

22 September 2016

**Prospex Oil and Gas Plc ('Prospex' or the 'Company')**  
**Interim Results**

Prospex Oil and Gas Plc, the AIM quoted investment company, announces its interim results for the sixth month period ended 30 June 2016.

**Highlights:**

- Acquisition of 49% stake in Hutton Poland in line with strategy to invest in high impact onshore and shallow offshore European opportunities with short timelines to production
- Hutton Poland owns 100% of the 1,150 sq km Kolo Licence, onshore Poland which includes the drill-ready Boleslaw Prospect
- Competent Person's Report highlights Boleslaw's attractive economics:
  - Gross best estimate of 87 bcsf
  - US\$44 million to US\$95 million NPV range net to Prospex
  - £5 million to £8.4 million risked valuation range net to Prospex, - provides asset backing to Company's current market capitalisation and is a significant premium to initial investment costs of £620,000
- Boleslaw fully funded and on track to be drilled in Q4 2016
- Additional highly prospective targets on Kolo licence
- Strong cash position following successful raise of £2.521m, £1.746m during the period and £775,000 post
- Continue to evaluate other investment opportunities in the European onshore and shallow offshore oil and gas sector

**Edward Dawson, Managing Director of Prospex, said,** "In the Kolo Licence, we have an excellent short-term investment opportunity, and have confidence Hutton Poland will exploit this highly prospective resource which has transformational potential. With contractors secured drilling operations at the first target, Boleslaw-1 exploration well, are on course to commence in Q4 2016, which we believe on its own, has the potential to re-rate our valuation. This is the first of a number of targets on the licence area which are prospective and Hutton Poland remain focused on achieving milestones at Boleslaw.

"At the same time we continue to explore other opportunities that we believe will allow us to deliver on our wider strategy to invest in high impact European opportunities with short timelines

to production in the coming months and years ahead. As with Boleslaw, we are looking at undervalued projects that would benefit from low cost re-evaluation/re-working, with multiple, tangible value trigger points within 12 months of acquisition, as we look to build a leading oil and gas investment company.”

For further information visit [www.prospexoilandgas.com](http://www.prospexoilandgas.com) or contact the following:

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## Chairman’s Statement

We have made excellent progress over the period and I am delighted with what we have been able to achieve in such a short space of time. Our focus over the past six months centred on investing in high impact offshore and shallow onshore opportunities in Europe, where we believe our proven team, which has successfully built and sold oil and gas companies, can identify and secure exciting and value accretive opportunities. We evaluated a huge amount of projects during the period, with the acquisition of a 49% stake in the attractive but undervalued Hutton Poland (‘Hutton’) being the most significant.

Since acquisition, considerable progress has been made towards advancing work at on, the 1,150 sq km Kolo Licence (‘Kolo’), located in the productive Polish Central Basin, which holds multiple opportunities including the Boleslaw prospect as well as an independent oil prospect and a further gas anomaly. The opportunities present at Kolo was one of the key tenets that attracted us to this investment, and we were delighted that an independent Competent Person’s Report (‘CPR’) prepared by AGR TRACS in May 2016 identified the significant, untapped potential value present at the project, deeming it “a worthwhile and attractive exploration opportunity”.

At the drill-ready Boleslaw prospect, where Hutton Poland are targeting two mapped reservoirs, the CPR assigned a gross best estimate of 87 bscf and a risked current valuation ranging from £5m to £8.4m (net to Prospex), representing a significant premium to the initial investment price £620,000 (see announcements dated 8 January 2016 and 08 April 2016).

Exalo Drilling ('Exalo') has been contracted to drill the Boleslaw-1 exploration well, marking another significant milestone in the Project's advancement. The immediate next steps involve the completion of the Boleslaw permitting effort and final approval of the drilling programme from the Polish government's Ministry of Environment, which will be followed by pad construction and the mobilisation of the drill rig ahead of the commencement of drilling operations, which are on track to commence in Q4 2016. With significant high impact milestones being achieved in the near term, we anticipate that the months ahead will be an exciting period for the Company; a period in which we will endeavour to continue to build value, explore prospective opportunities and generate uplift for our shareholders.

The successful equity raise of £1.6 million in May 2016 and a subsequent raise of £775,000 post period end in August 2016, places us in a strong position and ensures the advancement of the Boleslaw-1 investment, which provides us with high impact potential in the short-term, while allowing us to explore longer term opportunities, a number of which we are actively evaluating.

I believe we have an excellent platform in place for growth. The market is conducive to our model and we believe we can acquire assets that fit our investment criteria and have the ability to add long-term value. This would not be possible without our team, and I would like to take this opportunity to thank them, as well as our advisers and shareholders for their continued support as we look forward to the period ahead with confidence. Prospex continues to establish itself as an oil and gas investment company, which I believe will generate significant value for shareholders in the process.

**Bill Smith**

Non-Executive Chairman

Prospex Oil and Gas Plc

Consolidated statement of comprehensive income

For the six months ended 30 June 2016

	Six months ended	Six months ended	Year ended
	30 June	30 June	31 December
	2016	2015	2015
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	£	£	£
Administrative expenses	(198,163)	(257,814)	(601,892)
Gain arising on restructuring	-	152,361	98,885
<b>Operating loss</b>	<b>(198,163)</b>	<b>(105,453)</b>	<b>(503,007)</b>
Finance income	-	162	162
<b>Loss before income taxation</b>	<b>(198,163)</b>	<b>(105,291)</b>	<b>(502,845)</b>
Income tax expense	-	-	411
<b>Loss for the period from continuing operations</b>	<b>(198,163)</b>	<b>(105,291)</b>	<b>(502,434)</b>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	-	521,745	571,745
	(198,163)	416,454	69,311
<b>Other comprehensive income</b>			
Change in fair value of available for sale assets	2,374,650	-	-
Currency translation differences on disposal of foreign operation	-	(39,467)	-

**Profit for the period and total comprehensive income attributable to owners of the parent for the period**

2,176,487

376,987

69,311

**Earnings/(loss) per share - basic and diluted**

Continuing operations

3.61p

(0.52)p

(1.64)p

Discontinued activities

-

2.56p

1.86p

Prospex Oil and Gas Plc

Consolidated statement of financial position

As at 30 June 2016

	30 June	30 June	31 December
	2016	2015	2015
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	£	£	£
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	35,383	-	1,274
Available for sale investment	3,621,656	-	-
Non-current financial assets	198,080	-	-
<b>Total non-current assets</b>	<b>3,855,119</b>	<b>-</b>	<b>1,274</b>
<b>Current assets</b>			
Trade and other receivables	45,702	169,448	155,909
Cash and cash equivalents	523,392	859,407	382,216
<b>Total current assets</b>	<b>569,094</b>	<b>1,028,855</b>	<b>538,125</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	(108,015)	(256,858)	(80,875)
<b>Total liabilities</b>	<b>(108,015)</b>	<b>(256,858)</b>	<b>(80,875)</b>
<b>Net current assets</b>	<b>461,079</b>	<b>771,997</b>	<b>457,250</b>

<b>Net assets</b>	4,316,198	771,997	458,524
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<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Called up share capital	4,403,234	2,657,234	2,657,234
Share premium account	6,667,901	6,732,715	6,732,714
Capital redemption reserve	43,333	43,333	43,333
Merger reserve	2,416,667	2,416,667	2,416,667
Retained earnings	(9,214,937)	(11,077,952)	(11,391,424)
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<b>Total equity</b>	4,316,198	771,997	458,524
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Equity settled share based payment	-	-	37,322	-	-	-	-	-	37,322
On completion of CVA	-	-	-	-	-	-	-	(100,216)	(100,216)
On disposal of subsidiaries	-	-	-	-	-	-	166,865	-	166,865
<b>Balance at 30 June 2015</b>	<u>2,657,234</u>	<u>6,732,715</u>	<u>(11,077,952)</u>	<u>-</u>	<u>43,333</u>	<u>2,416,667</u>	<u>-</u>	<u>-</u>	<u>771,997</u>
<i>Audited</i>									
Balance at 1 January 2015	2,304,398	6,063,208	(11,531,728)	39,467	43,333	2,416,667	(166,865)	100,216	(731,304)
Total comprehensive income for the year	-	-	69,311	-	-	-	-	-	69,311
Issue of shares	352,836	723,314	-	-	-	-	-	-	1,076,150
Share issue costs	-	(53,808)	-	-	-	-	-	-	(53,808)
On completion of CVA	-	-	-	-	-	-	-	(100,216)	(100,216)
Equity settled share based payment	-	-	70,993	-	-	-	-	-	70,993
On disposal of subsidiaries	-	-	-	(39,467)	-	-	166,865	-	127,398
<b>Balance at 31 December 2015</b>	<u>2,657,234</u>	<u>6,732,714</u>	<u>(11,391,424)</u>	<u>-</u>	<u>43,333</u>	<u>2,416,667</u>	<u>-</u>	<u>-</u>	<u>458,524</u>

Prospex Oil and Gas Plc

Consolidated cash flow statement

For the six months ended 30 June 2016

	Six months ended	Six months ended	Year ended
	30 June	30 June	31 December
	2016	2015	2015
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	£	£	£
<b>Operating activities</b>			
Operating loss	(198,163)	(257,814)	(601,892)
Depreciation of property plant and equipment	8,400	-	425
Decrease/(increase) in trade and other receivables	110,207	(14,174)	(130,552)
Increase/(decrease) in trade and other payables	27,140	68,604	(96,409)
Equity-settled share based payment	-	37,322	70,993
Other movement	-	(31,824)	33,955
<b>Net cash used in operating activities - continuing operations</b>	<b>(52,416)</b>	<b>(197,886)</b>	<b>(723,480)</b>
<b>Investing activities</b>			
Finance income	-	162	162
<b>Net generated from investing activities</b>	<b>-</b>	<b>162</b>	<b>162</b>
<b>Capital expenditure</b>			
Payments to acquire property, plant and equipment	(42,509)	-	(1,699)
<b>Net cash outflow for capital expenditure</b>	<b>(42,509)</b>	<b>-</b>	<b>(1,699)</b>
<b>Acquisitions and disposals</b>			
Purchase of investments	(1,445,086)	-	-
Cash on disposal of subsidiary undertaking	-	-	(247)
<b>Net cash used in acquisitions and disposals</b>	<b>(1,445,086)</b>	<b>-</b>	<b>(247)</b>
<b>Financing activities</b>			

Issue of share capital	1,746,000	1,076,150	1,076,150
Costs in respect of share issue	(64,813)	(53,808)	(53,808)
Convertible loan notes	-	-	50,000
Proceeds received from the issue of derivative financial assets	-	12,055	12,404
<b>Net cash generated from financing activities</b>	<u>1,681,187</u>	<u>1,034,397</u>	<u>1,084,746</u>
<b>Net increase in cash and cash equivalents</b>	141,176	836,673	359,482
Cash and cash equivalents at start of period	382,216	22,734	22,734
<b>Cash and cash equivalents at end of period</b>	<u><u>523,392</u></u>	<u><u>859,407</u></u>	<u><u>382,216</u></u>

# Prospex Oil and Gas Plc

## Notes to the interim financial statements

### 1 General information

Prospex Oil and Gas Plc is a company incorporated in the United Kingdom, which is listed on the Alternative Investment Market of the London Stock Exchange Plc. The address of its registered office is Stonebridge House, Chelmsford Road, Hatfield Heath, Essex CM22 7BD. The Group is primarily involved in the exploration for gold.

### 2 Financial information

The interim financial information for the six months ended 30 June 2016 has not been audited or reviewed and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The comparative financial information for the year ended 31 December 2015 has been derived from the audited financial statements for that period. A copy of those statutory financial statements for the year ended 31 December 2015 has been delivered to the Registrar of Companies. The report of the independent auditors on those financial statements was unqualified and did not contain a statement under Sections 498 (2) or (3) of the Companies Act 2006.

The interim financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS and under the historical cost convention. They have also been on a basis consistent with the accounting policies expected to be applied for the year ending 31 December 2016 and which are also consistent with those set out in the statutory accounts of the Company for the year ended 31 December 2015, except for the adoption of new standards and interpretations.

### 3 Taxation

On the basis of these accounts there is no tax charge for the period.

### 4 Earnings per share

The earnings and number of shares used in the calculation of earnings per share are as follows:

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December
	2016	2015	2015
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Basic and diluted			
Continuing operations	2,176,487	(105,291)	(502,434)

Discontinued operations	-	521,745	571,745
Profit for the financial period	<u>2,176,487</u>	<u>416,454</u>	<u>69,311</u>
Weighted average number of shares	60,327,994	20,345,260	30,677,884
Earnings/(loss) per share - continuing activities	<u>3.61p</u>	<u>(0.52)p</u>	<u>(1.64)p</u>
Earnings per share - discontinued activities	<u>-</u>	<u>2.56p</u>	<u>1.86p</u>

There was no dilutive effect in respect of the share options outstanding during the period.

## 5 Non-current investment

The Group owns 49% of the equity share capital of Hutton Poland Limited. The investment is accounted for at fair value through the profit and loss, as the Company is deemed to be an Investment Entity.

The carrying value of the Group's investment was as follows:

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December
	2016	2015	2015
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
At 1 January	-	-	-
Addition, at cost	1,247,006	-	-
Fair value adjustment	<u>2,374,650</u>	-	-
At 30 June	<u>3,621,656</u>	-	-

## 6 Dividends

The directors do not propose to declare a dividend for the period.

**7 Copies of interim results**

Copies of the interim results can be obtained from the website [www.prospexoilandgas.com](http://www.prospexoilandgas.com). From this site you may access our financial reports and presentations, recent press releases and details about the company and its operations.

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