

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

15 January 2008

Commencement of drilling operations at Grenade-3 well
(St Laurent Permit : MOG 11.154%: Egdon Operator)

The Board of Mediterranean Oil & Gas Plc (AIM: MOG) wishes to announce that the Operator of the St Laurent Permit in South West France has made the following announcement:

“The COFOR MAS 3000 rig completed the rig move on 9 January and drilling operations commenced at 12.00 hours on the 10 January 2008. The Grenade-3 well will take around 30 days to reach target depth.

The Grenade-3 well is an appraisal of the Grenade heavy oil accumulation. The discovery well, Grenade Sur Adour-1 was drilled by Elf in 1975 and found a 97 m column of 10° API oil. Between 1976 and 1985 around 8,000 barrels of oil were recovered from intermittent tests, the well being finally plugged and abandoned during a period of low oil prices in 1985.

An independent report by RPS Troy-Ikoda in 2004 determined that the oil-in-place within the structure was in the range of 68 to 485 million barrels (MMStb), with a Best Estimate of 221 MMStb. During 2005 the group acquired 40km of 2D seismic and 12km² of 3D seismic data over Grenade, and by integrating the new data with both existing reprocessed 2D seismic data and the results of an extensive regional core study, were able to better define the trap. The resultant mapped trap is a large three-way up-dip pinch-out of the reservoir on a low energy carbonate platform. Based on this revised trapping model Egdon have determined a range of oil in place of 95 to 945 MMStb with a Best Estimate of 300 MMStb.

Grenade-3 is a step-out to the Grenade-1 discovery well and be drilled as a vertical pilot hole designed to confirm the oil column and reservoir distribution. Contingent upon the results of this pilot hole a horizontal sidetrack will be drilled and completed for a long term production test to be undertaken. The production test would utilise modern completion, pumping and viscosity reduction methods in the horizontal reservoir interval to determine the likely recoverable reserves and commerciality of the Grenade oil accumulation.”

In accordance with AIM rules - guidance for mining, oil and gas companies, the information contained in this announcement has been reviewed and signed off by the Joint Managing Director of Egdon Resources plc Mark Abbott, a Geoscientist with over 21 years experience. The technical disclosure in this announcement complies with the SPE/WPC standard.

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