

**Dublin**

**18<sup>th</sup> January 2010**

**Petroceltic International plc  
Placing of Iberdrola Shareholding**

Petroceltic International plc ("Petroceltic" or "the Company"), the upstream oil and gas exploration and production company focused on North Africa and the Mediterranean, announces that it was notified that Iberdrola had sold 215,769,231 ordinary shares, being all of its 15.68 per cent shareholding in Petroceltic, on the 15th January 2010. The shares were placed with a group of existing and new Petroceltic shareholders at 16p per share, a 1p per share premium to the previous day's closing price. The placing was co-ordinated by Petroceltic's brokers Mirabaud and Davy.

Following the sale, Iberdrola no longer holds a shareholding in Petroceltic. In line with the provisions of the Shareholder's agreement entered into by Petroceltic and Iberdrola on 30 June 2008, Iberdrola's representative on the Board of Petroceltic, Pablo Fuentes-Cantillana, has resigned as a director of the Company with immediate effect.

The Iberdrola shareholding had been subject to a lock-in arrangement and in exchange for Petroceltic's consent to allow Iberdrola to place this stake via the Company's brokers, Iberdrola has agreed to the early termination of its option to acquire a 49% interest in any of Petroceltic's upstream assets and Petroceltic has agreed to the repayment of the \$7.3 million option fee paid by Iberdrola in January 2009, over the next 18 months. This agreement constitutes a related party transaction under the AIM and IEX Rules. The Independent Directors, having consulted with Davy, the Company's Nominated Advisor, consider that the terms of the agreement are fair and reasonable, insofar as Shareholders are concerned.

The decision to divest of its holding in Petroceltic was taken by Iberdrola in line with its asset disposal programme for 2008-2010, as published in its Strategic Plan. This objective of this disposal programme is for Iberdrola to realise €2.5 billion in divestments of non-core assets, with the goal of maintaining its balance sheet strength, improving its capital structure, and fulfilling its core business investment plans communicated to the market. This latest disposal of a non-core investment follows on Iberdrola's recent decisions to divest its interest in the Senaca Lake gas storage facility in the USA, two hydroelectric plants in Chile, a 10% shareholding in Gamesa (a wind-turbine manufacturer) and a 27% shareholding in Guatemalan telecommunications company Navega. The on-going

divestment programme reflects fundamental changes in market conditions in Iberdrola's core business post the 2008 global credit crisis.

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

"We are delighted that the principal shareholders in Petroceltic have expressed their strong support for the Company by acquiring the Iberdrola stake at a premium to market. Our investors see the considerable latent value in our portfolio, and are committed to working with us to realise the upside value over the coming year, in particular in our Algerian assets where our recent drilling campaign has demonstrated the presence of a very large gas accumulation capable of flowing at rates exceeding 30 mmscf/d per well.

We have valued Iberdrola’s contribution to Petroceltic over the past 18 months. In particular, Pablo Fuentes-Cantillana has made a very positive contribution to our growth and on behalf of the Board I wish to thank him for his contribution, and to wish him every success in his future endeavours."

**Ends**

**For further information, please contact:**

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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.