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**FOR IMMEDIATE RELEASE**

## **Evolution Petroleum Reports Fiscal Year-end 2009 Reserves**

- ***Total proved & probable reserves of 17.8 MMBOE***
- ***First reserves assigned at South Texas oil project***
- ***First independent reserves assigned at Delhi***
- ***Shallow gas shale project test drilling initiated***

**Houston, TX**, September 9, 2009 - Evolution Petroleum Corporation (NYSE Amex:EPM) today reported that its independent reservoir engineers have assigned net proved and un-risked probable reserves of 17.8 MMBOE with a pre-tax PV-10 of \$244 million (a non-GAAP measure defined below) as of July 1, 2009. Of the totals, 17% of the reserves and 15% of the pre-tax PV-10 are proved, and 91% of the reserves are crude oil, condensate and natural gas liquids (NGLs).

Proved reserves totaled 3.1 million barrels of oil equivalent (MMBOE), of which 65% are crude oil, condensate and NGLs, with a pre-tax PV-10 of \$35.8 million (\$1.11 per fully diluted share). Proved reserves are net of 134 MBOE of production during the year and downward revisions of 1.1 MMBOE, offset by additions of 291 MBOE. Downward revisions from the prior year ending June 30, 2008 were primarily due to NYMEX commodity price declines of 70% for natural gas (\$13.09 to \$3.885 per MMBTU) and 50% for oil (\$140 to \$69.89 per barrel). In particular, 87% of the revisions were the result of five predominantly natural gas proved locations becoming uneconomic at NYMEX gas prices below \$5.90 per MMBTU. Proved undeveloped reserves as of July 1, 2009 comprise 2.63 MMBOE with PV-10 of \$28.2 million (\$0.87 per fully diluted share), and include 21 drilling locations in the Giddings Field and four drilling locations in its Neptune oil project. No write-downs of the full cost pool were required during the year.

### **Neptune Oil Project**

For the first time, the independent reports included reserves assigned to the Company's Neptune oil project in South Texas, including 541 MBO of proved, probable and possible oil reserves, with pre-tax PV-10 of \$8.1 million (\$0.25 per fully diluted share) associated with the first 25 proved and probable drilling locations. The possible reserves are assigned to the probable locations. The Company also has identified up to 79 additional prospective infill drilling locations on its acreage and is preparing to initiate drilling there.

### **Oklahoma Shale Gas**

Evolution commenced its field test program in the shallow Woodford Shale in Wagoner County of Eastern Oklahoma late in Fiscal 2009 with the re-entry of three vertical wells, drilling of three wells and core testing. The preliminary tests are positive for both the Woodford and a second shale reservoir. Two of the vertical wells are scheduled for hydraulic fracturing with sand and extended production testing to measure peak rates and decline curves.

Evolution also holds acreage in Haskell County, Oklahoma and plans to target multiple shale gas reservoirs at depths between 4,000 and 5,000 feet. A test of the shale reservoirs is planned for fiscal 2010. Evolution believes that its net shale acreage offers up to 200 BCF of shale gas potential at a development cost of \$0.75 - \$1.25 per MCF.

### **Delhi EOR Project**

Also a first, Evolution engaged DeGolyer & MacNaughton (D&M), independent reservoir engineers, to evaluate its interests in the Delhi Field EOR project being operated by a subsidiary of Denbury Resources. D&M assigned 13.6 MMBO of probable oil reserves, net to Evolution, with a pre-tax PV-10 of \$196.6 million (\$6.07 per fully diluted share). The Company believes that there is additional upside potential through a limited EOR severance tax abatement.

Operationally, Denbury has reported that first CO<sub>2</sub> injection may be delayed by up to three months for a minor modification to their recently completed CO<sub>2</sub> pipeline to the Delhi Field. If delayed, first CO<sub>2</sub> injection would likely occur in the fourth calendar quarter of 2009, with first oil production response expected within six months.

### **Giddings Field**

The Company began fiscal 2010 with net production of approximately 366 BOE per day from ten wells located in the Giddings Field in Central Texas. Net proved reserves attributable to the field are 3.0 MMBOE, with a pre-tax PV-10 of \$35.3 million (\$1.09 per fully diluted share), and include fourteen re-entry drilling locations and seven grassroots drilling locations. Probable reserves are 0.9 MMBOE with a pre-tax PV-10 of \$10.9 million (\$0.34 per fully diluted share), associated with two probable grassroots locations and incremental reserves associated with five proved undeveloped locations.

### **Fiscal 2010 Capital Expenditure Plan**

For Fiscal 2010, Evolution expects to conduct a limited capital expenditure program of approximately \$3 million, funded from operations and existing working capital. Activities will be focused on completing the production testing program in Oklahoma, initial development drilling of infill oil wells in the Neptune Project in South Texas, work-overs and drilling of a salt water

disposal well in Giddings to optimize production and lifting costs, and expansion of Evolution's artificial lift technology applications.

Robert Herlin, President, stated, "We begin fiscal 2010 with no debt, a strong balance sheet and solid projects. During the current environment of low natural gas prices, we intend to concentrate our efforts on protecting and enhancing share value by allocating our capital to projects that we believe can add substantial value on a small capital outlay. In the near term, we are focusing on developing our South Texas oil project to confirm additional reserves and add net oil production, verifying the potential in our gas shale acreage in Oklahoma and commercializing our artificial lift technology that appears to be successful in its first application in Giddings. The timing for resuming our development drilling in the Giddings Field will depend upon improvements in natural gas prices. Expected increases in cash flow from our Delhi interests during calendar 2010 and beyond should allow us to expand these development activities. "

### **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 is well positioned to continue its development projects in CO<sub>2</sub> based EOR, bypassed resources and low cost shale gas. Principal assets as of July 1, 2009 include 3.9 MMBOE of proved and probable reserves in the Giddings Field of Central Texas, 0.5 MMBO of proved and unproved reserves with 79 additional locations in South Texas, 13.6 MMBO of probable reserves in the Delhi CO<sub>2</sub>-EOR project in northeast Louisiana, 17,600 net acres of leases in shallow gas shale in Eastern Oklahoma and our proprietary artificial lift technology.

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

### **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 and forecasts of legal claims, 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.

Classification of Reserves	As of July 1, 2009					
	Oil & NGL (MBbls)	Gas (MMcf)	Total (MBOE)	% of Total Proved	PV-10 <sup>(1)</sup> (millions)	PV-10 <sup>(1)</sup> (share)
Proved developed producing	246	1,106	430	14%	\$ 7.6	\$0.23
Proved undeveloped	<u>1,754</u>	<u>5,253</u>	<u>2,630</u>	<u>86%</u>	<u>\$28.2</u>	<u>\$0.87</u>
Total proved	<u>2,000</u>	<u>6,359</u>	<u>3,060</u>	<u>100%</u>	<u>\$35.8</u>	<u>\$1.11</u>

(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 and pre-tax. Amounts per share are based on fully diluted shares including unvested and out-of-the-money options and warrants.

Independent estimates of Evolution's un-risked net unproved reserves <sup>(2)</sup> include:

Project	Oil & NGL (MBbls)	Gas (MMcf)	Total (MBOE)	PV-10 <sup>(1)</sup> (millions)	PV-10 <sup>(1)</sup> (share)
<i>Probable Reserves</i>					
Giddings Field <sup>(3)</sup>	403	3,109	921	\$10.9	\$0.34
Delhi CO <sub>2</sub> – EOR <sup>(4)</sup>	13,614	NA	13,614	\$196.6	\$6.07
Lopez Field – South Texas <sup>(3)</sup>	<u>247</u>	<u>NA</u>	<u>247</u>	<u>\$0.4</u>	<u>\$0.01</u>
<b>Total probable</b>	<u>14,264</u>	<u>3,109</u>	<u>14,782</u>	<u>\$207.9</u>	<u>\$6.42</u>
<i>Possible Reserves</i>					
Lopez Field – South Texas <sup>(3)</sup>	<u>247</u>	<u>NA</u>	<u>247</u>	<u>\$ 7.2</u>	<u>\$0.22</u>
<b>Total unproved reserves</b>	<u>14,511</u>	<u>3,109</u>	<u>15,029</u>	<u>\$215.1</u>	<u>\$6.65</u>

(2) Please see cautionary note below regarding unproved reserves

(3) PV-10 based on constant prices as of 7/1/09 and based on the report by W.D. Von Gonten & Co. using un-escalated pricing of \$69.89 per barrel of oil and \$3.885 per MMBTU natural gas.

(4) Delhi CO<sub>2</sub> EOR Project estimates were assigned by Degolyer & MacNaughton using un-escalated pricing of \$66.62 per barrel of oil in effect as of 7/1/09.

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

PV-10 of proved reserves is a non-GAAP financial measure; therefore, the following table reconciles our calculation of PV-10 of proved reserves 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 (defined as the net present value of future pre-tax revenues, operating expenses and capital expenditures based on constant current pricing and costs and discounted at 10% per annum) 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 of proved reserves to Standard Measure of discounted future net cash flows.

	At July 1, 2008 (unaudited) (millions)	At July 1, 2009 (unaudited) (millions)
Present value of estimated future net revenues (PV-10)	\$160.3	\$35.8
Future income taxes, discounted at 10%	<u>(63.2)</u>	<u>(12.3)</u>
Standardized measure of discounted future net cash flows	<u>\$97.1</u>	<u>\$23.5</u>

Following is a reconciliation of the Company's proved oil and natural gas reserve quantities between July 1, 2008 and July 1, 2009:

Balance at 7/1/2008	<u>MBOE</u> 4,018
FY 09 net wellhead sales	(134)
Revisions	(1,115)
Additions	<u>291</u>
Balance at 7/1/2009	<u>3,060</u>

**Cautionary Note Regarding Unproved 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", "Possible Reserves" or other descriptions of unproved volumes of hydrocarbons that the SEC guidelines may prohibit us from including in filings with the SEC. Estimates of unproved 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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