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Evolution Petroleum Announces Fiscal Year-end 2008 Reserves and Capital Budget for Fiscal Year 2009

- **Net proved reserves increased 133% to 4.0 MMBOE**
- **3.1 MMBOE of net probable reserves added in Giddings Field**
- **Increased PUD inventory to 27 locations**
- **Capital budget of \$19 million in fiscal year 2009 to be focused on drilling**

Houston, TX, September 4, 2008 - Evolution Petroleum Corporation (AMEX:EPM) today reported total net proved oil and natural gas reserves as of July 1, 2008 of 4.0 million barrels of oil equivalent (MMBOE), consisting of 2.25 million barrels (MMBbls) of crude oil, condensate and natural gas liquids and 10.5 billion cubic feet ("Bcf") of natural gas. Net proved reserves increased 133% over Evolution's fiscal year-end 2007 ("FY 07") net proved reserves of 1.7 MMBOE. The 2.3 MMBOE increase is in addition to the replacement of 0.44 MMBO of proved reserves in the March 2008 sale of the Tullos Field and 0.05 MMBOE of volumes produced and sold.

The increase in proved reserves is the direct result of Evolution's drilling, leasing and development activity in the Giddings Field in central Texas. During the fiscal year, Evolution drilled and completed six wells in the Giddings Field and added a seventh producing well through a work-over. The Company also increased its fiscal year end inventory of proved drilling locations from twelve to twenty-seven and continues to add leases for additional pending drilling locations. Estimates of proved reserves are based on a reserve report prepared by the Company's independent reservoir engineers.

The proved reserves pretax present value of future net revenues discounted at 10% (PV-10) increased from \$33.3 million (\$1.02 per fully diluted share) at July 1, 2007 to \$160.3 million (\$4.83 per fully diluted share) at July 1, 2008. The PV-10 of proved reserves was determined as of July 1, 2008 using local market adjustments to NYMEX commodity prices then in effect of \$140 per barrel of oil, \$13.095 per MMTBU of natural gas and approximately \$84 per barrel of NGL. The PV-10 at July 1, 2007 of \$33.3 million was calculated similarly based on NYMEX commodity prices then in effect of \$70.68 per barrel of oil and \$6.795 per MMTBU of natural gas with NGLs incorporated in the gas stream.

Evolution also announced that its capital budget for fiscal year 2009 is expected to reach \$19 million, subject to oil and gas price fluctuations, of which approximately \$3 million is allocated to leasing and approximately \$16 million allocated to drilling of 10 horizontal re-entries in the Giddings Field, initial drilling in the Woodford Shale in Oklahoma and three wells in a new development project. This program compares to \$21.6 million incurred in FY 08, of which approximately \$12.6 million was used in drilling activities, with the balance related to leasing in both Texas and Oklahoma. The 2009 capital expenditure program will be funded primarily from working capital and funds from operations and the balance from other sources.

Robert Herlin, President and Chief Executive Officer, stated, "We commenced our Giddings Field drilling program in central Texas in late December 2007 and that effort yielded a substantial increase in our production. We currently have a 100% working interest in seven producing wells that in June 2008 produced total daily gross sales of approximately 451 barrels of oil and 0.8 million cubic feet of natural gas, or 468 BOEPD net to our interests. By re-entering existing well bores in this program, we are able to target smaller opportunities while still generating attractive returns on our investment. We have incorporated the knowledge gained from the first phase of drilling in Giddings to high grade our inventory and focus our efforts in the areas of our better wells."

Herlin further stated "Even after adjusting for commodity prices much lower than those in effect on July 1, 2008, our proved reserves PV-10 as of July 1, 2008 still almost tripled during the fiscal year to about \$3 per fully diluted share. When combined with our 3.1 MMBOE of probable reserves in the Giddings Field and over 13 MMBO of estimated probable reserves in the Delhi Field, our total proved and probable PV-10 is quite substantial. The Delhi EOR-CO2 project remains on track with initial CO2 injection expected in the first half of calendar 2009 and related production on or about late calendar 2009."

"In Oklahoma, we have leased more than 17,000 net acres to date, targeting two Woodford Shale projects at 4,000' - 5,000' and 1,500' depths. Subject to ultimate well spacing, this acreage position could generate 100-200 horizontal drilling locations targeting a gas resource cost of less than \$2 per MMBTU. Our FY 09 capital budget includes initiation of drilling operations in Oklahoma during the second half of the fiscal year. We also have budgeted funds for leasing and initial drilling in a new project in Texas that will incorporate technology we tested last year in the since divested Tullus Field," added Herlin.

Fiscal Year-end 2008 Reserves:

Evolution's FY 08 proved reserves are categorized as 7.5% proved developed and 56% oil and NGL, as summarized in the table below.

Classification of Reserves	As of July 1, 2008				
	Oil & NGL (MBbls)	Gas (MMcf)	Total (MBOE)	% of Total Proved	PV-10 ⁽¹⁾ (In millions)
Proved developed producing	195	486	275	6.90%	\$ 17.4
Proved developed non-producing	11	75	24	0.60%	1.4
Total proved developed	206	561	299	7.50%	18.8
Proved undeveloped	2,057	9,973	3,719	92.50%	141.5
Total proved	2,262	10,534	4,018	100%	\$ 160.3

(1) PV-10 is a non-GAAP measure and hereinafter defined in the "Non-GAAP Information" later in this press release. Note that PV-10 is net of capital expenditures. After adjusting for lower prices of \$110 oil, \$8 gas and \$67 NGL, the proved reserves PV-10 as of July 1, 2008 would be approximately 38% lower, or \$98.6 million.

Evolution Petroleum also estimates its net probable reserves ⁽²⁾ as follows:

Project	Oil (MMBO)	Gas (BCF)	Total (MMBOE)	PV-10 (millions)
Giddings Field ⁽³⁾	0.8	14.0	3.1	\$ 85
Delhi CO ₂ – EOR project ⁽⁴⁾	13.4	NA	13.4	275
Total Probable Reserves	14.2	14.0	16.5	360

(2) Please see cautionary note below regarding probable reserves

(3) PV-10 based on constant prices as of 7/1/08 and based on the report by Evolution's independent reservoir engineers. Using \$110 per barrel of oil, \$8 per MMBTU natural gas and \$67 per barrel of NGL, Evolution estimates that the PV-10 for Giddings probable reserves would be reduced by approximately 60%.

(4) Delhi CO₂ EOR Project estimates are internally generated and based on Denbury Resources' publicly disclosed, independently engineered estimate of net probable reserves in the Delhi Field, Louisiana, of 33 MMBO utilizing their fiscal yearend oil price of \$96 per barrel and Evolution's estimates of operating costs, production response timing and peak production.

About Evolution Petroleum

Evolution Petroleum Corporation (<http://www.evolutionpetroleum.com>) acquires known, onshore oil and gas resources and applies conventional and specialized technology to accelerate production and develop incremental reserves and value. The Company focuses on initiatives in Enhanced Oil Recovery, Bypassed Resources and Unconventional Gas Development.

Principal assets of the Company include 7.4% in overriding royalty interests and a 25% after payout reversionary working interest (20% revenue interest) in the 13,636 acre Delhi Field Holt Bryant Unit in northeast Louisiana that is being redeveloped using CO₂ enhanced oil recovery technology, and proved and other than proved reserves in the Giddings Field in Texas. The Company owns working interests in leases covering approximately 35,000 net acres in the Giddings Field in Texas and in two Woodford gas shale projects in Oklahoma, and is actively engaged in developing new projects in its initiatives.

Additional information, including the Company's annual report on Form 10-KSB and its quarterly reports on Form 10-Q can be accessed on its website at www.evolutionpetroleum.com.

Cautionary Statement

All statements contained in this press release regarding potential results and future plans and objectives of the Company are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update or review any forward-looking statement, whether as a result of new information, future events, or otherwise. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, those factors that are disclosed under the heading "Risk Factors" and elsewhere in our documents filed from time to time with the United States Securities and Exchange Commission and other regulatory authorities. Statements regarding our ability to complete transactions, successfully apply technology applications in the re-development of oil and gas fields, realize future production volumes, realize success in our drilling and development activity, prices, future revenues and income and cash flows and other statements that are not historical facts contain predictions, estimates and other forward- looking statements. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved and these statements will prove to be accurate. Important factors could cause actual results to differ materially from those included in the forward-looking statements.

Reconciliation of PV-10 to Standardized Measure of Discounted Future Net Cash Flows

PV-10 is a non-GAAP financial measure; therefore, the following table reconciles our calculation of PV-10 to the standardized measure of discounted future net cash flows, which is the most directly comparable GAAP financial measure. Management believes that the presentation of the non-GAAP financial measure of PV-10 provides useful information to investors because it is widely used by professional analysts and sophisticated investors in evaluating oil and natural gas companies. Management believes that PV-10 is relevant and useful for evaluating the relative monetary significance of oil and natural gas properties. Further, professional analysts and sophisticated investors may utilize the measure as a basis for comparison of the relative size and value of our reserves to other companies' reserves. Management also uses this pre-tax measure when assessing the potential return on investment related to oil and natural gas properties and in evaluating acquisition opportunities. Because there are many unique factors that can impact an individual company when estimating the amount of future income taxes to be paid, we believe the use of a pre-tax measure is valuable for evaluating us. PV-10 is not a measure of financial or operating performance under GAAP, nor is it intended to represent the current market value of our estimated oil and natural gas reserves. PV-10 should not be considered in isolation or as a substitute for the standardized measure of discounted future net cash flows as defined under GAAP.

The following table represents a reconciliation of our PV-10 to Standard Measure of discounted future net cash flows.

	At July 1, 2008 (unaudited) (millions)	At July 1, 2007 (unaudited) (millions)
Present value of estimated future net revenues (PV-10)	\$161.3	\$33.3
Future income taxes, discounted at 10%	<u>(63.2)</u>	<u>(11.3)</u>
Standardized measure of discounted future net cash flows	<u>\$97.1</u>	<u>\$22.0</u>

Following is a reconciliation of the Company's proved oil and natural gas reserve quantities between July 1, 2007 and July 1, 2008:

	<u>MMBOE</u>
Balance at 7/1/2007	1,723
Net sale of proved reserves	(433)
Extensions, discoveries and other revisions	2,780
FY 08 oil and gas sales	<u>(52)</u>
Balance at 7/1/2008	<u><u>4,018</u></u>

Cautionary Note Regarding Probable Reserves. *The United States Securities and Exchange Commission (the "SEC") has generally permitted natural gas and oil companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use the terms "Probable Reserves" or other descriptions of volumes of hydrocarbons that the SEC guidelines may prohibit us from including in filings with the SEC. Estimates of Probable Reserves do not reflect volumes that are demonstrated as being commercial or technically recoverable. Even if commercially or technically recoverable, a significant recovery factor would be applied to these volumes to determine estimates of proved reserves. Accordingly, these estimates are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being actually realized by the Company.*

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