

Monday 2 November 2009

MERIDIAN PETROLEUM PLC
("Meridian" or "the Company")

Publication of Circular

Further to the Company's announcement on 30 October 2009 in relation to, *inter alia*, a proposed Placing and Open Offer, the Company announces that a circular setting out details of the Proposals ("Circular") has today been posted to Shareholders.

The Circular, which includes a notice ("Notice of EGM") convening an Extraordinary General Meeting of the Company to be held at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London at 11.00 a.m. on 30 November 2009, is available to view on the Company's website (www.meridianpetroleum.com).

In view of the disruptions currently affecting postal services throughout England, a copy of the Letter from the Chairman, Directors and Advisers, Capital Raising Statistics and Expected Timetable of Principal Events is reproduced below. In addition, a copy of the Notice of EGM is set out in Appendix 1 to this announcement and a summary of the provisions of the New Articles which are proposed to be adopted pursuant to a Resolution to be considered at the EGM is extracted from paragraph 5 of Part V of the Circular and set out in Appendix II to this announcement.

Shareholders are advised to complete and return their Forms of Proxy and, where relevant, their Application Forms as soon as possible and, in any event, so as to be received by Equiniti Limited, of Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, by no later than as detailed in the expected timetable of principal events in the Circular.

Defined terms used in this announcement are the same as those set out in the Circular and are reproduced in Appendix III.

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Meridian Petroleum PLC

(Incorporated and registered in England under the Companies Act 1985 with registered number 5104249)

Directors:

Stephen Gutteridge (*Chairman*)
Angelo Baskaran (*Finance Director*)
Peter Clutterbuck (*Non-executive Director*)
David Wake-Walker (*Non-executive Director*)

Registered Office:

13 Regent Street
London
SW1Y 4LR

2 November 2009

Dear Shareholder,

**Placing and Open Offer of 27,614,498 New Ordinary Shares at 25 pence per share
Amendments to Loan Facility
Cancellation of Options and Warrants
Subscription for New Ordinary Shares
Proposed Board Changes
Proposed Change of Name
Capital Reorganisation
Adoption of New Articles
and
Notice of Extraordinary General Meeting**

1. Introduction

Your Board is pleased to announce a significant change in the Group's strategy, with the objective of achieving the critical mass of a mid-cap independent exploration and production company with a strategic presence in key areas of interest. The Board will develop this strategy globally, focusing on selected acquisitions with the potential for significant reserves, resources and production capability in fast-growing hydrocarbon provinces. This is a transformational step for the Group and the foundations from which to implement the strategy have been announced today. LCM will become a major strategic investor in the Group. LCM has strong industry connections and experience which will be of significant benefit to the Group in implementing the new strategy. The Board has also today announced a substantial capital raising, supported by institutional investors, the strengthening of the Board and management and a change of name.

Your Board proposes to raise approximately £6.9 million (before expenses) by the issue of 27,614,498 New Ordinary Shares at a price of 25 pence per New Ordinary Share. The Capital Raising is being made by way of a Placing and Open Offer, thus allowing the Company's existing Shareholders the opportunity to participate in the fundraising. In addition, New Ordinary Shares are to be issued pursuant to the Subscription.

The Issue Price of 25 pence per New Ordinary Share represents a 52.83 per cent. discount to the closing middle market price of 53 pence per Existing Ordinary Share on 29 October 2009, the last Business Day before the announcement of the Capital Raising.

Of the combined 29,352,998 New Ordinary Shares to be issued pursuant to the Proposals (representing approximately 64.59 per cent. of the Enlarged Share Capital immediately following completion of the Proposals), 27,614,498 New Ordinary Shares will be issued pursuant to the Placing and Open Offer (of which 5,364,498 New Ordinary Shares are being made available under the Open Offer to Qualifying Shareholders) and 1,738,500 New Ordinary Shares shall be issued to Macquarie and the Optionholders pursuant to the Subscription. All of the New Ordinary Shares will be issued at the Issue Price.

Shareholders may subscribe for Open Offer Shares on the basis of one Open Offer Share for every three Existing Ordinary Shares held on the Record Date. Shareholders subscribing for their full entitlement under the Open Offer may also request additional New Ordinary Shares through the Excess Application Facility. The Open Offer is being underwritten by Evolution.

As the Issue Price of the New Ordinary Shares will be less than the nominal value of the Existing Ordinary Shares, the Capital Raising is conditional upon, *inter alia*, a Capital Reorganisation in order to comply with the 2006 Act and to provide the Company with flexibility in relation to its capital structure in the future. The Capital Reorganisation will result in the subdivision and redenomination of the Existing Ordinary Shares into Redenominated Shares with a nominal value of one penny per share and Deferred Shares with a nominal value of 29 pence per share.

This letter sets out the reasons for, and provides details of, the new strategy, the Placing and Open Offer, the Capital Reorganisation and the proposed arrangements with Macquarie and Optionholders. The Placing and Open Offer, the amendments to the terms of the Company's Loan Facility with Macquarie, the cancellation of the Warrants and Options and the Subscription, the Capital Reorganisation, the proposed Change of Name and adoption of New Articles are each conditional upon, *inter alia*, Shareholder approval which will be sought at the Extraordinary General Meeting to be held at 11.00 a.m. on 30 November 2009, notice of which is set out at the end of this document.

2. Information on Meridian Petroleum plc

Meridian Petroleum plc is a UK AIM listed oil and gas company, currently with production in Louisiana USA, and with significant exploration opportunities in South Australia. The Company is seeking to fundamentally overhaul its strategy from the proceeds of the Capital Raising and the introduction of a strategic investor, as further detailed in this document.

Further information on Meridian Petroleum plc's existing strategy, current assets, reserves and resources and financial reports, *inter alia*, can be found on the Company's website, www.meridianpetroleum.com.

3. Background to and reasons for the Capital Raising

The Company currently generates cash from producing US wells and has significant prospectivity in South Australia. Although attractive, this is a limited asset portfolio and to create value on a major scale and transform the Company into a significant independent explorer and producer will require the acquisition of further good quality assets.

Conditional on completion of the Capital Raising, the Board has now secured access to substantial equity finance and intends to add reserves, resources and production capability on a scale large enough to achieve the critical mass of a mid-cap oil and gas company. The Board will develop this strategy globally and will seek a strategic presence in key areas of interest in fast growing hydrocarbon provinces.

The available finance will also allow the Company to progress the drilling programme on PEL 82 in Australia, although the preference remains to work with a good quality partner.

Macquarie is fully supportive of the Company and its strategy with the existing finance facility of US\$50 million, of which US\$35 million remains available for acquisitions.

The combination of institutional investors with the capability to fund rapid growth and the Macquarie Loan Facility has opened up the potential for material acquisitions and deals. The strong industry background of the new investors, particularly LCM, and Macquarie is expected to provide deal opportunities in the target areas and the Board believes that this will give the Company an advantage relative to its peer group.

LCM is the private investment fund of Peter Levine, founder and former Chairman of Imperial Energy Corporation PLC. LCM invests in a range of both public and private securities and assets, with an emphasis on natural resources and will become a strategic investor in Meridian Petroleum plc. As part of the Placing, LCM will subscribe for £3.4 million worth of shares equating to 13,633,947 Placing Shares at the Issue Price.

4. Board changes

It is proposed that Dr. Michael Cochran will be appointed to the Board as Exploration Director immediately following Admission. It is also proposed that John Hamilton and Christopher Hopkinson will be appointed as Non-executive Directors immediately following Admission.

Dr. Michael Cochran is Senior Technical Adviser to LCM UK, and has over 40 years experience of the oil and gas business. Previously he was Senior Vice-President, Strategy and Planning and Head of Worldwide Exploration for Anadarko Petroleum Corporation. Prior to his time at Anadarko, Michael was with Gulf Oil Company in Africa, South America and the US.

John Hamilton is Managing Director of LCM UK and was previously Group Finance Director of Imperial Energy Corporation PLC, the Russia-focused oil exploration and production company which was acquired by the Indian state-owned energy firm, Oil and Natural Gas Corporation Limited, for US\$2 billion in January 2009. Prior to joining Imperial Energy, John held senior positions at ABN AMRO.

Christopher Hopkinson is vice president of Western Siberian Division of TNK-BP. After 13 years with Shell, Chris held Senior appointments in Yukos and Lukoil, and prior to his current role, was Chief Executive Officer of Imperial Energy.

Further information on Dr. Michael Cochran, John Hamilton and Christopher Hopkinson can be found in paragraph 4 of Part V of this document.

Peter Clutterbuck, current Non-executive Director, has decided to step down from the Board at the time of Admission so as to avoid potential conflict with his other business interests.

The Company intends to strengthen the Board and management further in due course.

5. Agreement with Macquarie in respect of Loan Facility and Subscription for New Ordinary Shares

The Company has reached agreement with Macquarie to restructure the Loan Facility, conditional on completion of the Capital Raising. In particular, the Company proposes to make an early repayment of US\$2.5 million, of which US\$500,000 will be met from the Company's existing cash resources and US\$2 million from the proceeds of the Capital Raising. In consideration for such early repayment, Macquarie has agreed to amend the terms of the Facility Agreement, such that:

a) the financial covenants given by the Company in relation to the adjusted present value ratio to net debt of the Group and minimum production levels shall no longer apply;

- (b) the Company shall no longer be under an obligation to issue any further warrants under the terms of the Facility Agreement or otherwise;
- (c) an obligation on the Company to apply certain monies paid into a proceeds account under the Facility Agreement towards general and administrative expenses shall no longer apply; and
- (d) the general undertakings to deliver net profit overriding royalty interest conveyances granted in favour of Macquarie shall no longer apply.

In addition, Macquarie has also agreed, as part of these arrangements, to cancel all of the outstanding Warrants it holds over the Existing Ordinary Shares in the Company in consideration for the payment by the Company to Macquarie of the sum of £300,000. Macquarie has also agreed, pursuant to the Subscription, to subscribe in cash for 1,200,000 New Ordinary Shares at the time of the Capital Raising at the Issue Price.

6. Agreement with Optionholders in respect of Options and Subscription for New Ordinary Shares

The Company has also reached agreement with the Optionholders to cancel all of their outstanding Options over a total of 1,579,997 Existing Ordinary Shares, conditional on completion of the Capital Raising. The Company has obtained independent advice on the valuation of the Options based on the arrangements concluded with Macquarie in respect of the Warrants issued to Macquarie. On that basis, pursuant to the Subscription, a cash consideration will be paid to Optionholders in respect of each such cancellation. The Optionholders have separately agreed, pursuant to the Subscription, to subscribe in cash for 538,500 New Ordinary Shares at the time of the Capital Raising at the Issue Price.

7. Change of Name

The extent of the changes to the Company's strategy, funding and Board announced today represents a comprehensive transformation for the Company and its prospects. The Board believes that it is important to strongly emphasise these changes to external parties such as investors, partners, suppliers, competitors and others, and is therefore proposing a change of the name of the Company to President Petroleum Company PLC.

8. Current Trading and Prospects

As detailed in the Company's interim results for the 6 month period ended 30 June 2009, announced on 24 September 2009, the Company is experiencing a much more challenging environment in comparison to 2008, with lower energy prices, particularly for US natural gas, and lower production levels. However, with strong gains on the Company's hedging contracts and tight control of costs, the Company's operations continue to be cash generative. More recently, the Company announced on 14 October 2009 that the planned work programme at East Lake Verret Field, Louisiana, USA (involving well work-overs and changes to the production streams) had been successfully concluded, with all wells back on stream and ahead of schedule.

The full interim report, for the 6 months ended 30 June 2009 and the audited accounts for the year ended 31 December 2008, as well as further information on the Company and regulatory announcements, can be found on Meridian's website, www.meridianpetroleum.com/investors.html.

As announced earlier today, the Company intends to implement a fundamental overhaul of its strategy, with the objective of becoming a mid-cap independent exploration and production company with much greater financial, technical and management capability. Under the new name of President Petroleum Company PLC, using the financial strength provided by the net proceeds of the Capital Raising and the significant investor and banking support available, the Company will shift its geographic focus to areas with much greater potential for major hydrocarbon discoveries. The Board expects to complement the Company's existing prospects in Australia with other similar sized opportunities in such diverse areas as Asia, Africa and Eastern Europe.

9. Details of the Placing and Open Offer and Capital Reorganisation

9.1 Structure

The Directors have given consideration as to the best way to structure the proposed equity fundraising, having regard to current market conditions, the composition of the Company's Shareholder register, the level of the Company's share price and the importance of pre-emption rights to Shareholders. After considering these factors, the Directors have concluded that the structure of the fund raising by way of the Placing and Open Offer is the most suitable option available to the Company and its Shareholders as a whole. The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by acquiring Open Offer Shares *pro rata* to their current holdings of Existing Ordinary Shares.

The Issue Price of 25 pence per New Ordinary Share represents a 52.83 per cent. discount to the closing middle market price of 53 pence per Existing Ordinary Share on 29 October 2009, the last business day before the announcement of the Capital Raising.

The Capital Reorganisation does not affect the number of Open Offer Shares to which a Qualifying Shareholder is entitled under the Open Offer.

9.2 Principal terms of the Placing

The Company is proposing to raise approximately £5.6 million (before expenses) pursuant to the Placing through the issue of 22,250,000 Placing Shares. All of the Placing Shares have been placed firm with institutions and other investors and are not, therefore, being offered to existing Shareholders. The Placing Shares will, upon issue, rank *pari passu* with the Redenominated Shares in issue following the Capital Reorganisation and the New Ordinary Shares to be issued pursuant to the Open Offer and the Subscription.

The Placing Shares are not being offered to Shareholders and therefore do not form part of the Open Offer.

Of the 22,250,000 Placing Shares to be issued pursuant to the Placing, a total of 13,633,947 Placing Shares shall be subscribed for by LCM. These Placing Shares will represent 29.99 per cent. of the Enlarged Share Capital immediately following Admission.

The Company has appointed Evolution as its agent to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. Further terms of the Placing Agreement are set out in paragraph 6 of Part V of this document.

9.3 Principal terms of the Open Offer

Subject to the fulfilment of the conditions set out below and in Part IV of this document, Qualifying Shareholders are being given the opportunity to subscribe for the Open Offer Shares at a price of 25 pence per Open Offer Share, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

1 Open Offer Share for every 3 Existing Ordinary Shares

Qualifying Shareholders are also being given the opportunity, provided they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility, up to a maximum number of Excess Shares equal to the number of Existing Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date.

All of the 5,364,498 Open Offer Shares being offered to Qualifying Shareholders have been underwritten by Evolution. Accordingly, in the event that all of the Open Offer Shares are not

subscribed for by Shareholders then the Open Offer Shares will be subscribed for by Evolution at the Issue Price.

The Open Offer Shares will, upon issue, rank *pari passu* with the Redenominated Shares in issue following the Capital Reorganisation, the Placing Shares to be issued pursuant to the Placing and the New Ordinary Shares to be issued pursuant to the Subscription.

Fractions of Open Offer Shares will not be allotted, each Qualifying Shareholder's entitlement under the Open Offer being rounded down to the nearest whole number. The fractional entitlements will be aggregated and subscribed for by Evolution with the proceeds being retained for the benefit of the Company.

Qualifying Shareholders may apply for any number of Open Offer Shares up to their maximum entitlement which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 2 on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Open Offer Entitlements.

9.4 Excess Application Facility

The Excess Application Facility will enable Qualifying Shareholders, provided they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlements, up to a maximum number of Excess Shares equal to the same number of Existing Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date, subject to availability. Qualifying non-CREST Shareholders who wish to apply to acquire more than their basic Open Offer Entitlement should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2 of Part IV of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Applications for Excess Open Offer Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their basic Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Application will be made for the Open Offer Entitlements (in respect of Qualifying CREST Shareholders) and Excess Open Offer Entitlements to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 3 November 2009. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 3 November 2009. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying non-CREST Shareholders will have received an Application Form with this document which sets out their maximum entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 3 November 2009.

Shareholders should note that the Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of

entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be subscribed for by Evolution for the benefit of the Company.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part IV of this document.

For Qualifying non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Holm Oak, Holm Oak Business Park, Goring By Sea, Worthing, West Sussex BN12 4FE so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 27 November 2009. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this document by no later than 11.00 a.m. on 27 November 2009.

In view of the disruptions currently affecting postal services throughout England, Shareholders are advised to complete and return their Forms of Proxy and, where relevant, their Application Forms as soon as possible and, in any event, so as to be received by Equiniti Limited at the above address by no later than as detailed in the expected timetable of principal events on page 6 of this document.

9.5 Other information relating to the Capital Raising

The Placing and Open Offer are conditional, *inter alia*, upon:

- (i) the passing of Resolutions;
- (ii) Admission becoming effective by not later than 8.00 a.m. on 1 December 2009 (or such later time and/or date as Evolution may agree, not being later than 8.00 a.m. on 8 December 2009); and
- (iii) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Capital Raising will not proceed and any Open Offer Entitlements credited to CREST will thereafter be disabled.

A summary of the principal terms of the Placing Agreement is set out in paragraph 6 of Part V of this document.

The Placing and Open Offer will result in the issue of an aggregate 27,614,498 New Ordinary Shares and a further 1,738,500 New Ordinary Shares are to be issued pursuant to the Subscription (representing, in aggregate, approximately 64.59 per cent. of the Enlarged Share Capital immediately following completion of the Proposals). The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Redenominated Shares following the Capital Reorganisation, with such New Ordinary Shares ranking equally for all dividends or other distributions declared, made or paid after the date of issue of the New Ordinary Shares. No temporary documents of title will be issued.

Application will be made to the London Stock Exchange for the New Ordinary Shares and the Redenominated Shares to be admitted to trading on AIM. It is expected that Admission will become effective on 1 December 2009 and that dealings for normal settlement in the

Redenominated Shares and the New Ordinary Shares will commence at 8.00 a.m. on 1 December 2009.

Following the creation of the Redenominated Shares pursuant to the Capital Raising, Qualifying Shareholders who take up their full entitlements, excluding any New Ordinary Shares acquired through the Excess Application Facility, in respect of the Open Offer will suffer a dilution of up to 52.78 per cent. to their interests in the Company because of the Placing and the Subscription. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will suffer a more substantial dilution of approximately 64.59 per cent. to their interests in the Company because of the Capital Raising and the Subscription.

9.6 The Capital Reorganisation

Reasons for the Capital Reorganisation

It is proposed that the Capital Raising will be undertaken at 25 pence per New Ordinary Share, which is less than the current nominal value of an Existing Ordinary Share. Under the 2006 Act, it is not permissible to issue shares at a discount to their nominal value. In order to enable the Company to proceed with the Capital Raising and to provide the Company with flexibility in relation to its capital structure in the future, the Capital Raising is conditional on, *inter alia*, the completion of the Capital Reorganisation, which will result in the nominal value of each Existing Ordinary Share being reduced to one penny.

Information about the Capital Reorganisation

It is proposed that each of the Existing Ordinary Shares of 30 pence each shall be subdivided and reclassified into one Redenominated Share (being an ordinary share in the capital of the Company of one penny nominal value) and one Deferred Share (being a deferred share in the capital of the Company of 29 pence nominal value).

The rights attaching to the Redenominated Shares will, save for the change in nominal value, be identical in all respects to the Existing Ordinary Shares.

No new share certificates will be issued in respect of the Redenominated Shares and existing share certificates for Existing Ordinary Shares will remain valid for the New Ordinary Shares arising after the subdivision and reclassification.

The Deferred Shares created pursuant to the Capital Reorganisation will have no voting or dividend rights. A summary of the key rights attaching to the Deferred Shares is set out in paragraph 5.3 of Part V.

Likewise, no share certificates will be issued in respect of the Deferred Shares, nor will CREST accounts of Shareholders be credited in respect of any entitlement to Deferred Shares, nor will they be admitted to trading on AIM or any other investment exchange. It is the Board's intention, at the appropriate time, to effect a repurchase of the Deferred Shares, to make an application to the High Court for the Deferred Shares to be cancelled or for the Company to cancel the Deferred Shares using such other lawful means as the Directors may from time to time determine.

The effect of the Capital Reorganisation will mean that each Redenominated Share will have a nominal value of one penny each. Ignoring the effect of the Capital Raising, the number of ordinary shares of the Company admitted to trading on AIM would otherwise remain the same. Consequently, the market price of a Redenominated Share immediately after completion of the Capital Reorganisation should, theoretically, be the same as the market price of an Existing Ordinary Share immediately prior to the Capital Reorganisation.

The Capital Reorganisation is conditional upon the passing of the Resolutions.

10. Extraordinary General Meeting

A notice convening an Extraordinary General Meeting of the Company, to be held at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London, on 30 November 2009 at 11.00 a.m. is set out at the end of this document. At the Extraordinary General Meeting, the following Resolutions will be proposed:

1. a special resolution to:

a) approve the sub-division into and reclassification of each of the Company's Existing Ordinary Shares into one Redenominated Share and one Deferred Share pursuant to the Capital Reorganisation;

b) grant authority to the Directors to allot up to 44,501,828 New Ordinary Shares in the capital of the Company or to grant rights to subscribe for or convert any security into shares in the capital of the Company pursuant to section 551 of the 2006 Act, being up to an aggregate nominal amount of £445,018.28. The Directors will limit this authority to the allotment of New Ordinary Shares under the Capital Raising and the Subscription and otherwise up to one third of the Enlarged Share Capital. The authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 after the passing of the Resolution;

c) disapply the statutory pre-emption rights contained in section 561(1) of the 2006 Act in respect of the allotment of up to 38,442,296 New Ordinary Shares being up to an aggregate nominal amount of £384,422.96. In addition to the allotment of the New Ordinary Shares under the Capital Raising and the Subscription, the Directors are to be given a general disapplication in respect of the issue of further new ordinary shares which will be in respect of approximately 20 per cent. of the Enlarged Share Capital. The authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 after the passing of the Resolution;

d) change the Company's name to President Petroleum Company PLC; and

2. a special resolution to adopt the New Articles in substitution of the Existing Articles, to take advantage and account of the 2006 Act relating, *inter alia*, to electronic communications, disclosure of interests in shares, directors' duties, shareholder meetings and proxies. Further details of the provisions of the New Articles are set out in paragraph 5 of Part V.

11. Action to be taken

11.1 Extraordinary General Meeting

Shareholders will find accompanying this document a Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL as soon as possible and, in any event, so as to arrive no later than 11.00 a.m. on 28 November 2009. Completion and return of the Form of Proxy will not affect your right to attend and vote in person at the Extraordinary General Meeting if you so wish.

11.2 Open Offer

Qualifying non-CREST Shareholders

If you are a Qualifying non-CREST Shareholder you will have received an Application Form which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for Open Offer Shares under the Open Offer (whether in respect of your basic Open Offer Entitlement or both your basic Open Offer Entitlement and any Excess Open Offer Entitlements), you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 4.1 of Part IV of this document and on the Application Form itself.

Qualifying CREST Shareholders

If you are a Qualifying CREST Shareholder, no Application Form accompanying this document and you will receive a credit to your appropriate stock account in CREST in respect of the Open

Offer Entitlements representing your maximum entitlement under the Open Offer except (subject to certain exceptions) if you are an Overseas Shareholder who has a registered address in, or is a resident in or a citizen of an Excluded Territory. Applications by Qualifying CREST Shareholders for Excess Open Offer Entitlements in excess of their basic Open Offer Entitlements should be made in accordance with the procedures set out in paragraphs 4.2(c) and 4.2(j) of Part IV of this document.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 27 November 2009. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part IV of this document.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

12. Overseas Shareholders

Information for Overseas Shareholders who have registered addresses outside the United Kingdom, who are citizens or residents of countries other than the United Kingdom or who are US persons, appears in paragraph 6 of Part IV of this document, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you read that part of this document.

13. Additional Information

You attention is drawn to the additional information set out in Part II to V (inclusive) of this document.

14. Directors' recommendation

The Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole.

Accordingly the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as they intend to do in respect of their own beneficial holdings of Existing Ordinary Shares amounting, in aggregate, to 504,364 Existing Ordinary Shares, representing approximately 3.13 per cent. of the existing issued ordinary share capital of the Company.

Yours sincerely

Stephen Gutteridge
Chairman

DIRECTORS AND ADVISERS

Directors

Stephen Gutteridge (*Chairman*)
Angelo Karunalingam Baskaran (*Finance Director*)
Peter Richard Clutterbuck (*Non-executive Director*)
David Christopher Wake-Walker (*Non-executive Director*)

all of:

13 Regent Street
London SW1Y 4LR
(which is the registered office of the Company)

Proposed Directors

John Andrew Hamilton (*Proposed Non-executive Director*)
Michael David Cochran (*Proposed Exploration Director*)
Simon Christopher Hopkinson (*Proposed Non-executive Director*)

Company Secretary

David Wake-Walker

Nominated Adviser and Broker

Evolution Securities Limited
100 Wood Street
London EC2V 7AN

Legal Advisers to the Company

Field Fisher Waterhouse LLP
35 Vine Street
London EC3N 2AA

Legal Advisers to Evolution

Osborne Clarke
One London Wall
London EC2Y 5EB

Registrars and Receiving Agent for the Open Offer

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

CAPITAL RAISING STATISTICS

Issue Price for each New Ordinary Share	25 pence
Basis of Open Offer	1 New Ordinary Share for every 3 Existing Ordinary Shares
Basis of Excess Open Offer Entitlement (subject to scale back)	1 New Ordinary Share for every 1 Existing Ordinary Share
Number of Existing Ordinary Shares in issue as at the date of this Circular	16,093,494
Number of New Ordinary Shares to be issued pursuant to the Placing	22,250,000
Number of New Ordinary Shares to be issued pursuant to the Open Offer	5,364,498
Number of New Ordinary Shares to be issued pursuant to the Subscription	1,738,500
Number of Redenominated Shares and New Ordinary Shares in issue immediately following completion of the Capital Raising	45,446,492
New Ordinary Shares as a percentage of the Enlarged Share Capital	64.59%
Estimated net proceeds of the Capital Raising	£6.7m

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2009
Record Date for the Open Offer	close of business on 28 October
Announcement of the Proposals	30 October
Posting of the Circular, Forms of Proxy and, to Qualifying non- CREST Shareholders only, the Application Forms	2 November
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	8.00 a.m. on 3 November
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 23 November
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 24 November
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 25 November
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 27 November
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 28 November
Expected time and date of announcement of results of the Placing and Open Offer	7.00 a.m. on 30 November
Extraordinary General Meeting	11.00 a.m. on 30 November
Expected time of announcement of results of the Extraordinary General Meeting	by 4.30 p.m. on 30 November
Capital Reorganisation implemented	by 5.00 p.m. on 30 November
Admission and dealings in the Redenominated Shares and the New Ordinary Shares commence	8.00 a.m. on 1 December
Expected date for crediting of New Ordinary Shares in uncertificated form to CREST stock accounts	8.00 a.m. on 1 December
Expected date of despatch of share certificates in respect of New Ordinary Shares in certificated form	7 December

Notes:

(1) If you have any questions on the procedure for acceptance and payment, you should contact Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, telephone: 0871 384 2862 from the UK or +44 121 415 0279 from overseas. Calls to the 0871 384 2862 number cost 8 pence per minute (including value added tax) plus your service providers network extras. Calls to the +44 121 415 0279 number will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Please note that Equiniti cannot provide financial advice on the merits of the Capital Raising or as to whether or not you should take up your entitlement.

(2) The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this document may be adjusted by Meridian Petroleum plc in which event details of the new dates will be notified to AIM and, where appropriate, to Shareholders.

(3) All references to time in this document are to time in London.

(4) In view of the disruptions currently affecting postal services throughout England, Shareholders are advised to complete and return their Forms of Proxy and, where relevant, Application Forms to the Company's Registrars, Equiniti Limited (whose 'details' are set out in Note(1) above) as soon as possible and, in any event, so as to arrive with them by no later than as detailed in the expected timetable of principal events, as above.

APPENDIX I

NOTICE OF EXTRAORDINARY GENERAL MEETING

Meridian Petroleum plc

Incorporated and Registered in England and Wales under the Companies Act 1985 with company number: 5104249

NOTICE is hereby given that an Extraordinary General Meeting of Meridian Petroleum plc (the “**Company**”) will be held at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London on 30 November 2009 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as special resolutions:

Special Resolutions

1. THAT, subject to and conditional on the passing of Resolution 2 below:

(a) each issued ordinary share of 30p each in the capital of the Company as shown in the Register of Members of the Company at 5.00 p.m. on 30 November 2009 (or such other time and/or date as the Directors of the Company (the “**Directors**”) may determine) be sub-divided into and reclassified as one new ordinary share of 1p (“**Redenominated Share**”) and one deferred share of 29p (“**Deferred Share**”) so as to form one class of Redenominated Shares having the like rights and ranking *pari passu* in all respects and one class of Deferred Shares having the rights set out in the New Articles (as defined below);

(b) the Directors be and they are hereby authorised generally and unconditionally pursuant to and for the purposes of Section 551 of the Companies Act 2006 (the “**Act**”) to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (“**Rights**”) up to an aggregate nominal amount of £445,018.28 provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 save that the Company may make an offer or agreement before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights pursuant thereto as if the authority conferred hereby had not expired, such authority to be in substitution for any existing authorities conferred on the Directors pursuant to Section 80 of the Companies Act 1985;

(c) the Directors be and they are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by sub-paragraph (b) above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be in substitution for any previous powers conferred on the Directors pursuant to Section 95 of the Companies Act 1985 and shall be limited to:

(i) allotments made in connection with offers of equity securities to the holders of ordinary shares in proportion (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of any overseas territory or the requirements of any recognised regulatory body or any stock exchange in any territory; and (ii) the allotment of equity securities up to an aggregate nominal amount of £276,144.98 pursuant to the Placing and Open Offer (as defined in the circular dated 2 November 2009 of which this notice forms part (“**Circular**”));

(iii) the allotment of equity securities in respect of the Subscription (as defined in the Circular);

(iv) the allotment (otherwise than pursuant to sub-paragraphs (i) to (iii) above) of further equity securities up to an aggregate nominal amount of £151,488.31, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant thereto as if the power conferred hereby had not expired.

(d) the name of the Company be changed to President Petroleum Company PLC.

2. THAT:

(a) the Articles of Association of the Company be amended by deleting all of the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act are to be treated as provisions of the Company's Articles of Association; and

(b) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By Order of the Board

David Wake-Walker

Secretary

2 November 2009

Registered Office:

13 Regent Street

London SW1Y 4LR

NOTES:

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those members on the register of members of the Company at 6:00 p.m. on 28 November 2009 (or in the event that this meeting is adjourned, on the register of members at 6.00 p.m. two days before the time of any adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of Existing Ordinary Shares registered in their name at that time. Changes to the register of members after 6:00 p.m. on 28 November 2009 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Appointment of proxies

2. A member entitled to be present at the meeting may appoint a proxy or proxies to exercise all or any of his rights to attend, speak and vote at the EGM and should have received a proxy form with this notice of meeting. He can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. A proxy need not be a member of the Company. Forms of proxy must be received by the Registrars not later than 48 hours before the time appointed for holding the EGM (or any adjournment thereof).

3. Details of how to appoint the Chairman of the Extraordinary General Meeting or another person as a proxy using the proxy form are set out in the notes to the proxy form. If a proxy is required to speak on behalf of a member at the EGM the member will need to appoint his own choice of proxy (not the Chairman) and give instructions directly to them.

4. More than one proxy may be appointed provided that each proxy is appointed to exercise rights attached to different shares. More than one proxy may not be appointed to exercise rights attached to any one share. To appoint more than one proxy, the proxy form should be photocopied and the name of the proxy to be appointed indicated on each proxy form together with the number of shares in respect of which such proxy is appointed. All copies of the proxy form should then be sent by post to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, a proxy will vote or abstain from voting at his or her discretion. A proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the EGM.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct a proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL; and
- received by Equiniti Limited no later than 11:00 a.m. on 28 November 2009.

7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form, together with a duly completed certificate of non-revocation of such power or authority.

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

9. To change proxy instructions it is necessary to submit a new proxy appointment using the methods set out above.

10. Where a proxy has been appointed using the hard copy proxy form and the member would like to change the instructions using another hard copy proxy form, Equiniti Limited should be contacted.

11. If more than one valid proxy appointment is submitted, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

12. In order to revoke a proxy instruction the Company will need to be informed. A signed hard copy notice clearly stating the intention to revoke the proxy appointment should be sent to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL.

13. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice together with a duly completed certificate of non-revocation of such power or authority.

14. The revocation notice must be received by Equiniti Limited by no later than 11:00 a.m. on 30 November 2009. If there is an attempt to revoke a proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, the proxy appointment will remain valid.

15. Completion of a form of proxy will not preclude a member from attending and voting in person. If a member has appointed a proxy and attends the EGM in person, the proxy appointment will automatically be terminated.

Communication

16. Members who have general queries about the EGM should use the following means of communication (no other methods of communication will be accepted):

- calling the Company's Registered Office on +44 (0) 20 7811 0140;
- in writing to the Company by fax to +44 (0) 20 7811 0141.

Any electronic address provided either:

- in this Notice of Extraordinary General Meeting; or
- in any related documents (including the Executive Chairman's letter and proxy form) may not be used to communicate with the Company for any purposes other than those expressly stated.

Nominated persons

17. A person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person) may have a right under an agreement between him and the member of the Company who has nominated him to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the EGM.

- If he either does not have such a right or if he has such a right but does not wish to exercise it, he may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
- The main point of contact in terms of his investment in the Company remains the Relevant Member (or, perhaps, his custodian or broker) and he should continue to contact them (and not the Company) regarding any changes or queries relating to personal details and his interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from him.

APPENDIX II

5. Details of New Articles to be adopted

A special resolution will be proposed to adopt the New Articles to take advantage and account of the 2006 Act relating, *inter alia*, to electronic communications, disclosure of interests in shares, Directors' duties, shareholder meetings and proxies.

A copy of the New Articles is available on the Company's website and also for inspection during normal business hours at the registered office of the Company until the date of the EGM or upon request of the Company Secretary. Copies will also be available at the EGM until its conclusion.

The material differences between the Existing Articles and the New Articles are summarised below. Changes of a minor, conforming or purely technical nature have not been mentioned specifically.

5.1 *The Company's objects*

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, *inter alia*, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act, the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the Company's articles of association but the company can remove these provisions by special resolution.

Furthermore, the 2006 Act states that unless a company's articles of association provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 2(a) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

5.2 *Authorised share capital and unissued shares*

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

5.3 *Deferred Shares*

The special rights and restrictions attaching to the Deferred Shares will be as follows:

- (a) as regards income: the Deferred Shares shall not entitle the holders thereof to receive any dividend or other distribution;
- (b) as regards voting: the Deferred Shares shall not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of the Company;

(c) as regards capital: on a return of capital on a winding up the holders of Deferred Shares shall only be entitled to receive the amount paid up on such shares after the holders of the ordinary shares in the Company have received the sum of £10,000,000 for each ordinary share held by them and shall have no other right to participate in the assets of the Company; the Deferred Shares are liable to be cancelled without payment of any consideration to the holders thereof;

(d) as regards transfers: the Deferred Shares shall not be transferable without the consent of the Directors of the Company; the Company is authorised at any time:

(i) to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same (without making any payment to the holders thereof and persons so entitled) to such persons as the Company may determine as holders thereof beneficially entitled thereto;

(ii) pending any such transfer not to issue certificates for the Deferred Shares;

(e) as regards variation of rights: neither:

(i) the passing by the Company of any resolution for a reduction of capital involving the cancellation of the Deferred Shares without any repayment of capital in respect thereof, or a reduction of share premium account, or the obtaining by the Company or the making by the Court of an order confirming any such reduction of capital or share premium account or the making effective of such order; nor

(ii) the purchase by the Company in accordance with the provisions of applicable legislation of any of its own shares or other securities or the passing of a resolution to permit any such purchase shall constitute a variation of rights; and

(f) as regards further issues: the rights conferred by the Deferred Shares shall not be varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the Deferred Shares.

5.4 Voting by and appointment of proxies

The 2006 Act provides that each proxy appointed by a member has one vote on a show of hands, unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles remove provisions in the Existing Articles that only permitted members personally present at the meeting (or, being a corporation, present by a duly appointed representative) to have a vote on a show of hands and therefore effectively precluded proxies voting on a show of hands. The New Articles also permit members to appoint more than one proxy to attend on the same occasion and appoint different proxies to exercise the rights attaching to different shares held by that member.

5.5 Voting by corporate representatives

The 2006 Act enables multiple representatives to be appointed by the same corporate member and to vote in different ways on a show of hands and a poll. The New Articles contain provisions which permit the appointment of multiple corporate representatives but do not specifically deal with voting by corporate representatives on the basis that these are dealt with in the 2006 Act.

5.6 Notice of general meetings

The Existing Articles require the company to give 21 clear days' notice of general meetings at which a special resolution is proposed. Pursuant to the 2006 Act a company may convene all general meetings which are not annual general meetings on 14 clear days' notice and the New

Articles amend the provisions applicable to the Company convening general meetings to reflect this.

In addition, the time limits for the appointment or termination of a proxy appointment have been altered by the 2006 Act so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. The New Articles reflect all of these new provisions.

5.7 Conflicts of interest

The 2006 Act sets out directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The 2006 Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors.

5.8 Electronic and web communications

Provisions of the 2006 Act which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the provisions relating to website communications. Before the Company can communicate with a member by means of a website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

5.9 Notice of refusal to register transfer and suspension of transfers

Where the Directors refuse to register a transfer of shares, in accordance with the 2006 Act, the New Articles oblige them to send the transferee notice of their refusal as soon as practicable and,

in any event, within two months after the date on which the instrument of transfer was lodged with the Company together with the reasons for the refusal, as required by the 2006 Act.

The Existing Articles permit the Directors to suspend the registration of transfers. Under the 2006 Act share transfers must be registered as soon as practicable. The power in the Existing Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

5.10 Directors' indemnities

The 2006 Act has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The indemnity provisions in the New Articles have been amended to reflect the 2006 Act position.

5.11 Execution of documents

Since 6 April 2008, the 2006 Act has provided for documents (whether they are simple contracts or deeds) to be executed by a company in one of three ways: (a) by affixing its common seal; or (b) by a director and secretary of a company or two directors of a company each signing the document on behalf of the company; or (c) by the document being signed on behalf of a company by a director in the presence of a witness who attests the signature. The New Articles reflect these provisions of the 2006 Act.

APPENDIX III

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“1985 Act”	the Companies Act 1985 (as amended)
“2006 Act”	the Companies Act 2006
“Acts”	the 1985 Act and the 2006 Act
“Admission”	the admission of the Redenominated Shares and the New Ordinary Shares to trading on AIM
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM rules for Companies, as published and amended from time to time by the London Stock Exchange
“AIM Rules for Nominated Advisers”	the rules for nominated advisers to AIM companies, as published and amended from time to time by the London Stock Exchange
“Applicant”	a Qualifying Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges an Application Form under the Open Offer
“Application Form”	the application form which accompanies this document for Qualifying non-CREST Shareholders for use in connection with the Open Offer
“Board”	the board of directors of the Company from time to time
“Business Day”	any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading
“Capital Raising”	together, the Placing and the Open Offer details of which are set out in this document
“Capital Reorganisation”	the proposed subdivision and reclassification of the Company’s Existing Ordinary Shares into Redenominated Shares and Deferred Shares, as set out in the Resolutions
“CCSS”	the CREST courier and sorting service, established by Euroclear UK & Ireland to facilitate, <i>inter alia</i> , the deposit and withdrawal of certified securities
“certificated” or “certificated form”	not in uncertificated form
“Change of Name”	the proposed change of the Company’s name to President Petroleum Company PLC; such change to be approved pursuant to a Resolution to be proposed at the EGM

“Company” or “Meridian”	Meridian Petroleum plc, and pursuant to the proposed Change of Name, President Petroleum Company PLC
“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland in accordance with the CREST Regulations
“CREST member”	a person who has been admitted by Euroclear UK & Ireland as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
“CREST payment”	shall have the meaning given in the CREST Manual issued by Euroclear UK & Ireland
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended from time to time
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“Deferred Shares”	the new deferred shares of 29 pence each of the Company to be created pursuant to the Capital Reorganisation
“Directors” or “Board”	the directors of the Company at the date of this document whose names are set out on page 4 of this document
“Disclosure Rules and Transparency Rules”	the rules made by the FSA under Part VI of FSMA relating to the disclosure of information (as amended from time to time)
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following the Admission
“enabled for settlement”	in relation to Open Offer Entitlements, enabled for the limited purpose of settlement of claim transactions and unmatched stock event transactions (each as described in the CREST Manual issued by Euroclear UK & Ireland)
“Euroclear UK & Ireland” or “Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Evolution” or “Broker”	Evolution Securities Limited
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlements
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Open Offer Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility, which is conditional on him

“Excess Open Offer Entitlement”	taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Shares in addition to his basic Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess Shares”	New Ordinary Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
“Excluded Territories”	the United States, Australia, Canada, Japan, the Republic of South Africa, the Republic of Ireland and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law or regulations
“Existing Articles”	the existing articles of association of the Company as at the date of this document
“Existing Ordinary Shares”	the existing issued ordinary shares of 30 pence each in the capital of the Company as at the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 11.00 a.m. on 30 November 2009 (or any adjournment of it), notice of which is set out at the end of this document
“Facility Agreement”	the facility agreement dated 30 June 2008 and made between (1) the Company (2) Meridian Resources Ltd (3) Meridian Resources (USA) Inc. and (4) Macquarie
“Form of Proxy”	the form of proxy relating to the EGM being sent to Shareholders with this document
“FSA”	the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of admission to the Official List otherwise than in accordance with Part VI of FSMA
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	the Company and its subsidiary undertakings
“HMRC”	Her Majesty's Revenue & Customs
“ISIN”	International Securities Identification Number
“Issue Price”	25 pence per New Ordinary Share
“Loan Facility”	the existing loan facilities made available to the Company and other members of its Group on the terms of the Facility Agreement

“London Stock Exchange” or the “LSE”	London Stock Exchange plc
“LCM”	Levine Capital Management Limited, a company registered in the British Virgin Islands under number 1533154 with registered office at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands
“LCM UK”	Levine Capital Management Limited, a company registered in England under number 7015432 with registered offices at 6/8 York Place, Leeds LS1 2DS, United Kingdom, being a subsidiary of LCM
“Macquarie”	Macquarie Bank Limited
“Member Account ID”	the identification code or number attached to any member account in CREST
“Money Laundering Regulations”	the Money Laundering Regulations 2007, (as amended)
“New Articles”	the proposed new articles of association of the Company to be approved and adopted at the EGM
“New Ordinary Shares”	29,352,998 ordinary shares of 1 penny each to be issued pursuant to the Capital Raising and the Subscription
“Open Offer”	the invitation to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price on the terms of and subject to the conditions set out or referred to in Part IV of this document and, where relevant, in the Application Form
“Open Offer Entitlement”	the <i>pro rata</i> basic entitlement for Qualifying Shareholders to apply to subscribe for one Open Offer Share for every three Existing Ordinary Shares held by them on the Record Date pursuant to the Open Offer
“Open Offer Shares”	the 5,364,498 New Ordinary Shares for which Qualifying Shareholders are being invited to apply under the terms of the Open Offer and all of which have been underwritten by Evolution
“Options”	the options to subscribe for Existing Ordinary Shares which have been granted by the Company to the Optionholders
“Optionholders”	the employees of the Company (including Directors) who hold Options
“Overseas Shareholders”	Shareholders who are resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Placees”	the persons who conditionally agree to subscribe for the Placing Shares

“Placing”	the conditional placing as described in Part I of this document of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agreement”	the agreement dated 30 October 2009 between the Company, Evolution and LCM relating to the Placing and Open Offer, details of which are set out in paragraph 6 of Part V of this document
“Placing Shares”	the 22,250,000 New Ordinary Shares being placed firm pursuant to the Placing and which are not being offered to Qualifying Shareholders pursuant to the Open Offer
“Proposals”	means, together, the Capital Raising, the Subscription, the Capital Reorganisation, amendments to the Loan Facility, cancellation of Options and Warrants, proposed board changes and proposed Change of Name
“Proposed Directors”	the proposed directors of the Company, being John Hamilton, Michael Cochran and Christopher Hopkinson
“Prospectus Rules”	the rules made by the FSA under Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are held in uncertificated form
“Qualifying non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are held in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the Company's register of members at the Record Date (other than certain Overseas Shareholders)
“Record Date”	close of business on 28 October 2009
“Redenominated Shares”	the ordinary shares of 1 penny each following the subdivision and reclassification of the Existing Ordinary Shares pursuant to the Capital Reorganisation
“Registrar”, “Receiving Agent” or “Equiniti”	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
“Regulatory Information Service”	a regulatory information service that is approved by the FSA and that is on the list of regulatory information service providers maintained by the FSA
“Resolutions”	the resolutions set out in the notice of the Extraordinary General Meeting at the end of this document
“Shareholders”	holders of Existing Ordinary Shares
“stock account”	an account within a member account in CREST to which a holding of a particular share or other security

“Subscription”	in CREST is credited the 1,738,500 New Ordinary Shares to be subscribed for by Macquarie and Optionholders at the time of the Placing and Open Offer, details of which are set out in Part I of this document
“subsidiary”	a “subsidiary undertaking” as that term is defined in the 2006 Act
“uncertificated” or “uncertificated form”	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions and any state of the United States of America and the District of Columbia
“US person”	has the meaning provided in section 902(k) of Regulation S under the US Securities Act
“US Securities Act”	the United States Securities Act of 1933, (as amended)
“Warrants”	means the warrants issued to Macquarie over Existing Ordinary Shares