

1 July 2019

**Prospex Oil and Gas Plc ('Prospex' or the 'Company')
Update on Bainet-2 Well, Romania**

Prospex Oil and Gas Plc, the AIM quoted investment company, has been advised by the operator, Raffles Energy S.R.L. ('Raffles'), that drilling operations at the Bainet-2 well ('Bainet-2' or 'the Well') in the Exploration Area of the EIV-1 Suceava Concession (the 'Concession' or 'Suceava'), North East Romania, have been completed. The Well spudded on 25 June 2019 and reached a total depth of 656 metres. Sarmatian sandstone was encountered by the Well in line with the pre-drill geological model, however, no commercially recoverable hydrocarbons were indicated on the logs. The operator has therefore advised the Company that the Well is to be plugged and abandoned. Prospex's wholly-owned subsidiary, PXOG Massey Limited, holds a 50% non-operated interest in the 984 sq km Concession with the balance held by Raffles.

The Bainet-2 well was targeting Bainet West, a look alike prospect to the Concession's Bainet gas field, which produces from Sarmatian sandstone reservoirs similar to other fields in and around Suceava. Bainet-2 encountered Sarmatian sandstone between 535 metres and 557 m of depth. A detailed post-drill technical review of all relevant well and seismic data will be conducted by the Company and its partner Raffles to determine the next steps at Suceava which, in addition to the producing Bainet field, contains multiple discoveries, prospects and leads that have been mapped on 2D seismic.

Operations at Bainet-2 will continue for some days. The cost of the Well, including plugging and abandoning, is estimated at €520,000 or €260,000 net to Prospex.

Prospex Non-Executive Chairman, Bill Smith, said, "Clearly the result of the Well is not what we were looking for, however, our first thoughts are to commend the operations team on the ground and our partner in the Concession on the drilling of Bainet-2 without incident, within budget and on schedule. Bainet-2 had a favourable risk / reward trade-off. However, as is the nature of oil and gas exploration, discoveries can only be made following success with the drillbit, regardless of the presence of a number of producing fields and historic discoveries on or around a licence, as is the case with Suceava.

"Importantly, the result of Bainet-2 has no bearing on the considerable asset backing behind the Company, specifically the 2.26 bcf 2P reserves and 2.40 bcf contingent resources assigned to our 17% interest in the soon to be producing Selva field, onshore Italy. It is worth bearing in mind that If we were looking to acquire an interest in a licence with net reserves of

2.26 bcf and 2.4 bcf 2C resources, we would expect to pay a sum considerably more than the current market value of the Company. Furthermore, the result of the Well has no bearing on the company-making gross prospective resources we have identified across our portfolio of onshore European projects, including the up to 830 billion cubic feet of gas (Best Estimate, Gross) at the Tesorillo gas project in Spain and also our 17% share of the 91.5Bcf (Gross) prospective resources estimated for four prospects close to Selva in Italy.

“In Spain work is underway to de-risk the huge resource base and identify suitable drilling locations. In Italy, in addition to bringing Selva online at a rate of up to 150,000 compd in 2020, the partners are planning to acquire 3D seismic across already identified prospects, a number of which are considerably larger than Selva. We are also closely evaluating new projects with a view to adding a fourth leg to our portfolio, grow our pipeline of low cost drilling opportunities and in the process expose our shareholders to more potentially value triggering activity. While Bainen-2 would have been a welcome addition to our previous successes in Romania and Italy, there are plenty more opportunities both within and outside of our portfolio to go for and I look forward to providing further updates on our progress in due course.”

Qualified 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.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

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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.