

Wednesday 30 June 2010

## **CADOGAN PETROLEUM PLC**

### **AGM STATEMENT**

At the Annual General Meeting of the Company held today (30 June 2010), Chairman Simon Duffy made the following statement:

“Before commencing the meeting I would like to give a brief update on our operations in Ukraine.

Since forming our own in-house technical team in 2009, a great deal of progress has been made in the technical understanding of our licenses.

In west Ukraine a drilling program is well advanced with the objective of increasing production from the Debeslavetska Field through three new wells. This field was recently shut in whilst an assertion of non-compliance was investigated by the authorities. On 25<sup>th</sup> June 2010, the Company received a letter from the Ministry of Environment of Ukraine acknowledging that the alleged non-compliance had been resolved and that as soon as an inter-departmental committee was formed, the lifting of the suspension order would be submitted for approval. Prior to the shut in, net revenues from the field averaged \$137,000. The Board believes that lost production from this well will be recovered during the year. Recently we received confirmation from the Ministry that the Monastreyetska license would be extended by a further 5 years. Production will re-commence from the Blazivska-1 well on this licence as soon as practical.

In east Ukraine, testing of the Zagoranska – 3 well was completed and the well is currently being tied into production facilities. The well will initially be put on stream at about 50,000 cubic meters of gas and will be produced into the trunk line for sales. The well will also produce about 140 barrels per day of liquids (condensates) which will be sold into the local market. Production is expected to commence on August 1st. Plans are also underway to deepen the Pokrovska-1 well by about 800 meters to test a structure at the Lower Visian level that has been identified on 3D seismic. Renewal of the Pirkovska licence is also awaiting approval from the aforementioned inter-departmental committee.

The program to farm-out an interest in four of our licenses is on-going with several companies actively evaluating the technical data. In view of the discovery at Zagoranska - 3 and contingent on the results of the Pokrovska - 1 well, the farm-out of these two licenses will be re-assessed.

The Company’s litigation against its former officers and various related parties continues. The trial is set for February 2011, at the High Court in London.

While clearly it would be inappropriate for me to comment in any detail on the complex facts and issues in the litigation, the Company continues to be advised that it has excellent prospects of success.

In the meantime, and just as importantly, the litigation has already secured approximately US\$16,000,000 in value for the Company, in a combination of cash already received and obligations released.

Secondly, under the settlement with the GPS parties, the Company expects to receive a further US\$37.5 million in connection with the resale of the gas plants manufactured by GPS.

It is worth pointing out that none of this would have been secured without the litigation initiative and we believe that the £6.1 million shown in the 2009 accounts will cover the cost of the litigation to a successful conclusion.

I would like to inform you that as a result of the change in substantial shareholder announced last week resolutions 3, 4, 5 and 6 as set out in the Notice of Meeting have been withdrawn.”

Enquiries

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