



Aurelian Oil & Gas Plc

(“Aurelian” or “the Company”)

New Corporate Strategy

Highlights

- **The transformation of Aurelian continues with a new strategy based on focus, activity and growth**
- **Revised Risked Core EMV of £1.48 per share based on Contingent Resources of 23mmboe and 27mmboes of Risked Prospective Resources**
- **Gas Sales Agreement executed for the Siekierki Gas Project in Poland (see separate Announcement)**
- **Gaffney Cline & Associates (GCA) to complete a Competent Persons Report (CPR) on Aurelian’s portfolio by the end of November**
- **Macro-economic view of Central European Energy price strength driven by energy security and economic recovery remains**

Aurelian Strategy Statement

Aurelian Oil and Gas Plc has carried out a fundamental review of its portfolio of exploration, appraisal and producing assets with a view to delivering greater and more immediate shareholder value. As a result, the Board of Directors has approved a new strategy to focus Aurelian’s business activities and improve operating and financial performance. The review highlighted the quality of Aurelian’s assets and the strategy is expected to deliver a material increase to share price as the intrinsic value in the portfolio is unlocked.

Aurelian’s strategy comprises five key elements;

1) A focus on “Core Areas”;

- Aurelian will focus now its exploration, appraisal and development activities in two “Core Areas”
 - The Rotliegendes and Zechstein Plays in Central and Western Poland; and
 - The Carpathian Thrust Fold belt in Southern Poland, Slovakia and Western Romania
- Core Areas contain assets which offer material returns to shareholders and significant room for organic and accelerated growth. A Core Area must have the potential to deliver 50mmboes of proven reserves net to Aurelian.
- The Company’s large appraisal and exploration portfolio will be converted into proven reserves and production, creating a balanced portfolio by 2011.
- The plans for the Core Areas are as follows:
 - Core Area 1) The Rotliegendes and Zechstein Plays in Central and Western Poland;

- Accelerated cash flow from our Rotliegendes tight gas project, Siekierki, in 2011 through the drilling of two appraisal wells and construction of pilot facilities
 - The addition of a strong technical partner to optimise full field development; discussions on this are continuing.
 - Gas Sales Agreement (“GSA”) signed with Kulczyk Investments, a strong local partner, further endorsing the potential of Siekierki and advancing its development
- Core Area 2) The Carpathian Thrust Fold belt in Southern Poland, Slovakia and Western Romania
 - High impact exploration program drilling up to 9 wells over the next 2 years
 - In Romania, Aurelian will exit for value the Sarmatian exploration play (except Suceava) and focus only in the Carpathian Thrust Fold belt in the West of our Cujeju Block. Advisors are being appointed to develop exit options.
 - Retain Romanian production at Bilca and seek to increase this through the delivery and tie in of the Suceava and Voitinell-1 wells once drilled and completed.
 - Drill up to three wells in Bulgaria; bring on early cash flow then monetise this non-Core area.

2) Capital Discipline

- Implementation of portfolio management program to drive enhanced investment and return decisions
- GSA supports project financing of the Siekierki project
- Sources of capital for future plans will come from our existing cash resources of circa €12m, the proceeds of non-core asset disposals, bringing partners into selected projects, project finance and equity capital from new and existing shareholders

3) Activity and Growth

- Significant growth in the current portfolio with up to 11 exploration and appraisal wells planned in the next 2 years
- Conversion of significant contingent resources to proven reserves through the appraisal and first phase development of Siekierki in 2010/11
- Further grow our portfolio in our two Core Areas, organically in the short term, and through M&A in the medium term

4) People and Partners

- Build on strong existing regional relationships such as PGNiG and Kulczyk investments in Poland and Romgaz in Romania
- Introduce into our projects strong technical and operating partners and apply best in class industry practices and modern technology; Partners for Karpaty West, Karpaty East and Siekierki will be introduced in 2009/10.
- Aurelian to be Operator during the Exploration and Appraisal phase of projects and to bring in strong partners to be Operator in the development phase.
- Further management and Board changes planned to strengthen technical and operational capability. A commitment to Health, Safety, Environment and Quality (HSEQ) best practice.

5) Enhanced Disclosure

- Gaffney Cline & Associates (GCA) is producing a Competent Persons Report (CPR) on Aurelian's portfolio to be completed by the end of November/beginning of December. GCA's preliminary resource estimates as of an effective date of 23rd October 2009 agree with those used by Aurelian in its Risked EMV calculation with 23mmboe being recognised on a Contingent Resources basis and 27mmboes being recognised on a Best Estimate Risked Prospective Resources basis. Based upon the above resource estimates, Aurelian estimates a Risked Core EMV of £1.48/share, implying a discount of circa 89% to the closing share price as at 23rd October 2009.
- Clearly laid out future strategic milestones will be used to assess company performance. These include:
 - October
 - Aurelian Strategy Statement issued
 - Siekierki Gas Sales Agreement signed
 - November
 - Updated CPR and Portfolio Information released
 - Institutional investor representation within Aurelian's shareholding increased
 - Voitinél-1 result
 - December
 - Publish Project Plan for Siekierki
 - Award FEED and drilling contracts for Siekierki
 - Further Management changes
 - 2010
 - Spud Suceava well
 - Spud Siekierki 2 well, test and spud Siekierki 3 well
 - Farm-out/Sale of non-core Romanian assets
 - Spud Bulgaria 1 well, test and spud Bulgaria 2
 - Drill Bieszczady 1 well
 - Monetise/announce partner for Siekierki

Summary

Aurelian Oil and Gas is a European Focused E&P Company whose core purpose is to create shareholder value through the capture, evaluation, exploration, appraisal and development of onshore hydrocarbon resources and the application of conventional technologies to underexplored proven hydrocarbon systems.

Rowen Bainbridge, CEO said

"The portfolio review was based on a detailed analysis of prospects, leads and play types combined with a screening and ranking exercise to develop a risk return model of all Aurelian's assets. We have taken our time, done our homework and identified the Core Areas where Aurelian has the best assets and where our skills and technology can be brought to bear. I believe that by focusing on these projects, exiting areas that are not material and working with the best partners we can unlock the value in the business. I look forward to a period of significant share price growth as we start to deliver against the milestones we have set and we demonstrate that we do what we say we are going to do."

"In the past Aurelian has not told its story well. We are changing that, and with the appointment of Gaffney Cline to perform a CPR of our portfolio, we are starting to dimension our assets and demonstrate their intrinsic value in a way which is clearer for people to see."

Gaffney Cline Associates

“We have reviewed the Aurelian portfolio evaluation work and confirm their assessment of contingent and prospective resources across their suite of assets. We will be providing them with a full written report by the end of November/beginning of December 2009”

The technical information and opinions contained in this announcement have been reviewed by Roy Hartley B.Sc (Hons) (Imperial College), FEI, FGS, C. Eng, Aurelian’s Operations Director who has 40 years of experience in the oil exploration and production industry. He has consented to the inclusion herein of such technical information and opinions.

26th October 2009

Enquiries

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Notes to Editors:

Aurelian Oil & Gas Plc is a European focused E&P Company whose core purpose is to create shareholder value through the capture, evaluation, exploration, appraisal and development of onshore hydrocarbon resources and the application of conventional technologies to underexplored proven hydrocarbon systems. It was founded in December 2002, by Michael Seymour to focus on the established oil provinces in the central European countries of the former CIS where there had been little investment in seismic and drilling technology during the previous 20 years. The Company has since developed rapidly from a pure exploration company into its present position with a wide portfolio of concessions in Poland (14), Slovakia (3), Romania (4) and Bulgaria (2), and a range of production, appraisal and exploration projects.