

**4th February 2011**

## **Aurelian Oil & Gas PLC**

**(“Aurelian” or “the Company”)**

### **Romania Corporate Update**

Aurelian, the European focused E&P Company, is pleased to provide the following update on the completion of the strategic review of its Romanian operations.

#### **Completion of strategic option review, establishment of a new subsidiary focusing on Voitinel discovery and Carpathian Thrust Fold belt and signing of Share Purchase Agreement to dispose of remaining Romanian non-core interests**

After undertaking a strategic review of its Romanian business, Aurelian is now reorganizing and refocusing its Romania operations on its Carpathian Fold Belt Core Area.

Through a newly established subsidiary, Aurelian Petroleum SRL., the Company will now focus its Romanian activities on appraising the Voitinel discovery estimated at 400 bcf of GIIP (gross) and oil exploration in the Cuejdiu Concession and the Brodina Exploration Area of the Brodina Concession. Aurelian Petroleum SRL will assume Operatorship of these two assets under the relevant agreements.

Aurelian has also signed a Share Purchase Agreement to dispose of Aurelian Oil and Gas Romania SRL (“AOGR”) which holds the remainder of the Company’s Romanian interests, being the Bilca Gas Project Area of the Brodina Concession, the Suceava Concession, and the Bacau North Areas (A and B) of the Bacau Concession. The purchaser of AOGR is Raffles Energy Netherlands B.V., a subsidiary of the Raphael Group, a large Private Equity investor that has a significant focus in natural resources, energy projects and commodities trading. Upon completion of this disposal, Aurelian will receive an initial payment of between €6.3 million and €6.8 million made up of a ‘base’ cash consideration of €5.3 million plus further cash consideration of €1 million to €1.5 million depending on final working capital and other completion adjustments. The consideration mechanism also provides Aurelian with exposure to future exploration success in AOGR by way of a deferred cash consideration structure whereby payments will be made, starting on first production, for each discovery equating to €50,000 for each Bcf of gas discovered (AOGR’s share) and €300,000 for each million barrels of oil discovered (AOGR’s share) based on the volumes of proved and probable reserves approved in the relevant Field Development Plans. The deal structure also provides for further adjustments (up and down) to the ‘base’ consideration depending on future gas prices and final production achieved from the Bilca Gas Project Area and the recent Climauti-1 discovery in the Suceava Concession. Completion of the transaction is conditional upon the fulfilment of relevant regulatory and third-party approvals which are expected to be obtained within the next 2-3 months.

In the year ended 31 December 2009, AOGR achieved net turnover of approximately RON14.6m (€3.4m) and a loss before tax of approximately RON11.4m (€2.7m).

Interests in the Bilca Gas Project Area are Aurelian Oil & Gas (Romania) SRL 62.5% and S.N.G.N. Romgaz S.A. 37.5%.

Interests in the Suceava Concession are Aurelian Oil & Gas (Romania) SRL 50%, Regal Petroleum PLC 50%.

Interests in the Bacau North Area (A) are Aurelian Oil & Gas (Romania) SRL 41.0%, S.N.G.N. Romgaz S.A. 40.0% and Europa Oil & Gas SRL 19.0%.

Interests in the Bacau North Area (B) are Aurelian Oil & Gas (Romania) SRL 60.0%, S.N.G.N. Romgaz S.A. 40.0%.

Interests in the Brodina Exploration Area are Aurelian Petroleum SRL 33.75%, S.N.G.N. Romgaz S.A. 37.50% and Europa Oil & Gas SRL 28.75%.

Interests in the Cujdiu Concession Area are Aurelian Petroleum SRL 45.0%, S.N.G.N. Romgaz S.A. 37.50% and Europa Oil & Gas SRL 17.5%.

**Rowen Bainbridge, Chief Executive commented:**

***"Last year we set out a plan to refocus our business in Romania and we have now achieved this. We look forward to moving ahead with the appraisal of Voitinel and our oil exploration activities in the Romanian Carpathians. The exit of our non-core interests has been achieved at a value that we are pleased with and it also provides us with further upside based upon the future exploration success of AOGR."***

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

**GLOSSARY**

bcf	billon cubic feet of gas
GIIP	Gas Initially In Place