

**EVOLUTION PETROLEUM**  
**AMEX: EPM**

*Enhancing Mature O&G Potential*

WWW.EVOLUTIONPETROLEUM.COM

- Evolution Petroleum Corporation (EPM)** is a small-cap oil and gas company that develops known bypassed onshore resources in the U.S. It applies conventional and specialized technology to accelerate production and develop incremental reserves, thus enhancing value per share. Its strategic initiatives include: I) CO<sub>2</sub>-based enhanced oil recovery (EOR), II) conventional redevelopment of mature oil and gas fields, and III) unconventional natural gas development.
- “Company-Making” Delhi CO<sub>2</sub>-EOR Project.** In 2006, EPM farmed out its working interest in the Delhi Field to Denbury Resources (DNR), retaining a 7.4% royalty and a 25% after-payout carried working interest. DNR committed to develop the field using its own capital and proved natural CO<sub>2</sub> resources in addition to its CO<sub>2</sub> flooding expertise. Following DNR’s completion of a CO<sub>2</sub> pipeline, tertiary oil production is expected to begin in 2009. Probable reserves in the Delhi Field, net to EPM’s interest, are estimated at 13.4 MMBO, based on constant oil and gas prices on 12/31/07.
- Visible Near-term Earnings and Proved Reserves Contributions.** Drilling activities in the Giddings Field in Central Texas increased EPM’s proved reserves base by 133%. At the end of its June 2008 fiscal year, EPM completed its first development phase of the Giddings Field, with six wells drilled and producing, and a seventh well worked over and restored to production. At June 30, 2008, EPM had 27 proved reserve locations in the Giddings Field in inventory, a 125% increase over the twelve locations at June 30, 2007.. This horizontal drilling program comprises both re-entries with new lateral penetrations in existing well bores and the drilling of new grassroots wells to true vertical depths of 9,000’ to 13,000’. EPM’s staff has outstanding expertise in the Giddings field gained at UPRC, Anadarko and Columbia Gas.
- Record-High FY2008 Production.** Successful drilling in the Giddings Field also drove fiscal year 2008 sales volumes to record-high levels of 51,614 BOE, representing a 79% year-over-year increase. Compared to the 2007 fourth quarter, production increased by 230% and was up 183% sequentially.
- High-Grading Oil & Gas Reserve Base.** In March 2008, EPM completed the sale of its 100% working interest in the Tullos Field in Louisiana for \$4.6 million in gross cash proceeds, which has been redeployed into higher-return potential projects such as Giddings.
- Intrinsic Value of Over \$13/Share.** EPM reported a total 2008 proved reserve base of 4.0mmboe, which included 3.7 mmboe of proved undeveloped reserves. Assuming an oil price of \$110 per/bbl and gas at \$8 per mmbtu, EPM’s proved reserves PV10 was \$98.6 million or \$2.97 per fully-diluted share. Including the discounted value of the probable reserves of the Giddings and Delhi CO<sub>2</sub> projects at about \$9.28 per share and working capital, exercised options proceeds and Woodford assets at \$0.96, EPM’s intrinsic value is slightly over \$13 per fully diluted share.

**Price (September 4, 2008) \$3.61**

**Stock Data**

Fiscal Year-End	June
Symbol / Exchange:	EPM / AMEX
52-Week Range:	\$2.12 - \$7.15
Current Shares Outstanding:	26.8mm
Fully-Diluted Shares O/S <sup>(*)</sup> :	33.3mm
Market Capitalization:	\$99.7mm
Enterprise Value (EV):	\$79.0mm
Avg. Daily Volume (L3M):	N/A

**Ownership Profile**

Management:	18%
Institutions:	24%
Non-management Directors:	39% (incl. affiliates)

\* Based on 26.8 MM shares outstanding, and 6.5 MM options and warrants at ~\$2.01 average exercise price

**Financial Data (FY ending June 30)**

Select Income Statement:	9 months FY2007	9 months FY2008
Revenues	\$1.4mm	\$1.9mm
Net Income (Loss):	(\$1.3)mm	(\$1.9)mm
EPS:	(\$0.05)	(\$0.07)
Non-cash stock comp. expense:	\$1.2mm	\$1.3mm

**Select Balance Sheet:**

Working Capital:	\$27.6mm	\$18.2mm
Total Debt:	\$0	\$0
Total Stockholders’ Equity:	\$31.0mm	\$32.1mm

**Oil & Gas Reserves at July 1, 2008**

Proved: 4.0 MMBOE (increased 133% since 7/01/07)  
Probable: 16.5 MMBO (13.4 associated w/Delhi CO<sub>2</sub> project, un-risked)

**Stock Price**



**COMPANY PROFILE**

*Headquartered in Houston, Texas, Evolution Petroleum Corporation (AMEX:EPM) is focused on acquiring known, onshore oil and gas resources with the intent of redeveloping those resources through the application of technology, expertise and capital. Its initiatives include enhanced oil recovery utilizing gas flooding; conventional redevelopment of mature fields using its expertise in horizontal drilling and completion technologies; and unconventional gas shale development. Its strategy is intended to generate scalable low-risk development opportunities at normally pressured depths in order to generate low-cost, long-life predictable reserves.*

**INVESTMENT CONSIDERATIONS**

**Production From CO<sub>2</sub> Enhanced Oil Recovery Project Expected in 2009.** Evolution Petroleum's core asset is its non-operated interest in the Delhi Field located in northeastern Louisiana. Originally purchased for \$2.8 million, the Delhi Field was sold for \$50 million in 2006 to Denbury Resources (DNR), one of the most successful and experienced CO<sub>2</sub> operators in the region. EPM retained 7.4% in overriding and mineral royalty interests and a 25% after-payout carried working interest (20% net revenue interest) in the field that reverts once DNR generates \$200 million in net operating income from the project, excluding capital costs.

The crude oil at Delhi will be recovered through the injection of carbon dioxide, one of the most efficient methods for enhanced oil recovery (EOR). The CO<sub>2</sub> acts like a solvent for the oil, helping to remove more of the residual oil from the rock formation as the CO<sub>2</sub> contacts and is absorbed by the oil. Carbon dioxide gas floods historically have been limited to a few areas near sources of relatively pure carbon dioxide, one of which is near Jackson, Mississippi, about 90 miles east of the Delhi Field.

Before flooding can commence, DNR plans to complete the extension of a CO<sub>2</sub> pipeline to the Delhi Field and injecting CO<sub>2</sub> in the first half of 2009. An initial oil production response is expected later in 2009. Based on varying projections of how much of the original-oil-in-place (OOIP) will be recovered, the estimated unrisks probable reserves in the field are estimated to be up to 13.4 million barrels of oil (MMBOE), net to Evolution's interest.

**Conventional Horizontal Re-Development Program Drives Record-High Production.** EPM also looks for hydrocarbons in proven mature fields that have been previously discovered, but for various reasons were previously "bypassed" or overlooked, and historically considered uneconomic to produce due to dated technology and/or lower product prices. Its strategy is to acquire scalable properties with development potential and/or fields with conventional horizontal wells.

EPM has accumulated over 18,000 net acres in the Giddings Field in central Texas, where it identified and fully leased 34 proved undeveloped (PUDs) locations. Five of these locations were re-entered for new lateral penetrations, one was drilled as a new well and one well was restored to production during fiscal 2008. All seven are currently producing.

Of its 2008 fiscal year total proved reserves of 4.0 mmbob, all of the 133% increase was associated with the Giddings Field. Also, essentially all of EPM's fiscal Q4/2008 production was attributable to the Giddings project, and total annual sales volumes hit a record 51,614 barrels of oil equivalent (BOE). This represented a 22,814 BOE or 79% increase over fiscal 2007 sales volumes.

**Reserve Potential in Unconventional Development of Woodford Shale** EPM is also developing two projects in Oklahoma that are an extension of the existing Woodford gas shale play. Since March 2007, EPM has acquired over 17,600 net acres, where it plans to commence an unconventional horizontal drilling initiative in calendar 2009. Because these shale formations are relatively shallow, EPM believes it can develop this play at an average total cost of less than \$2.00/mmbtu.

**Experienced Team & Conservative Balance Sheet.** The strategy of acquiring and redeveloping known reserves requires both technology and capital. EPM's management team has substantial technical expertise in horizontal drilling in the Austin Chalk and other unconventional reserves. At March 31, 2008, the company had a strong balance sheet with cash-on-hand of approximately \$19.9 million and zero debt obligations.

**Management and Employees Aligned With Shareholders.** EPM's management and employees all have an equity ownership in the company, and are therefore closely aligned with shareholders. Employees own approximately 18% of the fully diluted outstanding shares, and non-officer insiders own another 39%.

**Focused On Creation Of Net Asset Value Per Share.** With a large stake in EPM's stock performance, management is focused on creating shareholder value. As it develops its probable reserve base in the CO<sub>2</sub>-EOR project at Delhi and in the Giddings Field, EPM believes the related "unrisks" intrinsic value would reflect an additional \$9.28 per share at a \$110 per bbl price deck, escalated 3% per year. Added to its probable reserves in the Giddings field and other existing assets (including working capital, net present value of proved reserves, unproved leases, gas shale acreage, and proceeds from warrants and options), EPM's implied net asset value would be north of \$13.00 per share.

**USING ENHANCED OIL RECOVERY ON DELHI FIELD**

**Delhi Field Development by EPM and DNR**



- ~2013 - Deemed payout achieved subject to oil price - EPM's 25% WI effective through reversion
- 2009 - CO<sub>2</sub> injection projected 1H09 and material production increase expected ~ late 2009
- 2008 - DNR announces plan to spend \$80MM in 2008 on Delhi project
- 2007 - DNR investment exceeds \$70 million including right-of-way, CO<sub>2</sub> pipe acquisition and construction and field work
- 2006 - Sold farm-out to Denbury for \$50MM + 25% BI-APO + commitment to fund and install CO<sub>2</sub> flood. Acquired 7.4% of royalty interests for \$1.5 million
- 2004 - Increased production to level of ~145 boepd through expenditures of ~\$2.5 million
- 2003 - Purchased the working interest in the Delhi Field for \$2.8 million

**Intrinsic Assets Per Fully Diluted Share**

Stock intrinsic assets per fully diluted share far greater than current market price

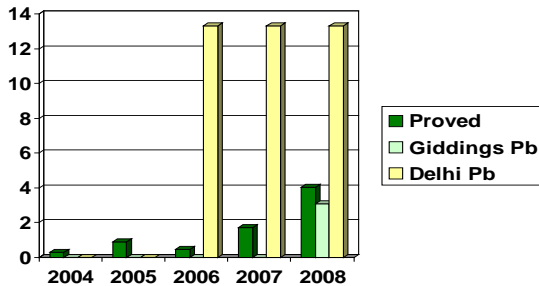
**Intrinsic Value Component**

Working Capital + proceeds from exercise of options/warrants	\$ 0.80
Proved Reserves NPV10, Adjusted (1)	2.96
Probable Reserves in Giddings NPV10, Adjusted (1)	1.02
Probable Reserves in Delhi CO <sub>2</sub> -EOR Project (2)	8.26
Gas Shale acreage at cost (3)	0.17
	<b>\$ 13.21</b>

- As of 7/1/08 based on report by WD Von Gonten & Co, adjusted for lower unescalated NYMEX prices of \$110 oil, \$8 gas & \$67 NGL
- Based on DNR reported probable reserves and unescalated \$96 field oil price in effect as of 12/31/07. Note that 3% escalation in oil price and operating costs increases PV-10 by ~\$2.79 per fully diluted share.
- Company historical cost for 17,600 net acres. Resource potential of 100-200 net drilling locations (80-160 acre spacing) based on reported production/tests in area, targeting net 60-120 bcf.

**DELIVERING GROWTH AND EXPANDING OPERATIONS**

**EPM Reserves Growth by Fiscal Year**

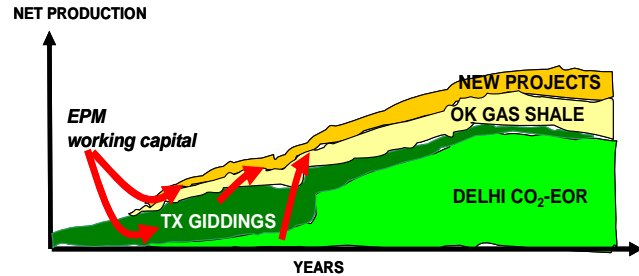


- Does not include shale gas resource in 2 Oklahoma Woodford projects
- FYE 06 proved reserves impacted by farmout to Denbury that included proved reserves

**EPM Net Production Potential**

**Business Plan**

Current cash resources fund Giddings Field projects for near term revenues, and generated net cash flows including Delhi then fund gas shale and other projects



Volumes are representative and not to scale

**DEVELOPING FIELDS TO DRIVE GROWTH**

**Initiative I EOR – Delhi Field CO<sub>2</sub> Project**



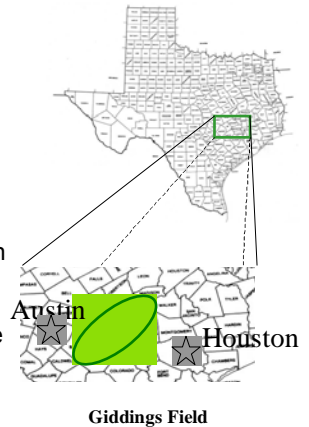
Production to date	190 MMBO
Original oil in place est. ("OOIP")	400-500 MMBO
Average depth	~3,300'
Size	13,636 acres
Formations	Tuscaloosa & Paluxy

**Initiative II – Conventional Redevelopment**

Acquire and develop known resources where we can apply our expertise and technology in horizontal drilling and other modern completion/production technologies:

First target is the Giddings Field in Central Texas, which extends 30-40 miles in width and 100+ miles in length and is primarily known for its naturally fractured Austin Chalk and Georgetown formations.

The EPM team has extensive expertise in drilling and operating hundreds of horizontal wells in the Giddings Field over the last 18 years.



The logo for Evolution Petroleum Corporation features a stylized blue and black oil rig icon to the left of the word "EVOLUTION" in large, bold, black capital letters. Below "EVOLUTION" is a thick black horizontal line, and underneath that line is the word "Petroleum Corporation" in a smaller, blue, sans-serif font.

# EVOLUTION

## Petroleum Corporation

AMEX: EPM

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This document is issued by Evolution Petroleum Corporation and was prepared in conjunction with the firm of Dennard Rupp Gray & Easterly, LLC.

**Reader Advisory and Forward Looking Statements**

This Fact Sheet is presented as a brief company overview for the information of investors, analysts and other parties with an interest in Evolution Petroleum Corporation (herein referred to as "the Company", "Evolution" and by its stock exchange ticker, "EPM"). The management of Evolution hopes that this Fact Sheet will encourage analysts and investors to investigate more about the Company through its Securities and Exchange Commission ("SEC") filings, press releases and other public materials. This Fact Sheet does not constitute an offer to sell or a solicitation of an offer to buy any securities of the Company. This Fact Sheet contains forward-looking statements, some of which may be identified by words like "expects," "anticipates," "plans," "intends," "projects," "indicates," and similar expressions. These statements are based on the Company's current assumptions, expectations and projections about future events, which are subject to a wide range of business risks. The Company encourages investors to review the information regarding the risks inherent to Evolution and the energy industry in which it operates, as described in its Form 10-K for the year ended June 30 2007, a copy of which is available over the Internet at the SEC's website (<http://www.sec.gov>). This Fact Sheet does not purport to be all-inclusive or to contain all of the information that a reader may desire as to the structure or the affairs of the Company. Although the Company believes that the assumptions reflected in these forward-looking statements are reasonable, the Company can give no assurance that these assumptions will prove to be correct or that financial or market forecasts, savings or other benefits anticipated in the forward-looking statements will be achieved. Forward-looking statements are not guarantees of future performance and actual results may differ materially from those projected. The information contained in this Fact Sheet is only current as of its date, and the Company undertakes no obligation to update this Fact Sheet.