

Aurelian Oil & Gas PLC

Unlocking Value Through Technology

Interim Results & Operational Update

September 2011

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Interim Results 6 months to 30th June 2011

- Good operational progress overshadowed by the recent test results from Trzek-3
- A full evaluation of the Siekierki Tight Gas project and our plans to take the appraisal programme forward will be provided before the end of the year
- The Company will continue to invest its capital in a way that optimises value for shareholders with a key focus on delivery of our conventional exploration and appraisal programme
- As at 22 September 2011 the Company had €81.25m of proforma cash and cash equivalents to fund an exploration well programme of up to 13 wells

Interim Results 6 months to 30th June 2011

	6 months to 30 June 2011 (unaudited)	6 months to 30 June 2010 (unaudited)	12 months to 31 December 2010 (audited)
Loss before tax	€ <u>(2.5)m</u>	€ <u>(2.5)m</u>	€ <u>(9.7)m</u>
Administration expenses	€ (2.8)m	€ (1.7)m	€ (4.4)m
Pre-licence exploration costs and exploration costs impaired	€(0.1)m	-	€(4.6)m
Net Finance income/(expense)	€0.4	€(0.8)m	€(0.7)m
Net Assets	€ <u>173.6m</u>	€ <u>91.7m</u>	€ <u>175.1m</u>
Cash and cash equivalents	€ 95.3m	€ 44.0m	€ 114.7m
Cash invested in Oil and Gas activities	€ <u>(23.9)m</u>	€ <u>(3.5)m</u>	€ <u>(20.3)m</u>
Cash used in operations	€ <u>(3.7)m</u>	€ <u>(1.3)m</u>	€ <u>(8.4)m</u>

Interim Results 6 months to 30th June 2011

- Loss before tax of €(2.5)m stable compared to previous period (H1 2010: €(2.5m))
 - Administration expenses €(2.8)m (H1 2010: €(1.7)m), higher mainly due to increase in internal capability and increased headcount
 - No significant exploration write downs in period
 - Net Finance Income at €0.4m (H1 2010:€(0.8)m), higher by €1.2m mainly due to increased cash balances in period, absence of exchange translation losses and the termination of Gemini Loan
- Cash and cash equivalents of €95.3m (H2 2010: €114.7m):
 - €23.9m of capital expenditure, €22.0m related to the Company's Polish operations, the significant majority of which was in the Siekierki Tight Gas Project
 - €5.3m of consideration plus €1.55m of working capital/completion adjustments received from the disposal of Romanian non-core interests
 - €3.7m of operating expenditure of which €2.6m relates to ongoing activities
- Proforma cash and cash equivalents as at 22 September 2011 of circa €81.25m, sufficient to fund and test the key plays in our portfolio

Interim Results 6 months to 30th June 2011

- Given the postponement of immediate capital expenditure on Siekierki project, the significant majority of future capital expenditure will now focus on the Company's exploration activities over the following six months:
 - Krzesinki exploration well - gross 60bcf mid case GIIP
 - Testing the Niebieszczany-1 well in Bieszczady
 - Horodnic-1 appraisal well in Romania – gross 52bcf mid case GIIP
 - Acquiring long lead items for:
 - First Slovakian Carpathian exploration well – targeting gross 100bcf mid case GIIP with the potential to de-risk a further gross 400bcf of resources on Block
 - First well in Torzym on its Zechstein Reef Oil play targeting gross 35 million bbls mid case STOIP
 - Processing and interpreting the 575km of 2D and the 120km² of 3D seismic recently acquired in Poland, Slovakia and Romania.
- Details of the Company's longer term activity is set out at page 19 of the presentation

Operational Update - Siekierki Tight Gas Project

Siekierki Tight Gas Project

Current status

- Trzek-3 test ended with a stabilised flow rate of 3.2 mmscf/day after 28 days
- Two month Pressure Build Up test now commenced
- Early mechanical difficulties with Trzek-2 well completion successfully overcome on Trzek-3 with no mechanical issues with cemented liner, well completion or fracking
- Trzek-2 stabilised flow rate of circa 3.0 mmscf/day means ultimate recovery per well for each of Trzek-2 and Trzek-3 likely to be between 4 bcf and 8 bcf each
- All immediate project capex, including Trzek-2 sidetrack, postponed until reasons for lower-than expected flow rates have been established
- Water production higher than expected, but can be managed with industry standard techniques
- Combined flow rates across Trzek-1, 2 and 3 circa 6-8 mmscf/day



Siekierki Tight Gas Project

Next Steps



- Siekierki remains a significant gas field with a mid-case estimate of 1.6 tcf of GIIP
- Revised full development plan being assessed to target the 1.6 tcf of GIIP across the 150km² area of field
- Full field development will be informed by:
 - Enhanced understanding of the reservoir from current detailed technical review of all existing assumptions and well results thus enabling the targeting of areas of better permeability and reduced propensity for water production
 - Identify reason for poor performance of well; possible reasons include
 - Reservoir may be tighter than expected (lower permeability)
 - Flow in immediate area of well bore may be impeded (reservoir “skin”)
 - Formation water may restrict the gas flow rate
 - Pressure build up data being acquired over next two months
- Alternative Pilot Development Plan being prepared to provide early gas monetisation of production from Trzek-1, 2 and 3 and inform full field development. Results of Krzesinki exploration well will also inform this decision
- The timing of seeking to introduce a strategic partner with strong technical skills and financial resources will be brought forward

Operational Update - Ongoing Exploration and Appraisal Activities

Exploration Drilling and Testing Schedule until 2013



- Schedule based on current best estimate and is subject to ongoing review as we constantly high grade prospects and defer others to try and de-risk them

Well	Permit	Country	2011			2012												2013	
			O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F
Krzesinki-1	Poznan-E/207	Poland	■																
Niebieszczany-1 ⁽¹⁾⁽²⁾	Bieszczady	Poland	■	■	■														
Horodnic-1	Brodina	Romania	■	■	■														
Cierne-1	Svidnik	Slovakia				■	■	■	■	■	■								
Sosna-1	Torzym	Poland				■	■	■	■										
Bieszczady-2 ⁽¹⁾	Bieszczady	Poland										■	■	■	■	■			
Solca-1	Brodina	Romania										■	■	■					
Karpaty E-1	Karpaty-E	Poland														■	■	■	■
Cuejdiu Oil-1	Cuejdiu	Romania														■	■	■	■

(1) Non-operated licence

(2) Flow Test

Rotliegendes
 Zechstein Reef Oil
 Carpathian Thrust fold Belt
 Carpathian Foredeep

Including the above nine wells, either currently being drilled or planned to be drilled, a further four contingent wells are also being considered for 2013

Exploration activity update

- Significant strengthening of internal capabilities with the establishment of our Central European Operating Base in Krakow and the hiring of a new Exploration Director and a high quality geology and geophysics team
- Krzesinki exploration well, gross 60bcf mid case GIIP, currently drilling. Results expected October 2011
- Planned mid October spud for Horodnic-1 appraisal well in Romania, gross 52bcf mid case GIIP
- Niebieszczany-1 well in Bieszczady, testing two hydrocarbon bearing zones. Results expected during Q4 2011
- Acquiring long lead items for the Company's:
 - First Slovakian Carpathian exploration well – targeting gross 100bcf mid case GIIP with the potential to de-risk a further gross 400bcf of resources on Block
 - First well in Torzym on its Zechstein Reef Oil play targeting gross 35 million bbls mid case STOIIP

Exploration activity update

- First urban 3D seismic survey shot in Poland completed over 120km² of Block 206, near Poznan City. Will help appraise North West extension of the Siekierki Tight Gas Field
- Currently processing and interpreting the 575km of 2D and 120km² of 3D seismic recently acquired in Poland, Slovakia and Romania
- Ongoing portfolio management and A&D activity looking to simultaneously;
 - Reduce exposure in high equity licences; and
 - Identify further growth options inside and outwith existing portfolio

Exploration & Appraisal

Significant investment in Seismic continuing



- Full seismic programme across all plays progressing well
- Objective of seismic programme:
 - Firm up existing prospects to determine drill locations
 - Acquire additional seismic to identify additional prospects

Play	Licence	Seismic				
		2D Seismic (KM)			3D Seismic (KM ²)	
		2010 (Acquired)	2011 (Acquired)	2011 (to Acquire)	2010 (Acquired)	2011 (Acquired)
Rotliegendes Exploration	Poznan East		203			
	Poznan North					120
	Kalisz	80				
Zechstein Reef Oil	Cybinka / Torzym				220	
Carpathian Fold Belt	Bieszczady	300		300		
	Karpaty East	136		92		
	Brodina	60	23	143		
	Cuejdiu	130	125			
	Slovakia	150	224	76		
Carpathian Foredeep	Bacau	70				
	Karpaty West			150		
		926	575	761	220	120

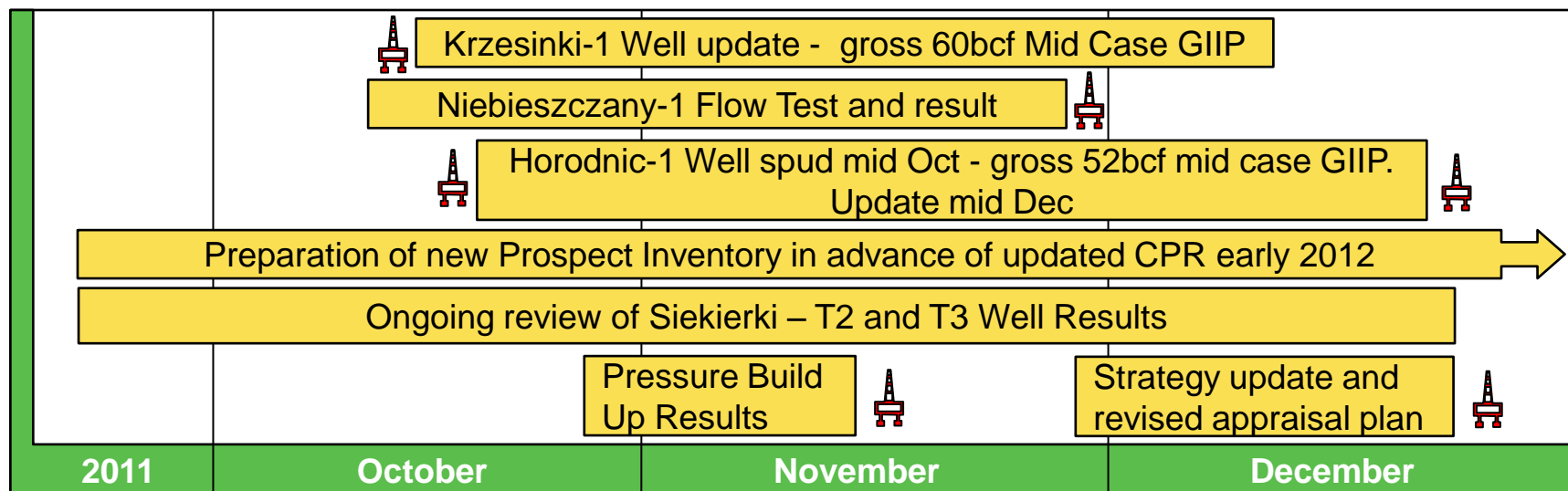
Operational Update - Other Developments

Other developments

- Further Strategic Partner discussions ongoing regarding
 - Siekierki
 - Polish Carpathians
- Update of Prospect Inventory and issue of new CPR early 2012
- Divestment of non-core assets
 - Romanian non-core assets divested
 - Data room currently open to divest Bulgarian business
- Seeking additional exposure in certain areas
 - Increasing equity in certain core assets where we have a low interest
 - Increasing exposure to grow in-country critical mass
- Enhanced Central European industry knowledge with the appointment of a highly experienced, Polish, Non-Executive Director

Activity plan

Period to 31 December 2011



Year to 31 December 2012

Date	Core Area 1 Permian Basin	Core Area 2 Carpathian Thrust Fold Belt
H1 2012	<ul style="list-style-type: none"> Spud Sosna-1 first well in Torzym on Zechstein Reef Oil play targeting gross 35 million bbls mid case STOIP 	<ul style="list-style-type: none"> Spud Cierne-1 100bcf mid case GIIP with potential to de-risk a further gross 400bcf of resources on Block Spud Bieszczady-2
H2 2012	<ul style="list-style-type: none"> Spud Cybinka-1 	<ul style="list-style-type: none"> Spud East Karpaty- 1 Spud Solca-1 Spud Cuejdiu-1

Delivery since November 2010

1.	Appraise Siekierki through drilling and testing of 2 MFHW's	✓
2.	Drill Krzesinki-1 exploration well to further appraise Rotliegendes reservoir	drilling
3.	Begin drilling high impact Carpathian exploration portfolio	✓
4.	Add significant experience to Board – John Smallwood and Piotr Rozwadowski	✓
5.	Complete first urban 3D seismic survey in Poland	✓
6.	Raise sufficient capital to fund an extensive exploration portfolio	✓
7.	Strengthen internal capabilities: establishment of Central European Operating Base in Krakow	✓
8.	Complete sale of non-core Romanian assets	✓
9.	High-grade portfolio	ongoing
10.	Strategic partner discussions	ongoing

Summary

- Full evaluation of Siekierki test results and revised appraisal plan going forward post Trzek-3 and Krzesinki well results to be provided by year end
- No further capital will be allocated to Siekierki project in the meantime
- Exploration well updates on Niebieszczany-1, Krzesinki-1 and Horodnic-1 expected before year end
- Revised Prospect Inventory and exploration program leading to an updated Company CPR early 2012
- Funded conventional exploration programme of up to 13 wells, many of which targeting significant resources
- Significant strengthening of internal capabilities with establishment of Central European Operating Base in Krakow, appointment of John Smallwood and his team, and deepening of Central European business understanding with the appointment of Piotr Rozwadowski as Non-Executive Director
- Proforma cash and cash equivalents as at 22 September 2011 of circa €81.25m

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