7 January 2020

Prospex Oil and Gas Plc ('Prospex' or the 'Company')
Key Environmental Approval for Italian Gas Field

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 formal technical environmental approval for the development of the Selva Malvezzi Gas-Field ('Selva') in northern Italy has been received from the Italian Environment Ministry. Environmental approval is a precursor to final sign off by Ministerial decree, the issuing of the required INTESA (intergovernmental agreement) and the final grant of a production concession from Italy's Economic Development Ministry. Gas production at Selva, which has gross gas reserves of 13.3bcf (2P), is targeted to commence in 2020.

A preliminary Production Concession for Selva was granted by the Italian Government in January 2019 (see announcement of 15 January 2019 for further details). Under the proposed development plans for Selva, which historically produced 83Bcf of gas between 1960 and 1984, a fully automated gas plant will initially be installed at the existing Selva/ Podere Maiar 1dir well site, along with a one-kilometre long pipeline to connect the well with the nearby Italian National Gas Grid. The planned Selva development has a small footprint of less than half a hectare and will have no emissions from any future commissioning of its gas inventory.

Based on dynamic reservoir studies, an initial daily production rate is being targeted at Selva 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. The Podere Maiar well was drilled into Selva in Q4 2017. 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.

Selva, which sits within the 331km² Podere Gallina Exploration Permit (the 'Podere Gallina'), of which Prospex holds a 17% economic interest, in the Po Valley region of Italy. As previously announced, a Competent Person's Report produced by geophysical services consultancy, CGG Services (UK) Limited ('CGG') assigned 2P gas reserves of 2.26Bcf to Prospex's 17% interest in Podere Gallina In addition to these reserves, CGG estimates Selva's two historic gas producing North Flank and South Flank reservoirs have a 60% - 70% chance of holding gross contingent resources ('2C') of 14.1Bcf. Podere Gallina also holds four large prospects (East Selva, Fondo Perino, Cembalina, and Riccardina) which have been assigned aggregate gross prospective resources (best estimate) of 91.5Bcf.

Prospex non-executive Chairman, Bill Smith, said, "Thanks to the receipt of this environmental approval, first gas production at Selva remains on course to commence at an initial rate of 150,000 cubic metres per day later this year. At this rate and at current gas prices, Selva will generate significant cash flow that will not only highlight the disconnect that has opened up between our market capitalisation and the value of our assets, but will also free up funds for reinvestment across our asset base. This will soon include the recently announced conditional acquisition of up to a 49.9% indirect stake in El Romeral, an integrated gas production and power station operation located in southern Spain. Comprised of three producing wells which supply gas, through its own network, to a 100%-owned 8.1 MW power station and multiple low risk development opportunities with gross contingent and prospective gas resources of 5Bcf and 90 Bcf respectively, El Romeral, together with Selva coming on stream, promises to generate much high impact newsflow in 2020. I look forward to providing further updates on our progress in the year ahead."

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.