

3 March 2011

Mediterranean Oil & Gas Plc

(“the Company”)

Update on Strategic Review

On 4 October 2010, the Company announced the appointment of CIBC World Markets plc (“CIBC”) to advise the Company in a review of its strategic options, which may include a sale of the Company or the divestment of certain assets. This was to address the combined effect of Legislative Decree no. 128, which amends the Italian Environmental Code (decree no. 152/2006) (‘the Decree’), restricting development of oil and gas fields within 5 miles of the Italian shoreline and within 12 miles of natural reserves, and the adverse economic climate which were materially impairing the Company's ability to raise further funds required to develop and progress its exploration, development and producing assets, as well as to meet the Company's future working capital requirements.

As part of the strategic review process, the Company and CIBC have been in a number of discussions regarding potential strategic alliances and funding solutions for the Company.

As part of these discussions and considering the Company's longer term financing needs, the Company is in dialogue with its bank to extend the maturity of the Company's loan facility which is due for repayment in September 2011.

The Company continues to review its operational and exploration activities with the aim of preserving its cash resources and manage its working capital whilst it seeks further finance.

Negotiations with potential investors are on-going and the Company is hopeful that one of the current opportunities will resolve the Company's financial position satisfactorily. There can be no certainty that these discussions will result in a satisfactory outcome.

Regarding the Decree, there has been no further clarification from the authorities as to whether fields upon which previous exploration has confirmed the existence of commercial hydrocarbon quantities are exempted thereunder. As previously stated, the Company intends to challenge any assessment that the Decree is applicable to Ombrina Mare.

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