



Aurelian Oil & Gas

Buy, target price 115p

FY 07 Results: East Poznan Development plans schedule confirmed Events

Aurelian Oil and Gas published its 2007 FY preliminary results this morning. The company posted a loss of euros 9.6 m. (loss of euros 2.3m in 2006) due to much higher exploration costs written off. The company had a cash position of euros 29m at the end of 2007.

Aurelian confirms its goals to reach first gas on Poznan East Blocks in Poland by September 2009. The first horizontal well on the field is still planned for early 2009. On going 3D seismic will enable the group to plan the next two wells. Aurelian is currently investigating financing options. The company aim is to preserve the maximum interests in the field.

Aurelian is also planning to start 2D seismic operations in 2008 on the Bieszczady (May 2008) and Kalisz fields (Summer 2008) in Poland.

In Romania, Aurelian plans to drill the Voitinel (Brodina block) and Lilieci prospects (Bacau block).

Comments

This set of results does not impact our forecasts. Despite the current difficult market environment, we do not anticipate Aurelian to face significant issues to secure funding for the first 2 wells on the East Poznan assets in Poland (total cost c. euros 30m). This is due to 1. the cash position of the company (euro 29m by end 07), 2. The fact at the time of the second well, commerciality of the field would have been proven and reserves booked (if first horizontal well is successful), 3. Poland is a very low risk country.

Additionally the coming drilling activities on the Voitinel (Brodina block) and Lilieci prospects (Bacau block) will provide further momentum and potential positive news flow in the coming months.

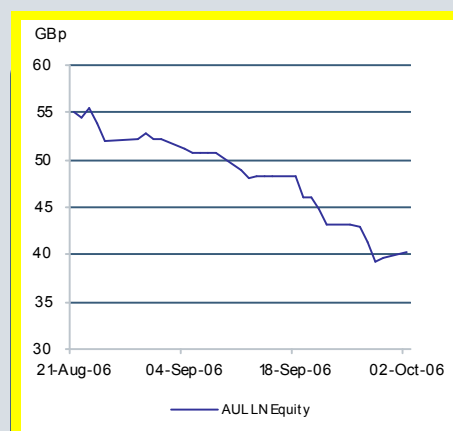
Valuation and Recommendation

We maintain our buy recommendation on the stock that is trading at a 70% discount to our estimation of valuation (115p/sh). 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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FY 07 P&L

Table 1: P&L (€)

	2006	2007
Revenue	2,805	380
Cost of sales	-1,895	-159
Administrative expenses	-1,965	-1859
Other Operating Cost/income	25	-
Exchange loss and share based payment cost	-3,441	-1,298
Exploration Writen off	-9,365	-406
Operating loss	-7,722	--3,342
Net finance income / (loss)	1,764	1,365
Finance Costs	-870	-296
Pre-tax loss	-6,828	-2,273
Income tax	-94	-
Net loss	-6,922	-2,273
Loss per share (diluted)	-5.15	-2.147

Source: Aurelian Oil and Gas



EQUITY RESEARCH

Aurelian Oil & Gas

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Research disclosure as of April 4th, 2008

Company: Aurelian Oil & Gas

Disclosure: 1, 2, 8, 9

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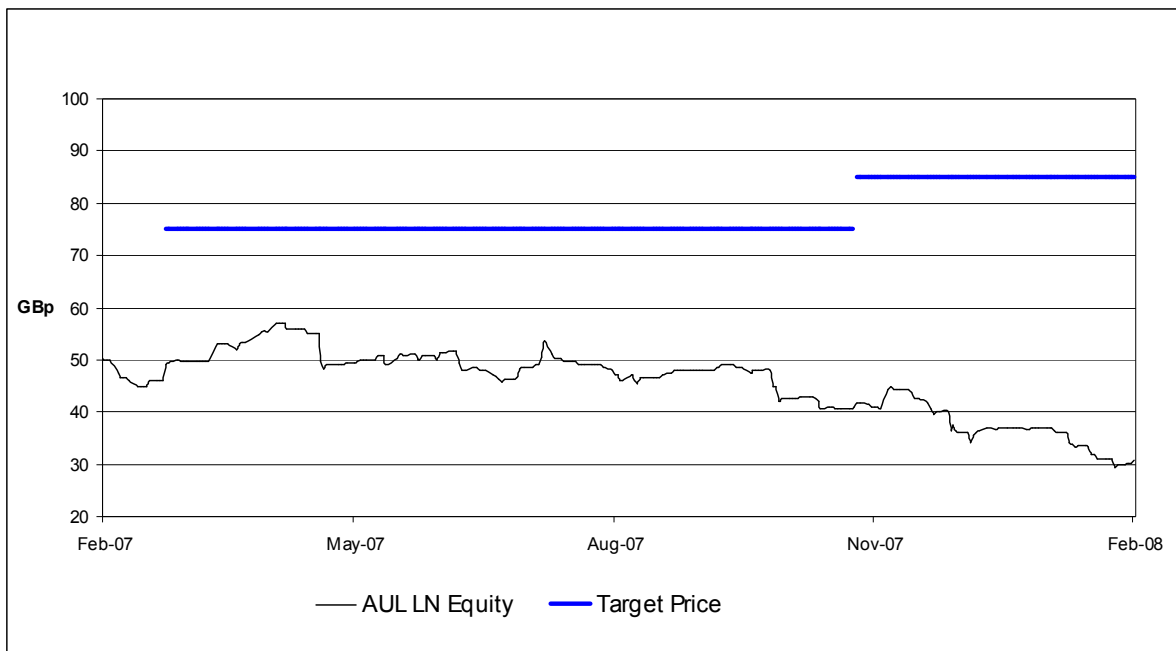
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Sell recommendation means that expected total return expected over 12 months between current and analysts' target price is negative.

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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