

June 2010  
Company Fact Sheet



EVOLUTION PETROLEUM  
NYSE Amex: EPM

*Enhancing Mature O&G Potential*

WWW.EVOLUTIONPETROLEUM.COM

- **Evolution Petroleum Corporation (EPM)** develops known bypassed onshore petroleum resources in the U.S. It applies conventional and specialized technology to develop production and reserves with a primary focus on enhancing value per share. EPM's core assets are mostly oil with 91% of 7/1/09 reserves being liquids. The EPM team has demonstrated a successful track record of value growth through project origination, capture and development of an extensive portfolio of drilling locations for both oil and natural gas.

- **“Company-Making” Delhi CO<sub>2</sub>-EOR Project.** In 2006, EPM farmed out its working interest in the Delhi Holt Bryant Unit to Denbury Resources (DNR), retaining a 25% after-payout carried working interest (20% revenue interest) and a separate 7.4% royalty. DNR is developing this EOR project utilizing its CO<sub>2</sub> flooding expertise at no expected capital cost to EPM. Initial production began in mid-March 2010 and in April gross sales averaged 886 barrels of oil per day or about 65 bopd net to EPM, coming from the first few producing wells. EPM's net probable reserves in the Delhi Field have been independently estimated at ~13.6 million barrels of oil (MMBO).

- **Proven Track Record for Creating Value.** From its \$6.8 million investment in the Delhi Field acquired in 2003 and farmed out for \$50 million in 2006, to its \$26.5 million investment in the Giddings Field that still had \$47 million of NPV10 as of 7/1/09 after producing since January 2008, EPM has demonstrated a successful track record of creating value from modest investments. Other examples are EPM's \$0.6 million investment in the Neptune oil project in South Texas that yielded a 100% working interest in ~1,710 net acres with 3P reserves' PV10 of \$8.1 million in 25 locations, with up to 92 additional prospective locations to drill.

- **Expanding Opportunities in Low-Risk, Low-Cost Reserves.** EPM has completed the first two oil wells and one water injection well in the Lopez Field within its Neptune Project to begin upgrading net probable and possible reserves of ~500 MBO to proved status. In eastern Oklahoma, EPM is similarly working to upgrade substantial shale gas potential in shallow and moderate depth Woodford and Caney shales. As of 7/1/09, EPM reported total net proved reserves of 3.1 MMBOE, mostly in the Giddings Field of central Texas (2/3rds oil, condensate and NGL).

- **Focused on Higher Value-Added Activities.** EPM is focused primarily on testing and upgrading reserves in its Neptune Project and in the shallow Oklahoma gas shales. Producing wells in the Giddings Field should cover cash overhead expenses through modest expenditures on work-overs, and a small amount of the budget is being spent on commercializing and extending its proprietary artificial lift technology.

- **Strong Balance Sheet and Liquidity.** EPM has no debt and ended the third quarter of fiscal 2010 with \$5.3 million of working capital. Its cash and cash flows from producing properties should provide EPM with sufficient liquidity through fiscal 2011, during which it is expected to begin realizing significant cash flows from the Delhi EOR project.

**Price (June 15, 2010) \$5.94**

**Stock Data**

Fiscal Year-End	June
Symbol / Exchange:	EPM / AMEX
52-Week Range:	\$2.21 - \$6.25
Shares Outstanding 12/31/09:	27.1 MM
Fully-Diluted Shs 12/31/09 <sup>(*)</sup> :	32.9 MM
Market Capitalization:	\$161 MM
Enterprise Value (EV):	\$156 MM
Avg. Daily Volume (L3M):	72,986

**Ownership Profile**

Employees:	20%
Institutions:	~39%

\* Based on 27.1 million shares outstanding and 5.8 million options and warrants at ~\$1.81 weighted average exercise price

**Financial Data \$ millions (Fiscal quarter ending March 31)**

Select Income Statement:	3Q10	3Q09
<i>\$ millions, except EPS</i>		
Revenues	\$0.5	\$0.4
Net Income (Loss):	(0.8)	(1.5)
EPS:	(\$0.02)	(\$0.04)
Non-cash stock comp. expense:	\$0.4	\$0.5

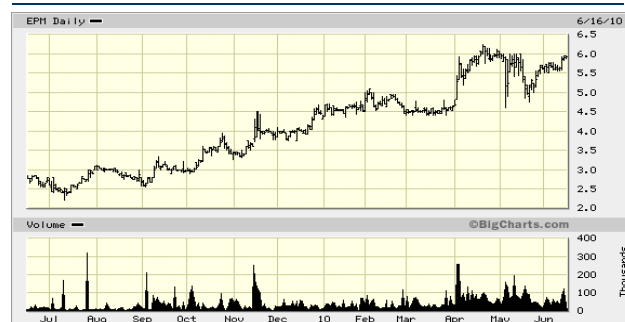
**Select Balance Sheet:**

Working Capital:	\$5.3	\$7.5
Total Debt:	0.0	0.0
Total Stockholders' Equity:	\$31.4	\$32.0

**Oil & Gas Reserves at July 1, 2009**

Proved:	3.1 MMBOE
Probable:	14.7 MMBOE (13.6 MMBOE from Delhi CO <sub>2</sub> project, per engineers Degolyer & MacNaughton)
Potential:	Gas Shale project in Eastern Oklahoma Oil infill drilling program in South Texas

**Stock Performance**



**COMPANY BUSINESS MODEL**

*EPM generates and implements oil & gas projects onshore in the U.S. by applying its expertise and modern technology to known petroleum resources, for the purpose of building per share value:*

- *Generate project ideas*
- *Capture project value without overpaying*
- *Initiate development to prove concept and reduce risk*
- *Utilize third parties to finance full development*

**INVESTMENT CONSIDERATIONS**

EPM's management team has substantial technical expertise in horizontal drilling and other unconventional applications. The Company is also closely aligned with its shareholders, and its management and employees collectively own ~20% of the fully diluted shares outstanding. It also has a strong balance sheet with no debt, and a liquid asset position of approximately \$5 million, including cash, cash equivalents and CDs. With the enhanced oil recovery project at Delhi coming onto production, combined with incremental production in other projects offsetting normal decline from existing wells, EPM's cash flow is expected to grow significantly in 2011. No capital expenditures are expected to be required from EPM to complete the Delhi project as currently designed. .

**CORE ASSETS**

**Delhi CO<sub>2</sub> Enhanced Oil Recovery Project.** EPM owns a 7.4% royalty interest and a 25% reversionary working interest in this CO<sub>2</sub> EOR project located in northeastern Louisiana. Delhi is a mature oil field with historic gross production to date of 192 MMBO. The current portion of the field within the EOR project is estimated to have original oil in place (OOIP) of 357 MMBO.

Originally purchased in 2003 for \$2.8 million, EPM farmed out its working interests in the field for a \$50 million cash payment in 2006 to Denbury Resources (DNR), one of the most successful and experienced CO<sub>2</sub> operators in the U.S. EPM retained a 25% after-payout working interest (20% net revenue interest) in the field that reverts once DNR generates \$200 million in revenues less operating costs from the field. Consequently, EPM expects to bear no project capital costs. EPM also retained a separately acquired 7.4% in overriding and mineral royalty interests that bear no capital or operating costs.

The crude oil at Delhi is being recovered through the injection of CO<sub>2</sub>, one of the most efficient methods for enhanced oil recovery (EOR). DNR is transporting CO<sub>2</sub> to the Delhi Field via the Delta Pipeline that it constructed from its Jackson Dome resource in Mississippi, about 90 miles east of the Delhi Field.

DNR began injecting CO<sub>2</sub> to the Delhi Field in mid-November 2009, and initial oil production began in March 2010. April gross sales averaged 886 gross BOPD from the Delhi Field, yielding more than 65 BOPD net to EPM's interests from just the first few producers. EPM's independent reservoir engineer estimated unrisks probable reserves in the Delhi field to be ~13.6 MMBO net to EPM, of which about 30% are royalty-interest barrels that bear no operating cost.

**Reserve Potential in Mature Oil Field in South Texas.** EPM owns a 100% working interest (79.7% net revenue interest) in 1,710 net acres in the Lopez Field in South Texas. Some 25 proved and probable undeveloped locations evaluated by EPM's independent reservoir engineer contain over 500 MBO of net 3P reserves. EPM has identified up to 92 additional prospective locations through infill drilling. Two producer wells and one water-injection well have been completed, and initial oil production from one of the infill wells began in the third fiscal quarter of 2010. These locations are conventional 5-acre vertical infill wells that cost up to approximately \$300,000 to drill and complete with water injection. EPM plans to continue testing this field through the summer to further evaluate the wells and confirm the potential recovery.

**Proprietary Artificial Lift Technology.** EPM has developed a proprietary artificial lift technology that is targeted at recovering otherwise abandoned reserves in pressure depleted horizontal wells due to limitations of conventional artificial lift methods. At a projected cost of \$5-\$10 per BOE of incremental recovery, EPM's technology could be applicable to many horizontal plays, and has been successfully field tested.

**Low-Cost, Shallow Shale Gas in Eastern Oklahoma.** On 17,850 net acres in Oklahoma, EPM is testing and developing two gas projects that are extensions of the ongoing Woodford gas shale play. These projects target potential gas reserves of 250 – 300 MMCF per vertical well in Wagoner County, and ~500+ MMCF per vertical well or 1-2 BCF per horizontal well in Haskell County at a projected attractive development cost of \$0.80 - \$1.25 per MCF. The reserves are shallow in depth and, therefore, can be drilled with smaller rigs and completed with much smaller hydraulic fracture stimulations at lower day rates. To date, EPM has performed various tests on three drilled wells and three re-entries in Wagoner County and plans a near term vertical test in Haskell County. The program includes testing different types of frac treatments and the potential of incremental production from the Caney Shale.

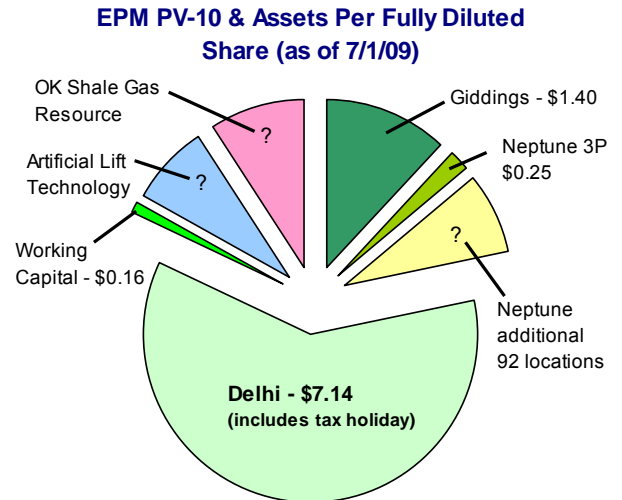
**Conventional Horizontal Development in Texas.** EPM has accumulated ~18,000 net acres in the Giddings Field in central Texas where it has ten producing wells and 21 proved undeveloped (PUDs) and 2 probable undeveloped drilling locations (PbUDs). These wells typically produce at high initial rates followed by steep declines before stabilizing with about half of the reserves produced in the first two years. In the quarter ended 3/31/2010, EPM averaged 312 BOE per day of net production from its first ten wells that appear to have completed their initial period of steep declines. The 7/1/09 fiscal yearend total proved reserves of 3 MMBOE in the Giddings Field were ~30% crude oil, 35% NGLs, 35% natural gas and ~14% developed.

**Intrinsic Value Depicts Unclassified Reserve Potential.** Management's focus is protecting already developed shareholder value and carefully increasing that value. Based on the lower fixed commodity prices in effect on 7/1/09, the NPV-10 of its proved and probable reserves (Giddings, Neptune, Delhi) per fully diluted share is \$7.60 per share plus another \$0.16 in working capital, excluding any consideration of its proprietary technology, 92 additional locations in the Lopez Field, severance tax abatement at Delhi and shale gas assets.

**STRONG TRACK RECORD IN PROJECT DEVELOPMENT**

**Engineering-driven project development and value creation**

Project	Invested	Results ( 7/1/09 PV-10 unrisked)
Delhi EOR	\$6.8mm	\$50mm pretax cash + 2P PV-10 of \$196.6mm + sev tax holiday 2P PV-10 peaks 2015 @ \$292mm + sev tax
Neptune Oil	\$1mm	1P-3P PV-10 of \$8.1mm in 25 locations + up to 92 additional infill locations (2 mmbo)
OK Shale	\$5.5mm	In production testing – up to 200-400 drilling locations for shallow gas
Giddings	\$26.5mm	\$7+mm pretax cash from field with 1P-2P PV-10 of \$46mm
Artificial Lift	\$0.2mm	First 2 field installations successful, now focused on 3 <sup>rd</sup> party JV's

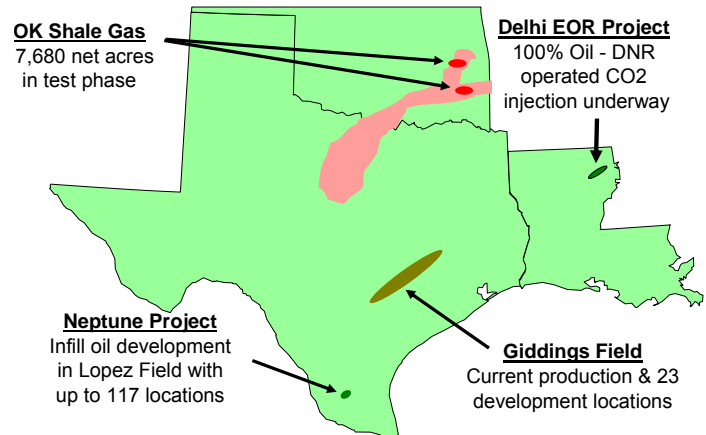


**DEVELOPING FIELDS TO DRIVE GROWTH**

**Impact of Delhi Project per Diluted Share**

Annual Net Pre-tax Cash Flows from Delhi per fully diluted share					
	1,000	2,430	5,600	7,880	10,000
	BOPD	BOPD	BOPD	BOPD	BOPD
Gross Field Production =					
Pre & Post Payout			< Payout Occurs >		
7.4% Royalty Interest =	\$0.05	\$0.12	\$0.27	\$0.38	\$0.48
After Payout					
25% Reversionary WI =				\$0.62	\$0.98
<b>Annual Net Pre-tax Cash Flows per Fully Diluted Share</b>	<b>\$0.05</b>	<b>\$0.12</b>	<b>\$0.27</b>	<b>\$1.00</b>	<b>\$1.46</b>

\* From 7/1/09 DeGolyer & MacNaughton Probable Reserves Report & based on NYMEX price of \$66.62 per barrel of oil with no escalation, and subtracts severance taxes that are likely to be waived due to approved EOR status. Royalty interest bears severance & ad valorem taxes, but no operating costs. Reversionary interest bears same taxes and direct operating costs. Total future operating cash flows= ~\$21/share.



The logo for Evolution Petroleum Corporation features a stylized blue 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 Petroleum Corporation 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 2009, 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.