

## Max Petroleum Plc

### Strategic and Operational Update

14 April 2008

Max Petroleum Plc (the "Company") today announced its strategic plan outlining its corporate strategy for the three-year period ended 31 December 2010 (the "Strategic Plan"), as well as an operational update of the Company's activities through the quarter ended 31 March 2008.

#### Three-Year Strategic Plan

The Strategic Plan was prepared by Management and approved by the Company's Board of Directors after an extensive review of the Company's assets, operations and personnel by Mark Johnson, the Company's Chief Executive Officer. The principal goal of the Strategic Plan is to maximise the value generated from the Company's capital spending programme over the next three to five years by properly leveraging off of the Company's extensive 3D and 2D seismic and other geological data acquired on its exploration acreage in the Pre-Caspian Basin.

Over the next three years, the Company expects to drill a total of 57 onshore wells, evaluating 26 structures in Blocks A&E and Astrakhanskiy. The exploration drilling programme will test currently identified shallow, intermediate and deep structures with estimated risked mean resource potential of 829 million barrels of oil equivalent ("Mmboe"). The Company's ongoing geological and geophysical ("G&G") exploration programme will acquire, process and interpret in excess of 5,000 km<sup>2</sup> of 3D seismic and 2,700 km<sup>2</sup> of 2D seismic over three blocks, of which approximately 3,400 km<sup>2</sup> of 3D and 2,100 km<sup>2</sup> of 2D seismic data has already been acquired with up to four seismic crews working simultaneously. The Company plans to use up to six drilling rigs through 2010, including five rigs dedicated to Blocks A&E and one deep rig dedicated to Astrakhanskiy.

#### *G&G Programme*

The Company plans to complete its 3D seismic acquisition programme by the end of 2008, consisting of the following 3D seismic surveys:

- 380 km<sup>2</sup> in the western section of the Astrakhanskiy license area (completed February 2008)
- 1,940 km<sup>2</sup> in the northern section of Block A (84% complete)
- 1,610 km<sup>2</sup> in the southern section of Block E (47% complete)
- 700 km<sup>2</sup> in the northeast section of Block E (planned 4Q 2008)

The Company is currently processing the seismic data from the Astrakhanskiy 3D survey and partial sections of data from the two larger shoots on Blocks A&E, all of which should be available for interpretation beginning in May 2008. The remaining 3D data resulting from the Company's surveys in Blocks A&E will be available for interpretation in early 2009. In order to accelerate the evaluation of the Company's exploration acreage given the large volume of 3D seismic and other technical data, the Company's Board of Directors has approved the establishment of a separate exploration team in Houston, Texas, which will work with the Company's existing team in Almaty to high grade the Company's expansive portfolio of leads and prospects and prioritise future drilling schedules.

## *Drilling Programme*

The Company plans to expand its exploration drilling activities significantly beginning in 2009, with a goal to substantially evaluate the Company's prospective acreage position over the next three years.

The Company has tendered for two intermediate rigs to drill exploration and appraisal wells on Blocks A&E up to depths of 3,000 metres and plans to have the rigs on location on or before January 2009, providing additional time for the Company to complete its seismic acquisition programme and perform a quality review of the resulting data. The intermediate rigs will be dedicated to drilling 22 shallow and intermediate structures in Blocks A&E with risked mean resources of 191 Mmboe, as well as up to three horizontal development wells in the Zhana Makat area. Following successful appraisal efforts, the Company intends to mobilise a third intermediate rig dedicated to drilling appraisal and development wells. Additionally, the Company plans to release the KM-200 shallow rig after it has completed drilling the wells planned for 2008 in the Zhana Makat area.

The Strategic Plan calls for four deep structures to be drilled through 2010 in Block E and Astrakhanskiy with risked mean resources of 638 Mmboe. The first exploration well in Astrakhanskiy is scheduled to begin drilling in December 2008 to be followed by an appraisal well if it is successful or a second exploration well. Management has established a dedicated Astrakhanskiy project team, which is preparing a tender for the rig as well as handling the various permitting and other regulatory issues involved with drilling the initial well. With regards to Block E, the timing of the initial deep well is dependent upon the processing and interpretation of the ongoing 3D seismic survey in the southern portion of the block. Consequently, it is anticipated that the initial deep exploration well will begin drilling in late 2009 or early 2010, followed by drilling of a second deep well in 2010.

Total budgeted capital expenditures for the three-year period are between \$300 to \$400 million, which is expected to be funded using operating cash flow, the Company's existing credit facility with Macquarie Bank Limited, anticipated farmout or other joint venture arrangements, and other forms of debt or equity financing as required.

## Operations Update

The Company has drilled a total of 25 shallow wells on Block E to date, including 19 successful wells in the Zhana Makat area and six dry holes. During the latest quarter, the Company drilled four successful wells, including a step-out well in the E prospect and three additional in-field producers. Max Petroleum also drilled a dry exploration well in the Zhana Makat D prospect. The Company intends to drill an additional development well in the Zhana Makat field prior to releasing the shallow drilling rig.

During the quarter ended 31 March 2008, the Company experienced various facility constraints relating to water treatment and desalting of its crude oil production. The Company has taken steps to resolve these issues, including installing water treatment facilities in January 2008 and desalting facilities in February 2008. While the Company is not yet in a position to fully process its crude oil, the facility improvements allowed the Company to achieve average production in March 2008

of 2,700 barrels of oil per day ("bopd") and its highest daily production total of 3,344 bopd on 4 April 2008.

**Mark Johnson, CEO, commented:**

*"Max Petroleum's Strategic Plan reflects an intensive and detailed review of the Company's assets and capabilities since I joined in January. I have had the opportunity to assess the organisation and believe we have a strong management and operational team in place which is critical for us to achieve our business objectives. As a result, I am confident that we have set realistic and achievable goals for the next three years that will generate significant value for the Company's shareholders by proving up reserves.*

*The next three years are a pivotal period for the Company. I look forward to taking Max Petroleum to the next level by proving the potential that we believe we have in the ground in Kazakhstan, a country that is one of the most exciting places to be in the oil industry."*

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Donald Dorn-Lopez, Petroleum Engineering and Geology Manager, is the qualified person that has reviewed and approved the technical information contained in this announcement. Mr. Dorn-Lopez, a senior geophysicist with over 27 years of experience, is a member of the Society of Exploration Geophysicists, the European Association of Geoscientists and Engineers, the Society of Petroleum Engineers, and the American Association of Petroleum Geologists.