

Bayou Bend Signs Agreements for Three Highly Prospective Blocks in Kurdistan

VANCOUVER, BRITISH COLUMBIA—(Marketwire - Aug. 31, 2009) - Bayou Bend Petroleum (“BBP” or the “Company”) (TSX VENTURE:BBP) is pleased to announce that it has signed agreements for and acquired working interests in three separate exploration and development blocks with the Kurdistan Regional Government (“KRG”) in the southeastern area of the autonomous region of Kurdistan in Northern Iraq. Under the terms of these agreements, Bayou Bend will pursue oil and gas exploration and development operations which are governed by Production Sharing Contracts (PSC’s) signed with the KRG. The blocks are nearby and on trend with recent discoveries made by Genel Energi/Addax Petroleum (Taq Taq Field) and Heritage Oil Corp. (Miran Block). A map showing the location of the blocks is attached.

Iraqi-Kurdistan lies within the northern extension of the Zagros Folded Belt and is estimated to contain up to 45 billion of Iraq’s 115 billion barrels of reserves. The Kirkuk field lies within this Fold Belt trend and is one of the world’s largest, containing reserves of over 20 billion barrels of oil. The area is highly underexplored and is currently undergoing a massive exploration and development campaign by over 30 mid to large size international oil companies. Iraqi-Kurdistan is one of few regions in the prolific Middle East oil province where international operators have access to production sharing contracts which allow them to share the upside potential with host governments.

Pulkhana Block

The Pulkhana block was one of the original PSC’s awarded in 2003 to Petoil (a Turkish company) and was ratified by the Iraq Federal government prior to the new Kurdistan Region hydrocarbon law being passed in 2007. It is an appraisal/development project of a field which was discovered in 1959 and flowed over 2900 barrels of oil per day from two fractured carbonate reservoirs. The role of Petoil on the Pulkhana PSC was secured in principle in August 2008, subject to Petoil reaching an agreement with KRG on their level of participation and the introduction of another acceptable party as an operator. The Company will acquire 250 km of two dimensional seismic and drill 3 appraisal wells in the first 3 year exploration sub-period in order to confirm the size and economic viability of the development of the Pulkhana field. The Company will then have the option to continue on to a further two year exploration sub-period and if development is warranted, a development period of up to 20 years. The Company will be operator of the project with a 60% working interest. Petoil retains a 20% interest and the KRG holds the remaining 20%. The Company will be obligated to pay 100% of the costs of the first exploration sub-period and 75% of the costs of the second sub-period. Fiscal terms include a 10% royalty and variable profit splits based on an “R” profitability factor to the KRG. The Company

has the right to recover costs using up to 40% of the produced oil and 50% of the produced gas. Capacity building bonuses of US\$42.5 million and 65 million shares of BBP are payable within 60 days of the signing of the agreement, as part of the Company's social responsibility to the Kurdistan Region. An additional 50 million shares will be issuable to the KRG upon the approval of a development plan for the Pulkhana field.

Arbat Block

The Arbat Block (formerly Block G) is located adjacent to the Miran Block of Heritage and Block 9 recently signed by Talisman Energy Corp. It is an exploration block with three identified surface anticlinal features and is on trend with the Miran East discovery of Heritage which has been quoted in the press as containing large volumes of oil in place. Under the terms of the PSC, which was also originally approved as part of the Pulkhana approval, the Company is obliged to acquire 350 kilometers of 2D seismic and drill 2 wells in the first 3 year exploration sub-period. The Company will hold a 60% working interest and operatorship with the remaining 40% held by the KRG. The Company is obliged to pay 100% of the costs associated within the exploration period. Capacity building bonuses (social responsibility) of US\$20 million and 35 million shares of BBP are due within 60 days of the signing of the agreement. All other fiscal terms are similar to those described in respect of the Pulkhana Block.

Block K42

Block 42 is located adjacent to the Pulkhana field and directly on trend with the 1.1 billion barrel Jambur field. It is currently operated by Oil Search (Iraq) Ltd which holds a 60% working interest in an option agreement signed on July 16, 2009 which permits 18 months to collect 200 kilometers of seismic data. After this date, Oil Search would be allowed to convert under certain conditions to a PSC with standard terms and work commitments. BBP has signed an amendment to that agreement which allows them to purchase the KRG's third party reserved 20% interest and thus become a participant to the option agreement and any resultant PSC for Block K42. In consideration for this interest, BBP will pay a signature bonus to the KRG of US\$5 million and pay 25% of the limited past costs expended on Block K42.

Financing

These projects were originally identified and evaluated by Lundin Petroleum, which will also provide support to the Company in terms of future technical services and certain corporate guarantees. Lundin Petroleum has also agreed to provide certain loans to the Company, as needed and on a short term basis until additional financing has been secured. In consideration of these efforts, the Company has signed an agreement with Lundin Petroleum to grant 50 million shares of BBP within 60 days of signing and an additional 50 million shares of BBP upon the approval of a Pulkhana development plan.

Company Name Change

In keeping with the change in the focus of the Company's business strategy, a new name will be proposed to shareholders at the upcoming Special General Meeting. The Company will recommend the change of the Company's name to ShaMaran Petroleum Corp. ShaMaran is a local Kurdish deity reflecting wisdom and secrets. A minimum of two additional Board members will also be nominated for election at this meeting.

BBP President and CEO Keith Hill stated, "We are very excited to have obtained three first class assets in what is undoubtedly one of the most attractive exploration regions on the planet. The recent discoveries by our neighbors and the high valuations of these deposits reflected in recent takeover and merger deals gives us confidence that we will be able to create significant value to our shareholders if our expectations on these blocks are confirmed by the upcoming seismic and drilling programs. We are particularly pleased to have the Kurdistan Regional Government and Lundin Petroleum become significant shareholders and partners in our upcoming venture."

Bayou Bend Petroleum is a member of the Lundin Group of Companies and had until recently been a Gulf of Mexico focused gas exploration company. In the first half of 2009 it underwent a business rationalization process which resulted in the sale of the majority of its assets. The company currently has in excess of US\$50 million in cash which will be used to help finance the upcoming program in Iraqi-Kurdistan.

All of the proposed transactions are subject to all necessary shareholder and regulatory approvals. A Special Shareholder Meeting to consider the proposed transactions, name change and Board of Director elections has been tentatively scheduled for October 16, 2009.

A conference call will be held at 08:00 Pacific Standard Time (PST), 17:00 Central European (CET) on August 31, 2009.

To participate in the call, please dial in 10 minutes before the conference starts and stay on the line (an operator will be available to assist you).

Dial-in Numbers: +1 416 644 3416 or Toll Free (within North America)
+1 800 733 7571

Conference ID: Bayou Bend

The presentation slideshow will be available in PDF format for download on the Bayou Bend Petroleum website www.bayoubendpetroleum.com after 06:30 PST (15:30 CET) on August 31, 2009.

A replay of the conference call will be available from approximately two

hours after the completion of the live call until midnight on September 7, 2009.

Replay Numbers: +1 416 640 1917 or Toll Free (within North America)
+1 877 289 8525

Passcode: 21313903#

Cautionary Statements

This document contains statements about expected or anticipated future events and financial results that are forward-looking in nature and as a result, are subject to certain risks and uncertainties, such as general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events, and the Company's capability to execute and implement its future plans. Actual results may differ materially from those projected by management. For such statements, we claim the safe harbor for forward-looking statements within the meaning of the Private Securities Legislation Reform Act of 1995.

On behalf of the Board

Keith C. Hill, President

To view the map associated with this press release, please click on the following link: <http://media3.marketwire.com/docs/bbp830.pdf>

Bayou Bend Petroleum Ltd.

Keith Hill

Chairman and President

(604) 806-3583

khill@namdo.com

or

Bayou Bend Petroleum Ltd.

Sophia Shane

Corporate Development

(604) 689-7842

(604) 689-4250 (FAX)

sophias@namdo.com

www.bayoubendpetroleum.com

<https://shamaran.mediaroom.com/index.php?s=2429&item=122630>