



Cadogan Petroleum plc



Presentation to Shareholders
In relation to the forthcoming
Annual General Meeting

May 2010

Ian Baron – CEO
Nick Corby – Commercial Director
Stefan Bort – Company Secretary

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- Cadogan Petroleum plc is an independent E&P company listed on LSE in June 2008
 - New management was appointed in March 2009 and has restored business fundamentals
 - Company holds 7 licenses covering 9 fields in Ukraine
 - Daily production of 220 boepd, as of December 2009 (net revenue: US\$300,000/month)
 - Company has no debt and a cash balance of £29.3 million (April 26th 2010) plus:
 - Contracted settlements of US\$38 million due within one year
 - Freezing orders over US\$10 million
 - Inventory US\$5 million
 - Reserves & Resources (Dec 2009)
 - 3P Reserves: 31 BCF Gas; 2.1 million barrels liquids
 - Contingent Resources: 2,500 BCF Gas; 110 million barrels liquids
 - Shareholders will decide the business's future at the AGM on 2nd June 2010
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- The current Board and new management have turned the business around and restored the fundamentals of the business
 - Weiss, a 25% shareholder, is seeking control of the Board
 - Weiss are proposing a return of cash, which the current Board estimates will be:
 - 10p per share in 2010
 - With a further 7p to 16p pending future settlements
 - The Board's recommendation is to retain cash in the business to enable it to participate in the upside while retaining flexibility to return cash if circumstances change
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NEW MANAGEMENT HAS RESTORED FUNDAMENTALS & CREATED VALUE

- Reduced cash burn and recovered funds from litigation settlements
 - Reduced headcount from over 500 to less than 130
 - Increased production revenue, which is expected to cover operating cost by mid 2010 (ex. litigation)
 - Curtailed capital expenditure (\$1.8 million for balance of 2010)
 - Restructured portfolio of assets
 - Progressed settlement of legal challenges to Cadogan's main licences
 - Litigation ongoing in London against former management; \$10 million of their assets frozen
 - Resolved disputes with suppliers; recovered US\$5.6 million to date & US\$37.5 million within the next 12 to 18 months
 - Revised centralised financial and procurement controls
 - Company is compliant with EBRD environmental standards
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METHODS & PROCESSES OVERHAULED & UPDATED

- Replaced consultants with in-house team
- Constructed & populated in-house database
- Processed and interpreted all available data
- Thorough geological and geophysical analysis of assets
- Applied appropriate IT technologies
- Implemented risk analysis & cost benefit analysis
- Thorough project management & planning
- Revised portfolio analysis and business strategy
- Independent assessment of potential of existing wells
- Improved existing drilling equipment
- Accelerated drilling rates 10 fold (Borynya 3 well)
- Created realistic business plans



Merits of Ukraine

UKRAINE PRESENTS BUSINESS CHALLENGES BUT OFFERS ADVANTAGES:

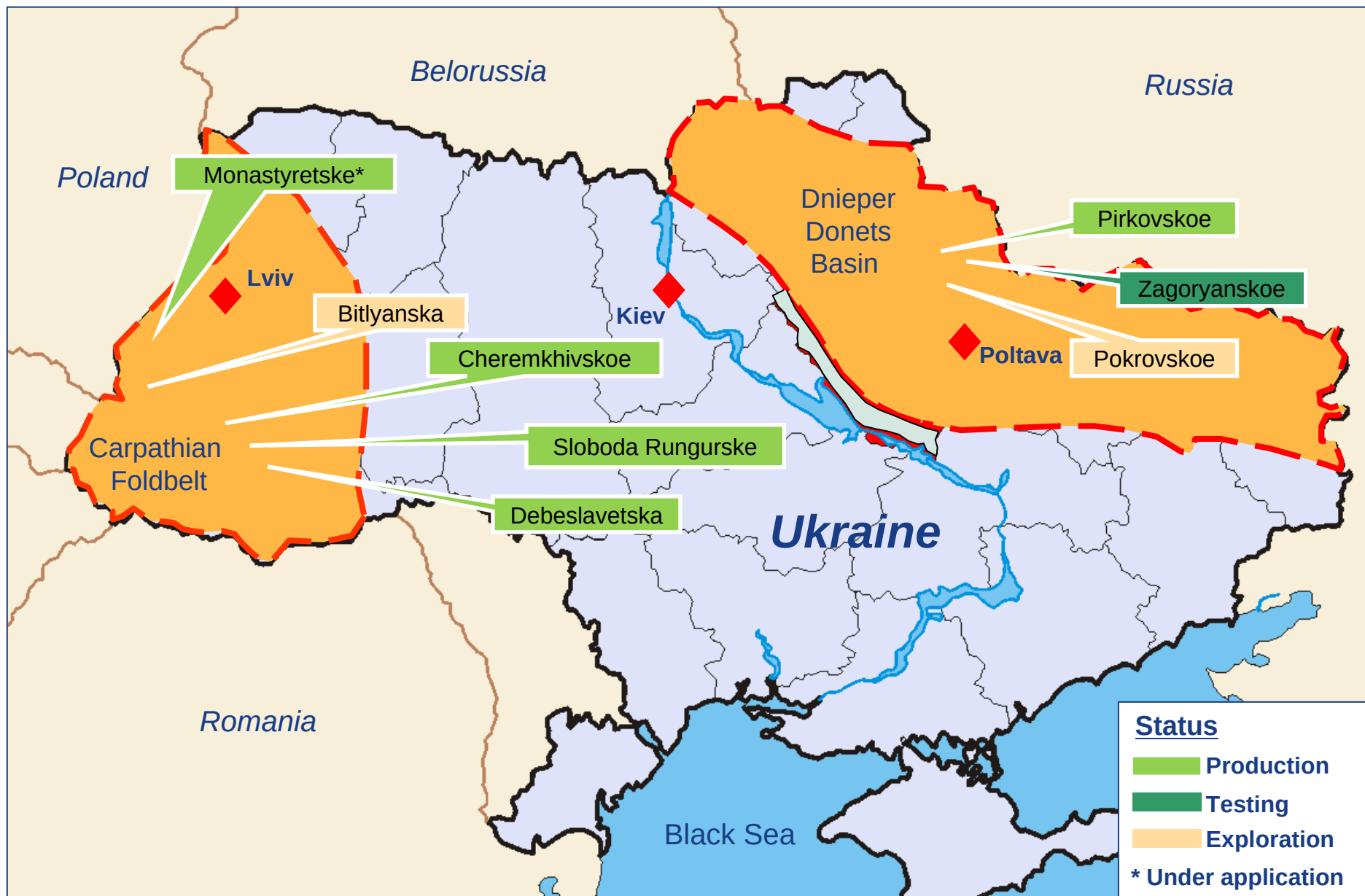
- Strong demand for energy/excellent product prices
- Good fiscal terms for oil & gas production
- New government is pro-business
- Abundant oil & gas opportunities and extensive energy transportation infrastructure
- Educated work force
- Growing interest in east European gas play
- Limited international competition

CADOGAN'S ADDITIONAL ADVANTAGES INCLUDE:

- Existing portfolio of oil & gas assets
- Established business infrastructure
- Application of western current oil & gas technologies



Current Licence Areas



Reserves & Resources Report

- Revised Reserves & Resources Report was prepared by GCA as at 31st December 2009
- Report assigned most of the Reserves to the Contingent Resources category mainly due to poor well performance
- Impact was impairment of £63.4million in Company's annual financial report
- Nevertheless financial report includes £32million of discounted value attributable to Cadogan's licences

RESERVES & RESOURCES

Category	Gas (Bcf)	Liquids (MMBb)
Proved	2.4	0.08
Proved + Probable	12	0.59
Proved + Probable + Possible	31	2.14
Contingent (2C)	2,487	108
Prospective (3C)	237	8.4

➤ Plan to migrate resources to reserves:

- Complete sub-surface studies
 - *underway*
- Demonstrate commercial production rates
 - *underway*
- Identify market for products
 - *completed*
- Identify transportation routes
 - *completed*

FARM-OUT BACKGROUND

- Objective is to find industry partners to fund future work in return for an interest in each license
 - Program initiated for risk management, not financial reasons, as no commitments until late 2011
 - In house studies have indentified drilling targets for presentation to potential partners
 - Widespread interest in Ukraine's conventional gas potential, as well as shale gas and CBM
 - Farm-out should enable further reduction in monthly G & A by \$200,000
 - **All licenses under farm-out have tested gas or oil or have produced commercially in the past**
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FARM-OUT STATUS

- Farmed-out testing of Pirk -1 well
 - Farmed-out testing on Zag – 3 well
 - Negotiating farm-out to deepen Pok – 1 well
 - Contracted Indigo Pool to market farm-out of Pirkovska, Zagoranska, Pokrovska & Bitlayanska licenses
 - Process underway and significant interest generated from over 20 companies
 - Offers requested by 31st May
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- No debt
- £29.3 million (US\$45 million) of cash
- US\$5 million of inventory
- US\$37.5 million in settlements expected
- US\$10 million in frozen assets pending litigation
- G& A of US\$600,000 per month, significantly below 2009 level
- From mid-year 2010, expect to be cash neutral (excluding litigation spend)
- Capex of US\$1.8 million of development expenditure expected in 2010



Board Implementation Plan

WITH SHAREHOLDERS SUPPORT, THE CURRENT BOARD AND MANAGEMENT TEAM WILL INCREASE VALUE BY:

Near Term

- Develop production from minor assets
- Farm-out of obligations to manage risk
- Develop strategic partnerships for stability & growth
- Resolve licence challenges in Ukraine
- Introduce technology - focus on “doing the basics well”

Medium Term

- Migrate resources to reserves
 - Recover value from UK litigation process
 - Invest in future successful farm-outs
 - Develop production alternatives to increase value from existing wells
 - Identify low-risk new ventures with production
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Control through nominating entire board:

- No oil and gas experience
- No current experience of Ukraine
- Board costs potentially higher than current proposal
- Directors incentivised to return cash not grow business

Return Cash to Shareholders

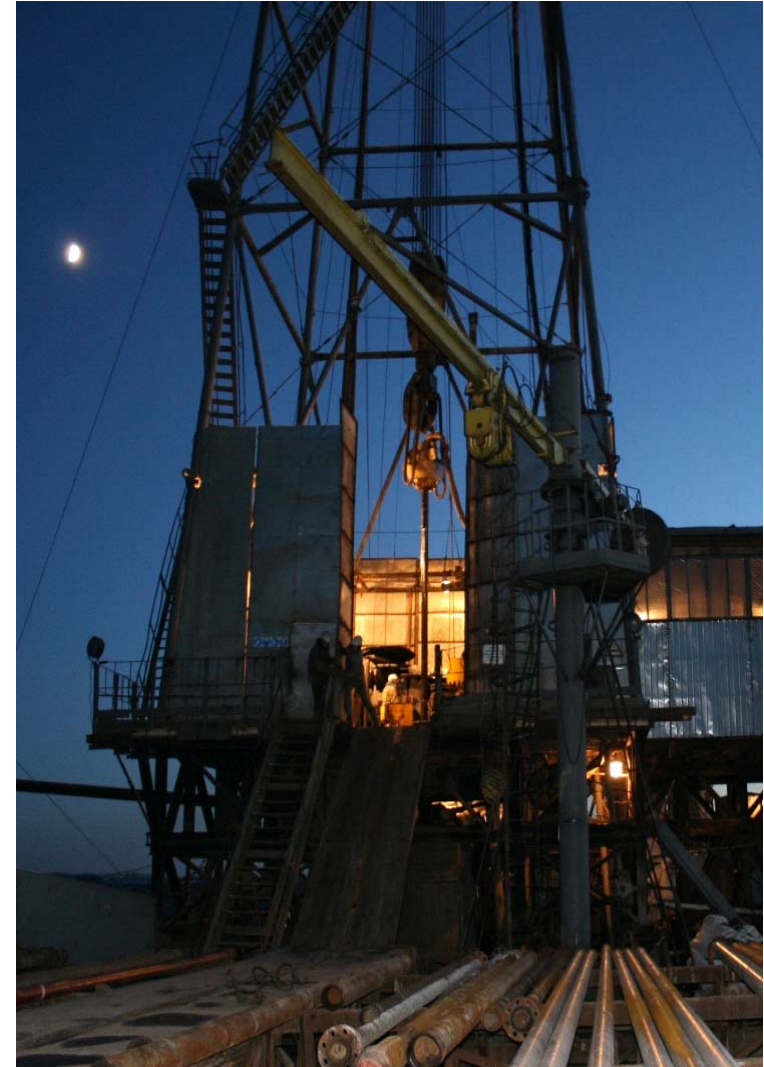
- Current Board analysis demonstrates only 10p available now
- Between 7-16p available on receipt of litigation proceeds

Impact on shareholders

- Loss of control without a bid for Company
- Existing management unlikely to remain
- Continuing business in Ukraine increasingly difficult
- Potential upside on licences unlikely to be realised

Key Decisions

- Build on the valuable work undertaken by the new management team in past year and retain exposure to what could still be an interesting upside in the oil and gas sector in Ukraine, as recommended by the Board, or return capital to shareholders.
- Do you wish the Company to be managed by the current Board or by the nominees proposed by Weiss?





Q & A