

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended immediately to seek advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are taking advice in the United Kingdom or, if you are taking advice in another jurisdiction, from an appropriately authorised independent professional adviser.**

If you have sold or otherwise transferred all your Ordinary Shares please forward this document together with the accompanying notice of General Meeting and Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Ordinary Shares or any other securities, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with, any contract or inducement in relation thereto.

The Existing Ordinary Shares are admitted to trading on AIM under the symbol AUL. Application will be made for the New Ordinary Shares to be issued pursuant to the Placing to be admitted to AIM under the symbol AUL. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the United Kingdom Listing Authority has examined or approved the contents of this document. This document does not constitute a recommendation regarding securities of the Company.

Application will be made for the New Ordinary Shares to be admitted to AIM. It is expected that Admission will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 4 February 2010.

All the New Ordinary Shares will on Admission rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends or other distributions hereafter declared, paid or made.

---

# Aurelian Oil & Gas PLC

(Incorporated and registered in England and Wales with registered no. 1685863)

## Proposed conditional placing of New Ordinary Shares of 5 pence each

### Notice of General Meeting of Shareholders

---

#### Share capital immediately following the Placing

<i>Authorised</i>			<i>Maximum issued and fully paid<sup>(1)</sup></i>	
<i>Number</i>	<i>Nominal amount</i>		<i>Number</i>	<i>Nominal amount</i>
600,000,000	£30,000,000	Ordinary Shares of 5 pence each	353,061,811	£17,653,091

Note (1): Based on the assumption that the maximum number of Ordinary Shares (i.e. 120,000,000) is issued pursuant to the Placing.

The Directors, whose names and functions appear on page 7 of this document, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Your attention is drawn to the letter from the Chairman of the Company set out on pages 7 to 12 of this document which contains your Board's recommendation to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.**

Notice of the General Meeting to be held at 11:00 a.m. on 3 February 2010 at the offices of Norton Rose LLP, 3 More London Riverside, London SE1 2AQ is set out at the end of this document. Whether or not you propose to attend the General Meeting, please complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed form. The Form of Proxy must be received no later than 11:00 a.m. on 1 February 2010 at the offices of the Company's registrars, Computershare Investor Services PLC. If you hold your Ordinary Shares in uncertificated form (i.e. in CREST) you may appoint a proxy electronically by following the instructions set out in Note 7 on page 18 so that it is received by the Company's registrars by no later than 11:00 a.m. on 1 February 2010. The time of receipt of the electronic appointment of a proxy will be taken to be the time from which the Company's registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Completing and posting of the Form of Proxy or completing and transmitting the electronic appointment of a proxy will not prevent you from attending and voting in person at the General Meeting if you wish to do so.

This document contains (or may contain) certain forward-looking statements with respect to the Company and certain of its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. Examples of forward-looking statements include statements regarding or which make assumptions in respect of the working capital which will be needed by the Group to fund its operations for the next 12 months. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in the price of oil or changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future exploration, acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals and expectations set forth in the Company's forward-looking statements. Any forward-looking statements made in this document by or on behalf of the Company speak only as at the date they are made. Except as required by the Financial Services Authority, the London Stock Exchange or applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

## CONTENTS

	<i>Page</i>
<b>EXPECTED TIMETABLE AND PLACING STATISTICS</b>	3
<b>DEFINITIONS</b>	4
<b>PART I Letter from the Chairman</b>	7
<b>PART II Additional information</b>	13
<b>Notice of General Meeting</b>	16

## IMPORTANT NOTICES

The distribution of this document in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned. **This document does not constitute or form part of any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for New Ordinary Shares in any jurisdiction in which such offer, invitation or solicitation is unlawful.**

In particular, the New Ordinary Shares are only being offered and sold outside of the United States in reliance on Regulation S under the US Securities Act. None of the Existing Ordinary Shares or New Ordinary Shares has been, or will be, registered under the US Securities Act or the state securities laws of the United States and, subject to certain exceptions, none of them may be offered or sold in the United States. Accordingly, subject to certain exceptions, this document is not being and may not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent, in whole or in part, in or into the United States and persons receiving this document (including brokers, custodians, trustees and other nominees) must not, directly or indirectly, mail, transmit or otherwise forward, distribute or send this document in or into the United States.

## EXPECTED TIMETABLE

Latest time and date for receipt of completed Forms of Proxy and electronic appointments of proxy	11:00 a.m. on 1 February 2010
General Meeting	11:00 a.m. on 3 February 2010
Admission and commencement of dealings in New Ordinary Shares on AIM	8.00 a.m. on 4 February 2010
Despatch of definitive share certificates on or as soon as practicable after	9 February 2010

*Each of the times and dates above is subject to change. References to time in this document are to London time unless stated otherwise. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by announcement through a Regulatory Information Service.*

## PLACING STATISTICS

Number of Ordinary Shares in issue before Admission	233,061,811
Number of Ordinary Shares being issued pursuant to the Placing	Up to a maximum of 120,000,000
Number of Ordinary Shares in issue immediately following the Placing <sup>(1)</sup>	353,061,811
Placing Shares as a percentage of the Enlarged Issued Share Capital <sup>(1)</sup>	approximately 34%

### Notes:

- (1) Based on the assumption that the maximum number of Ordinary Shares (i.e. 120,000,000) is issued pursuant to the Placing.

## DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

<b>“Admission”</b>	the admission of the New Ordinary Shares to be issued in connection with the Placing to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the rules for AIM companies entitled “AIM Rules for Companies” published by the London Stock Exchange in relation to AIM traded securities in force from time to time
<b>“Articles”</b>	the Articles of Association of the Company
<b>“Board”</b>	the board of Directors of the Company for the time being, including a duly constituted committee of the Directors
<b>“bcf”</b>	billion cubic feet
<b>“City Code”</b>	the UK City Code on Takeovers and Mergers
<b>“Company”</b>	Aurelian Oil & Gas PLC
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
<b>“CREST Manual”</b>	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended
<b>“Directors”</b>	the directors of the Company whose names are set out on page 7 of this document
<b>“Enlarged Issued Share Capital”</b>	the Ordinary Shares in issue immediately following Admission
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“EMV”</b>	Expected Monetary Value, calculated as Economic Chance of Success multiplied by NPV less (1-economic chance of success) multiplied by Risked Capital, as referred to in the Gaffney Cline Report
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue on the date of this document
<b>“Form of Proxy”</b>	the form of proxy for use at the General Meeting enclosed

	with this document
<b>“Gaffney Cline Report”</b>	the report prepared by GCA that provides an independent opinion on the Company’s assets in Central Europe, published on 15 December 2009
<b>“GCA”</b>	Gaffney, Cline & Associates Limited
<b>“General Meeting”</b>	the General Meeting of the Company to be held at 11:00 a.m. on 3 February 2010 at the offices of Norton Rose LLP, 3 More London Riverside, London SE1 2AQ, notice of which is set out at the end of this document
<b>“Group”</b>	the Company and its subsidiaries (as that term is defined in section 1159 of the Companies Act 2006)
<b>“High Case”</b>	high case, as that term is referred to in the Gaffney Cline Report
<b>“Lead”</b>	a lead, as that term is referred to in the Gaffney Cline Report
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Low Case”</b>	low case, as that term is referred to in the Gaffney Cline Report
<b>“ML Case”</b>	most likely case, as that term is referred to in the Gaffney Cline Report
<b>“ML Resource”</b>	most likely resource, as that term is referred to in the Gaffney Cline Report
<b>“mmbbl”</b>	million barrels (in relation to oil reserves)
<b>“New Corporate Strategy”</b>	the new corporate strategy announced by the Company on 26 October 2009
<b>“New Ordinary Shares” or “Placing Shares”</b>	the new Ordinary Shares to be issued by the Company for cash pursuant to the Placing, which will be up to a maximum of 120,000,000 new Ordinary Shares
<b>“Options”</b>	the options granted to Directors or employees to acquire Ordinary Shares pursuant to the Company’s Unapproved Share Option Scheme
<b>“Ordinary Shares”</b>	the ordinary shares of 5 pence each in the capital of the Company
<b>“Placing”</b>	the proposed placing of the Placing Shares
<b>“Regulatory Information Service”</b>	one of the regulatory information services authorised by the United Kingdom Listing Authority to receive, process and disseminate regulatory information in respect of listed companies
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting as

	set out in the notice at the end of this document
<b>“Shareholders”</b>	the holders of Ordinary Shares from time to time
<b>“Takeover Panel”</b>	the UK Panel on Takeovers and Mergers
<b>“tcf”</b>	trillion cubic feet
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“Unapproved Share Option Scheme”</b>	the Aurelian Oil & Gas PLC Unapproved Company Share Option Scheme adopted by the Company on 2 December 2002 (as amended on 21 June 2006)
<b>“US Securities Act”</b>	the US Securities Act of 1933, as amended

Unless otherwise indicated, all references in this document to “pounds sterling”, “sterling”, “£”, “pence” or “p” are to the lawful currency of the United Kingdom.

## PART I

### Letter from the Chairman **Aurelian Oil & Gas PLC**

*(Incorporated and registered in England and Wales, with registered no 1685863)*

*Directors:*

David Prior (*Chairman*)  
Rowen Bainbridge (*CEO*)  
Mark Reid (*CFO*)  
Michael Seymour (*Exploration Director & President*)  
Nicholas Coats (*Non-executive Director*)  
Miles Donnelly (*Non-executive Director*)  
Dariusz Mioduski (*Non-executive Director*)  
Malcolm Pattinson (*Non-executive Director*)  
David Walker (*Non-executive Director*)

*Registered Office:*

6/7 Pollen Street  
London  
W1S 1NJ

18 January 2010

#### **To Shareholders and, for information only, to holders of options under the Unapproved Share Option Scheme**

Dear Shareholder

#### **Proposed Placing of New Ordinary Shares and Notice of General Meeting**

##### **1. Introduction**

Earlier today the Company announced that, in accordance with its New Corporate Strategy, 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, subject to the passing of the Resolutions at the General Meeting which is being convened for 11:00 a.m. on 3 February 2010. Macquarie Capital (Europe) Limited is acting as sole bookrunner in connection with the Placing.

The purpose of this document is to provide you with information on the Placing, to explain why the Directors believe that the Placing is in the best interests of the Company and the Shareholders as a whole and to seek your approval of the Resolutions to be proposed at the General Meeting.

You will find set out at the end of this document a notice of the General Meeting and a Form of Proxy. Completion of the Form of Proxy will not preclude you from attending the meeting and voting in person.

##### **2. Details of the Placing**

Pursuant to the Placing, the Company is proposing to issue up to a maximum of 120,000,000 New Ordinary Shares of 5 pence each. The Company is proposing to raise approximately €32 million (or approximately €30 million net of expenses). The Placing will be conducted through a bookbuilding process, which is expected to

close on or around 1 February 2010. Once the bookbuilding process is closed, the Company will announce the number of Ordinary Shares to be issued pursuant to the Placing and the price at which the Ordinary Shares will be placed, such announcement to be made no later than 2 February 2010, being the latest practicable date prior to the General Meeting.

The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Ordinary Shares then in issue, including the right to all dividends and other distributions declared, made or paid after Admission.

The Placing is conditional upon:

- the passing of the Resolutions as set out in the notice convening the General Meeting; and
- Admission.

The Placing is not underwritten.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Subject to, *inter alia*, Admission, it is expected that dealings in the New Ordinary Shares will commence on 4 February 2010.

### **3. 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 per cent. of the €1.36 billion of EMV calculated by the Company using certain information taken from the Gaffney Cline Report) plus a further €3 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 Gaffney Cline Report dated 15 December 2009. All of the following EMV information is based on GCA's ML Case volumes:

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

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 €37m<sup>1</sup>;
- Bieszczady – Low Case 33 mmbbls / ML Case 59 mmbbls / High Case 101 mmbbls / EMV €105m. GCA allocated an additional 30 mmbbls to a further Lead;
- Svidnik – Low Case 187 bcf / ML Case 408 bcf / High Case 735 bcf / EMV €136m; and
- Golitza – Low Case 30bcf / ML Case 59 bcf / High Case 103bcf / EMV €11m. GCA allocated an additional 24 bcf to a further 6 Leads.

### **4. Trading update**

On 30 September 2009, the Company released its 2009 Interim Report, including the interim financial

---

<sup>1</sup> GCA information relates to the Company's 100 per cent. interest in Karpaty East which has now been reduced to 80 per cent. (€430m) after its recent strategic partnership with PGNiG with the €430 million being included in the €1.16 billion referred to above.

statements of the Company for the six month period ended 30 June 2009. Your attention is also drawn to the following announcements made by the Company:

- New Corporate Strategy on 26 October 2009;
- Voitinel-1 Well on 17 November 2009;
- Rig Contract signed for Siekierki on 24 November 2009;
- Gaffney Cline Associates Competent Persons Report on 15 December 2009; and
- New Carpathian Exploration Venture with PGNiG on 31 December 2009.

## 5. Summary of the Gaffney Cline 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 Gaffney Cline Report and, using certain information contained in the Gaffney Cline Report, calculated and announced the following:

- A total EMV of €1.36 billion<sup>2</sup>;
- Contingent gas resources of 372 bcf;
- Prospective gas resources of 1.3 tcf<sup>3</sup>; and
- Prospective oil resources of 385 mmbbls<sup>4</sup>.

A copy of the Gaffney Cline Report is available on Aurelian's website: [www.aurelianoil.com](http://www.aurelianoil.com).

## 6. Lock-up

Rowen Bainbridge, Mark Reid and David Walker (each a Director of the Company who will hold Ordinary Shares after the Placing) have agreed, subject to certain exceptions, not to dispose of any interest in any Ordinary Shares owned by them prior to the date which is six months from the date of Admission.

## 7. The City 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. As set out in the announcement released by the Company earlier today, 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 Ordinary Share, a 35 per cent. premium to Aurelian's closing price on 12 November 2009 (the day prior to receipt of the approach) of 16.25 pence per Ordinary Share.

The Board gave consideration to this approach and, having consulted with its financial advisers and certain major Shareholders holding approximately 48.68 per cent. of the Existing Ordinary Shares, 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.

---

<sup>2</sup> €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 €2 million of cash.

<sup>3</sup> 1.2 tcf after strategic partnership with PGNiG.

<sup>4</sup> 326 mmbbls after strategic partnership with PGNiG.

The Industry Participant revised its approach on 20 November 2009 with an all-share approach that valued Aurelian at 28 to 30 pence per Ordinary Share, a 33 per cent. to 43 per cent. premium to Aurelian's closing price on 19 November 2009 (the day prior to receipt of the revised approach) of 21 pence per Ordinary Share. The Board, following consultation with its financial advisers and certain major Shareholders holding approximately 48.68 per cent. of the Existing Ordinary Shares, 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 per cent. to 21 per cent. discount to Aurelian's closing share price on 15 January 2010 (the last practicable date prior to the release of this document) of 35.25 pence per Ordinary Share. Since 20 November 2009, the Company has released the Gaffney Cline Report, announced its strategic partnership with PGNiG in the Polish West Carpathians and provided the Industry 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 Takeover Panel has ruled that, because the Industry Participant has not formally withdrawn its interest, Rule 21 of the City Code applies. Rule 21 of the City 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, the issue of the New Ordinary Shares pursuant to the Placing requires the consent of Shareholders for the purposes of Rule 21.1 of the City Code, as set out in Resolution 2 in the notice of General Meeting.

The announcement released by the Company earlier today and this document have been made without reference to the Industry Participant in order to enable the Placing and has the effect of placing the Company into an Offer Period, as defined by the City Code. The Board notes that there can be no certainty that a formal offer for the Company will be forthcoming.

## **8. Notice of General Meeting**

A notice is set out at the end of this document convening a General Meeting of the Company to be held at 11:00 a.m. on 3 February 2010 at the offices of Norton Rose LLP, 3 More London Riverside, London SE1 2AQ. At the General Meeting, the Resolutions will be proposed as follows:

### *Resolution 1 - Authority to allot shares*

Resolution 1, which will be proposed as an ordinary resolution, and will be conditional on the passing of Resolution 2 and Resolution 3 below, authorises the Directors to allot shares in connection with the Placing up to an aggregate nominal amount of £6,000,000, being the maximum aggregate nominal amount of the Placing Shares.

In addition, the Resolution authorises the Directors to allot shares up to an aggregate nominal amount of £5,884,363, which is approximately one third of the issued share capital of the Company following the Placing, assuming that the maximum number of Ordinary Shares (i.e. 120,000,000) is issued pursuant to the Placing.

By way of clarification, to the extent that the number of Ordinary Shares issued pursuant to the Placing is less than the maximum number of Ordinary Shares that may be issued (i.e. 120,000,000), the Directors will only use such authority so as to allot further Ordinary Shares up to an amount equal to one third of the actual amount of the issued ordinary share capital of the Company as enlarged by the Placing.

### *Resolution 2 - Approval of the Placing for the purposes of Rule 21.1 of the City Code*

Resolution 2, which will be proposed as an ordinary resolution, and will be conditional on the passing of Resolution 1 above and Resolution 3 below, authorises and approves the Placing for the purposes of Rule 21.1 of the City Code.

*Resolution 3 - To dis-apply pre-emption rights*

Resolution 3, which will be proposed as a special resolution, and will be conditional on the passing of Resolution 1 and Resolution 2 above, allows the Directors to allot equity securities on a non-pre-emptive basis, which is limited to:

- (a) the issue and allotment of up to an aggregate nominal amount of £6,000,000, being the maximum aggregate nominal amount of the Placing Shares;
- (b) allotments pursuant to offers of shares to existing Shareholders in proportion to their existing holdings subject only to exclusions to deal with fractional entitlements and legal or practical problems in connection with overseas territories; and
- (c) a nominal value of £1,765,309, representing 10 per cent. of the issued share capital of the Company following the Placing, assuming that the maximum number of Ordinary Shares (i.e. 120,000,000) is issued pursuant to the Placing.

By way of clarification, to the extent that the number of Ordinary Shares issued pursuant to the Placing is less than the maximum number of Ordinary Shares that may be issued (i.e. 120,000,000), the Directors will only allot equity securities on a non-pre-emptive basis up to an amount equal to 10 per cent. of the actual amount of the issued ordinary share capital of the Company as enlarged by the Placing.

**9. Non-binding letters of intent**

The Shareholders and Directors with significant shareholdings listed below, representing approximately 47.28 per cent. of the Existing Ordinary Shares, have submitted letters of intent to the Company giving their support to the Placing and outlining their current intention to vote in favour at the General Meeting of the Resolutions.

Each Shareholder also makes clear in their letter of intent 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 City Code.

<i>Name of Shareholder</i>	<i>Number of Ordinary Shares to which the letter of intent relates</i>	<i>Percentage of issued share capital</i>
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

**10. Additional information**

Your attention is drawn to the additional information about the Company set out in Part II of this document.

In addition, copies of the following documents are available on the Company's website at <http://www.aurelianoil.com/>:

- (a) the investor presentation to be given by the Company to existing and new investors from the date of this document;
- (b) the 2009 Interim Report, including the interim financial statements of the Company for the six month period ended 30 June 2009; and
- (c) the 2008 Annual Report, including the financial statements of the Company for the 12-month period ended 31 December 2008.

#### **11. Action to be taken**

A Form of Proxy is enclosed for use at the General Meeting. You are requested to complete and return this Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, the completed Forms of Proxy must be received by the Company's registrars, Computershare Investor Services PLC, not later than 11:00 a.m. on 1 February 2010, being 48 hours before the time appointed for holding the General Meeting. If you hold your Ordinary Shares in uncertificated form (i.e. in CREST) you may appoint a proxy electronically by following the instructions set out in Note 7 on page 18 so that it is received by the Company's registrars by no later than 11:00 a.m. on 1 February 2010. The time of receipt of the electronic appointment of a proxy will be taken to be the time at which the Company's registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The completion and return of a Form of Proxy or completing and transmitting the electronic appointment of a proxy will not preclude you from attending and voting at the General Meeting in person if you so wish.

#### **12. Recommendation**

**The Directors consider the Placing and the passing of the Resolutions to be in the best interests of the Company and its Shareholders as a whole and accordingly they unanimously recommend that you vote in favour of the Resolutions as those Directors who are also Shareholders intend to do so in respect of their own beneficial holdings of Ordinary Shares which, in aggregate, amount to 83,243,204 Ordinary Shares, representing approximately 35 per cent. of the Existing Ordinary Shares.**

Yours sincerely,

David Prior  
*Chairman*

## PART II Additional Information

### 1. Responsibility statement

The Directors, whose names and functions appear on page 7 of this document, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. Share capital

- (a) The authorised and issued share capital of the Company as at the date of this document is as follows:

<i>Authorised</i>			<i>Issued</i>	
<i>Number</i>	<i>Nominal amount</i>	<i>Class of share</i>	<i>Number</i>	<i>Nominal amount</i>
600,000,000	£30,000,000	Ordinary Shares	233,061,811	£11,653,091

- (b) The authorised and issued share capital of the Company as it is expected to be following the passing of the Resolutions at the General Meeting and the issue of New Ordinary Shares pursuant to the Placing would be as follows:

<i>Authorised</i>			<i>Issued<sup>(1)</sup></i>	
<i>Number</i>	<i>Nominal amount</i>	<i>Class of share</i>	<i>Number</i>	<i>Nominal amount</i>
600,000,000	£30,000,000	Ordinary Shares	353,061,811	£17,653,091

Note:

1. Based on the assumption that the maximum number of Ordinary Shares (i.e. 120,000,000) is issued pursuant to the Placing.

### 3. Directors' and other interests

- (a) The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and the persons connected with them (within the meaning of section 252 of the Companies Act 2006) which have been notified to the Company in the issued and to be issued share capital of the Company are as follows:

<i>Director</i>	<i>Prior to Placing</i>	
	<i>Total number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
David Prior	2,162,595	0.93%
Rowen Bainbridge	180,000	0.08%
Mark Reid	0	0%
Michael Seymour <sup>(1)</sup>	7,427,627	3.19%
Nicholas Coats <sup>(2)</sup>	43,990,958	18.88%

Miles Donnelly <sup>(3)</sup>	10,945,485	4.70%
Dariusz Mioduski <sup>(4)</sup>	17,897,639	7.68%
Malcolm Pattinson	638,900	0.27%
David Walker	0	0%

Notes:

1. Michael Seymour's interests include legal non-beneficial interests in 463,697 Ordinary Shares held as trustee for a charitable trust and in 1,945,240 Ordinary Shares registered in the name of his wife as a trustee of a family trust from which he is precluded from benefit.

2. Nicholas Coats' interests include a non-beneficial interest in 43,960,718 Ordinary Shares held by Lord Sainsbury of Preston Candover KG who exercised his right to propose the appointment of Mr Coats as a director under the terms of an agreement between him and the Company.

3. Miles Donnelly's interests include an interest in 10,665,000 Ordinary Shares held by Contessa Properties Limited.

4. Dariusz Mioduski's interests are non-beneficial and consist of Ordinary Shares held by Kulczyk Investments S.A. a company of which he is the CEO.

In addition to the interests disclosed above, the following Directors hold Options to acquire Ordinary Shares, full details of which are as follows:

<i>Director</i>	<i>Date of grant</i>	<i>Number of Options</i>	<i>Exercise Price</i>	<i>Exercise date (Earliest)</i>	<i>Exercise date (Latest)</i>
Malcolm Pattinson	12 July 2005	125,000	40.0p	13 July 2008	12 July 2010
	7 April 2006	200,000	46.0p	8 April 2009	7 April 2011
	7 April 2006	100,000	55.0p	8 April 2009	7 April 2011
Michael Seymour	12 July 2005	125,000	40.0p	13 July 2008	12 July 2010
	7 April 2006	188,045	46.0p	8 April 2009	7 April 2011
	7 April 2006	211,955	55.0p	8 April 2009	7 April 2011
	16 October 2006	150,000	55.0p	17 October 2009	16 October 2011
	30 September 2009	100,000	16.5p	1 October 2012	30 September 2014
David Prior	7 April 2006	100,000	55.0p	8 April 2009	7 April 2011
Rowen Bainbridge	8 July 2009	1,285,714	14.0p	9 July 2012	8 July 2014
Mark Reid	16 September 2009	888,888	18.0p	1 October 2012	1 October 2014
Miles Donnelly	12 July 2005	125,000	40.0p	13 July 2008	12 July 2010
	7 April 2006	200,000	46.0p	8 April 2009	7 April 2011
	7 April 2006	100,000	55.0p	8 April 2009	7 April 2011

Save as disclosed above, at the date of this document, no Director has any interest, beneficial or otherwise, in the share capital of the Company or any of its subsidiaries.

- (b) Save as disclosed in paragraph 3(a), the Company is aware of the following persons who, at the date of this document, directly or indirectly, jointly or severally, hold three per cent. or more of the issued share capital of the Company.

<i>Shareholder</i>	<i>As at the date of this document</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Lord Sainsbury of Preston Candover KG	43,960,718	18.86%
Kulczyk Investments S.A.	17,897,639	7.68%
Integrated Core Strategies (Europe) s.a.r.l	11,250,000	4.83%
Contessa Properties Limited	10,665,000	4.58%
Palo Alto Global Energy Master Fund L.P.	27,787,778	11.92%
Blue Ridge Limited Partnership and Blue Ridge Offshore Master Limited Partnership	12,985,437	5.57%

**Dated 18 January 2010**

**Aurelian Oil & Gas PLC**

*(Incorporated and registered in England and Wales with registered number 1685863)*

**NOTICE OF GENERAL MEETING**

NOTICE IS HEREBY GIVEN that a General Meeting of Aurelian Oil & Gas PLC (the **Company**) will be held at Norton Rose LLP, 3 More London Riverside, London SE1 2AQ at 11:00 a.m. on 3 February 2010 for the purposes of considering and, if thought fit, passing the following Resolutions with or without modification and of which Resolution 1 and Resolution 2 below will be proposed as ordinary resolutions of the Company and Resolution 3 will be proposed as a special resolution of the Company.

**Ordinary resolutions**

1. That, subject to the passing of Resolution 2 and Resolution 3 below and in substitution for all subsisting authorities to the extent unused, the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 Companies Act 2006 (**CA 2006**) to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company:
  - (a) up to an aggregate nominal amount of £6,000,000, being the maximum aggregate nominal amount of the Placing Shares (as such term is defined in the Company's circular to shareholders dated 18 January 2010 (the **Circular**)) in connection with the Placing (as defined in the Circular); and
  - (b) up to a further aggregate nominal amount of £5,884,363,

and so that that Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts).

The authorities conferred on the Directors under paragraphs (a) and (b) above shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution 1 or 30 June 2011, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

2. That, subject to the passing of Resolution 1 above and Resolution 3 below, the proposed issue and allotment of the New Ordinary Shares pursuant to the Placing is hereby approved for the purposes of Rule 21.1 of the City Code on Takeovers and Mergers and generally and that the Directors be and are hereby authorised to take all such steps as may be necessary or desirable in relation thereto and to carry the same into effect with such modifications, variations, revisions or amendments (providing such modifications, variations, revisions or amendments are not of a material nature) as they shall deem necessary or desirable to complete or give effect to the Placing.

**Special resolution**

3. That, subject to the passing of Resolution 1 and Resolution 2 above and in substitution for all subsisting authorities to the extent unused, the Directors be and they are hereby empowered pursuant to section 570 and section 573 CA 2006 to allot equity securities (within the meaning of section 560 CA 2006) for cash pursuant to the authority conferred by Resolution 1, as if section 561 CA 2006 did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities of up to an aggregate nominal value of £6,000,000, being the maximum aggregate nominal amount of the Placing Shares in connection with the Placing as described in the Circular;
- (b) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are in proportion (as nearly as may be practicable) to their existing holdings and to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts); and
- (c) the allotment (otherwise than under paragraphs (a) and (b) of this Resolution 3) of equity securities up to an aggregate nominal amount of £1,765,309,

and this Resolution 3 shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution 3 or 30 June 2011, whichever is the earlier, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

**By Order of the Board of Directors**

Raymond G. Godson  
*Company Secretary*  
18 January 2010

## Notes

- 1) Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact the Company Secretary at Aurelian Oil & Gas PLC on +44 (0)207 629 7986.
- 2) To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the offices of the Company's registrars, Computershare Investor Services PLC, no later than 11:00 a.m. on 1 February 2010.
- 3) The return of a completed proxy form will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
- 4) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 5) The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- 6) To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6 p.m. on 29 January 2010 (or, in the event of any adjournment, 10.30 am on the date which is 48 hours before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 7) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on 3 February 2010 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy, the revocation of a proxy appointment or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in this notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the appointee by other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.