

ProspEX



ProspEx Resources Ltd.
July, 2010

Advisory

Certain information regarding ProspEx Resources Ltd. ("ProspEx") provided in this presentation including, without limitation, management's assessment of future plans and operations, constitutes forward-looking information under applicable securities law and necessarily involve assumptions regarding factors and risks that could cause actual results to vary materially, including, without limitation, assumptions, factors and risks associated with oil and gas exploration, development, exploitation, production, marketing, transportation, loss of markets, volatility of commodity prices, currency fluctuations, royalty rates, imprecision of reserve estimates, environmental risks, competition, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions and ability to access sufficient capital from internal and external sources.

The reader is cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonable by ProspEx at the time of preparation, may prove to be incorrect. Accordingly, you are cautioned that the actual results achieved will vary from the information provided today and the variations may be material. Readers are also cautioned that the foregoing list of assumptions, factors and risks is not exhaustive. Additional information on applicable assumptions, factors and risks that may affect ProspEx's operations or financial results are included in ProspEx's public disclosure documents filed with Canadian securities regulatory authorities. In particular see ProspEx's most recent MD&A and the "Risk Factors" and "Industry Conditions" sections of ProspEx's most recent Annual Information Form. ProspEx's public disclosure documents may be accessed through the SEDAR website (www.sedar.com), at ProspEx's website (www.psx.ca) or by contacting ProspEx directly. Consequently, there is no representation by ProspEx that actual results achieved will be the same in whole or in part as those set out in the forward-looking information.

Furthermore, the forward-looking information provided today is made as of today and ProspEx does not undertake any obligation to update publicly or to revise any such forward-looking information except as required by law. All forward-looking information provided today is expressly qualified by this cautionary statement.

"BOE's" may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Corporate profile

Deep Basin gas focus

- Repeatable projects using horizontal, multi-frac technology in conventional reservoirs
- 90,000 net undeveloped acres land position

Q2, 2010 production 3,086 boe per day

- 80% natural gas
- 2010 guidance:
 - 3,100 to 3,300 boe per day annual average
 - 4,000 boe per day 2010 exit forecast

Net Debt \$23.8 million (June 30, 2010)

- \$40 million credit facility limit

Market Capitalization ~ \$90 million

- Mid July, 2010 share price ~ \$1.50/share
- Enterprise Value ~ \$110 million
- 57.4 million basic shares outstanding
- Management & Directors ownership 6%

(all figures are \$ Canadian, reserves and production before royalties)

ProspEx strategy

Utilize horizontal, multi-frac technology to develop repeatable inventory in conventional, deep basin gas assets

- Why conventional assets?
 - Conventional reservoirs well understood from decades of industry activity
 - Conventional reservoirs have modest permeability
 - As opposed to ultra-low permeability unconventional rocks
 - Vertical wells typically productive, although may be marginally economic
 - "Learning curve" to optimize horizontal drilling and completion technique modest

Target 5 times the production for twice the capital cost using horizontal wells

- First three Kakwa horizontal wells averaged 230 bbl/d liquids plus 6.5 mmcf per day gas over first three months of production
 - Horizontal wells show 4.7 times improvement versus average vertical well

ProspEx target plays

Conventional, Lower Cretaceous Mannville age channel systems

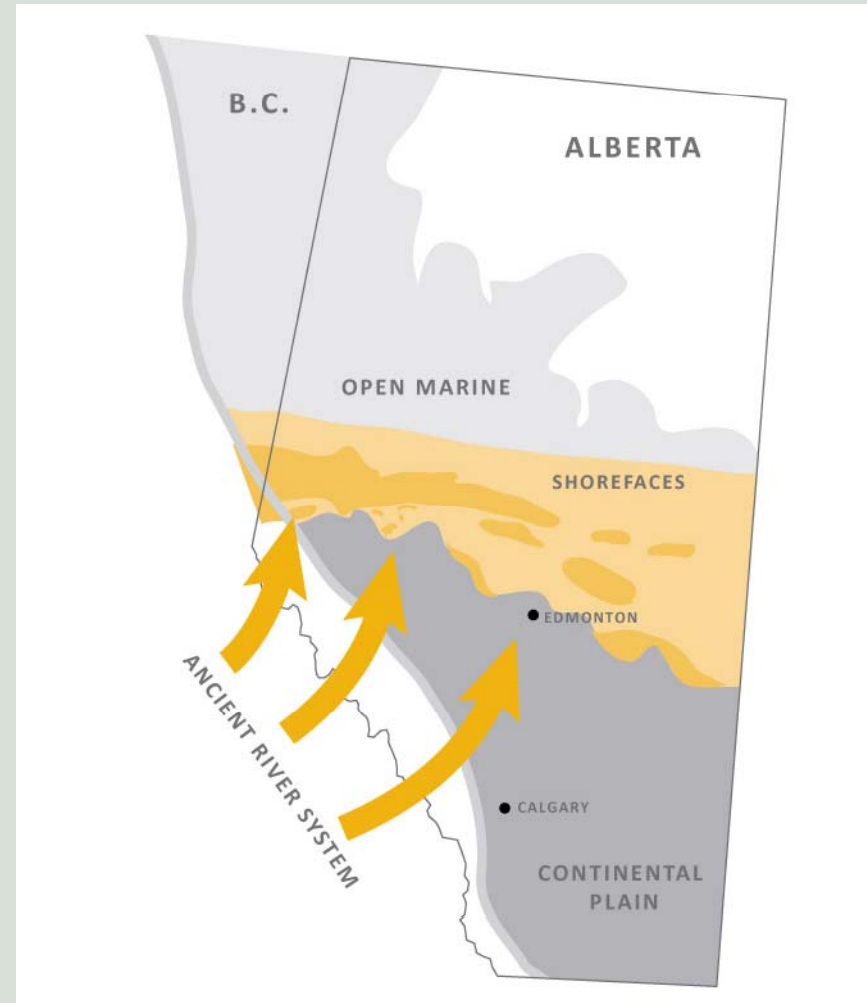
- Notikewin, Falher formation

Potential resource typically well defined

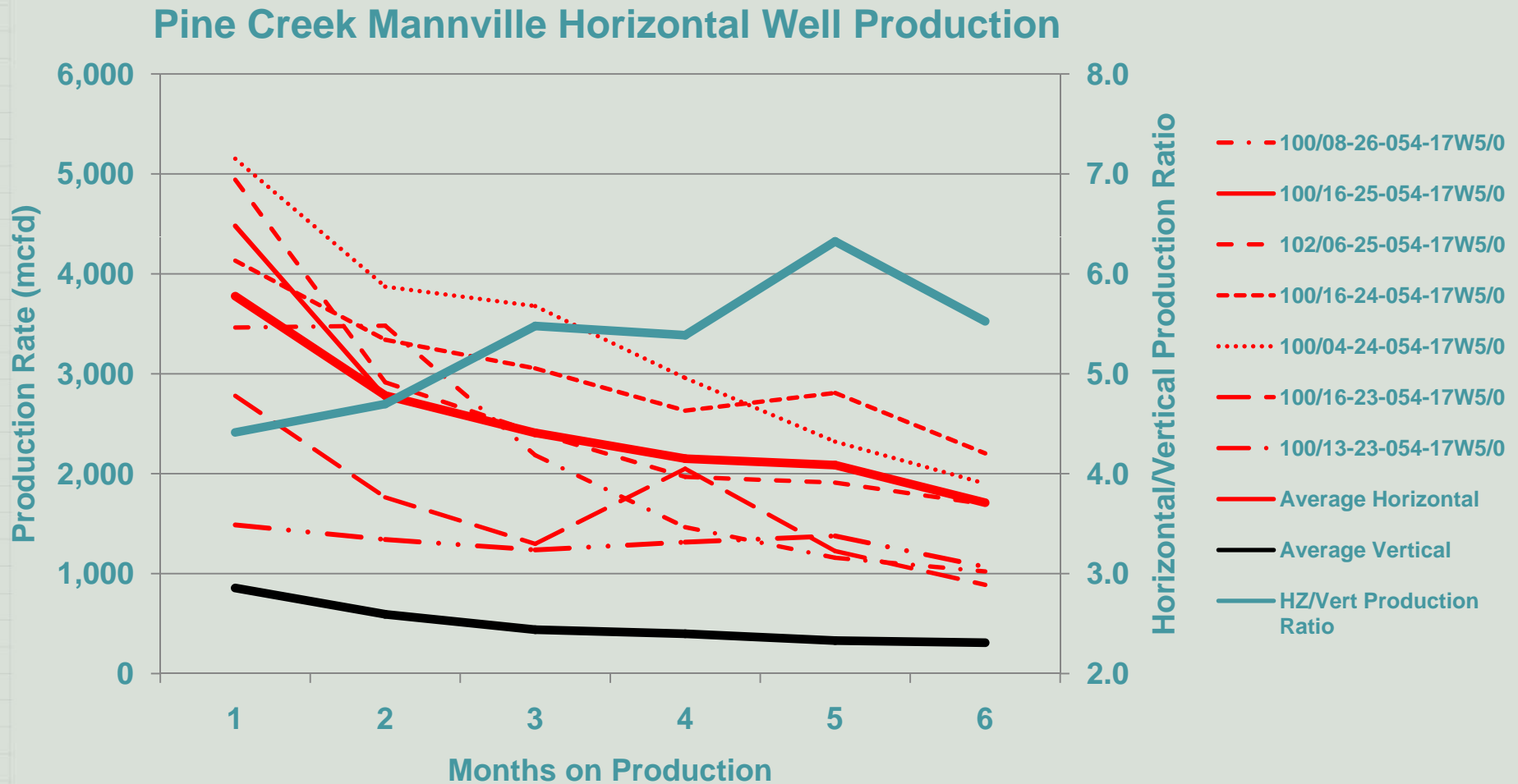
- Reservoirs visible on seismic
- Generally have vertical well control from historical industry drilling

Extensive play fairway

- Approximately 200 mile trend from ProspEx lands in Kakwa to Pembina
- Production facilities usually available in area

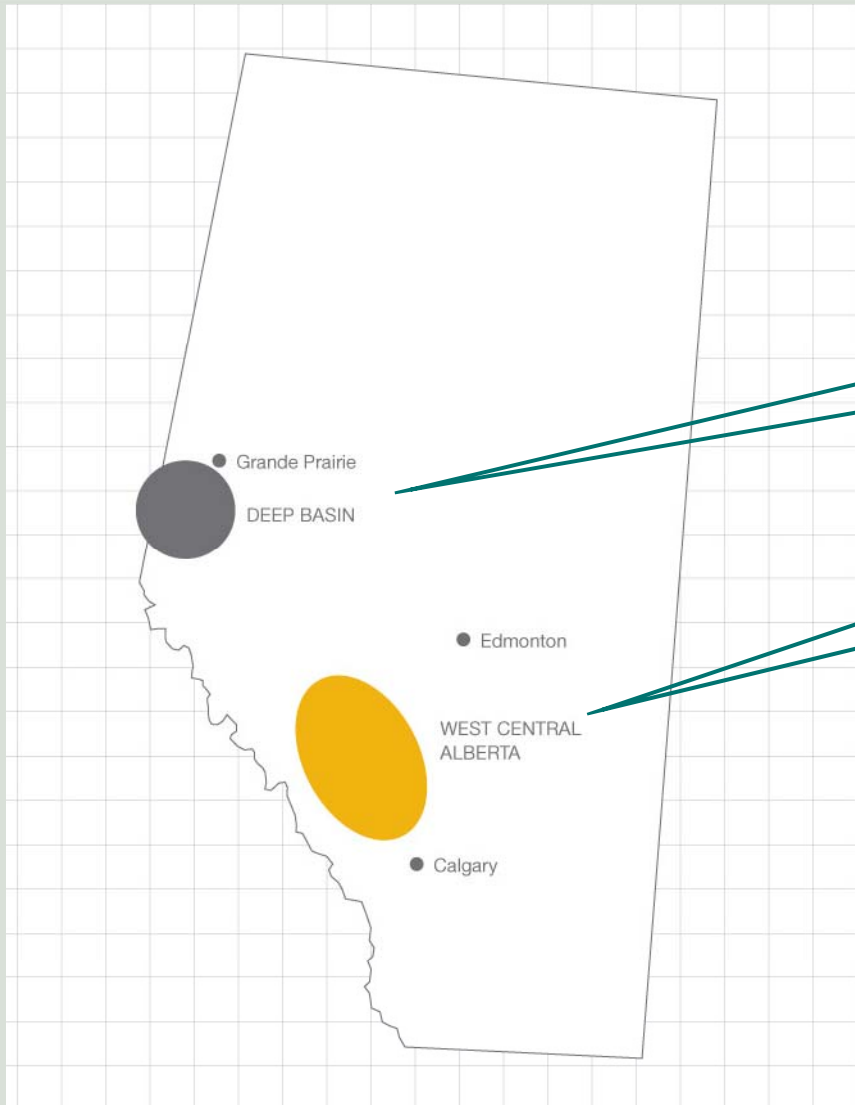


Pine Creek Mannville – a producing analog



Initial horizontal well production at Pine Creek is 5 – 6 times the vertical well average

Core areas



Developing repeatable prospect inventory in the gas saturated deep basin fairway

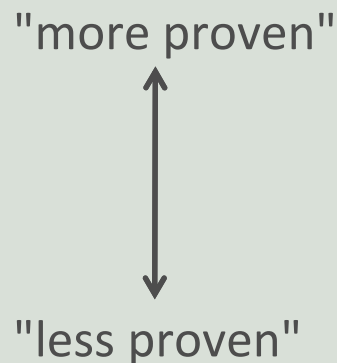
Deep Basin
2/3 of current production

West Central Alberta
1/3 of current production

Three project areas

ProspEx has three projects targeting horizontal potential in conventional Mannville age channel systems

Kakwa
Brazeau
Pembina



All projects have analogous geological characteristics

- Learning's are transferable
- Success in one project "derisks" the other projects

Kakwa – prolific, repeatable play

Prolific production from horizontal wells

- Initial 3 horizontal wells average 230 bbl per day liquids plus 6.5 mmcf per day gas over first 3 months

Program to date has proven up 13 km length of trend with horizontal wells

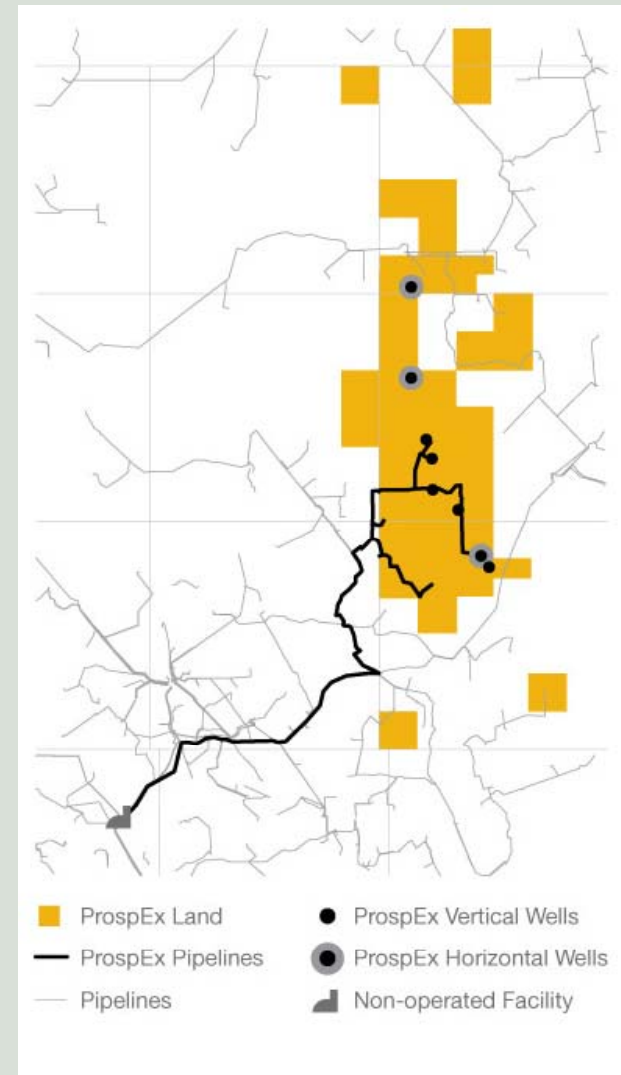
- 3 (1.8) net well summer program planned

Large contiguous land position, 3D seismic database defines play trend

- 50% average working interest
- Own and operate large diameter gathering system

Thick Falher channels offer large gas-in-place and repeatability

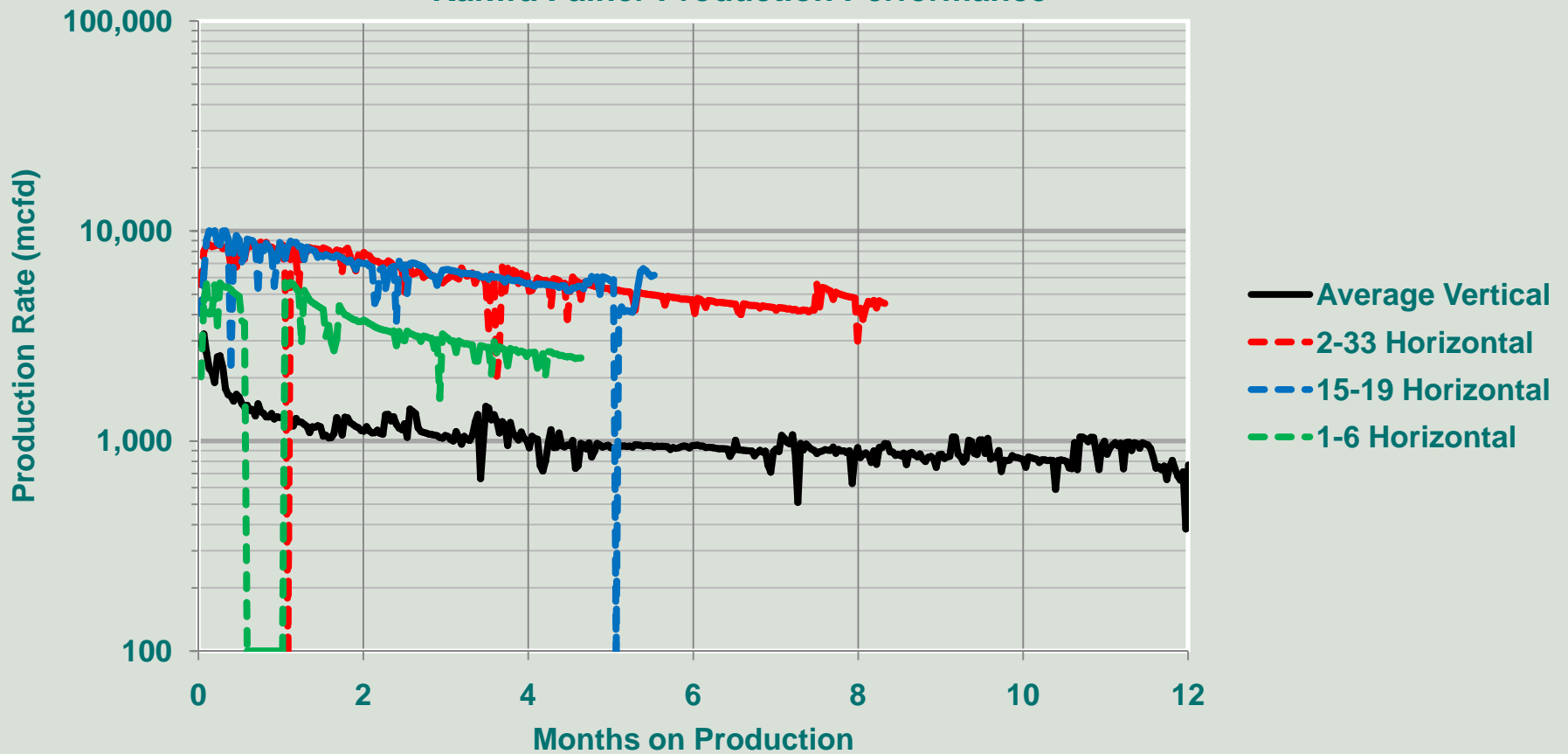
- 2,400 m vertical depth
- Estimated drill, complete and tie in costs (prior to royalty credit)
 - \$2.25 million vertical
 - \$4.5 million horizontal



Kakwa – horizontal drilling success

Initial horizontal wells showing sustained improvement over vertical wells

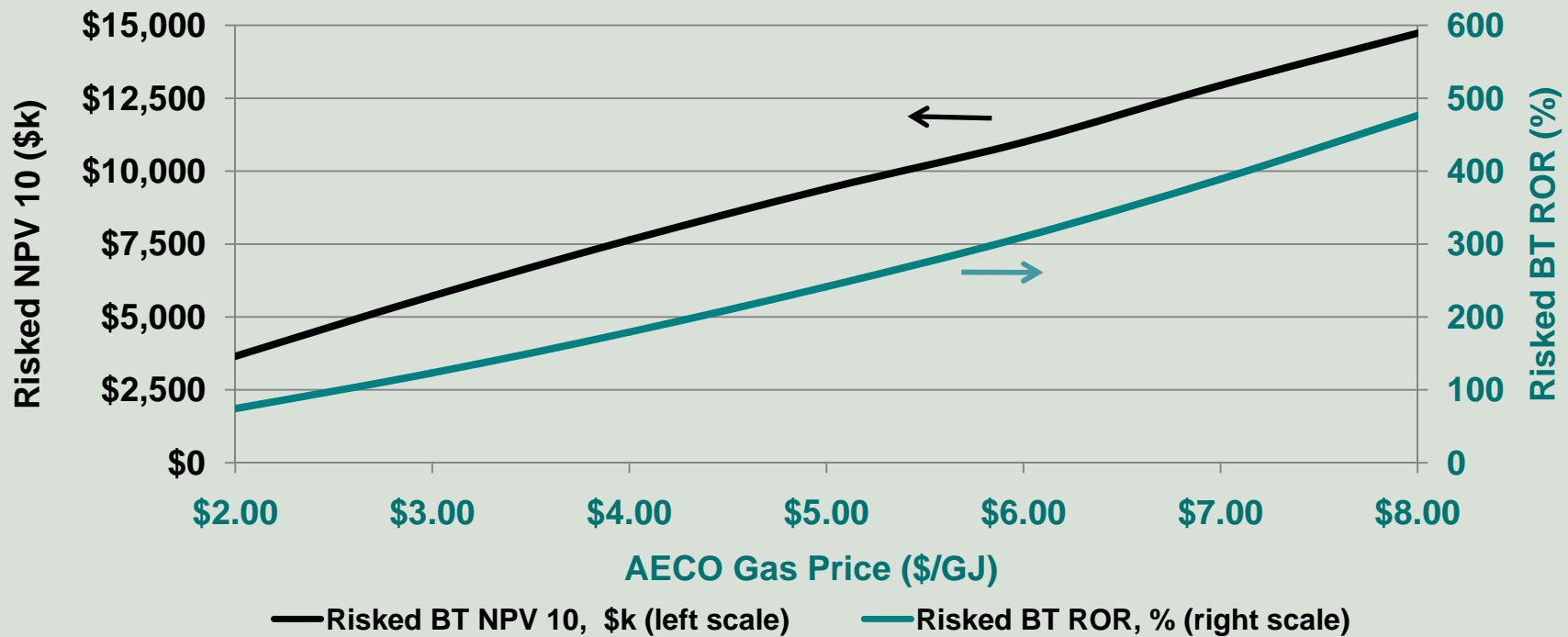
Kakwa Falher Production Performance



Robust economics at low gas prices

ProspEx internal "type curve" model

- 4 bcf reserves (consistent with GLJ), 4.5 mmcf per day initial gas rate
- High liquids content enhances economics
- Drill, Complete & Tie-in cost prior to royalty credit: \$4.5 million
- \$2,188k royalty holiday, \$800k royalty credit (4,000 m total depth)
- Economics risked at 80% chance of success



Kakwa – reserves recognition

GLJ Reserves Report (December 31, 2009)

- Reserves recognized along length of trend delineated by first 2 horizontal wells
 - GLJ assigns 179 bcf initial P+P gas in place over 15.5 sections
 - Average 11.5 bcf gas in place per section
 - 8 mmboe remaining P+P net to ProspEx (Falher C trend only)
- 4.3 bcf initial recoverable per horizontal well consistent with ProspEx type curve
 - 3.1 x improvement vs. vertical wells
- Potential for future reserves increases
 - Third horizontal well drilled in Q1/2010 proves up additional northern acreage
 - Conservative 50% recovery factor booked
- 27 (13 net) undrilled horizontal locations mapped on ProspEx Kakwa lands
 - 17 booked as P+P by GLJ at December 31, 2009
 - 10 "unbooked" locations (includes 3rd horizontal drilled Q1/2010)

Notikewin formation geologically analogous to Kakwa

3D seismic and existing wells define play trend

Successful industry horizontal wells offsetting
ProspEx land

- 4 mmcf per day average initial production rate
- > 5x improvement over vertical wells

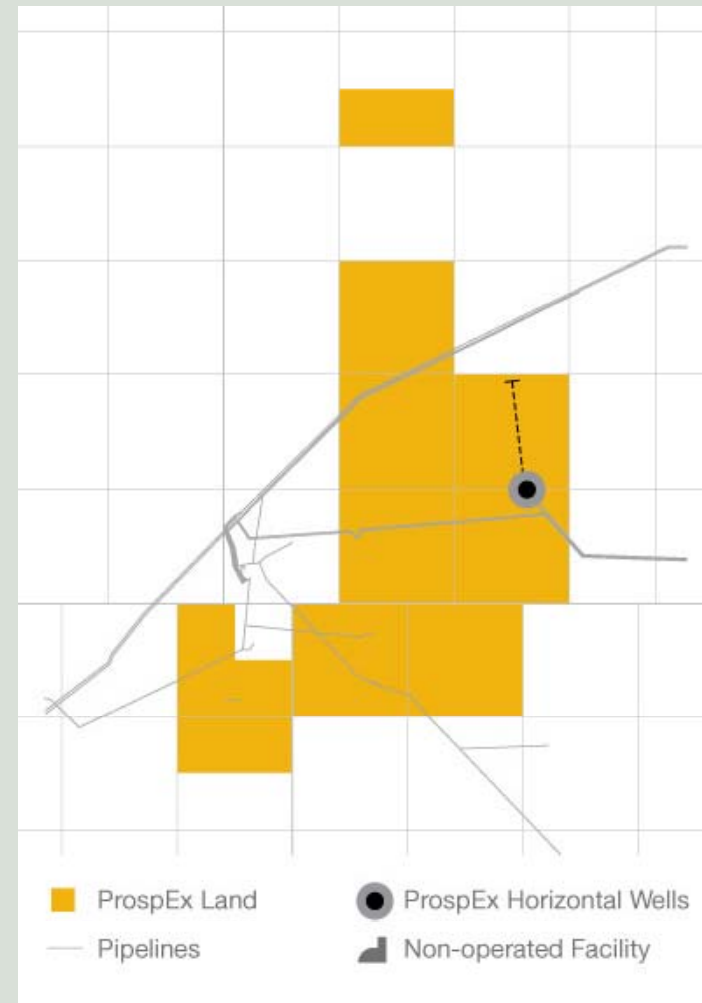
5,600 gross (4,000 net) acre land position

16 gross (10 net) locations in inventory

- Internal type curve model 3 bcf/well recoverable reserves

First ProspEx horizontal well drilled in Q1/2010

- 1.0 mmcf per day test rate after 9 days
- Rate improving with time, will tie-in summer 2010 to assess longer term performance



Pembina

Falher formation geologically analogous to Kakwa

Extensive vertical well control delineates play

Offsetting industry horizontal wells de-risk ProspEx lands

- Offsetting horizontal well on production at rate over 5 mmcf per day
- 5x improvement over average vertical well

3,840 net acre land position

- All held at 100% working interest

10 gross (10 net) locations in inventory

- Internal type curve model 3 bcf/well recoverable reserves

First ProspEx horizontal well planned for Q3/2010



Ricinus Cardium

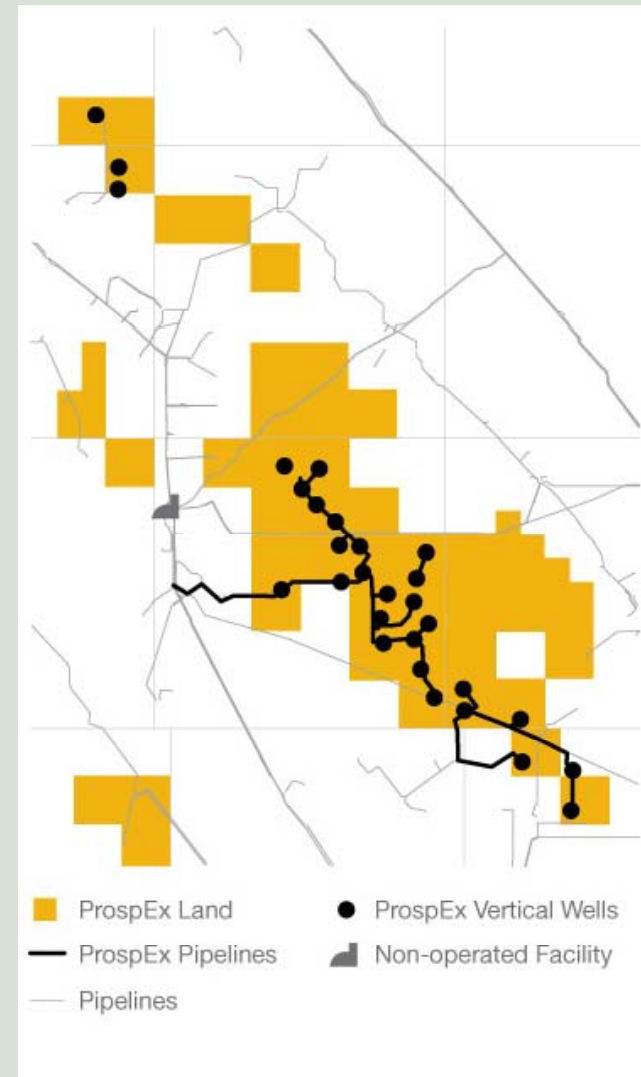
Consolidated land block

- PSX interest averages 90%
- Own and operate field gathering and compression

Linear Cardium trends provide repeatable opportunity (vertical drilling)

- Liquids rich gas
- Continued infill and trend extension
 - 8 development locations in inventory
 - 200 to 300 mboe per well reserves
 - 100 to 150 boe per day initial production per well

Opportunity to explore for new trends on ProspEx lands to the east



Summary

Successful application of horizontal, multi-frac technology in conventional reservoirs

Kakwa project proven

- Three successful horizontal wells along full length of PSX lands
 - 6.5 mmcf per day initial (3 month) production rates
 - Liquids rich – 230 bbl/day per well initial (3 month) rates
- Reserves recognition by GLJ
- Robust economics

Emerging West Central projects

- First Brazeau horizontal drilled in Q1/2010
- Industry horizontal drilling de-risks Pembina project
 - First Pembina horizontal planned Q3, 2010

Strong balance sheet

Appendices



Management and directors

Board of Directors

- Brian E. Hiebert – Chair, Governance & Compensation
- Kyle D. Kitagawa – Chair, Audit Committee
- Ian MacGregor
- John W. Rossall
- Stephen J. Savidant – Chairman

Management

- Jean-Paul H. (JP) Lachance – Vice President, Engineering
- R. Bruce McFarlane – Vice President, Exploration
- Peter C. Parkinson – Vice President, Land
- John W. Rossall – President & Chief Executive Officer
- George D. Yee, CA – Vice President, Finance & Chief Financial Officer

Corporate information

TSX Listed – trading symbol "PSX"

Independent Reserve Engineers

- GLJ Petroleum Consultants Ltd.

Auditors

- KPMG LLP

Solicitors

- Bennett Jones LLP

Research Coverage

- Cormark Securities Inc.
- FirstEnergy Capital Corp.
- MacQuarie Capital
- Peters & Co. Limited
- Stifel Nicolaus Canada Inc.
- Wellington West Capital Markets Inc.

Financial and operating highlights



Prices and netbacks

Sales Prices (\$Cdn)	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Natural gas (\$/mcf)	4.70	5.73	5.02	3.70	3.89
Natural Gas Liquids (\$/bbl)	57.98	56.10	51.30	41.60	34.15
Crude Oil (\$/bbl)	82.75	83.22	76.35	72.24	64.40
Total (\$/boe)	34.05	39.07	35.49	27.61	26.22
Operating Netbacks (\$Cdn/boe)					
Price	34.05	39.07	35.49	27.61	26.22
Transportation	(1.50)	(1.55)	(1.21)	(1.12)	(0.93)
Royalties	(7.49)	(5.85)	(5.15)	(1.21)	(1.21)
Operating costs	(7.90)	(7.97)	(8.72)	(8.37)	(9.30)
Operating netbacks	17.16	23.70	20.41	16.91	14.78

Financial & operating summary

	Q2/10	Q1/10	Q4/09	Q3/09	Q2/09
Production Volumes					
Total (boe per day) (6:1)	3,086	2,994	2,477	1,978	3,089
Natural gas (mcf per day)	14,996	14,288	11,327	8,906	14,382
Oil & natural gas liquids (bbl per day)	588	612	589	493	692
Financial (\$000's, except per share amounts)					
Oil & gas revenue	9,564	10,526	8,088	5,023	7,370
Cash flow	3,487	5,252	2,540	1,969	2,475
Per share diluted	0.06	0.09	0.04	0.03	0.04
Net earnings (loss)	(1,900)	1,908	(1,231)	(3,082)	(3,899)
Per share diluted	(0.03)	0.03	(0.02)	(0.05)	(0.07)
Net debt (excluding financial instrument gains/losses)	23,772	24,237	21,644	27,841	23,032

Hedging summary

Term	Quantity	Price
April 1 – October 31, 2010	1,000 GJ/day	\$5.18 swap
April 1 – October 31, 2010	1,000 GJ/day	\$5.385 swap
April 1 – October 31, 2010	1,000 GJ/day	\$5.00 - \$5.90 collar
April 1 – October 31, 2010	1,000 GJ/day	\$5.00 - \$6.16 collar
April 1 – October 31, 2010	1,000 GJ/day	\$4.90 - \$5.63 collar
April 1 – October 31, 2010	1,000 GJ/day	\$5.00 - \$5.95 collar
April 1 – October 31, 2010	1,000 GJ/day	\$4.75 - \$5.86 collar
September 1 – October 31, 2010	1,000 GJ/day	\$4.05 swap
September 1 – October 31, 2010	1,000 GJ/day	\$3.96 swap

ProspEx Resources Ltd.

For further information:
John W. Rossall
President and Chief Executive Officer
(403) 268-3940
ir@psx.ca
www.psx.ca



TSX: PSX

