

## **MAX PETROLEUM PLC**

### **(“MAX PETROLEUM” OR THE “COMPANY” AND TOGETHER WITH ITS SUBSIDIARIES, THE “GROUP”)**

**[AIM: MXP]**

#### **Strategic and Operational Update**

Max Petroleum, an oil and gas exploration and development company focused on Kazakhstan, announces today an update to its strategic plan through the period ending 31 December 2010 (the “Strategic Plan”).

The Group operates two onshore oil and gas exploration licences, covering 13,500 km<sup>2</sup> in the Pre-Caspian Basin, one of the most prolific hydrocarbon basins in the world. The Group's strategy is to generate production and cash flow from low risk, low cost shallower prospects, while pursuing an aggressive geological and geophysical campaign to identify high quality pre and post-salt leads and prospects over its extensive acreage. Max Petroleum is actively pursuing joint venture or farmout relationships to assist in the funding and exploration of the Group's deep portfolio, which we believe is amongst the best in the world.

Max Petroleum has successfully drilled 19 of 26 wells to date, and has one producing field, Zhana Makat, which is currently producing approximately 2,200 barrels of oil per day. The Company has now acquired a total of 5,216 km<sup>2</sup> new 3D seismic over its licences and processing is ongoing.

This update details changes in Max Petroleum's corporate strategy as presented in its strategic update released in April 2008.

#### **Strategic Plan through 31 December 2010**

##### **Blocks A&E – Post-Salt (Shallow)**

The Company plans to complete the processing and interpretation of its extensive 3D seismic data on Block E by July, and Block A by October, 2009. By the end of the year, the Company expects it will have matured 10 to 15 drillable prospects from the portfolio of 36 existing leads in the areas covered by the new 3D data. The Company plans to begin drilling these prospects, as well as two development wells in Zhana Makat, in the late summer of 2009. The Company plans to retain a 100% interest in this shallow/intermediate portfolio, as the Company believes that a drilling programme of 10-15 exploration prospects will offer a greater than 90% chance of at least one commercial discovery, with an expectation of three commercial discoveries eventually resulting in approximately 100 Mmboe of 2P reserves. Based on the relatively low cost (up to approximately \$2 million per well) to drill these post-salt wells and the relatively high likelihood of success, the Company believes that this post-salt drilling programme will create significant shareholder value.

##### **Blocks A&E – Pre-Salt (Deep)**

Located less than 60 km north of the giant Tengiz Field, the deep pre-salt Kuzbek Prospect continues to be of particular interest to major oil companies seeking high risk/high reward opportunities. The presence of several potential pre-salt leads, combined with new geochemical evidence for possible pre-salt accumulations, supports this interest. The Company expects to begin a formal farmout process for the deep rights on Block E in the summer of 2009, following the completion of ongoing processing and interpretation of the new 3D seismic.

## **Astrakhanskiy Block**

The Company's geotechnical evaluation of the Astrakhanskiy Block is complete. The Company recently received approval from Kazakhstan's Ministry of Energy and Mineral Resources to move the drilling of the first well into 2009. The block contains what appears to be an extension of the super-giant Astrakhan and Imashevskoye fields located immediately to the Northwest on the same carbonate platform. The Company is in continuing discussions with interested parties regarding the farmout or sale of the Astrakhanskiy licence.

## **Liquidity and Capital Resources**

The Company anticipates that funding its Strategic Plan through 2010, as outlined above, will require \$50-\$70 million of additional capital in excess of the expected cash flow to be generated from future crude oil sales. The Company expects to fund its Strategic Plan using its credit facility with Macquarie Bank Limited, as well as proceeds from the farmout or sale of the Company's Astrakhanskiy license, farmout of the deep rights on Blocks A&E, as well as additional third party debt or equity financing, if available.

## **Jim Jeffs, Executive Co-Chairman, commented:**

*"The strategic goals outlined above are designed to maximise the value of Max Petroleum's highly prospective assets. The Company intends to implement this strategy to maintain significant upside for shareholders. In the short-term, the Company believes that significant value can be generated from a shallow drilling programme, whilst there is even greater upside in the long-term from pre-salt exploration."*

*The operational progress made over recent months justifies the continued confidence of the Company in the quality of its assets. In particular, by completing the evaluation of the extensive 3D seismic data over identified leads in Blocks A&E, Max Petroleum should be able to mature a viable portfolio of new prospects, which will lead to enhanced value for Max Petroleum's shareholders."*

## **Enquiries:**

<b>Max Petroleum Plc</b>	Michael Young President and CFO	Tel: +44 (0)20 7355 9590
	Peter Moss Investor Relations Manager	
<b>Merlin PR</b>	Tom Randell / Anca Spiridon	Tel: +44 (0)20 7653 6620
<b>WH Ireland Ltd</b>	Daniel Bate / David Youngman	Tel: +44 (0)161 832 2174

Richard Hook, Chief Operating Officer of Max Petroleum, is the qualified person that has reviewed and approved the technical information contained in this announcement. Mr. Hook is a member of the Houston Geological Society and holds both Masters and Bachelors of Science degrees in geology.