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18 January 2010

AURELIAN OIL & GAS PLC

(THE "COMPANY" OR "AURELIAN")

PROPOSED CONDITIONAL PLACING TO RAISE APPROXIMATELY €32 MILLION TO FUND THE COMPANY'S FUTURE GROWTH PLANS

CAPITAL RAISING

Aurelian, the AIM listed independent oil and gas exploration and production company focused on Poland, Slovakia, Bulgaria and Romania, today announces that in accordance with its new Corporate Strategy announced on 26 October 2009 it is seeking to raise approximately €32 million by way of a conditional placing of new ordinary shares (the "**Placing**") at a price to be determined by way of a bookbuild and set in consultation with the board of directors of the Company (the "**Board**").

Macquarie Capital (Europe) Limited ("**Macquarie**") is acting as sole bookrunner in connection with the Placing.

Summary of the Placing:

- Placing with institutional investors of new ordinary shares (the "**Placing Shares**") at a price to be determined by way of a bookbuild and set in consultation with the Board to raise approximately €32 million. The Placing will not be underwritten
- Expected net proceeds of the Placing together with €12 million of existing cash will be used to fund the first Siekierki well and up to seven exploration and appraisal wells in the next two years, targeting assets with an expected monetary value ("**EMV**") of €1.2 billion
- The Placing has the unanimous support of the Board and non-binding letters of intent have been received from shareholders and directors representing approximately 47.28% of the current issued share capital outlining their current intention to vote in favour at the General Meeting of such resolutions as are necessary for the Placing to take place
- The bookbuild is expected to close on or around 1 February 2010

The Placing will be conditional on approval of shareholders at a General Meeting to be convened by the Company on 3 February 2010 and admission of the Placing Shares to trading on AIM (the "**Admission**"). A circular, containing a notice of the General Meeting, will be sent to shareholders of the Company outlining the terms of the Placing and seeking the necessary approval of the shareholders.

Application will be made for Admission and, subject to the requisite shareholder approval for the Placing being obtained at the General Meeting, it is expected that Admission will become effective on or around 4 February 2010.

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As part of the Placing, the following directors of the Company will subscribe for the number of Placing Shares having the value at the Placing price shown opposite their names below.

Name of Director	Value
Rowen Bainbridge	No less than £60,000
David Prior	No less than £20,000
Mark Reid	No less than £60,000
Michael Seymour	Up to £50,000
David Walker	Up to £25,000

A further announcement will be made with respect to the Placing following completion of the bookbuild.

GAFFNEY, CLINE & ASSOCIATES ("GCA") COMPETENT PERSON'S REPORT (THE "GCA REPORT")

Upon appointment of new management in July 2009, Aurelian carried out a strategic review of its portfolio of exploration, appraisal and producing assets with a view to delivering greater and more immediate shareholder value. On 15 December 2009, the Company released the GCA Report and, using certain information contained in the GCA Report, calculated and announced the following:

- A total EMV of €1.36 billion¹
- Contingent gas resources of 372 bcf
- Prospective gas resources of 1.3 tcf²
- Prospective oil resources of 385 mmbbls³

A copy of the GCA Report is available on Aurelian's website: www.aurelianoil.com.

USE OF PROCEEDS

Expected net proceeds of the Placing together with €12 million of existing cash will be used to fund the first Siekierki well and up to seven exploration and appraisal wells in the next two years, targeting projects with an EMV of €1.16 billion (representing 85% of the €1.36 billion of EMV calculated by the Company using certain information taken from the GCA Report) plus a further €53 million of internally identified EMV. The EMV of €1.36 billion is stated after taking account of the Company's recent strategic partnership with PGNiG to explore in the Polish Western Carpathians.

Projects planned to take place in 2010 and 2011 are as follows. Information related to the Company's interests is taken from the GCA Report dated 15 December 2009. All of the following EMV information is based on GCA's Most Likely ("ML") Case volumes:

¹ €1.49 billion revised by the Company to €1.36 billion to reflect the Company's recent strategic partnership with PGNiG to explore in the Polish Western Carpathians, which includes €12 million of cash.

² 1.2 tcf after strategic partnership with PGNiG.

³ 326 mmbbls after strategic partnership with PGNiG.

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- 1 appraisal well to be drilled in Siekierki targeting ML Resource 346 bcf / EMV €478 million
- 1 appraisal/development well to be drilled in Suceava targeting ML Resource 1 bcf of short term incremental production / EMV €1 million

Up to 6 exploration wells targeting the following opportunity ranges:

- Karpaty East – Low Case 114 mmbbls / ML Case 295 mmbbls / High Case 627 mmbbls / EMV €537 million⁴
- Bieszczady – Low Case 33 mmbbls / ML Case 59 mmbbls / High Case 101 mmbbls / EMV €105 million. GCA allocated an additional 30 mmbbls to a further Lead
- Svidnik – Low Case 187 bcf / ML Case 408 bcf / High Case 735 bcf / EMV €136 million
- Golitza – Low Case 30 bcf / ML Case 59 bcf / High Case 103 bcf / EMV €11 million. GCA allocated an additional 24 bcf to a further 6 Leads

Certain terms above are referred to in the GCA Report.

IMPLICATIONS OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE")

As stated in Aurelian's new Corporate Strategy announcement on 26 October 2009, the Company planned to raise new capital from new and existing shareholders in order to seek to drive further shareholder value. On 13 November 2009, the Company received a preliminary and highly conditional approach from an industry participant (the "**Industry Participant**") who expressed an interest in making a recommended all-share offer for the Company. At that time, the all-share approach valued Aurelian at 22 pence per Aurelian share, a 35% premium to Aurelian's closing price on 12 November 2009 (the day prior to receipt of the approach) of 16.25 pence per Aurelian share.

The Board gave consideration to this approach and, having consulted with its financial advisers and certain major shareholders holding approximately 48.68% of Aurelian's share capital, concluded that it materially undervalued the Company and its prospects and unanimously rejected the approach. Aurelian postponed the capital raising to explore whether an offer which appropriately valued the Company and its prospects would be forthcoming.

The Industry Participant revised its approach on 20 November 2009 with an all-share approach that valued Aurelian at 28 to 30 pence per Aurelian share, a 33% to 43% premium to Aurelian's closing price on 19 November 2009 (the day prior to receipt of the revised approach) of 21 pence per Aurelian share. The Board, following consultation with its financial advisers and certain major shareholders holding approximately 48.68% of Aurelian's share capital, unanimously rejected the revised approach as it continued to undervalue the Company and its prospects materially. On 23 December 2009, Aurelian wrote to the Industry Participant reconfirming the Board's unanimous rejection of the previous approach.

The Industry Participant has not revised its indicative terms since 20 November 2009 and these indicative terms are now at a 15% to 21% discount to Aurelian's closing share price on 15 January 2010 (the last practicable date prior to the release of this announcement) of 35.25 pence per Aurelian share. Since 20 November 2009, the Company has released the GCA Report, announced its strategic partnership with PGNiG in the Polish West Carpathians and provided the Industry

⁴ GCA information relates to the Company's 100% interest in Karpaty East which has now been reduced to 80% (€430 million) after its recent strategic partnership with PGNiG with the €430 million being included in the €1.16 billion referred to above.

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Participant with information and access to Aurelian management to allow it to conduct high-level due diligence. Whilst the Industry Participant has indicated that it believes it could revise its proposal to a headline value significantly ahead of Aurelian's current share price, and despite having ample opportunity and information to do so, it has declined to revise its indicative terms.

The Panel on Takeovers and Mergers (the "**Panel**") has ruled that, because the Industry Participant has not formally withdrawn its interest, Rule 21 of the Code applies. Rule 21 of the Code provides that in certain circumstances the Board must not, without shareholder approval, take certain action which may result in any offer or bona fide potential offer being frustrated. The Placing has been ruled as constituting frustrating action for this purpose and, as such, the Board of Aurelian has decided to announce the rejected approach in conjunction with launching the Placing. Accordingly, a resolution will be proposed at the General Meeting to give shareholders the opportunity to approve the Placing for the purposes of Rule 21 of the Code.

This statement has been made without reference to the Industry Participant in order to enable the aforementioned capital raise and has the effect of placing the Company into an Offer Period, as defined by the Code. The Board notes that there can be no certainty that a formal offer for the Company will be forthcoming.

NON-BINDING LETTERS OF INTENT ("LOI")

The shareholders and directors with significant shareholdings listed below, representing approximately 47.28% of the current issued share capital, have submitted LOIs to the Company giving their support to the Placing and outlining their current intention to vote in favour at the General Meeting of such resolutions as are necessary for the Placing to take place.

Each shareholder also makes clear in their LOI that they would not change their position and would therefore continue to support the Placing if the Industry Participant was to make any announcement or provide any information prior to the General Meeting that was not a firm offer for the Company pursuant to Rule 2.5 of the Code.

Name of Shareholder	Number of Securities to Which the LOIs Relate	Interest (%)
Lord Sainsbury of Preston Candover KG	43,960,718	18.86%
Palo Alto Global Energy Master Fund L.P.	27,787,778	11.92%
Kulczyk Investments S.A.	17,897,639	7.68%
Contessa Properties Limited	10,665,000	4.58%
Michael Seymour and Family	7,427,627	3.19%
David Prior	2,162,595	0.93%
Miles Donnelly	280,485	0.12%

RULE 2.10

Pursuant to Rule 2.10 of the Code, the Company would like to confirm that as at today's date the issued share capital consists of 233,061,811 ordinary shares of 5 pence each. Accordingly, the number of ordinary shares carrying voting rights is 233,061,811. The ISIN reference number for these securities is GB00B15S8C31.

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 Director of Operations who has

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40 years of experience in the oil exploration and production industry. He has consented to the inclusion herein of such technical information and opinions.

ENQUIRIES

Aurelian Oil & Gas PLC Rowen Bainbridge, CEO Mark Reid, CFO	020 7629 7986	This announcement (the "Announcement"), and the information contained herein, is not for publication, release
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No prospectus has been filed with the securities regulatory authority of any Canadian province or territory with respect to the shares of the Company referred to in this Announcement. Accordingly, shares of the Company may not be offered or sold in Canada, unless a prospectus is filed with the relevant securities regulatory authority in Canada and the shares are offered by a duly registered dealer or unless an exemption from prospectus and dealer registration requirements is available.

This Announcement has been issued by, and is the sole responsibility of, the Company.

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The distribution of this Announcement and the offering of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company that would permit an offering of such shares or possession or distribution of this Announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company to inform themselves about, and to observe, such restrictions.

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Any indication in this Announcement of the price at which ordinary shares have been bought or sold in the past cannot be relied upon as a guide to future performance. No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

This Announcement does not constitute a recommendation regarding the Placing. The price of shares and the income from them may go down as well as up and investors may not get back the full amount invested on disposal of the shares.

The Placing Shares will not be admitted to trading on any stock exchange other than the AIM Market of the London Stock Exchange plc.

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NOTES TO EDITORS

Aurelian is an AIM listed independent oil and gas exploration and production company focused on the established hydrocarbon provinces in Poland, Slovakia, Bulgaria and Romania, 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.

Aurelian 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 previously been little investment in seismic and drilling technology.

Aurelian's strategy, as announced on 26 October 2009, is to focus its exploration, appraisal and development activities on 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. Aurelian's objective is to convert its extensive appraisal and exploration portfolio into proven reserves and production, creating a balanced portfolio by 2011.

DEALING DISCLOSURE REQUIREMENTS

Under the provisions of Rule 8.3 of the Code, if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of the Company, all "dealings" in any "relevant securities" of the Company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3:30pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of the Company, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all "dealings" in "relevant securities" of the Company by the Company or by any of its respective 'associates', must be disclosed by no later than 12:00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at www.thetakeoverpanel.org.uk.

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“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can be found on the Takeover Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Takeover Panel.

If you are in any doubt as to the application of Rule 8 to you, please contact an independent financial advisor authorised under the Financial Services and Markets Act 2000, consult the Takeover Panel’s website at www.thetakeoverpanel.org.uk or contact the Takeover Panel on telephone number +44 20 7638 0129; fax +44 20 7236 7013.