This is an exciting period for the Company and I look to forward to providing further updates on our progress, as we look to deliver multiple value trigger events for our shareholders.”

Further Information

The Selva gas field (and the Selva Malvezzi Production Concession) 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. The Podere Maiar well 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. Prospex holds a 17% interest in Podere Gallina alongside Po Valley (63% interest and operator) and United Oil & Gas Plc (20%).

North and South Flanks Reservoirs

The Selva gas field previously produced significant quantities of gas from reservoirs in the North and South Flanks. The new reservoir and resource estimates of 14.1 bcf (2C) of natural gas resources in the Selva North and South Flanks announced today were prepared by the operator and have been validated

and signed off by CGG. They quantify material remaining gas in both reservoirs and which can form the basis of an expansion in production at Selva.

Selva Gas Contingent Resources

| | Selva Gas Contingent Resources (Bcf) by Prospect April (2019) | | | | | | |
|---------------|---|-----|------|-----------------------------|------|------|------|
| | Gross | | | Net Attributable to Prospex | | | CoS% |
| | 1C | 2C | 3C | 1C | 2C | 3C | |
| Level B North | 3.5 | 8.9 | 17.8 | 0.60 | 1.51 | 3.03 | 70% |
| Level B South | 0.97 | 3.4 | 9.3 | 0.16 | 0.58 | 1.58 | 60% |
| Level A South | 1.0 | 1.8 | 3.6 | 0.17 | 0.31 | 0.61 | 60% |

Development of Selva Gas Field

Selva remains on course to commence first production in 2020 following the preliminary award of a Production Concession by the Italian Government in January 2019 ('Production Concession'). The operator has now submitted the Environmental approval documentation to the Ministry and is prioritising development of the successfully drilled Podere Maiar 1 production well. Gross reserves of 13.3bcf, as previously reported in February 2019, remain.

Large East Selva, Riccardina, and Fondo Perino prospects

Detailed geological and geophysical evaluation incorporating seismic and historical well data has led to a significant upgrade in the size of the Prospective Resources within the Selva preliminary awarded Production Concession area to 91.5 bcf from 52.7 bcf. This includes a significant increase in the estimated size of the Riccardina prospect and an increase in the chance of success (COS) of East Selva prospect due to the positive results of the Podere Maiar 1 well.

A summary table of the Selva Prospective gas Resources is detailed below:

| | Selva Gas Prospective Resources (Bcf) by Prospect (April 2019) | | | | | | |
|--------------|--|------|------|-----------------------------|------|-------|------|
| | Gross | | | Net Attributable to Prospex | | | CoS% |
| | Low | Best | High | Low | Best | High | |
| East Selva | 29.1 | 34.8 | 40.6 | 4.95 | 5.92 | 6.90 | 40% |
| Fondo Perino | 10.2 | 14.6 | 20.5 | 1.73 | 2.48 | 3.49 | 34% |
| Cemalina | 2.1 | 3.3 | 4.7 | 0.36 | 0.56 | 0.80 | 51% |
| Riccardina | 12.9 | 38.8 | 129 | 2.19 | 6.60 | 21.93 | 21% |

The estimated prospective resources quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

All the above structures are located within the Production Concession area. 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 Podere Maiar 1 well.

Competent Person Review

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.