

EVOLUTION PETROLEUM CORPORATION
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NEWS RELEASE

FOR IMMEDIATE RELEASE

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Evolution Petroleum Reports Second Quarter Fiscal 2007 Financial Results

Houston, TX, February 14, 2007. Evolution Petroleum Corporation (AMEX: EPM), announced today that aggregate operating revenue and interest income sources increased 10% to \$929,777 for the three months ended December 31, 2006 as compared to \$845,891 for the comparable quarter in 2005. Evolution's net loss decreased 22% to \$421,657, including \$371,604 of non-cash stock compensation expense, or (\$0.02) per fully diluted share based on 26.7 million weighted average shares outstanding. This compares to a net loss of \$541,884, including \$156,277 of non-cash stock compensation expense, or (\$0.02) per fully diluted share based on 24.8 million weighted average shares outstanding for the three months ended December 31, 2005. The improvement in the net loss was primarily attributable to a significant increase in interest income to \$503,318 with no interest expense in the current three month period, as compared to \$14,955 of interest income and \$191,016 of interest expense in the comparable 2005 three month period. The current period income gain included the adverse effects of lower oil and gas production, mostly as a result of the Delhi Farmout.

OPERATIONS UPDATE:

The operator of Evolution's planned CO₂-EOR project at its 13,626 acre Delhi Holt Bryant Unit has advised the company that they are currently engaged in obtaining right-of-ways and pipeline route surveys. Further, Evolution has been advised that pipeline construction is scheduled to begin in late 2007, and CO₂ injection is now projected to begin in the second quarter of 2008.

At Tullos, Evolution has recently implemented an Initiative II capital program aimed at capturing bypassed oil reserves in this field. An initial test of new completion technology is expected to take place during March of this year. Should this test prove successful, the completion technology could be applicable throughout Evolution's Tullos Field area, in addition to other fields with similar high water cut oil reservoirs.

Following the sale of the Delhi Farmout in June 2006, the company placed \$35 million of the \$50 million proceeds into a Section 1031 "Like-Kind" exchange account for possible redeployment into acquisitions of other oil and gas assets. By the end of the six month exchange period, Evolution had expended approximately \$575,000 of these funds in the acquisition of additional royalty interests in the Delhi Holt Bryant Unit, the subject of the planned CO₂-EOR project, and certain other minor interests. The balance of the proceeds, along with approximately \$844,000 of accumulated interest earned thereon, was released to the company from the exchange account during December 2006.

Robert Herlin, President and Chief Executive Officer of Evolution Petroleum, commented, “We view the status report by our Delhi operator as a very positive development.” Added Herlin, “After evaluating other opportunities available in the market for purchase through the 1031 like-kind exchange account or otherwise, we determined that potential returns on our internally generated development projects were far more attractive. Evolution now has \$28 million of unrestricted cash, net of income tax due, to seed our ongoing and pending development projects within our three initiatives of EOR miscible and immiscible gas floods, bypassed resource development and unconventional resource development.”

Operating Highlights – Second Quarter Fiscal 2007 versus 2006

- Sales Volumes:
 - Oil (bbls) – 6,080 versus 11,828 in comparable period of 2006
 - Gas (Mcf) – 0 versus 23,977 in comparable period of 2006
- Average Realized Prices (including price risk activities):
 - Oil – \$70.14 versus \$46.67
 - Gas - \$0 versus \$11.63
- Proved Reserves – 465 MBOE
- Probable Reserves – between 11.5 – 16.0 MMBO

FISCAL SECOND QUARTER 2007 REVIEW

Revenue

Oil and gas revenues for the second quarter of fiscal 2007 decreased 49% to \$426,459 from \$830,936 for the second quarter of fiscal 2006. Oil and gas sales volumes declined 62% in the second quarter of fiscal 2007 from the comparable period in the prior year primarily due to the sale the Delhi Farmout and slight decreases in sales in the Tullos Field area. The decrease in oil and gas volumes was offset by a 50% increase in net realized oil prices from approximately \$47 per barrel in the second quarter fiscal 2006 to approximately \$70 per barrel in the second quarter of fiscal 2007. Oil and gas revenues were supplemented by an additional \$488,000 of interest income over the comparable fiscal 2006 period as described in “Other Income and Expense” below.

Costs and Expenses

Lease operating expenses (including production severance taxes) of \$327,473 were approximately 23% lower than the second quarter of fiscal 2006 and reflect fewer wells operated due to sale of the Delhi Farm-out. On a barrel of oil equivalent (BOE) basis, lease operating expenses increased during the quarter by 100% over the same period in the prior year, primarily due to significant decreases in oil production. General and administrative expenses increased 45% to approximately \$960,000 for the second quarter of fiscal 2007 as compared to approximately \$662,000 in the second quarter of fiscal 2006. Higher non-cash stock compensation expense resulting from the adoption of SFAS 123R during the current quarter was primarily responsible for the increase in G&A expenses. Non-cash stock compensation expense was approximately \$372,000 in the second fiscal quarter of 2007 as compared to \$156,000 for the second fiscal quarter of 2006.

Other Income and Expense

For the quarter ended December 31, 2006 interest income increased \$488,000 to approximately \$503,000 as compared to interest income of approximately \$15,000 for the comparable period fiscal 2006. The increase in interest income was due primarily to higher short-term investments in the amount of approximately \$40 million, as compared to cash of less than \$500,000 available for investment in the prior comparable quarter. Interest expense declined to zero in the current quarter, as compared to approximately \$191,000 in the comparable 2005 quarter.

Balance Sheet

On December 31, 2006, the Company had approximately \$40 million in cash, of which approximately \$28 million was an un-levered after-tax cash resource. The Company has no funded debt.

About Evolution Petroleum

Evolution Petroleum Corporation (<http://www.evolutionpetroleum.com>) acquires mature oil and gas resources and applies conventional and specialized technology to accelerate production and develop incremental reserves and value. The Company currently owns 7.4% in overriding royalty interests and a 25% reversionary working interest in the 13,636 acre Delhi Field Holt Bryant Unit, a 25% working interest in certain other depths in the Delhi Field and 100% working interests in smaller fields, all located onshore in Louisiana. Having already produced approximately 190 million barrels of oil through primary and secondary recovery methods, the Delhi Holt Bryant Unit is scheduled for redevelopment using CO2 enhanced oil recovery technology. The Company is actively engaged in other development projects.

Additional information, including the Company's annual report on Form 10-KSB for fiscal 2006 and its quarterly report on Form 10-QSB for the second quarter of fiscal 2007, can be accessed on its website at www.evolutionpetroleum.com.

Safe Harbor Statement

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements give our current expectations or forecasts of future events. They include statements regarding our future operating and financial performance. Although we believe the expectations and forecasts reflected in these and other forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. You should understand that the following important factors, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements relating to: (1) amount, nature and timing of capital expenditures; (2) drilling of wells and other planned exploitation activities; (3) timing and amount of future production of oil and natural gas; (4) increases in production growth and proved reserves; (5) operating costs such as lease operating expenses, administrative costs and other expenses; (6) our future operating or financial results; (7) cash flow and anticipated liquidity; (8) our business strategy, including leasing and the availability of leasing and acquisition opportunities; (9) hedging strategy; (10) exploration and exploitation activities and property acquisitions; (11) marketing of oil and natural gas; (12) governmental and environmental regulation of the oil and gas industry; (13) environmental liabilities relating to past or potential pollution arising from our operations or operations by others for which we may have contractual obligation; (14) our level of indebtedness; (15) timing and amount of future dividends; (16) industry competition, conditions, performance and consolidation; (17) natural events such as severe weather, hurricanes, floods, fire and earthquakes; and (18) availability of drilling rigs and other oil field equipment and services.

We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation or as of the date of the report or document in which they are contained, and we undertake no obligation to update such information. The filings with the SEC are hereby incorporated herein by reference and qualify the presentation in its entirety.

Cautionary Note to U.S. Investors Regarding Oil and Gas Reserve Estimates:

The U.S. Securities and Exchange Commission permits oil and gas 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. The Company is prohibited from disclosing other categories of reserves in its SEC filings. We use certain terms in this press release such as "Probable" or "Possible" oil and gas reserves that the SEC's guidelines strictly prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the disclosure in our SEC filings, available from us at **820 Gessner, Suite 1340, Houston, Texas 77024; Telephone: 713-935-0122**. You can also obtain these filings from the SEC by calling 1-800-SEC-0330 or by obtaining them online at www.sec.gov. The Proved reserve quantities reflected above were certified by **W. D. Von Gonten & Company** and the Probable and Possible reserve quantities were estimated by the Company, both using the 1997 definitions and standards of the Society of Petroleum Engineers and World Petroleum Congresses. These definitions and standards may result in estimates of proved reserves which are materially different from those disclosed in the Company's filings with the SEC.

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EVOLUTION PETROLEUM CORPORATION AND SUBSIDIARIES
Condensed Consolidated Income Statement
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2006	2005	2006	2005
Revenues:				
Oil sales	\$ 426,459	\$ 557,439	\$ 895,483	\$ 1,043,834
Gas sales	-	278,955	-	336,888
Price risk management activities	-	(5,458)	(14)	(6,902)
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Total revenues	426,459	830,936	895,469	1,373,820
Operating Costs:				
Production expenses	327,473	398,686	651,592	862,876
Production taxes	(4,357)	21,536	30,303	36,020
Depreciation, depletion and amortization	46,350	114,431	108,221	191,681
General and administrative *	960,515	662,106	1,999,706	1,246,384
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Total operating costs	1,329,981	1,196,759	2,789,822	2,336,961
Loss from operations	(903,522)	(365,823)	(1,894,353)	(963,141)
Other income and expense:				
Interest income	503,318	14,955	1,034,113	33,892
Interest expense	-	(191,016)	-	(412,694)
Gain/(loss) on sale of assets	(21,453)	-	(21,453)	-
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Total other income and expense	481,865	(176,061)	1,012,660	(378,802)
Net loss before income taxes	\$ (421,657)	\$ (541,884)	\$ (881,693)	\$ (1,341,943)
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Loss per common share				
Basic and Diluted	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>
Weighted average number of common shares				
Basic and Diluted	<u>26,685,151</u>	<u>24,780,405</u>	<u>26,668,575</u>	<u>24,778,730</u>

*General and administrative expenses include non cash stock compensation expense of \$371,604, \$156,277, \$861,477 and \$269,351 for the three month periods ended December 31, 2006 and 2005, and the six month periods ended December 31, 2006 and 2005, respectively.

EVOLUTION PETROLEUM CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	December 31, 2006	June 30, 2006
	(unaudited)	
Assets		
Current Assets:		
Cash	\$ 40,129,711	\$ 9,893,547
Accounts receivable, trade	153,583	132,371
Inventories	177,420	76,917
Prepaid expenses	156,390	157,629
Retainers and deposits	<u>60,595</u>	<u>60,895</u>
Total current assets	40,677,699	10,321,359
Cash in qualified intermediary account for "like-kind" exchanges	-	34,662,368
Oil & Gas properties - full cost	4,022,938	3,878,551
Oil & Gas properties - not amortized	75,441	52,098
Less: accumulated depletion	<u>(476,696)</u>	<u>(371,624)</u>
Net oil & gas properties	3,621,683	3,559,025
Furniture, fixtures and equipment, at cost	25,624	16,561
Less: accumulated depreciation	<u>(11,147)</u>	<u>(7,998)</u>
Net furniture, fixtures, and equipment	14,477	8,563
Restricted deposits	301,835	326,835
Other assets	<u>76,675</u>	<u>79,808</u>
Total assets	\$ 44,692,369	\$ 48,957,958
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 123,752	\$ 310,272
Accrued liabilities	123,564	473,782
Income taxes payable	12,420,000	2,978,650
Royalties payable	<u>5,635</u>	<u>47,054</u>
Total current liabilities	12,672,951	3,809,758
Long term liabilities:		
Deferred income taxes payable	-	13,101,350
Asset retirement obligations	<u>132,055</u>	<u>123,679</u>
Total liabilities	12,805,006	17,034,787
Common Stock, totaling 351,333 shares subject to demand registration rights	790,500	790,500
Stockholders' equity:		
Common Stock, par value \$0.001 per share; 100,000,000 shares authorized, 26,350,672 and 26,300,664, issued and outstanding as of December 31, 2006 and June 30, 2006, respectively, net of 351,333 shares of common stock subject to demand registration rights	26,350	26,300
Additional paid-in capital	10,969,785	10,274,555
Deferred stock compensation	(114,562)	(265,167)
Retained earnings	<u>20,215,290</u>	<u>21,096,983</u>
Total stockholders' equity	31,096,863	31,132,671
Total liabilities and stockholders' equity	\$ 44,692,369	\$ 48,957,958