

Dublin

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Petroceltic International plc

Algeria Operational Update

Petroceltic International plc (“Petroceltic” or “the Company”), the upstream oil and gas exploration and production company focused on North Africa and the Mediterranean, in association with its partner Sonatrach, the Algerian National Oil & Gas Company is pleased to issue an operational update on its Isarene permit in the Illizi Basin in South Eastern Algeria.

As previously announced, a gas column in excess of 80 metres has been logged in the Ordovician reservoir in well AT-3, the second delineation well in the Ain Tsila gas condensate discovery. Testing of the AT-3 well on the discovery has confirmed that the gas at this location is in the same pressure regime as wells AT-1 and AT-2, demonstrating that this gas condensate discovery extends for a distance of over 22km, from AT-1 to AT-3.

Fracture stimulation, which is usually necessary to achieve commercial flow-rates from the Ordovician reservoir in the Illizi Basin, could not be successfully completed in the AT-3 well due to the presence of an in-situ rock stress regime significantly higher than that measured at AT-1 and AT-2, and higher than had been anticipated in the well design. Consequently, the pressures required to fracture stimulate the AT-3 well exceeded the pressure rating of the wellhead equipment, and the Company was unable to fracture stimulate the well with the available equipment. Local high in-situ stress caused by localised tectonic history is a known issue in other Illizi basin fields in Algeria and the Company considers that it is likely to be of limited local extent, rather than regionally extensive.

The AT-3 well has now been suspended with a view to completing the fracture stimulation and testing as part of a future Ain Tsila appraisal campaign when wellhead equipment with a higher pressure rating can be deployed. This is planned to be later in 2010, subject to Government and partner approval.

Data from the three wells drilled in the Ain Tsila discovery have demonstrated the presence of an extensive and probably continuous gas accumulation capable of flowing at rates exceeding 30mmscf/d following fracture stimulation. A Discovery declaration for the Ain Tsila field has been filed with Sonatrach, in accordance with the Production Sharing Contract.

Drilling is currently underway on the INW-2 well in the north west of the block, on the Issaouane NW prospect. The rig has logged two gas bearing intervals in the primary Devonian F2 objective, and is now drilling in the secondary Ordovician reservoir objective. The Devonian F2 gas intervals will be tested after completion of drilling.

Brian O’Cathain, Chief Executive of Petroceltic, commented:

“We are pleased that the 3rd well on the Ain Tsila Ridge Discovery in this drilling campaign has demonstrated pressure continuity with the earlier two wells drilled, and the presence of a single large gas accumulation in the field. Additionally, the logging results from INW-2 look positive, and we are hopeful that this well will prove up another commercial gas flow rate in the block. We are now working to interpret and integrate the large volume of data from these discoveries, with a view to making an application to the Algerian authorities for an appraisal period extension to the production sharing contract in the near future. We hope to be carrying out further appraisal drilling on the Ain Tsila field later this year, subject to partner and Government approval”.

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Fabrice Toussaint, Head of Petroleum Engineering, Petroceltic International plc, is the qualified person who has reviewed and approved the technical information contained in this announcement. Mr. Toussaint holds a Diploma in Engineering from the Ecole Nationale Supérieure de l’Aéronautique et de l’Espace, Toulouse, and has over 17 years experience in oil & gas exploration and production. He is a member of the Society of Petroleum Engineers.

Notes to Editors:

Petroceltic International plc is a leading Upstream Oil and Gas Exploration and Production Company, focused on the Mediterranean and North African area, and listed on the London Stock Exchange’s AIM Market and the Irish Stock Exchange’s IEX Market. The Company has exploration and appraisal assets in Algeria, Tunisia and Italy.