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Prospex Oil and Gas PLC
14 July 2016

Prospex Oil and Gas Plc ('Prospex' or the 'Company')
AGM Statement

Prospex Oil and Gas Plc, the AIM quoted investment company, is holding its Annual General Meeting ('AGM') later today.

At the meeting, Edward Dawson, CEO, will make the following statement:

"We believe Prospex continues to make excellent progress in building an oil and gas investment company. We are particularly interested in investing in high impact onshore and shallow offshore European opportunities with short timelines to production, and following an equity raise of £1.6 million in May 2016, we believe we are entering an exciting period in our genesis. This is largely thanks to our 49% interest in Hutton Poland, which we are advised is on track to drill a first fully funded well in Q4 this year. We view this well as being potentially 'a low risk company maker' while an independent Competent Persons' Report ("CPR"), prepared by AGR TRACS ('AGR'), described it as "a worthwhile and attractive exploration opportunity". With two horizons being targeted, we believe this well adds high impact potential in the short term to the multiple longer term opportunities we are evaluating for Prospex.

"We acquired a 49% interest in Hutton Poland, holders of the 1,150sq km Kolo Licence ('Kolo') in April this year. We were drawn to this licence because we believe it is an undervalued project that could benefit from low cost re-evaluation/re-working, and as a result has the potential to offer tangible value trigger points within 12 months of acquisition, and as a result significant uplift potential for stakeholders.

"Kolo contains multiple opportunities including the Boleslaw prospect, a drill ready target with two mapped reservoirs, that the independent Competent Persons' Report ('CPR') by AGR TRACS placed a gross best estimate at 87 bscf and a risked current valuation ranging from £5m to £8.4m (net to Prospex), which, if successful, would be a significant premium to the £620,000 purchase price (see announcement dated 26 May 2016). AGR modelled production scenarios at 3,333-6,666 boe per day from a single well and gave a Net Present Value ('NPV') range from US\$44m to US\$95m (net to Prospex).

"The directors believe the prospect "ticks the boxes" with an active petroleum system and a recognised reservoir, with excellent porosity of between 20-30%. Over the coming weeks the

Company expects to be able to provide further updates from Hutton Poland as local land owners sign access agreements and as drill contracts are awarded following the submission of a detailed well design. Once this has occurred, Hutton Poland will begin the mobilisation phase, prior to drilling.

"With funds in the bank, a defined strategy in place and the drilling of the first well at Kolo approaching, I am looking forward to the future with confidence and would like to thank shareholders for their continued support."

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