



24 June, 2011

Mediterranean Oil & Gas Plc

(“the Company”, “MOG”)

Offshore Malta Area 4 PSC (Blocks 4, 5, 6, 7)

Farm Out of 75% Interest

The Board of Mediterranean Oil & Gas Plc (AIM: MOG), the central Mediterranean focused producer, developer and explorer of oil and gas assets, is pleased to announce that Phoenicia Energy Company Limited (“**PEL**”), a wholly owned subsidiary of MOG, has entered into an Execution Agreement (“**Execution Agreement**”) with Dominion Petroleum Limited (“**Dominion**”) to farm-out a 75% operated working interest in the production sharing contract for Blocks 4, 5, 6 and 7 of Area 4 Offshore Malta (“**Maltese PSC**”), pursuant to a draft farm-in agreement (the “**Maltese Acquisition**”). Completion of the Maltese Acquisition is conditional upon (i) receipt of required Maltese government approvals and (ii) completion of the placing of shares by Dominion, announced on 24 June, 2011 (“**Dominion Placing**”).

Under the Execution Agreement, Dominion will pay a deposit of US\$225,000 to PEL, which is non-refundable in the event that the Dominion Placing does not complete, or Dominion is otherwise unable to enter into the farm-in agreement. Should the Maltese government approvals not be received, the deposit is refundable in its entirety.

The Maltese PSC is situated to the north of Libya, covering an area of 5,715 km² in Maltese waters. It includes both the Cretaceous rift potential of the Melita-Median Graben and the confirmed Eocene carbonate play of North Africa. A competent person’s report on Area 4, completed by RPS Energy and prepared for MOG in March 2006, identified a number of prospects within the area. Of particular interest is the Tarxien prospect, a lower Eocene carbonate build up. Using Libyan oil field analogues, RPS estimated the prospect to have a gross recoverable un-risked P50 prospective oil resource of 115mmbbl with an 18% chance of success.

Under the Maltese PSC, MOG currently holds a 90% operated working interest through its subsidiary PEL, with Leni Gas & Oil Investments Limited holding the remaining 10% of working interest. Following the completion of the Maltese Acquisition and the subsequent farm-in agreement, Dominion will hold a 75% operated working interest in the Maltese PSC. Under the terms of the farm-in agreement, Dominion will meet certain exploration costs up to a cap of US\$1,260,000, on behalf of MOG in relation to its remaining 15% working interest. Dominion will also compensate MOG for a total amount of US\$900,000 in certain historic costs, through the US\$225,000 deposit mentioned above and a closing sum of US\$675,000 under the farm-in agreement.

The work obligations of the current period of the Maltese PSC comprise the acquisition of 1,000km² of 3D seismic data and the drilling of one exploration well. The results of the seismic survey will enable the JV partners to define and evaluate the Tarxien prospect and other identified opportunities within Area 4, prior to any drilling decision. The long-offset 3D will also allow for a clearer analysis of the pre-tertiary rift-fill below the Eocene carbonates and potential Cretaceous targets.

The first exploration period runs until January 2013 and there is a minimum spend requirement of US\$5 million. The Company anticipates that the 3D seismic survey will cost between approximately US\$8 million and US\$10 million gross to undertake, which will satisfy the minimum spend requirement.

Michael Bonte Friedheim, the Company's CEO, stated:

“Following agreement with the Government of Malta to extend the exploration phase for all blocks of Area 4, for 18 months, we are very pleased to have concluded the terms for a farm out with Dominion.

While this remains conditional, the farm out agreement allows us to be practically free-carried for the completion of a 1,000 sq km long-offset 3D seismic survey, as well as receive a significant reimbursement of back costs. Dominion has extensive experience in frontier exploration activities and we are glad to have them as a partner.

We are hopeful that the seismic survey will identify further prospects in the area and make the drilling of an exploration well attractive. ”

Background

On 18th July 2008 MOG entered into a PSC with the Maltese Government following a very encouraging geological and geophysical assessment of the PSC Area undertaken by the Company and its consultants during the 36 month Exploration Study Agreement (ESA) phase.

The PSC granted MOG the exclusive right to explore for and exploit oil and gas in a 5,700 sq km area which extends south from Maltese waters to the agreed and internationally recognised border with Libya. The PSC has a term of 30 years and is divided into exploration and production periods. The 6 year exploration period is divided into 3 stages with an initial 3 year stage in which the Contractor is obliged to undertake a 2,500 metre well. Following the current stage the Contractor can extend the exploration phase for two additional exploration periods of 18 months each by undertaking a further one well commitment for each extension. The first exploration period was originally due to expire on 18th July 2011.

On 1st June 2011, the Company announced an agreement with the Government of Malta to extend the first exploration phase of the Production Sharing Contract (“PSC”) for offshore Malta Area 4 (Blocks 4, 5, 6, 7), by 18 months to January 18, 2013.

Malta is surrounded by large proven petroleum systems, in the offshore parts of Libya, Tunisia and Sicily. The studies performed by the Company established that the geology within the PSC Area has potential for petroleum systems related to the Tunisian and Libyan hydrocarbon plays and fields. These systems provide encouraging analogues for Area 4. Source, reservoir and seal rocks, similar in age and character to those developed in both Tunisia and Libya, are present in the PSC Area.

The PSC Area is covered by various vintages of 2D seismic data and by a 3D survey over the western part of the block 7. Since 2007, the Company has acquired 1,012 sq km of new 2D seismic in the area, processed the newly acquired seismic, reprocessed in time and depth the existing 3D dataset and re-interpreted the entire 2D and 3D seismic data package available in the area.

Four prospects and five leads on the PSC Area have been confirmed and delineated. The new assessment of prospective resources and potential hydrocarbon volumes in place undertaken by the Company in 2010 substantially confirm the previous assessment undertaken for the Company by RPS. The total un-risked hydrocarbon potential of the PSC Area is estimated to be around 5 billion barrels of oil in place with resultant total ‘most likely case’ un-risked prospective recoverable oil resources of about 1,500 MMbbls. The three most mature prospects are located in Block 7 along the ramp setting of the Melita – Medina Graben close to the Libya pelagic basin.

QUALIFIED PERSON

Sergio Morandi (a director of the Company) holds a first class honours degree in geology from La Sapienza University (Rome) and has over thirty years E & P experience spent in oil and gas exploration and operations management and seismic data acquisition, processing and interpretation with ENI, Coparex, ELF, Enterprise Oil, Shell Italia E&P and Shell International E&P. Mr. Morandi's last position held was as International Geophysical and Business Advisor with Shell International E&P at EPTS - Centre of Expertise in The Netherlands. His earlier roles include Head of Exploration for Shell Italia E&P and as Head of Exploration and Chief Geophysicist for Enterprise Oil Italiana. Mr. Morandi has been a lecturer in Applied Seismology at the Basilicata University in Italy, is a board member of Associazione Mineraria Italiana, is a current member of the European Association of Geoscientists and Engineers, registered member number 563 of the Lazio Geologists' Order and is a registered geological adviser to the Rome and Viterbo Tribunals in Italy. He has compiled, read and approved the technical disclosure in this regulatory announcement. The technical disclosure in this announcement complies with the SPE/WPC standard.

ENQUIRIES:

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Glossary

Sqkm

Square kilometers

Scm

Standard cubic meter

Bcf	Billion cubic feet of gas
Mcf	Thousand cubic feet of gas
MMcf	Million cubic feet of gas
MMscm	Million standard cubic meters
TD m	Total Depth in meters
MD	Measured Depth
TVD	True Vertical Depth
2P (P1 & P2) Reserves	Proven plus probable reserves as defined in the SPE/WPC Standard
Prospective oil/gas resources	Has the meaning ascribed by the SPE/WPC Standard
SPE/WPC	Society of Petroleum Engineers/World Petroleum Congress