

Friday 30 October 2009

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

New Strategy and Growth Targets
Institutional Placing and Open Offer to all shareholders of a total
of 27,614,498 new shares to raise £6.9 million (US\$11.3 million)

Fundamental transformation with objective of becoming a mid-cap, independent
Exploration and Production Company focussed on significant growth

Levine Capital Management to become major shareholder

Strengthened Board and Management

Company to change name to President Petroleum Company PLC

Meridian Petroleum (AIM: MRP), the oil and gas exploration and production company with producing assets in the USA and exploration licences in Australia, announces that it is to adopt a transformational strategy aimed at significantly increasing its reserves and resources with the initial steps underpinned by an institutional placing and open offer to all shareholders to raise £6.9 million (US\$11.3 million).

Highlights

- Target of becoming a mid-cap, independent exploration and production company with critical mass and a strategic presence in key areas of interest
- Strategy of expansion through focused acquisitions, building a significant reserve and resource base with new financing capabilities, and a strengthened Board and Management
- Initial institutional investment of £5.6 million (US\$9.1 million) led by Levine Capital Management Limited ("LCM")
- Existing shareholders to have the opportunity to participate in fund-raising at same price as institutions via an open offer, underwritten by Evolution, of £1.34 million (US\$2.2 million)
- US operations to remain a short-term cash-generator
- Macquarie Bank Ltd ("MBL") continues as a key partner, with US\$35 million available funding for acquisitions
- Cancellation of all existing warrants and options
- Board and Management Team to be strengthened
- Company name to be changed to President Petroleum Company PLC

Strategy

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 large, 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.

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

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

The Placing

The Company has conditionally placed 22.25 million new ordinary shares (the “Placing Shares”) at 25 pence per share (the “Placing Price”) to raise £5.6 million (approximately US\$8.9 million) before expenses. Levine Capital Management, the BVI registered, private investment fund of Peter Levine, founder and former Chairman 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, will subscribe for approximately 13.6 million of the Placing Shares, which will represent 29.99 per cent. of the Enlarged Share Capital, and will be subject to a lock-in agreement.

The Open Offer

Conditional on the approval of the Placing, the Company is undertaking an Open Offer, underwritten by Evolution Securities, to raise up to £1.34 million (US\$2.2 million) at the Placing Price, which will give shareholders on the register as at the Record Date the opportunity to subscribe for one Open Offer Share for every three Existing Ordinary Shares held. Existing shareholders who take up their full allocation will also be able to subscribe for any excess shares available under the Open Offer up to one New Ordinary Share for every Existing Ordinary Share, subject to scaling back. Any Open Offer Shares

not taken up by existing shareholders will be taken by Evolution Securities Limited. The Record Date for the Open Offer shares is 28 October 2009.

The expected timetable for the open offer is set out at Appendix I to this announcement.

Capital Re-organisation

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.

Further details regarding the Capital Re-organisation will be set out in the Circular.

Warrants and Options

The Company has reached agreement with MBL and members of the Company's Board and Management to cancel all the outstanding issued warrants and options over a total of 4,179,997 Existing Ordinary Shares. MBL will also forego the future warrant entitlements and net profit interests contained in the existing facility agreement. Under this arrangement MBL and the Board and Management will receive a cash sum and will then subscribe for 1.2 million and 538,500 New Ordinary Shares respectively, at the same price as the Placing.

Details of the shares subscribed for by the Directors under this arrangement are set out in Appendix III to this announcement.

Board and Management

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 Levine Capital Management Limited a UK incorporated company ("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. Prior to joining Imperial Energy, John held senior positions at ABN AMRO.

Christopher Hopkinson is vice president, 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 Appendix IV to this announcement.

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.

Stephen Gutteridge, Chairman of Meridian Petroleum, said:

“This is effectively the launch of a new oil and gas company with the ambition and resources to become a significant independent player. We intend to develop President Petroleum Company from small-cap US producer with one major area of prospectivity in Australia, into a global, mid-cap business with substantial reserves and resources. Our aim is value creation that mirrors that achieved by companies in the sector whose reserves and resources have attracted the attention of larger businesses.

Today’s announcement confirms the strength of our position:- a strategic investor with significant industry connections; support from institutional investors; finance facilities and banking support; and highly experienced new Board members with oil company backgrounds.

We will shift our geographic focus to areas with much greater potential for major hydrocarbon discoveries and we expect to complement our prospects in Australia with other similar sized opportunities in such diverse areas as Asia, Africa and Europe. Our strengthened Board and Management capabilities will enable us to move quickly on any opportunities, and our new cash position will ensure we are able to add further resources wherever needed, whilst eliminating our net debt position.

The Placing with LCM and the other institutional investors is key to moving this strategy forward and the terms reflect the requirement to raise a proportionately large sum and the significant value brought to the Company through LCM’s investment, connections and ability to fund rapid growth. We are pleased that we are able to offer existing shareholders the opportunity to add to their holdings on the same terms as the Placing.”

John Hamilton, Managing Director of LCM UK said:

“We believe President Petroleum has the foundations to become a significant and active player in the E&P sector and are pleased to be part of this new and exciting venture. We believe that current market conditions offer unique opportunities for growth and, with a strengthened financial platform, Board and Management, President Petroleum is positioned to take full advantage of these opportunities.”

A circular containing a notice of an Extraordinary General Meeting of the Company, convened for 11.00 am on 30 November 2009 at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London will be sent to shareholders of the Company outlining the terms of the Placing and Open Offer and seeking Shareholder approval to, *inter alia*, enable the Directors to allot shares in connection with the Placing and Open Offer.

At the same time the Circular will be released in full through the RNS service and posted on the Company's website (www.meridianpetroleum.com). Due to the ongoing industrial action affecting postal services, shareholders are strongly encouraged to review the Circular via the RNS or the website once it has been published. To obtain a Form of Proxy and/or Application Form, please contact the Company's registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, W. Sussex BN99 6DA, telephone: 0870 384 2862 from the UK or +44 121 415 0279 from overseas.

Key information extracted from the Circular is given below in Appendices I to IV

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Any person receiving this announcement is advised to exercise caution in relation to the Capital Raising. If in any doubt about any of the contents of this announcement, independent professional advice should be obtained.

Appendix I

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

Appendix II

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 Announcement	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

Appendix III

Directors' Interests

The number of shares subscribed for by each Director under the subscription is as follows:

	<i>Number of New Ordinary Shares under the subscription</i>
Stephen Gutteridge	149,500
Angelo Baskaran	76,250
Peter Clutterbuck	74,000
David Wake-Walker	73,250

Appendix IV

1. *John Hamilton*

There is no information in relation to the appointment of Mr. John Andrew Hamilton, aged 43, which is required to be disclosed pursuant to Schedule 2 paragraph (g) of the AIM Rules other than as follows:

- a) Current directorship
LCM UK
- b) Past directorships within the period of 5 years prior to the date of the Circular
Imperial Energy Corporation PLC
Imperial Energy Limited
Imperial Energy Kostanai Limited
Rus Imperial Corporation PLC
Rus Imperial Limited

2 *Dr. Michael Cochran*

There is no information in relation to the appointment of Dr. Michael David Cochran, aged 67, which is required to be disclosed pursuant to Schedule 2 paragraph (g) of the AIM Rules other than as follows:

- a) Current directorship
1600 Group LLC
- b) Past directorships within the period of 5 years prior to the date of the Circular
None

3 *Christopher Hopkinson*

There is no information in relation to the appointment of Mr. Simon Christopher Hopkinson, aged 42, which is required to be disclosed pursuant to Schedule 2 paragraph (g) of the AIM Rules other than as follows:

- a) Current Directorship
None
- b) Past Directorships within the period of 5 years prior to the date of the Circular
Imperial Energy Limited
Imperial Energy Corporation PLC

- Ends -