



Leed Petroleum PLC

("Leed" or the "Company")

Reserve and Production Update

Leed's proven and probable reserves increased to 24.1mmboe

Current gross production at Eugene Island approximately 5,000 boepd

Leed Petroleum PLC (AIM: LDP), the oil and gas exploration and production company focused on the Gulf of Mexico, today announces the results of a reserve audit and recent production figures for the Eugene Island field.

Reserve estimates

Collarini Associates, an independent reserve auditor, ("Collarini") has audited Leed's reserves, effective as of 1 January 2009. The Company's net attributable reserves have grown as set out immediately below:

Reserve Category	Oil & Liquids (mmbbls)	Gas (bcf)	Total (Oil and Gas) (mmboe)
1P* Reserves	3.85	47.2	11.7
2P* Reserves	7.87	97.22	24.1
3P* Reserves	16.25	322.39	70.0

The comparative net attributable reserve positions as at June 2007, April 2008 and January 2009 are set out in the following table:

Reserve Category	1 June 2007	1 April 2008	1 January 2009		
	(mmboe)	(mmboe)	(mmboe)	Increase from Apr-08	Increase from Jun-07
1P* Reserves	6.1	8.8	11.7	33%	92%
2P* Reserves	15.8	20.6	24.1	17%	53%
3P* Reserves	53.4	62.8	70.0	12%	31%

Source: Collarini

Importantly, the Company's Proved Developed Reserves have increased by 154% since admission to AIM and by 33% since the 1 April 2008 audit. The combination of increasing Proved Developed Reserves in addition to the increase in overall 1P, 2P and 3P reserves highlights the Company's ability to deliver on its stated goals of converting existing reserves into developed, saleable product in parallel to growing the Company's reserve base.

The recent growth in Leed's reserves is primarily attributable to:

- the successful drilling activity conducted at Eugene Island, which included the A-7 and A-8 wells; and

- reserves attributable to South Marsh Island block 8, which the Company acquired at the last Minerals Management Service (“MMS”) lease sale held in March 2008 and awarded to Leed in July 2008.

The Company believes that substantial additional exploration potential exists on its properties which is not accounted for in the reserve numbers reported in this announcement.

Eugene Island Production Update

Production from the Company’s Eugene Island properties has significantly improved cash flow and increases the ability of Leed to continue to fund further development and exploration projects. The current gross daily production rate from the Company’s Eugene Island field is approximately 5,000 boepd (50% oil), or 3,750 boepd on a working interest basis, as compared to the estimated gross average production during the quarter ended 31 December 2008 of approximately 3,000 boepd (50% oil), or 2,250 boepd on a working interest basis. The Company will have the capacity to make additional and material flow rate increases following execution of the previously announced A-6 re-completion and once an upgrade of platform water handling facilities has been finalised. Both projects are expected to be finished early in the current quarter.

The majority of the Company’s production is from the wells outlined below:

- The Eugene Island A-6 well produced at a gross average of 498 boepd (374 boepd on a working interest basis) during the quarter ended 31 December 2008. The well continues to produce stably at this rate and is expected to do so until the re-completion is conducted. The A-6 well re-completion will take place during the first quarter of this year and is expected to have a material impact on production from the Eugene Island field.
- The Eugene Island A-7 well produced at a gross average of 2,177 boepd (1,623 boepd on a working interest basis) during the quarter ended 31 December 2008. Higher than expected water production has resulted in the well producing at a lower rate than originally tested. The well continues to produce 2,020 boepd. The Company will continue to monitor and evaluate the flow of the A-7 and has the ability over time to access five additional pay zones (including the initial completion, which is still accessible) from this well.
- As announced on 6 January 2008, the Eugene Island A-8 well flowed at a gross rate of 2,557 boepd (1,918 boepd on a working interest basis). The well production is stable with negligible water being observed.

Howard Wilson, President and Chief Executive of Leed, commented:

“We are delighted both with the progress of the Company since our admission to AIM and that Leed has a solid reserve and production base on which to build our future growth plans.

The Company’s latest reserve report highlights the success of our Eugene Island drilling programme, in addition to our ability to identify and acquire quality assets through the US Government’s MMS lease sale process. It also demonstrates Leed’s ability to commercialise its assets and deliver value and growth to our shareholders.

The production and revenue base has likewise grown tremendously and has significantly enhanced the Company’s cash flows. We are now focused on improving operational efficiency to maximise cash flow in the short term and to strengthen the Company’s balance sheet for the next stage of our development.”

For further information:

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NOTES TO EDITORS**Review by a qualified person**

The information contained in this announcement has been reviewed and approved by Chris Thompson, Manager of Business Development at the Company, BSC GradDip, who is a reservoir engineer (SPE) with over 16 years experience within the sector.

Reserve Estimates

Collarini Associates' reserve estimates stated in the announcement are made in accordance with guidelines published by the Society of Petroleum Engineers and are based on its interpretation of the available data.

Operations

Leed Petroleum PLC is an AIM quoted independent oil and gas exploration and production company. The Company's operations are concentrated in the Gulf of Mexico region where Leed has established a significant portfolio of producing and development assets. The Company has interests in 17 offshore fields and one onshore field in the region.

Leed's strategy is to grow the Company's portfolio through organic development of its existing assets and to utilise its regional expertise to identify and purchase value adding assets.

Glossary

bcf – billion standard cubic feet of gas

boepd – barrels of oil equivalent per day, calculated on the basis of one thousand cubic feet of gas equals one barrel of oil

mmbbls – million barrels of oil

mmboe – million barrels of oil equivalent, calculated on the basis of one thousand cubic feet of gas equals one barrel of oil

Reserve Definitions*

1P – Proved Reserves

2P – Proved and Probable Reserves

3P – Proved, Probable and Possible Reserves

Proved Reserves are the estimated volumes of crude oil, condensate, natural gas and natural gas liquids which, based upon geologic and engineering data, are reasonably certain to be commercially recovered from known reservoirs under existing economic and political/regulatory conditions and using conventional or existing equipment and operating methods. When probabilistic methods are used, reasonable certainty

means there is a 90% probability that the quantities produced will exceed the estimate of proved reserves. Proved reserves are limited to those quantities of hydrocarbons which have been evaluated either by actual production or by analytical tools and methods which demonstrate reasonable certainty of future recovery.

Probable Reserves are those reserves which geologic and engineering data demonstrate with a degree of certainty sufficient to indicate they are more likely to be recovered than not. When probabilistic methods are used, there is at least a 50% probability that the quantities actually produced will exceed the sum of proved and probable reserves.

Possible Reserves are those reserves which geologic and engineering data demonstrate are less certain than probable reserves and can be estimated with a low degree of certainty, insufficient to indicate whether they are more likely to be recovered than not. When probabilistic methods are used, there should be at least a 10% probability that the quantities actually produced will exceed the sum of proved, probable and possible reserves.

Proved Developed Reserves are those reserves which include Producing, Nonproducing, Shut-in and Behind Pipe Reserves, but not Undeveloped Reserves.

Producing Reserves are those reserves which are expected to be recovered from existing completion intervals open and producing at the time of the estimate.

Shut-in Reserves are those reserves which are expected to be recovered from existing completion intervals open at the time of the estimate, but which had not started producing, or were shut-in for market conditions, pipeline connection, or were not capable of production for mechanical reasons.

Behind Pipe Reserves are those reserves which are expected to be recovered from zones behind casing in existing wells, which require additional completion work or a future recompletion prior to commencement of production.

Undeveloped Reserves are those reserves which are expected to be recovered from new wells, from deepening existing wells, or where a relatively large expenditure is required to recomplete an existing well or to install production or transportation facilities or improved recovery projects. Proved Undeveloped Reserves are restricted to established reservoirs where existing wells have defined reservoir limits and content with reasonable certainty.