

16 April 2008

MERIDIAN PETROLEUM plc
("Meridian" or the "Company")

Preliminary Results for the year to 31 December 2007

Meridian Petroleum (AIM: MRP), the US-focused oil and gas exploration and production company today announces its preliminary results for the year ended 31 December 2007.

Highlights

- First gas production from Orion field in Michigan
- 297 million cubic feet of gas produced (2006: Nil)
- 4,200 barrels of NGLs produced (2006: Nil)
- \$2,440,000 gross revenue (2006: \$8,000)
- Operating loss (before impairment charges and depreciation) reduced to \$1,086,000 (2006: \$1,900,000)

Post-Period Highlights

- 87% rise in gross revenue from Q4 2007 to Q1 2008
- 40% increase in daily gas production rate at Orion from December 2007 to March 2008
- New monthly and daily production records reached at Orion
- Exceptional operating performance at Orion with no production days lost in first quarter 2008 and 2 successful sulfatreat change-outs completed
- Milford 36 well put on extended test

Stephen Gutteridge, Chairman, said "The development of Orion has been a major success for us. We have also made significant improvements in our governance and controls, and this gives us a solid platform to plan a more aggressive growth strategy for the business. Financial markets are not easy at present but our positive cash-flow and extensive experience in the US puts us in a strong position relative to many similar companies. We will use that to add more production and more potential to our US assets."

The Company's preliminary financial statements follow, and are available on www.meridianpetroleum.com.

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.

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Meridian Petroleum plc 2007 Preliminary Results

Chairman's Statement

For Meridian Petroleum, 2007 was a year which saw many changes:

- Significant US gas production from Orion generating positive cash flow in Q4
- A re-assessment of our asset portfolio and a renewed focus on the US
- A new management team and improved governance and control structures
- Delivery of a solid foundation to take the Company forward in 2008 with a new vision, a new strategy and the resources to expand

Production and Cash-flow

In August the Company commenced gas production from its Orion 36 well in Michigan, only seven months after drilling commenced. This well has exceeded initial expectations and by the end of 2007, had produced nearly 300 million cubic feet of gas (mmcf) and 4,200 barrels of natural gas liquids. Average daily gas production has risen steadily and by March 2008 had reached well over 4mmcf/day. A comprehensive report on Orion 36 is included below.

In June the Company raised \$3.4million through a share placing to continue to fund the development of the business. From the fourth quarter of 2007, the success of the Orion 36 well, helped by strong US energy prices, moved the Company into a positive cash flow position.

In July, the Calvin 36-1 well began production, but in this case failed to meet expectations. This well will now be plugged and abandoned and costs of around \$2million have been written off. Although it is still producing small amounts of gas, we have also written off the Victory 21 well.

Asset Portfolio

During the second half of the year, we began a review of our asset base to determine the best way to create further value from the re-investment of the cash-flow from Orion.

The Company's Australian Licences contain significant potential but require sizeable work programmes which would be logistically difficult and costly for Meridian to develop alone. Consequently steps were taken to sell these assets whilst retaining upside through a royalty or other form of interest. Heads of Agreement were signed with a potential purchaser and these discussions are ongoing. However, the exclusivity period with this purchaser has now expired and the Company will now engage in discussions with other potentially interested parties.

We also decided to seek to divest our interests in Mississippi via a sale or farm-out and placed the Coal Bed Methane project in Alabama on hold, as our relatively small acreage, plus the considerable cost of a pilot scheme, did not make it a priority area in the short-term.

The Company sought to make progress with the development of the Calvin Deep prospect, but our joint venture partner, Ensign, was heavily committed elsewhere and released their interest back to Meridian, yielding a profit to the Company of \$363,000. We are currently seeking a new partner to take this project forward.

Directors and Management

In April 2007 I succeeded Don Caldwell as Chairman and in October Tony Mason stepped down as Chief Executive. Don left the Company in August and Tony departed at the end of the year.

In December, Ed Childers joined as Chief Operating Officer and he has already made a significant contribution overseeing our operations and progressing asset deals. I would like to thank my fellow Board members and executives for their contribution during the year.

Strategy and Vision

In 2008 the Company has begun to actively seek further assets in the US. The cash-flow from Orion 36 provides us with an opportunity to expand and add assets that will contribute to short and medium term production growth, spread our production risk, and bridge the gap in our portfolio between the success of Orion and the potential for returns from larger assets such as Calvin Deep and the upside from our Australian Licences.

Our vision for the company is different from a year ago, but I believe it is now clearer - a US producer with a strong focus on gas, a corporate base in the London market for funding and governance, a strong commitment to improved investor relations and an asset portfolio which provides both low-cost, quick to market drilling opportunities and medium-term larger plays. During 2007 we made significant progress by creating a solid platform to deliver this vision and we now intend to aggressively pursue a range of acquisitions and deals to take the company on to the next level.

Stephen Gutteridge
Chairman

15 April 2008

Orion 36 Report

August 2007 to March 2008

Production Report

- Total gas production 645 mmcf
- Average daily gas production 3.15 mmcfd.
- Highest daily flow rate 4.56 mmcfd in March.
- Total liquids production 9,271 bbls
- 3 successful sulfatreat change-outs completed in November 2007, February and April 2008

Financial Report

- The average price received for gas was \$8.46/mcf increasing steadily from \$6.5/mcf in September 2007 to over \$10.25/mcf in March 2008.
- The average gas net revenue received by Meridian was \$5.81/mcf equivalent to just under 70% of the gross revenue recognised in the profit and loss account. Meridian's gross profit is after deducting cost of sales including severance taxes (5.65%), royalties and overrides (25% of the post-tax revenue) and a 3% minority interest.
- Total operating costs were higher than anticipated, averaging \$1.50/mcf.
- Sulfatreat costs were in line with expectations at \$0.45/mcf, but are likely to increase this year due to higher commodity prices for iron
- During the 7 month period, the Company made further substantial investment in the Orion facility, primarily to enhance our environmental and safety performance and to improve our operational efficiency.
- This investment totalled some \$400,000, bringing our total investment to nearly \$4 million as at the end of March 2008.
- As at the end of March 2008, approximately \$2.8 million of this investment had been recovered.
- Under the terms of the agreement entered into with a third party, Meridian's working interest will reduce once costs associated with Orion have been recovered. At this point the Group's working interest in Orion will be 72%. The timing of this reduction in the working interest is uncertain at this stage but is anticipated to be later in 2008.

Reserves Report

In line with best practice, the Company has commissioned RPS Energy to produce the independent 2008 report on the Company's US Onshore Licence interests. A copy of this report will be available on the Company's website.

Orion Reserves

- In this year's report on Orion, RPS estimate P50 Gas Initially in Place (GIIP) of 3.5bcf in a potential range of 2.9 to 4bcf. Proven and Probable (2P) gross recoverable Reserves are assessed as some 3bcf (prior to any production) with remaining 2P Reserves for the Orion 36 field at 1 January 2008 of 2.4bcf.
- For natural gas liquids RPS assess total 2P recoverable Reserves for the Orion 36 field as 45,170 bbls with 35,580 bbls remaining at 1 January 2008. This is slightly lower than last year's assessment as recent production has confirmed a lower condensate yield per mmcf of gas than expected.
- Meridian Petroleum net attributable 2P Reserves after economic cut-off, deduction of royalties and adjustment of working interest after payback of costs are 1.4 bcf of gas and 20,942 bbls of liquids.
- This assessment of Orion Reserves is not materially different from last year's report reflecting that, with the well having been on continuous production since August 2007, the Company has not yet been able to provide new reservoir data for RPS to re-assess the position.
- The better than expected production from the well might suggest potentially higher Reserves, but this cannot currently be determined without a meaningful shut-in to assess pressure build-up, and the Company will be considering the possibility of such a shut-in in the next few months.

Total Reserves

Total Reserves as at 1 January 2008

Reserve		Classification	Units	Gross	Net Interest	Last Update
Orion 36	Gas	2P recoverable	bcf	2.37	1.396	April 2008
	Condensate	2P recoverable	bbls	35,580	20,942	April 2008
Calvin Shallow		n/a	n/a	Nil	Nil	April 2008
Calvin Deep	Gas	Contingent - 3C	bcf	157.9	110.5	April 2008
Milford 36	Gas	Prospective	bcf	0.44	0.132*	April 2007
	Condensate	Prospective	bbls	175,457	52,637*	April 2007
Australia - Delores	Gas	Prospective	bcf	432.0	432.0	Feb 2007

*Adjusted to 30% working interest

The above table has been extracted from reports provided by RPS Energy. They have reviewed the above summary and have approved its publication.

GLOSSARY

GIIP	Volume of gas initially in place
P50	50% probability that value will be equal to or greater than stated value
2P	Proved plus Probable in accordance with SPE definitions
3C	High Estimate Contingent Resources
bcf	Billion cubic feet
bbls	Barrels
NGL	Natural Gas Liquids (condensates)

Preliminary Financial Statements for the year ending 31 December 2007

Consolidated Income Statement Year ended 31 December 2007

	Note	2007 US \$000	2006 US \$000
Revenue		2,441	8
Cost of sales		(1,618)	(63)
Gross profit/(loss)		823	(55)
Administrative expenses		(2,727)	(1,845)
Other operating income		363	-
Operating loss before impairment charge		(1,541)	(1,900)
Impairment charge	2	(1,999)	(4,065)
Operating loss		(3,540)	(5,965)
Investment income – interest on bank deposits		42	21
Loss before taxation		(3,498)	(5,944)
Taxation		-	-
Loss for the year attributable to equity shareholders		(3,498)	(5,944)
Loss per share – basic and diluted (cents)	3	(3.9)	(8.3)

Statement of Recognised Income and Expense for the year ended 31 December 2007

	Note	2007 US \$000	2006 US \$000
Total (expense)/income recognised direct in equity			
Currency translation differences - gain		48	105
Loss for year		(3,498)	(5,944)
Total recognised income and expense for the year		(3,450)	(5,839)

Consolidated balance sheet for the year ended 31 December 2007

	Note	2007 US \$000	2006 US \$000
Non-current assets			
Intangible assets		1,720	646
Property, plant and equipment	2	<u>3,332</u>	<u>2,020</u>
		<u>5,052</u>	<u>2,666</u>
Current assets			
Trade and other receivables		541	234
Cash and cash equivalents		<u>295</u>	<u>2,332</u>
		<u>836</u>	<u>2,556</u>
Total assets		<u>5,888</u>	<u>5,232</u>
Current liabilities			
Trade and other payables		503	211
Non-current liabilities			
Provisions		95	
Total liabilities		<u>598</u>	<u>211</u>
Net assets		<u>5,290</u>	<u>5,021</u>
Equity			
Called up share capital		9,026	7,362
Share premium		8,372	6,565
Retained earnings		(12,655)	(9,157)
Translation reserve		160	112
Other reserves		387	139
Total equity attributable to the equity holders		<u>5,290</u>	<u>5,021</u>

Consolidated Cash Flow Statement for the year ended 31 December 2007

	Note	2007 US \$000	2006 US \$000
Cash flows from operating activities	4	(1,329)	(1,955)
Cash consumed by operations			
Interest received		42	21
		<u>(1,287)</u>	<u>(1,934)</u>
Cash flows from investing activities			
Expenditure on exploration and evaluation assets		(711)	(459)
Expenditure on development and production assets		(3,721)	(450)
		<u>(4,432)</u>	<u>(909)</u>
Cash flows from financing activities			
Proceeds from issue of shares		3,471	4,686
Net (decrease) /increase in cash and cash equivalents		(2,248)	1,843
Opening cash and cash equivalents at beginning of year		2,332	370
Exchange gains/(losses) on cash and cash equivalents		211	119
Closing cash and cash equivalents		<u>295</u>	<u>2,332</u>

Notes

1. Accounting policies and basis of preparation

The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 December 2007 or 2006 but is derived from the 2007 accounts.

A copy of the statutory accounts for the year to 31 December 2006 has been delivered to the Registrar of Companies, and are also available on the Company's web site. Statutory accounts for 2007 will be delivered in due course. The auditors have reported on the accounts for both the year ended 31 December 2006 and the year ended 31 December 2007; their reports were unqualified and did not contain statements under s237(2) or (3) of the Companies Act 1985.

Whilst the financial statements included in this preliminary announcement have been computed in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the EU, this announcement does not itself contain sufficient information to comply with IFRS. The Annual Report, containing full financial statements that comply with IFRS, will be sent out to shareholders on 15 May 2008

2. Property, plant and equipment - Impairment charge

On the basis of consultation with the consultants RPS Energy, in conjunction with a review of other data available, the directors have taken the view that the Calvin Shallow and Victory 21 fields are impaired and that expending further resources on developing these assets will not be commercially viable. Accordingly an impairment charge of \$1,999,000 has been made to reduce the carrying value of these assets to nil. Depreciation charged during the year was \$455,000 (2006: \$nil)

3. Loss per Share

	2007 US \$000	2006 US \$000
Loss		
Loss for the purposes of basic earnings per share being net loss attributable to equity holders of the Parent Company	3,498	5,944
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	89,380,409	71,310,566

4. Notes to the cash flow statement

	2007 US \$000	2006 US \$000
Loss before taxation	(3,498)	(5,944)
Adjustments for:		
Interest received	(42)	(21)
Depreciation and impairment of property, plant and equipment	2,454	4,065
Other operating income	(363)	-
Share based payment	248	139
Foreign exchange difference	<u>(156)</u>	<u>(13)</u>
Operating cash flows before movements in working capital	(1,357)	(1,774)
(Increase)/decrease in receivables	(293)	(80)
Increase/ (decrease) in payables	<u>321</u>	<u>(101)</u>
Net cash consumed by operating activities	<u>(1,329)</u>	<u>(1,955)</u>