

Aurelian Oil & Gas PLC

Admission to AIM

Aurelian, the oil and gas exploration and development company focussed on Central & Southeastern Europe, proposes to be admitted to AIM on 22 August 2006. At Admission Aurelian will be raising between £16 - £17 million in addition to cash balances of £28.55 million as at 31 July 2006. Aurelian will be capitalised at approximately £80 million on Admission at the placing price of 55p per share.

Overview:

- > Central European oil and gas exploration and production company operating in countries with strong demand for natural gas
- > Assets in Romania, Bulgaria and Poland with a range of risk profiles
- > Additional concessions being applied for in Central Europe
- > Three out of three drilling success rate so far, first production in Romania anticipated in Q3 2006
- > Reserves and risked prospective and contingent resources of 504 Bscf (84 MMboe)
- > Cash balance of £28.55 million as at 31 July 2006 prior to admission and the raising of any new monies

Strategy:

- > To develop its exploration acreage through further seismic acquisition and drilling
- > To acquire additional interests in exploration and producing assets with potential upside
- > To evaluate and identify new opportunities in the region

Placing – Raising between £16 - 17 million:

- > The proceeds of the placing will be used for:
 - Development of the gas fields in the Brodina Block, Romania
 - Further seismic acquisition and drilling on the Company's exploration targets
 - Development of any future discoveries from the current work programme
- > On Admission Aurelian will have more than sufficient funds to cover its current work programme
- > Nabarro Wells & Co. Limited and Fox – Davies Capital Limited are acting as the Company's Nominated Adviser and Broker respectively

Michael Seymour, Managing Director of Aurelian, commented:

"Aurelian offers a unique investment portfolio of assets with a diverse range of risk profiles. Newly exploitable due to advances in surveying and drilling technology, our assets are based in politically stable environments within the re-emerging central European hydrocarbons province."

Admission to AIM will allow Aurelian to carry out the next stage of its strategy of further developing its existing assets whilst also acquiring further interests in exploration and production assets. We believe that these will provide upside potential for the company and ultimately our shareholders."

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Why Central Europe?

- > Some of the oldest oil and gas countries in the world, which are now re-emerging.
- > Exploration targets vary from low risk through to large targets with high risk.
- > Energy (especially gas) demand is increasing in the region.
- > Political, fiscal and legal environment conditions are attractive.
- > Many of the countries in the area, including Poland, are part of the European Union. Romania and Bulgaria are expected to join in 2007/2008.
- > Legal titles to concessions are clearly established.
- > Established gas transportation systems in the region.

Operational overview:

- > Romania: Commercial production anticipated in Q3 2006
 - Company holds interests in three blocks: Brodina (28.75%), Cujeziu (28.75%) and Bacau (47.5%)
 - Commercial production in the short term - with first gas anticipated in Q3 2006
 - Seismic data acquired on potential deeper and larger plays to identify drill targets
 - Total 2P net reserves and prospective resources in the three blocks are estimated by Scott Pickford at 2.8 Bscf (0.5 MMboe) and 187.8 Bscf (31.3 MMboe) respectively
- > Bulgaria: Both deep and shallow wells to be drilled in 2007
 - Operator on two blocks: B-Golitzia and B1-Golitzia (Both 75%)
 - Partner JXX Bulgaria Limited, with option to increase stake to 50% and take over operatorship
 - First deep well to be drilled in 2007
 - Total net prospective gas resources estimated by Scott Pickford (assuming a 50% interest) at 2,316.3 Bscf (386 MMboe)
- > Poland: First well on Siekierki field to be spudded in Q4 2006
 - Operator of Poznan East gas appraisal prospect (90%)
 - Seismic data acquired on Siekierki field with first well to be spudded in Q4 2006
 - o Net contingent resources estimated by Scott Pickford at 500 Bscf (83.3 MMboe)
- > Extensive use made of long term consultancies in each region

Management team:

- > The Aurelian management team has extensive operational experience in the oil and gas industry, with the executive team having over 65 years' collective experience
- > Having worked in this region for a number of years the team also have strong political contacts and an intricate understanding of the workings of the jurisdictions in which the Company operates
- > In each area that Aurelian operates the relevant senior managers are locally based and highly experienced

Further details of the Company's operations and management team are contained within the notes to editors below.

Notes to Editors

Overview

In December 2002 Aurelian commenced seeking to acquire, explore and develop oil and gas properties, predominantly in Central & Southeastern Europe. The Group has built a portfolio including discovered gas fields in Romania that are expected to begin production shortly, and a number of exploration and development opportunities in Romania, Bulgaria and Poland. These exploration targets vary from low risk through to large targets with high risk.

Asset	Interest (%)	Area (km ²)	Status	Planned Work Programme	Estimated Group Expenditure over next 18 Months
Romania					
Brodina Block	28.75	1,475	Development & Exploration	Production in 3Q 2006 Exploration drilling in 2006/7	£8.1 million
Cuejdiu Block	28.75	1,035	Exploration	Exploration drilling in 2006/7	
Bacau Block	47.5	1,275	Exploration	Exploration drilling in 2006/7	
Bulgaria					
B-Golitzza Block	50*	3,178	Exploration	Exploration drilling in 2007/8	£2.9 million
B1-Golitzza Block	50*	1,948	Exploration	Exploration drilling in 2007/8	
Poland					
Poznan East	90	1,578	Exploration	Appraisal well in 2006/7	£7.3 million
Other					
Various	Various	n.a.	Various	Regional studies Licence applications Seismic acquisition	£7.9 million

* Assumes that JKX exercises its option on each block to acquire a further 25% participating interest.

Romania

The Group holds interests in concession agreements on three blocks in Romania - the Brodina Block, Cuejdiu Block and Bacau Block - all of which lie along the eastern margin of the Carpathian mountains. The Group is the operator of all three blocks, and holds a 28.75% interest in the concessions on the Brodina Block and Cuejdiu Block and a 47.5% interest in the concession on the Bacau Block. Three discoveries on the Brodina Block – Bilca East, Bilca West and Fratauti - are currently in the process of being brought into commercial production with first gas anticipated for the third quarter of 2006. The three discoveries are in close proximity to one another and have been connected to common facilities and an export pipeline which are scheduled to be commissioned and handed over by the construction company for operations before the end of August 2006. 2P gas reserves net attributable to Aurelian from these discoveries are estimated by Scott Pickford at 2.8 Bscf (0.5 MMboe).

In addition, in the central and western part of the blocks, there is the potential for deeper, larger plays. Two significant leads, Voitinel and Ghindaoani, have been identified in the Brodina Block and Cuejdiu Block respectively, and seismic data was acquired in this area earlier this year in order to identify the target areas for drilling.

Total prospective resources (best estimate) in the three Romanian blocks net attributable to Aurelian is estimated at 187.8 Bscf of gas (31.3 MMboe) according to Scott Pickford (Brodina, 77.1 Bscf; Cuejdiu, 87.5 Bscf; and Bacau, 23.2 Bscf). Assuming a gas price on a sliding scale of US\$120 to \$249/1,000 cubic metres, the net present value of the Group's reserves in Romania at a 10% discount rate is estimated by Scott Pickford at \$6.4 million. On the same gas pricing sliding scale, the net present value of the Group's prospective resources in Romania at a 10% discount rate is estimated by Scott Pickford at \$295.6 million and the estimated monetary value at \$50.8 million.

Bulgaria

In Bulgaria, the Group is the operator of two blocks in which it holds a 75% interest, the B-Golitz Block and B1-Golitz Block. The Group's partner in the blocks, JKX Bulgaria Limited, has the option to increase its interest from 25% to 50% and take over operatorship of the blocks prior to the drilling of the first exploration well. The partners plan to drill the first well in early 2007.

Assuming JKX exercises its options on both blocks, the total prospective gas resources (best estimate) net attributable to Aurelian are estimated by Scott Pickford at 2,316.3 Bscf (386 MMboe). The net present value at a 10% discount rate of the Group's assumed 50% interest in the two blocks is estimated by Scott Pickford at \$1.9 billion and the estimated monetary value at \$187.8 million, assuming a gas price of \$125/1,000 cubic metres and an oil price of \$35/barrel.

Poland

The Company is the operator and currently holds a 90% shareholding in Energia Zachód Sp. z o.o. ("EZ") and thereby through EZ has a 90% interest in the Poznan East concessions in central Poland.

Seismic data was acquired on Poznan East earlier this year and the Group plans to commence drilling its first well on the Siekierki field in the fourth quarter of 2006. Contingent gas resources (best estimate) for Poznan East, assuming a 90% interest, are estimated by Scott Pickford at 500 Bscf (83.3 MMboe) with a net present value at a 10% discount rate of \$265.5 million and an estimated monetary value of \$130.1 million, assuming a gas price of \$128/1,000 cubic metres.

Management Team

John Lippitt (aged 78), Non-executive Chairman

Mr. Lippitt currently manages his own company, Malacca Straits Trading Company Limited. After a distinguished career in the Far East and London in the civil service culminating in his appointment as a Deputy Secretary in the then Department of Industry, he joined the GEC Group where, until 1997, he was a board member responsible for promoting export sales. He has also been chairman of GEC Marine and a senior adviser to Marconi Marine and BAE Systems.

David Prior (aged 51), Non-executive Deputy Chairman

Mr. Prior is a barrister with experience in investment banking with Lehman Brothers, Lazard Freres and Dillon Read and in the commercial sector with British Steel where he was commercial director and a number of private industrial companies. In 1997 he became a member of Parliament and subsequently Deputy Chairman and Chief Executive of the Conservative Party. After the 2001 General Election he went into the private equity business and became Chairman of the Norfolk and Norwich University Hospital.

Michael Seymour (aged 64), Executive Managing Director

Mr. Seymour, the founder of Aurelian, is a geologist with 35 years of experience in the oil industry. He trained with large companies such as the Burmah Oil Company, Conoco-Philips Inc and Kerr-McGee Corporation. In 1984, he founded Teredo Oils Limited as a private company, and after a reverse takeover in 1987, he became managing director of the then listed Teredo Petroleum plc. That company was subsequently acquired by Cairn Energy plc in 1993. In 1992, he founded Medusa Oil Limited with support from a small group of oil industry veterans, and spent the next five years building up an exploration portfolio. In 1997, Medusa was acquired by Ramco and he became exploration director of Ramco. Following a change in corporate strategy at Ramco in 2002, Mr. Seymour entered into an agreement to leave Ramco and acquired (with certain family interests) all the issued shares of the Company, which acquired certain assets that Ramco no longer felt to be core to their portfolio.

Frank Jackson (aged 58), Executive Commercial Director

Mr. Jackson joined Aurelian in 2002 as a non-executive director and assumed executive responsibilities from April 2005. He has over 30 years' experience in funding and developing projects in the natural resources sector. He has worked with Rio Tinto and Anglo American Corporation, among others, in the mining sector in Africa. Starting in 1982, Mr. Jackson began managing and funding projects in the oil, mining and water industries in Europe and, particularly Eastern Europe, living in Poland from 1989 until 1995. He was founding Chairman of the British Chamber of Commerce in Poland. Mr. Jackson was the Chairman of the Medusa Group of Companies until its sale to Ramco in 1997.

Roy Hartley (aged 58), Executive Operations Director

Mr. Hartley is a chartered petroleum engineer with a career of more than 30 years in the oil industry. He worked for 13 years with Shell mainly in operations and in research and development before working as a consultant specialising in reserves evaluation, mature field development and production technology problems. He joins the Company from Helix RDS Limited where he worked closely with Aurelian on the development of the Romanian and Polish licences. Mr. Hartley is a Fellow of the Geological Society of London and a Fellow of the Energy Institute. He is a member of the Society of Petroleum Engineers and is a long standing Technical Editor for which he has three times received recognition for outstanding technical contribution and exceptional effort.

Guy Elliott (aged 48), Non-executive Director

Mr. Elliott is a co-founder of F3 Capital Management, LLC, an independent alternative asset management firm specialising in early stage financings in the natural resources field. Prior thereto, Mr. Elliott was president and co-founder of Croesus Capital Management, a specialist emerging markets hedge fund manager which grew over several years to about \$800 million under management. He was manager of proprietary trading at HSBC New York from 1992 to 1993 and worked for EBF & Associates as a portfolio manager from 1990 to 1992. He has also worked for Merrill Lynch, International in New York focusing on fixed income securities and Cargill in London, Geneva and Minneapolis trading fixed income, foreign exchange and derivatives.

(Frank) Paul Hilton (aged 46), Non-executive Director

Mr. Hilton has been an investment banker for 23 years and is currently a managing director of Chiliogon Limited. Previously, he was employed by Deutsche Bank AG between 1998 and 2005, where he was global head of the Relative Value Group in the equities division. Prior to this, he was an executive director at Morgan Stanley & Co., Inc where he worked from 1993 to 1997. From 1990 to 1993, he was a senior executive at James Capel & Co. Inc. In the 1980s, he was an investment manager in London with Allied Dunbar group and Montagu Investment Management, which became part of Invesco.

Malcolm Pattinson (aged 63), Non-executive Director

Mr. Pattinson is a geophysicist with 40 years' experience in oil and gas exploration. He was exploration manager and then vice president for Hamilton Oil (later BHP) for 14 years and subsequently was the UK and International exploration vice president for Ranger Oil (later CNR International). He was responsible for numerous oil and gas discoveries on the UKCS, including the Liverpool Bay fields and Ravenspurn North, and was named Explorer of the Year in 1990 by Wood Mackenzie. He is a former chairman of the Petroleum Exploration Society of Great Britain and in 1996 was awarded the medal for outstanding achievement by the Petroleum Group of the Geological Society. He has recently been consulting for Tullow Oil on its UKCS activities.