

MEDITERRANEAN OIL & GAS PLC
(the “Company” or “MOG”)

Fundraising completed and corporate update

2 June 2009

The Board of Mediterranean Oil & Gas Plc (AIM: MOG) wishes to announce that it is undertaking a £4,250,000 issue of convertible loan notes (“Issue”).

Raising

The Board indicated in the Company’s preliminary accounts released on 19 May 2009 that the Company would undertake a small capital raising to be utilised on the continuing studies, approvals and other work necessary for the Ombrina Mare development and for general corporate purposes.

The Issue is being managed by its joint broker Tristone Capital and has been largely committed to by existing shareholders of the Company. Convertible loan notes (“CLNs”) to a value of £3,100,000 have been authorised. The balance of £1,150,000, which is to unrelated parties, is subject to shareholder approval to be sought at the Company’s annual general meeting to be held in June 2009. Each CLN has the following terms:

1. face value of £1,000 each and convertible at any time at the option of the subscriber only from the date of issue until 30 November 2011 into the Company’s ordinary shares at a fixed price of £0.40/share;
2. if not converted by the subscriber prior to 30 November 2011, the CLNs must be redeemed on that date for full face value plus all accrued interest;
3. interest accrues at the rate of 9.9% per annum and is capitalised on a daily basis and added to the principal. Interest is payable in shares on the same terms as the principal on conversion or in cash, if the CLNs are redeemed; and
4. each CLN has a warrant attached permitting the holder to subscribe for 2,500 new shares. The warrants have an exercise price of £0.45 per share and may be exercised at any time from the date of issue until 30 November 2012.

Related Party

Entities associated with Mr. Anthony Trevisan and Mr. Michael Bonte-Friedheim have subscribed for £650,000 and £130,000 of CLN’s respectively. Accordingly, the directors of the Company, with Mr Trevisan and Mr. Bonte-Friedheim abstaining, consider that, after consultation with WH Ireland Ltd, the Company’s nominated adviser, the terms of the CLN transaction are fair and reasonable insofar as the shareholders of the Company are concerned.

Stark Master Fund Ltd (“Stark”) has subscribed for £1,300,000 of CLN’s. The issue of CLN’s to Stark is being treated as a related party transaction, under the AIM rules, as Stark is a substantial shareholder of the Company. Accordingly, the directors of the Company, with Mr Trevisan and Mr. Bonte-Friedheim abstaining, consider that, after consultation with WH Ireland Ltd, the Company’s nominated adviser, the terms of the transaction are fair and reasonable insofar as the shareholders of the Company are concerned.

Jurisdiction

During March 2009, the Company asked the Panel on Takeovers and Mergers (“the Panel”) whether they considered the Company had its place of central management and control in the United Kingdom and hence whether the City Code on Takeovers and Mergers Code (“the Code”) applied to the Company’s shares.

The Panel advised that it did not consider that the Company had its place of central management and control in the United Kingdom and on that basis the Company was not subject to the Code. The position stated was the Panel’s view in March 2009 and if circumstances relating to the Company’s management and control change, then the Panel might in future be of the view that the Code did apply to the Company.

Convertible bond extension

The Company and Stark (the holder of all of the convertible bonds issued by the Company in 2005) have agreed to extend the date for redemption of the convertible bonds to 30 November 2011. The convertible bonds will continue to be interest free and have a fixed conversion price of £0.50 per ordinary share.

For the purposes of the AIM rules the extension of the redemption period of the converting bonds is considered to be a related party transaction as Stark is a substantial shareholder in the Company. Accordingly, the directors of the Company consider, having consulted with W H Ireland Ltd, the Company's nominated adviser, that the terms of the extension of the convertible bonds are fair and reasonable insofar as the shareholders of the Company are concerned.

Michael Bonte-Friedheim, the Company’s Chairman stated:

“In the current challenging economic and market conditions this raising will place the Company on a sound footing to continue to aggressively pursue the development of Ombrina Mare. The Company structured the CLN to avoid dilution of existing shareholders, who supported the Company by agreeing to participate in the raise. I wish to thank them for the continued support of the Company. “

ENQUIRIES:

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