



Aurelian Oil & Gas

Buy, target price 115p

Aurelian farm down 25% of Solvackia assets

Events

Aurelian Oil and Gas announced that it has reached agreement with JKC Oil & Gas plc for JKC subsidiaries to acquire a 25% interest in the Svidnik, Medzilaborce and Snina licences in Slovakia. Aurelian will retain the remaining 75% and the operatorship. The licences cover an area of 2,278 sq km (the equivalent of approximately 10 North Sea Blocks) in the heart of the Carpathians, adjacent to the Polish border. Upon completion, JKC will reimburse a 25% share of the historical costs borne by Aurelian on the Licences up to 1 January 2008. JKC will then meet 50% of the first EUR3.2 million of the cost of the seismic programme planned for the summer of 2008.

Comments

This farm down will free some capital for the development of Aurelian East Poznan (Poland) key asset. Based upon JKC paying 50% of the EUR 3.2 mln seismic campaign for a 25% share in the licences, the blocks implied value from the transaction stand at EUR 3.2 mln (this excludes the previous cost on the licences that JKC is due to reimburse on a 25% share basis). Aurelian 75% share in the block is therefore valued at EUR 2.4 mln.

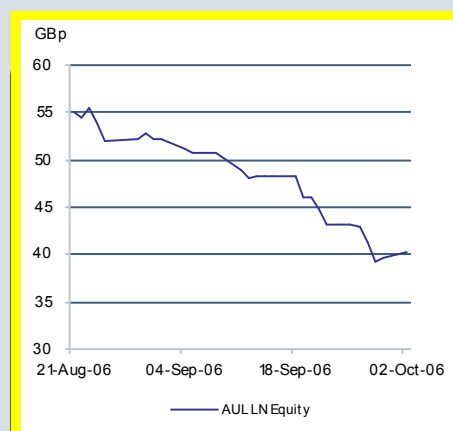
Valuation and Recommendation

We do not include exploration upside in our valuation of Aurelian. Therefore, our Target Price for the company remains unchanged at 115p/sh. We maintain our buy recommendation on the stock that is trading at a 70% discount to our estimation of valuation. The company has a low risk profile compared to other exploration peers given a good cash position (c.29 m euros at the end of 2007) and significant near term production from Poland by 09/09.

Company Statistics

Share Price (p)	34.25
Shares Outstanding (mn)	135.5
Warrants and Options	12.0
Fully Diluted Shares (mn)	146.7
Market Capitalisation (£ mn)	46.41
Average Daily Turnover (£ '000)	36.8
Net Debt/(Cash) (£ mn)	(28)
Enterprise Value (£ mn)	13.67
52-week High (p)	57
52-week Low (p)	29.25
Website	http://www.aurelianoil.com/

Absolute Share Price



Company Summary

Aurelian Oil & Gas is a well-funded oil and gas E&P company with a diversified portfolio of assets in Central and South-Eastern Europe and an aggressive and ambitious exploration programme.

Analyst

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Aurelian Oil & Gas

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Research disclosure as of April 7th, 2008

Company: Aurelian Oil & Gas

Disclosure: 2, 8, 9

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Aurelian Oil & Gas

Research recommendations

Fox-Davies Capital uses a three-tier recommendation system for stocks under coverage: Buy, Hold, or Sell.

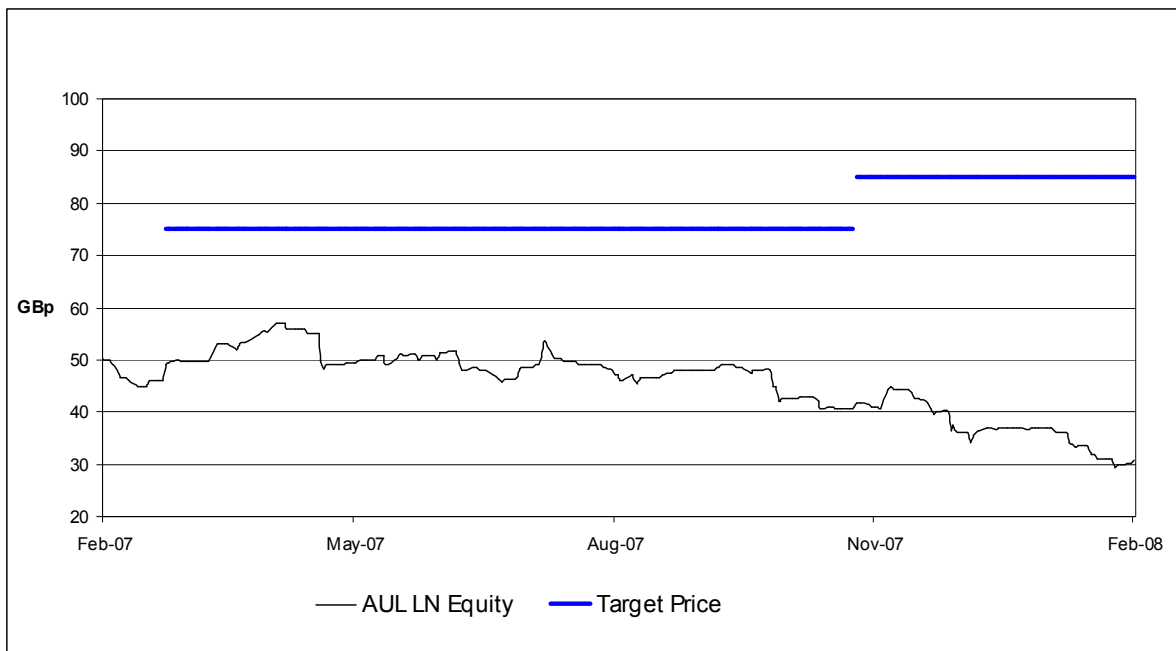
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Sell recommendation means that expected total return expected over 12 months between current and analysts' target price is negative.

Disclosure charts

Exhibit 1: Aurelian share price chart



Source: FDC

Recommendation Summary

Date	Recommendation	Target Price (p)
Oct 3, 2006	Initiate at Buy	n.a.
Mar 8, 2007	Set target price	75.0
Nov 19, 2007	Upgrade target price	85.0
Feb 5, 2008	Maintain target price	85.0
Feb 14, 2008	Maintain target price	85.0
Mar 14, 2008	Upgrade target price	115.0



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EQUITY RESEARCH

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