

Max Petroleum Plc

("Max Petroleum" or, together with its subsidiaries, the "Company")

Court of Cassation Tax Ruling

2 June 2010

Max Petroleum Plc, an oil and gas exploration and development company focused on Kazakhstan, announced today that the Court of Cassation, an appellate court of the Republic of Kazakhstan, has upheld a tax claim brought against the Company by local Kazakh tax authorities regarding the timing of certain tax deductions made by the Company prior to 1 January 2009 (the "Tax Claim").

The Tax Claim resulted from a routine tax audit of the Company for calendar years 2005 to 2008 and involves a dispute over the timing of recovery (i.e. depreciation) of the Company's costs capitalised to its oil and gas properties for tax years prior to Kazakhstan's adoption of a new tax code in 2009. In summary, the Company began depreciating its capitalised costs when it began producing crude oil in accordance with the terms of its subsoil use licence and the Kazakh legislation in place at the time the licence was executed. The local tax authorities, however, have asserted that the Company should only begin depreciating its capital costs upon the formal declaration of a commercial discovery to the Kazakh authorities. As a result, the local tax authorities have disallowed a total of \$35 million in depreciation deductions taken by the Company during calendar years 2006 through 2008, resulting in an assessment of additional taxes, interest and penalties of \$15.6 million.

The Company continues to believe the Tax Claim is without merit and will appeal the Court of Cassation's decision to the Supreme Court of the Republic of Kazakhstan as soon as possible. The Company expects the Supreme Court appeals process to take between two to six months. In the event it is unsuccessful, the Company expects to recover the economic benefit of the contested deductions in future years.

Due to the Court of Cassation's decision, however, the local tax authorities now have the right to require payment of the Tax Claim prior to the ruling of the Supreme Court. The Company has applied for, and is in current discussions with, the appropriate local tax authorities to spread any required payments over a longer term period up to twelve months. The Company intends to fund any near-term payments due on the Tax Claim from cash flow from operations, borrowings under its Credit Facility with Macquarie Bank Limited, and the offset of current VAT receivables from the Kazakh government. If the Company is successful in its appeal to the Supreme Court, any payments made on the Tax Claim would be refundable to the Company or creditable against other current tax obligations.

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