

23rd December 2010

Aurelian Oil & Gas PLC

(“Aurelian” or “the Company”)

Operational Update

Aurelian, the European focused E&P Company, is pleased to provide the following operational update.

Highlights

- **First Siekierki Multi Fracced Horizontal Well (“MFHW”) Trzek-2 successfully completes horizontal section encountering 1378.5 metres of Gas. Now ready for fracture stimulation**
 - Horizontal section successfully completed encountering 1378.5 metres of Rotliegendes Gas with potential sweet spots and porosities of up to 15%;
 - Well now ready for up to 10 stage fracture stimulation;
 - Ongoing severe weather expected to delay flow test to January;
 - Trzek-2 still expected to complete within Budget; and
 - Trzek-3 expected to spud early January.

- **First Bieszczady well drilling ahead with Target Depth (“TD”) expected by end February 2011**
 - Currently drilling ahead at 2700 metres targeting a maximum TD of 4800 metres by end of February 2011; and
 - Well targeting prospective resources of up to 100 million barrels (gross) of oil in Carpathian Thrust Fold Belt Core Area.

- **Siekierki Gas Processing Facility continues to progress**
 - Final contract close to being agreed for major Long Lead Nitrogen Removal Unit (“NRU”) required to treat Siekierki gas to sales quality; and
 - Construction start date of early 2011 and first gas production target of end of 2011.

- **1,455 km of 2D and 3D seismic to be acquired across eight surveys in Core Areas in 2011**
 - Partner budgets agreed for significant seismic investment in Core Areas in 2011; and
 - Surveys aim to increase the size of Siekierki Tight Gas project, and in the Carpathian Thrust Fold Belt, to firm up 2011/12 drilling prospects and identify new drilling targets for 2013 and beyond

Rowen Bainbridge, Chief Executive commented:

"Successfully completing the horizontal section and encountering such an extensive section of gas is a very good outcome in this first well in our 346 bcf Siekierki Tight Gas Project. Whilst the severe weather in Poland will delay the results of the flow test for approximately four weeks, we are nonetheless very pleased to be in a position to be able to finish this first well on budget.

I am also pleased with the progress of the first of our three wells in the highly prospective Bieszczady block.

Our 2011 seismic programme covering 1,455 km is extensive and, as well as firming up locations for our 2011 and 2012 drilling programme, it is also hoped that it will identify further prospects for drilling in 2013 and beyond.

There are a number of other activities ongoing in our business and I look forward to bringing you further updates on these in the near future. 2011 is already promising to be another exciting year for the Company."

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Poland

First Siekierki Multi Fracced Horizontal Well ("MFHW") Trzek-2 successfully completed and now ready for up to 10 stage fracture stimulation

The horizontal section of the Trzek-2 well in the Siekierki Tight Gas project has been completed and, after de-mobilising the rig, the well will be ready for up to 10 fracture stimulations to be carried out by Halliburton. The horizontal section encountered a total of 1378.5 metres of Rotliegendes Gas in 1417.5 metres drilled with porosities up to 15%. Although not yet flow tested, variations in gas shows and drilling rates were encountered throughout the sand and these are thought to indicate the occurrence of potential sweet spots. Completion of the horizontal section was delayed by approximately two weeks as a result of continuing severe weather in Poland and some equipment failures. The equipment failures have now been resolved and the experience from this will be taken forward to Trzek-3. Given the forecast of ongoing severe weather in the region, the 10 fracture stimulations will be delayed until early/mid January as the 2000m³ of fresh water used in the process has to be heated and mixed with chemicals to achieve the required properties and it is desirable to undertake this process when ambient temperature is above freezing. This delay means that the flow test will not commence until mid/late January. Notwithstanding this delay, it is expected that the cost of Trzek-2 will still be within the budget of €18.2 million.

The IDM 2000 rig is now being demobilised to move it to the Trzek-3 well-site with a view to spudding the second Siekierki MFHW in early January.

Siekierki Gas Processing Facility continues to progress

Work on the development of the pilot plant and flow lines continues on schedule to allow first gas before the end of 2011. A Letter of Intent signed with BCCK Engineering Inc. a Texas based natural gas engineering company for the major long lead item, a Nitrogen Rejection Unit, has now progressed to a Purchase and Sales Agreement which is expected to be signed by both sides in the coming weeks. Progress on the Planning and Approvals process continues and it is expected that the final construction approval will be obtained in early 2011.

The Siekierki project is located on the Poznan licences which are 100% held by Energia Zachod Sp. z.o.o., a company owned 90% by Aurelian and 10% by Avobone N.V.

First Bieszczady well targeting up to 100 million barrels (gross) of oil in Carpathian Thrust Fold Belt Core Area drilling ahead with TD expected end of February 2011

The first well of a three well programme in the Company's Bieszczady block in the Carpathian Thrust Fold Belt is drilling ahead and has reached a current depth of 2700 metres. The well is expected to reach maximum TD of 4800 metres by the end of February 2011 and is targeting an oil prospect of up to 100 million barrels (gross). A number of reservoirs, all of which are proven producers in the region, are being targeted by this well and there are several other similar sized prospects on trend which would be derisked in the event of a successful outcome. Using existing 2D seismic data which covers approximately 20% of the block area, prospects totalling up to 680 million barrels of unrisks prospective resources have been mapped. A second 2D survey covering a further 20% of the block size will complete the acquisition phase in January 2011.

Interests in Bieszczady are Polskie Gornictwo Naftowe i Gazownictwo (51%) (Operator), Energia Bieszczady Sp. z o.o. (25%) (a 100% subsidiary of Aurelian Oil and Gas Poland Sp. z o.o.) and Eurogas Polska Sp. z o.o. (24%).

