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Prospex Oil and Gas PLC
19 October 2016

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Prospex Oil and Gas Plc ('Prospex' or the 'Company')
Government Approval Received for onshore Poland Well

Prospex Oil and Gas Plc, the AIM quoted investment company, is pleased to announce that approval has been received from the Ministry of Environment to drill the Boleslaw-1 well ('Boleslaw-1' or 'the Well') in the 1,150 sq km Kolo Licence ('Kolo'), onshore Poland. Boleslaw-1 is targeting gas in an active petroleum system and remains on track to be drilled in Q4 2016. Following approval, the next step will involve filing the final application for the drilling permit (Plan Ruchu), which is expected to be completed shortly. Kolo is 100% owned by Strzelecki Energia Sp z.o.o ('Strzelecki'), a wholly owned subsidiary of Hutton Poland Limited ('Hutton') in which Prospex holds a 49% interest.

Prospex has been advised by the directors of Hutton that Strzelecki has received confirmation from the drilling contractor, Exalo Drilling SA ('Exalo'), that well pad construction will commence in the week commencing 7 November and take approximately 14 days to complete. In addition, long lead items have been ordered and will be delivered to the site towards the end of November.

Among these items is the Skytop TR 800 drilling rig, which is a more powerful rig than the Cooper LTO 550, which Exalo originally intended to use. Exalo has confirmed that the Skytop will be supplied at no extra cost.

The Well will be targeting Boleslaw, which is a drill ready gas prospect with two mapped reservoirs that was assigned a gross best estimate of 87 bscf and a risked current valuation ranging from £5.7m to £9.1m (net to Prospex) by AGR TRACS in an independent Competent Persons' Report ('CPR') (see announcement of 26 May 2016 for further details). In the CPR, AGR modelled production scenarios at 3,333-6,666 boe per day from a single well and assigned a Net Present Value ('NPV') range from £35m to £77m (net to Prospex).

Prospex non-executive Chairman, Bill Smith, said "Government approval represents another major milestone achieved, as we look to drill what our Competent Person described as 'a worthwhile and attractive exploration opportunity'. Together with confirmation that well pad construction is to commence in the next few weeks, Boleslaw-1 remains on track to be drilled in Q4 2016. In tandem with the progress being made at Kolo, we continue to evaluate other opportunities which match our investment criteria: specifically undervalued projects in Europe that would benefit from low cost re-evaluation/re-working with short timelines to production and multiple value trigger points within 12 months of acquisition. This is an exciting time for Prospex as we

look to build a leading oil and gas investment company, and I look forward to providing further updates on our progress."

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