

MAX PETROLEUM PLC
(the "Company")

Issuance of Director, Officer and Employee share options

27 May 2014

Max Petroleum, an oil and gas company focused on Kazakhstan, today announces that additional options to subscribe for 89 million new ordinary shares of the Company ("Ordinary Shares") were granted to the Directors, officers and certain employees of the Company on 27 May 2014 at an exercise price of 1.2p per share, of which one third are exercisable in equal amounts on the first, second and third anniversaries of the date of grant. The options have a term of four years and any unexercised options will expire on 27 May 2018.

The departure of employees as a result of the Company's cost cutting initiative will result in the cancellation of a total of 25 million unvested share options during 2014. A further 5 million vested share options held by departed employees are due to expire over the next twelve months. Taking account of these 30 million options already cancelled or due to expire, the additional options announced today will result in a net increase of 59 million options held by Directors, officers and employees of the Company. Subsequent to this grant, a total of 213 million share options are held by the Company's current Directors, officers and employees representing approximately 8.4% of the Company's fully diluted share capital outstanding. All outstanding options held by current Directors, officers and employees, other than those included in this grant, have exercise prices of 4.75p or 5p per share.

The Remuneration Committee recommended, and the Board approved, the issuance of the additional share option grants to incentivise and retain key Directors, management and employees critical to enhancing the future market value of the Company. As far as timing is concerned, the Remuneration Committee considered both historical practices and the imminent commencement of a financial statement related blackout period during which no options could be granted.

The grants made to Directors are as follows:

Director	Number of Ordinary Shares to which options relate	Option exercise price
Robert Holland (Interim Chief Executive Officer)	20,000,000	1.2p
James Jeffs (Chairman)	20,000,000	1.2p
David Belding (Non-executive director)	3,000,000	1.2p
Maksut Narikbayev (Non-executive director)	3,000,000	1.2p
Malcolm Butler (Non-executive director)	3,000,000	1.2p

Following the implementation of the above option grants, the Directors will hold the following options over Ordinary Shares:

Director	Number of Ordinary Shares to which options relate	Option exercise price
James Jeffs	57,281,271	1.2p – 5p
Robert Holland	48,500,000	1.2p – 5p
Maksut Narikbayev	9,125,000	1.2p – 5p
David Belding	9,000,000	1.2p – 5p
Malcolm Butler	6,000,000	1.2p – 5p

In addition to options granted to Directors, a total of 40 million options were awarded to officers, senior managers and advisors of the Company. This included 10 million options for Kenneth Hopkins, Chief Operating Officer, and 5 million options for Kevin Clark, Chief Financial Officer.

Options granted to non-executive Directors will be subject to shareholder approval at the Company's next annual general meeting.

"Consistent with our historical practice, we believe option compensation aligns the interests of management and shareholders and is a crucial motivational and retention tool in light of the Company's liquidity constraints and the staff reductions we have recently imposed", said Chairman James Jeffs. "They are particularly important now that we have eliminated a number of positions and have asked several employees to assume additional responsibilities," Mr. Jeffs added.

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