



27 October 2011

**Mediterranean Oil & Gas Plc
("the Company", or "MOG")**

Start up of production on Guendalina Gas Field, Italy

Concession AC 35 AG - Guendalina Gas Field (MOG interest 20%, ENI 80% and Operator)

The Board of Mediterranean Oil & Gas Plc (AIM: MOG), the central Mediterranean producer, developer and explorer of oil and gas assets, is pleased to announce that gas production commenced on the offshore Guendalina gas field on the night of 25th October 2011.

The commencement of production at Guendalina will have a material positive impact on the Company's revenues. In 2012, MOG's share of gas sales at Guendalina is likely to be approximately three times the Company's last reported annual revenues of €3.49m for the year ended 31 December 2010.

ENI have also notified the Company that the anticipated final project cost is likely to be approximately 7% higher than original estimates provided by them. As a consequence, the final project capex, net to MOG, is expected to be approximately €15.5m (VAT excluded).

Background:

- The Guendalina gas field is located 47km offshore of the northeast coast of Italy, in 42m of water;
- The field has independently certified 2P gas reserves of 22 Bcf (4.5 Bcf net MOG);
- The aggregate gas production from the field is approximately 20 MMcf/day (100% basis); 4MMcf/day net to MOG;
- In June 2011, MOG signed a contract with the Italian utility, Elettrogas SpA. The term of the contract is one year, commencing from October 1, 2011 and is automatically renewed by a further year unless terminated by either party;
- Under the contract's gas price formula, the average annual gas price for the next 11 months is expected to be approximately €0.306 /cubic meter (US\$11.50 /thousand cubic feet).

Sergio Morandi, Chief Operating Officer of Mediterranean Oil and Gas, commented:

"We are extremely pleased to announce that gas production at the Guendalina field has commenced. The start up of Guendalina gas production is a key milestone in the development of the Company's business plan that will significantly increase the Company's net gas production and revenue."

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