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Prospex Oil and Gas PLC
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**Prospex Oil and Gas Plc ('Prospex' or the 'Company')
Update on Tesorillo Project, Spain**

Prospex Oil and Gas Plc, the AIM quoted investment company, is pleased to provide an update on the ongoing work programme to test known gas bearing sandstone sequences at the Tesorillo Project ('Tesorillo' or 'the Project') in the Cadiz Province, southern Spain. Tesorillo covers 38,000ha in a proven hydrocarbon region and contains a known gas discovery, 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.

The operator at Tesorillo, Tarba Energia (previously called Schuepbach Energy Espania), has notified the Company that the relevant contracts to carry out a passive Audio-Magnetotellurics ('AMT') survey on the licence area have now been awarded to GeoProSys and GeoGnosia, two leading European AMT expert contractors. With all preparatory work nearing completion and mobilisation ongoing, the Tesorillo 2018 AMT survey is due to commence in the near-term, as soon as access to the land can be gained once this year's exceptionally late harvesting season in Southern Spain ends. In addition to historic seismic survey data, the AMT survey will help evaluate the subsurface geology of the permit area and test for resistivity as a further indication of the presence of hydrocarbons. It is expected that after AMT data acquisition is completed, subsequent processing and interpretation phases will follow, with final results expected late 2018.

In tandem with the AMT survey, structural fieldwork mapping and analysis will be shortly initiated with the support of the University of Granada. This applied geoscience analysis will be complementary to the subsurface knowledge gained via the AMT survey. In addition, technical discussions with potential drilling and completion contractors are at an advanced stage as part of the ongoing well permitting and approvals process initiated at Ministry level.

Following receipt of the required approvals and support from the local authorities, an environment impact assessment (EIA) has been commissioned. As part of this process, relevant surveys over the Tesorillo permit are currently being carried out by a well-recognised environment consultancy group from Seville.

As announced on 19 December 2017, Prospex currently holds a 2.5% interest in Tesorillo and has the option to increase this to 49.9% based on the results of the current work programme, which includes the MT Survey and, subject to the results, a well to target the Almarchal-1 discovery.

Prospex non-executive Chairman, Bill Smith, said, "With an historic gas discovery, exposure to the European fore deep play, excellent access to infrastructure and local markets, Tesorillo shares many

similar characteristics to our interests in Romania and Italy where over the last 12 months commercial gas discoveries have been made at both projects. One major difference however is the potential size of the field at Tesorillo. Whereas prospective resources on the near term producing Podere Gallina permit in Italy and the Suceava permit in Romania are estimated in terms of tens of BCF of gas, there could be up to two trillion cubic feet of gas at Tesorillo. We consider potential resources at Tesorillo to be on a far larger scale and success here would therefore be game-changing for Prospex. With this in mind, we are looking forward to commencing the MT Survey, the results of which will inform a planned drilling campaign focused on unlocking the huge volumes of recoverable gas we believe the field holds."

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.

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