

**15 February 2008**

**MERIDIAN PETROLEUM PLC**  
("Meridian" or the "Company")

**Strategy and Operations Update**

Meridian Petroleum plc (AIM: MRP), the US-focused oil and gas company will announce its preliminary results for 2007 in the second half of April 2008 and is providing the following update on its strategy and operations in advance.

**Summary**

Meridian moved into a cash-generative position in Q4 2007, and 2008 has begun strongly with record monthly production from Orion in January and a new daily production record of over 4mmcf/d achieved in early February.

During 2007, the Company addressed weaknesses in its governance, management and control structure and also took the decision to rationalise its asset base to concentrate on US projects. Negotiations to dispose of the Australian assets are underway.

With a solid foundation in place, the Board has conducted a review of assets and strategy to identify ways of delivering increased shareholder value and has concluded that the current asset portfolio needs strengthening.

Consequently, the Board has decided to actively pursue deals to add existing and potential near-term US production. There will be a particular focus on opportunities in Michigan, Louisiana and Texas, where the Company has established working relationships and valuable experience with the local government and infrastructure. The Board will pursue both asset and corporate acquisitions and merger opportunities.

The Board would not rule out a sale of the company if it became clear that this would deliver enhanced value to shareholders, and as announced on the 6<sup>th</sup> February 2008, the Board has engaged in early stage discussions which may or may not lead to an offer being made for the Company.

**Strategy Update**

Following an assessment of the Company's assets and potential, the Board has conducted a review of its strategy. Key points from this review are as follows:

- The Orion 36 well has been highly successful, producing strong cash-flow. In the current market with firm US gas prices, the directors believe that this is a very valuable asset.

- The Company will continue with plans to dispose of the Australian licences and the Middleton Creek and Hustler prospects in Mississippi, USA.
- With the exception of Calvin Deep, the company's other US assets including the CBM acreage, are currently too small to drive strong growth in shareholder value. The Company plans to take a further look at these assets to determine the best course to improve their potential to add value.
- Calvin Deep is a complex asset with significant potential, but is technically challenging and likely to be costly to develop.
- The Board perceives that with limited short-term opportunities to create value from the existing assets, the Company will remain dependent on Orion and may not meet shareholder expectations for growth in the short-term.
- The Board has decided to actively pursue deals to add existing or near-term US production, with a particular focus on further sour gas opportunities in Michigan, and oil and gas opportunities in Louisiana and Texas.
- The scope of any deals could include asset and corporate acquisitions and mergers.

## **Operations Update**

### **Orion**

After a record month in January, production from Orion 36 has continued to increase in February. Average daily production for the month so far is 3.92mmcf/d with a new peak production level of over 4mmcf/d on several days. Production of natural gas liquids has continued at the high level established in January, averaging 53bbbls/day in February to date.

The Company also benefited from better than expected gas prices in January and gross revenue in the month exceeded \$1 million, with the Company's share after royalties and taxes exceeding \$700,000.

The second change-out of the Sulfatreat material is underway. The Company is working with the local authorities in Michigan to minimise inconvenience to the local community from odours, and the change-out is consequently taking place over an extended period. Following the first change-out in November 2007, the

Company invested some \$200,000 in improvements to the processes and equipment, in particular installing a polishing sponge. This investment has produced an immediate return, extending the life of the Sulfatreat material to well over 200mmcf of production and enabling the second change-out to take place without interruption to production.

The Orion 36 well has now been producing for nearly 6 months and cumulative output is approaching 0.5bcf of gas. During this period the Company has been strongly committed to maintaining good operational performance with high standards of safety and environmental care. This has been achieved but has resulted in higher than expected monthly operating costs during the first few months of production. These costs are expected to be lower in 2008 but, as Orion is the Company's only significant producing asset, the Board believes that the continued good performance of this well remains a key priority.

### **Milford 36**

Discussions with partners and the operator have been resolved and the Company will now proceed with testing of the well, in which Meridian will take a 30% working interest. The operator expects to commence testing once personnel are available following the change-out of the Sulfatreat at Orion. The Company will make a further announcement to confirm this in due course.

### **Calvin Field**

The Company has decided to take steps to plug and abandon the Calvin 36-1 well, most likely by assigning its working interest to another operator and paying a contribution towards abandonment costs. The Company's investment in this well of approximately \$2 million will be written off in the 2007 accounts.

Following the re-assignment back to the Company of EnSight's interest in the Calvin Deep prospects, the Company is actively seeking a new partner to exploit this asset. The Company has a 70% interest in several potential levels of reserves in the field and the attraction to potential partners is enhanced by remaining uncommitted on drilling plans in the short-term. Consequently, the Company has not yet committed any funds to the re-entry of the 5-29 well or any other drilling plans.

### **Asset Disposals**

Negotiations to sell the Company's Australian assets continue. The Board believes that the terms tabled are attractive, but we have not yet secured the level of legal and financial commitment required from the buyer. If the disposal proceeds on the terms proposed, the Board believes that there is likely to be a tax liability on the resultant capital gain.

The Company is also making progress on the sale of its Mississippi assets, but would seek to retain a royalty as part of any transaction.

**Stephen Gutteridge, Chairman, said:**

“We took a major step forward last year by bringing Orion into production, and that gives us a platform to look at more aggressive approaches to delivering value to our shareholders. Our current asset portfolio presents limited opportunities to move quickly, so we plan to keep momentum going by adding production through acquisition or merger. We have solid US operating experience and contacts and we are already seeing good potential opportunities in our chosen areas.”

Ed Childers, the Company’s Chief Operating Officer, who meets the criteria of a qualified person under the AIM guidance note for mining, oil and gas companies, has reviewed and approved the technical information contained in this announcement.

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