

## **MAX PETROLEUM PLC**

**(“MAX PETROLEUM” OR THE “COMPANY”)**

**[AIM: MXP]**

### **Senior Credit Facility Loan Commitment Increased to \$80 million**

**17 August 2009**

Max Petroleum, an oil and gas exploration and production company focused on Kazakhstan, announces today that the loan commitment under its senior credit facility (the “Credit Facility”) with Macquarie Bank Limited (“Macquarie”) has been increased to US\$80 million. The Company also amended the Credit Facility to defer the repayment of principal until 2011 and to remove various events of default based upon the Company meeting certain milestones on or before November 2009.

As a result of the increase in loan commitment, Macquarie has the right to subscribe for a further 243,519,158 Ordinary Shares, which vested in accordance with the terms of the warrant deed issued to Macquarie in February 2009 (the “Warrant Deed”) as follows:

- 121,759,579 shares at 4.54p per Ordinary Share;
- 55,345,263 shares at 5.22p per Ordinary Share; and
- 66,414,316 shares at 5.67p per Ordinary Share.

The exercise prices of the warrants were based on the trailing 5 day volume weighted average price (“VWAP”) per Ordinary Share in February when the Warrant Deed was issued. Although the Warrant Deed was executed in February, vesting was subject to various conditions that have only recently been met. The Company will account for the cost of the warrants based on the share price on the vesting date, which was significantly higher than the trailing VWAP at the time of grant.

In conjunction with the syndication of a portion of the Credit Facility, Macquarie assigned the vested right to subscribe to 42,534,841 Ordinary Shares under the Warrant Deed to various third-party investors.

As a result of the transactions above, Macquarie now holds warrants over a total of 322,743,896 Ordinary Shares, which are exercisable at prices between 4.54p and 5.67p per share. Macquarie also currently holds 7,572,706 Ordinary Shares. If Macquarie exercised its rights over all of the warrants that it holds, and there were no further share issues by the Company, Macquarie would hold a total of 330,316,602 Ordinary Shares representing 48 per cent. of the then enlarged share capital.

The amendment to the Credit Facility includes the following terms and conditions:

- Repay principal outstanding under the Credit Facility in three equal instalments on 31 January 2011, 31 March 2011 and 1 June 2011;
- Complete the Block A post-salt prospect review on or before 15 October 2009 to the reasonable satisfaction of Macquarie; and
- Complete the syndication of up to 50% of the Credit Facility on or before 30 September 2009 on the same terms as existing syndicate partners, without any obligation to increase the loan commitment beyond US\$80 million.

The additional liquidity provided by the increase in loan commitment allows the Company to commence its post-salt exploration drilling programme of 10-15 wells on its Blocks A&E licence in the fourth quarter of 2009, while it works to attract capital to exploit the pre-salt deep rights on Blocks A&E and a farmout or

sale of its Astrakhanskiy Licence. The Company expects those efforts will benefit from the availability of depth processed 3D seismic data.

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

*"I am extremely pleased with the significant progress Max Petroleum has made restructuring its outstanding senior and convertible debt in a uniquely adverse economic environment, while staying on track to execute its strategic plan announced in March of this year. We have completed two of our three planned prospect reviews in Blocks A&E using fully processed 3D seismic data, which have already generated 10 post-salt drillable prospects and have enhanced our deep portfolio through the identification of two distinct play types in the pre-salt. The Board believes Max Petroleum is in a unique position to build substantial shareholder value in the very near future."*

**Enquiries:**

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