



12<sup>th</sup> June 2008

**MERIDIAN PETROLEUM plc  
(‘Meridian’ or the ‘Company’)**

**Acquisition and Debt Facility**

Meridian Petroleum (AIM: MRP; the ‘Company’), the US-focused oil and gas exploration and production company, is pleased to announce that its subsidiary, Meridian Resources USA Inc, has entered into a purchase and sale agreement to acquire interests in the East Lake Verret (ELV) Field in South Louisiana, USA (the “Acquired Interests”) from Rozel Energy II L.L.C. (the “Acquisition”). The Acquisition is conditional upon the Company obtaining financing for the deal, and a conditional Commitment Letter with Macquarie Bank Limited (‘MBL’) for a \$50 million debt facility has been signed to finance the Acquisition and for further developments and acquisitions.

**Highlights of the Acquisition**

- Meridian to acquire 60% of Rozel’s working and net revenue interest in, and the operatorship of:
  - 6 producing oil and gas wells
  - 2 behind pipe zones
  - 5 undeveloped drilling locations, all in the ELV Field
- Cash consideration of \$9.84 million
- Proven reserves acquired of 768,000 boe at a cost of \$12.80/boe
- Proven and Probable reserves acquired of 1,020,000 boe
- Reserves split approximately 55/45 natural gas/oil
- Current production levels from 6 producing wells (net to Meridian) of:
  - 1 mmcf/day of gas
  - 60 bbls/day of crude oil
- Completion planned for 30 June 2008
- Further details of the Acquisition and its terms are set out below

**Highlights of the Debt Facility**

- MBL has entered into a conditional Commitment Letter to provide a 3 year \$50 million Senior First Lien Secured Credit Facility to the Company and its subsidiaries.
- The Facility is to be made available in 3 tranches;
  - Tranche A \$9 million to fund the acquisition of the Rozel interests
  - Tranche B \$6 million, available at MBL discretion for further development and working capital



- Tranche C \$35 million, available at MBL discretion for further major developments and acquisitions
- The Board of the Company has agreed to allot warrants to purchase 9 million shares in Meridian Petroleum plc to MBL and these will be issued upon completion of the acquisition.
- Further details of the Debt Facility and its terms are set out below.

Stephen Gutteridge, Chairman, said:

‘The acquisition of the interests in the ELV field fits directly into the Company’s clearly stated strategy of acquiring US assets which are in production or can be brought into production relatively quickly. The production profile of ELV diversifies the Company’s cash-flow away from dependence on the Orion well; adds high value crude oil production and increased gas production; and extends the group’s positive operating cash-flow position into the future. Our partnership with Macquarie and the availability of the Debt facility will allow the group to continue to aggressively develop and add further US assets, move forward with larger projects such as the Australian licences, and create the potential for corporate acquisitions.’

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**Details of the Acquisition**

The East Lake Verret Field (ELV) is located in Assumption Parish, 35 miles south of Baton Rouge in Louisiana. The field was discovered by Humble (Exxon) in 1952 and lies in shallow, inland waters with above water production facilities. The field produces both natural gas and light sweet crude oil. The acreage held by production is some 2300 acres and current gross production from the ELV field is around 5.5 mmcf/day of gas and 200 bbls/day of oil from the Lower Miocene Sands. Rozel Energy operates 6 producing wells across a number of leases with varying working and net revenue interests. In addition, the leases offer the further opportunities of 2 proven, non-producing zones and 5 proven, undeveloped locations for future drilling.

Meridian Petroleum, through its US subsidiary, Meridian Resources USA Inc is acquiring 60% of the working and net revenue interest of Rozel Energy. The balance of 40% of Rozel Energy’s interests is being sold to an independent party. Meridian will become the field operator.



## Acquired Interests

Category	Well	Net Revenue Interest (%)
<b>Producing</b>	Kafoury 1	25.5
	Kafoury 2	17.9
	McKerrall 1	41.2
	McKerrall 2	23.0
	Simmons 2	17.9
	Simmons 3	21.9
<b>Non-Producing</b>	Kafoury 2 BP01	18.6
	McKerrall 2 BP01	23.0
<b>Undeveloped</b>	Kafoury 4	23.0
	McKerrall 01 ST	41.2
	McKerrall 03	41.2
	Simmons 02 ST	17.9
	Simmons 04	17.9

## Net Reserves of Acquired Interests

	Natural Gas mmcf	Oil '000 bbls	Total Hydrocarbons '000 boe
Proven – Producing	912	54	206
Proven – Non-Producing	100	41	58
Proven – Undeveloped	1605	237	504
<b>Total Proven</b>	<b>2617</b>	<b>332</b>	<b>768</b>
Probable	771	123	252
<b>Total Proven &amp; Probable</b>	<b>3388</b>	<b>455</b>	<b>1020</b>

## Net Production from Acquired Interests (provided by Rozel Energy II L.L.C )

	Jan 08	Feb 08	March 08	April 08	Total
Gas Production mmcf	20.5	25.4	31.9	30.1	107.9
Oil Production bbls	2070	1880	1538	1970	7458

## Production Profile

Production from the existing producing wells is expected to be reasonably steady through to the end of 2009 before a decline sets in. The key gas producers are the Kafoury 1 and 2 wells which contribute 95% of current gas production. The key oil producing wells are the Kafoury 2 and the Simmons 2 wells contributing some 75% of current oil production. The Board believes that the proven undeveloped reserves offer the opportunity to increase production from 2009, particularly oil production, and to extend the production life of the field well beyond 2012.



## **Completion**

Completion is planned for 30 June 2008 subject to there being no material change in the condition of the interests being acquired, finalisation of the funding agreement with Macquarie, final completion of all documentation and due diligence and any other outstanding matters. The consideration of \$9.84 million is based on an effective date of 1 March 2008 and will be adjusted to reflect Meridian's share of revenues and costs in the March to May 2008 period. Meridian will then be responsible for collection of revenues and payment of costs from June 2008 onwards. Investigations into title and environmental matters will be carried out between exchange and completion and there is scope in the agreement to seek an adjustment to the consideration payable if issues are identified.

## **Details of the MBL Debt Facility**

Macquarie Bank Limited has provided the Company with a conditional commitment to a \$50 million Debt Facility, of which \$9 million is available at closing, which is intended to provide Meridian Petroleum plc with the financial capability to increase the value of the business both through acquisition and through development of the Company's asset base. The initial drawdown against the facility is to fund the acquisition of the Rozel East Lake Verret interests. Future draw-downs are funded at the discretion of MBL whereby the Company will present specific plans to MBL for acquisitions or developments in the USA, Australia or elsewhere and will seek agreement on appropriate funding for such plans. The objective of both parties is to facilitate flexibility and rapid growth in the current high-price energy market where consolidation and deal opportunities are likely to arise.

Key terms of the Debt Facility will be;

- Interest rate will be a margin in the range of 3.0 to 5.5% over US\$ LIBOR, which is currently around 2.8%
- The exercise price of the initial 9 million warrants issued to MBL will be a 20% premium to the volume weighted average price over the 30 days up to and including 11 June 2008.
- Further warrants will be issued in relation to facility draw-downs under Tranches B and C which will require the approval of Meridian shareholders
- Upon maturity or cancellation of the facility, MBL will be assigned a net profit interest in the Company's properties, initially 20%, falling to 10% after payment of \$4.5 million to MBL.
- MBL continues to perform their technical and commercial due diligence, and funding under the Debt Facility is conditional upon all MBL internal approvals being granted.

## **Notes on Reserves and Production**

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

In approving the technical information contained in this announcement, Ed Childers, the Company and Macquarie Bank Limited have had access to information on the East Lake Verret Field prepared by independent petroleum consultants, including the reserves estimates reproduced in this



announcement and prepared in accordance with the standards adopted by the Society of Petroleum Engineers.

### Glossary of Terms

Bbls	Barrels (of oil)	L.L.C	Limited Liability Company
Boe	Barrels of oil equivalent (natural gas converted at 1 Boe = 6000 cf)	\$	US Dollars
cf	Cubic feet (of natural gas)	US\$ LIBOR	The London Interbank Offered Rate for US Dollars
mcf	Thousand cubic feet (of natural gas)		
Meridian	Meridian Resources (USA) Inc.		
Meridian Petroleum	Meridian Petroleum plc		
mmcf	Million cubic feet (of natural gas)		
NGL's	Natural Gas Liquids		
NRI	Net Revenue Interest		

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