

25th March 2011

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 Fraced Horizontal Well (“MFHW”) Trzek-2 begins stabilised flow rate test**
 - Stabilised flow rate test delayed by two weeks due to mechanical problems during well clean up. Gas inflow in six of the ten well bore sleeves currently restricted. Likely cause is either clean up debris lodged in sleeve ports or sleeve ports being temporarily closed.
 - Reservoir quality good, with tracers confirming that gas was recovered from all ten fraced zones during initial production test. Down hole logs also confirm good quality reservoir throughout horizontal wellbore.
 - If these well bore sleeve mechanical problems persist after the end of the stabilised flow test, appropriate remedial work will be undertaken.
 - Stabilised rate at the end of the 14-21 day test is likely to be less than the 8mmscf/d that the Company had originally expected. However, good reservoir quality indicators and expected lower production decline rates means that Aurelian should still recover 16-28 bcf from this well and 346 bcf (net) from 20 wells across the full project.

- **Second Siekierki MFHW, Trzek-3, drilling ahead of schedule**
 - Casing set at 3,699 metres after 57 days, compared to 90 days in Trzek-2
 - Improved drilling performance due to implementation of Trzek-2 learning
 - Update on size of gas column and reservoir quality to be provided in April
 - Stabilised flow test results expected by late June or early July

- **First Bieszczady well targeting prospective resources of up to 100 million barrels (gross) encounters active oil and gas system in zone above primary targets**
 - Excellent oil and gas shows and flow of oil and gas obtained in two short term drill stem tests indicates existence of an active oil and gas system above primary targets
 - Currently drilling at 3700 metres, still to reach three primary oil targets located between 4,000 and 4,800 metres
 - Acquisition of additional 300 km of 2D seismic has been completed and will be interpreted later this year, block coverage now 40%
 - Second well in programme expected to spud late 2011/early 2012

- **Confirmation that there will be no restrictions on the development of Polish unconventional gas**
 - Henryk Jesierski the Chief Geologist at the Polish Ministry of Environment confirmed at a conference held at the British Embassy in Warsaw on the 16th of March 2011 that Poland will not be blocking unconventional and shale gas development.

Rowen Bainbridge, Chief Executive commented:

"Whilst the mechanical performance of the down hole and completion equipment on Trzek-2 has been disappointing, we believe that this can be corrected, will not recur in the future and will not impact the potential of our Siekierki Tight Gas Project. The Trzek-3 well is performing better than we had hoped and we will have stabilised flow rates from both MFHWs by the end of June/beginning of July which will help us optimise the development of this key project.

The Bieszczady well update is encouraging and the existence of an active oil and gas system above our primary targets provides us with further options as to how we may commercialise this well in the future.

Aurelian is moving forward with our operations and our plan to create value in both of our Core Areas. As 2011 progresses I look forward to bringing you further updates, particularly on our planned activity for the second half of the year when we expect to spud the Krzesinki-1 conventional gas well in the Greater Siekierki Area and potentially two further high impact exploration wells in the Slovakian and Polish Carpathians".

Enquiries:

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Stabilised flow test begins at first Siekierki Multi Fracced Horizontal Well (“MFHW”) Trzek-2

The stabilised flow rate test at Trzek-2 has commenced on the 24th March. This is approximately two weeks later than originally planned due to mechanical problems with down hole and completion equipment in the horizontal section of the well. These problems arose during clean out operations after completion of the initial production rate test. At present, gas is flowing freely through the ports in three well bore sleeves, and partially through one sleeve. Gas is not flowing through the ports in the remaining six sleeves. The Company believes that this is due to either clean up debris obstructing the sleeve ports or else the covers on the sleeve ports being unintentionally closed during well clean out operations.

The Company is confident that the above issue is not related to reservoir quality as tracers have confirmed that gas was recovered from all ten fracced zones during the initial production test. Furthermore, well bore logging has already shown positive reservoir characteristics along the full length of the horizontal section.

Rather than delay the rate test further, the Company has decided to flow the well for a period of 14 to 21 days to obtain a stabilised flow rate and obtain further production information that will help determine whether; some/all of the debris has cleared naturally during the flow test, the obstructed ports are required to be washed out, or, whether the sleeve port covers require to be re-opened with a down hole tool. A further update will be provided when the test results are available at the end of April.

As a result of these issues, it is likely that after completing the stabilised flow rate test, the reported rate for this first MFHW will be lower than the 8mmscf/d that the Company had initially been expecting. However, good reservoir quality indicators and lower decline rates means that Aurelian should still recover 16-28 bcf from this well and 346 bcf (net) from 20 wells across the full project.

The Company is working with its contractors to identify and resolve the above issues within the existing budget estimate.

Trzek-3, the second Siekierki MFHW, drilling ahead of schedule

After 57 days, Trzek-3 is setting casing at 3,699 metres along hole (3,592 metres vertical) prior to drilling into the Rotliegendes gas reservoir. At the same depth in the drilling of Trzek-2, the Company had been drilling for 90 days. This improved performance is as a result of the Company implementing the learning it obtained during the drilling of Trzek-2.

During April, the Company will provide a further update on the thickness of the gas column and the reservoir quality that it encounters in the Rotliegendes reservoir. As reported previously, the vertical pilot hole and the horizontal section of Trzek-3 are expected to be completed by late May or early June 2011. Hydraulic fracturing operations will then follow, with stabilised flow test results expected by late June or early July.

Trzek-3 is targeting a separate high in the Siekierki structure with a recoverable resource estimated at between 16 and 28bcf.

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

First Bieszczady well encounters active oil and gas system in zone above primary targets.

The Bieszczady partner group is pleased to announce that the Niebieszczany-1 well, which spudded on 14th October 2010, and is the first well of a three well programme in its Bieszczady block in the Carpathian Thrust Fold Belt, has set 9 5/8 inch casing at 3,220 metres and is currently drilling at 3,700 metres. The section drilled from 1000 metres to the current depth consists of interbedded fractured tight sands and shales and excellent oil and gas shows have been encountered throughout which appear to be associated with fracture zones. Wireline logs were taken over the interval of 1,000 metres to 3,226 metres prior to setting casing and a total of 46 metres of core has been cut in three separate zones. In addition, two short term drill tests have recovered oil and gas.

The active oil and gas system is over pressured and the current mud weight required to balance formation pressures is 1.85 sg (Specific Gravity) compared to normal sg of 1.1. The combination of fractured formations and an active over pressured oil and gas system has however resulted in slower than predicted progress. Cost exposure to the slow progress of this well is mitigated due to the fixed cost nature of the contractor's turnkey contract.

Whilst the section drilled to date is encouraging and contains zones of interest, the primary reservoir targets which are expected between 4,000 metres and 4,800 metres are yet to be reached. The well is targeting up to 100 million barrels (gross) of oil and there are several other similar sized prospects on trend which would be derisked in the event of a successful outcome of this first well.

Acquisition of a further 300 km of 2D seismic to the north and east of the existing 2D area is now complete, giving coverage of 40% of the block. A second well is planned to commence in late 2011/early 2012 after interpretation of this seismic and integration of the current well data.

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%).

Confirmation that there will be no restrictions on the development of Polish unconventional gas

Henryk Jesierski the Chief Geologist at the Polish Ministry of Environment confirmed at a conference held at the British Embassy in Warsaw on the 16th of March 2011 that Poland will not be blocking unconventional and shale gas development.

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
mmscf/d	million cubic feet per day
tcf	trillion cubic feet of gas