

RNS Number : 6634R
Prospex Oil and Gas PLC
13 December 2016

Prospex Oil and Gas Plc / Index: AIM / Epic: PXOG / Sector: Oil and Gas

Prospex Oil and Gas Plc ('Prospex' or the 'Company')
Kolo Licence Update

Prospex Oil and Gas Plc, the AIM quoted investment company, announces that Hutton Energy (UK) Limited ("Hutton Energy"), its co-investor in Hutton Poland Ltd ("Hutton Poland"), which owns the Kolo Licence ('Kolo'), onshore Poland, has sold 40 per cent of its interest in Hutton Poland to Grand Gulf Energy Limited ("Grand Gulf Energy"), an ASX listed company ('the Transaction'). Following the Transaction the interests are as follows: Prospex 49 per cent, Hutton Energy 30.6 per cent and Grand Gulf Energy 20.4 per cent.

As announced this morning, the Boleslaw-1 well on the Kolo licence, which is targeting gas in an active petroleum system, was spudded on 10 December 2016.

The consideration for the Transaction is AUS\$600,000, which includes Grand Gulf Energy's share of the costs of Boleslaw-1 well. Grand Gulf Energy, in conjunction with the ASX, has determined that, as per the ASX's listing rule 10.1 "Transactions with persons in a position of influence", the Transaction, as constructed, falls below the level of materiality. Hutton Energy shares directors and shareholders in common with Grand Gulf Energy. Grand Gulf Energy reported AUD\$3m of cash on its balance sheet on 30th September 2016.

Grand Gulf Energy made an announcement this morning on the ASX with regard to this acquisition, which can be accessed at www.grandgulfenergy.com.

Prospex non-executive Chairman, Bill Smith, said "We welcome Grand Gulf Energy to the Hutton Poland partnership. With the spudding of the Boleslaw-1 well, which is targeting an independently assessed 87bscf gas prospect, this is an exciting time for all stakeholders in Kolo. Hutton Poland has planned the well for success and pre-ordered a number of items that would enable the well to go onto a long term test if the drilling results are in line with the pre-drill prognosis. We look forward to providing further updates on the well's progress as and when it is appropriate to do so."

This announcement contains inside information.

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