

Cadogan Petroleum plc

December 2010



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Introduction

Old perspectives:

Cadogan you remember for its past problems

Ukraine you may discount for historical reasons

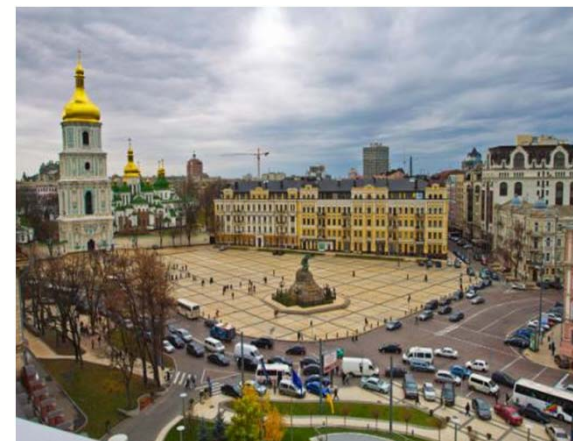


Introduction

New perspectives:

Introduce a new Cadogan after major changes

Introduce Ukraine, a country with new awareness



Restored Fundamentals Since 2009

- Reduced staff headcount from over 500 to 120
- Increased revenue and controlled cash burn
- Restructured portfolio & improved risk profile
- Achieved settlement of all license challenges
- UK litigation against former management
- Resolved disputes with suppliers
- Completed total overhaul of operating procedures
- Improved technical analysis & management
- Compliance with international HSE standards



Current Position

- Assets comprise 8 licenses in Ukraine
- Production around 450 boepd
- Reserves & Resources (GCA Dec 2009)
 - 3P = 7.7 mmboe (mainly gas)
 - 2C = 555.9 mmboe
- No debt and cash position of ~\$40 mm today
- Contracted receivables of \$36.5 mm during Q4 2010 and 2011
- 2011 capital budget of \$9.6 million approved
- Additional contingent budget of \$21.7 million
- New strategic shareholder – SAE Capital – 29%
- Currently drilling wells in east and west Ukraine



What Makes Cadogan Different Today ?

- New management and advisor team
- Strong, ethical government relations
- Committed & qualified local work force
- Continuous portfolio management
 - o Foundation portfolio of production assets
 - o Exploration assets in strategic areas
 - o Technical & commercial risk mitigation
 - o Leverage expertise & knowledge
 - o Increase asset value, monetise or exit



Vision

Achieve “value” critical mass through:

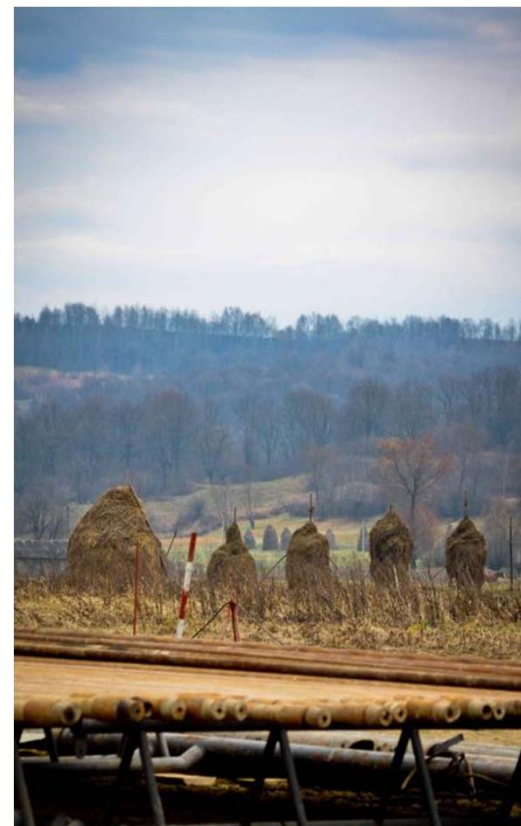
- **Building on existing asset base**
- **Rapid response to potential growth opportunities**
- **Perpetual portfolio management - upgrade assets**

Current Ukraine assets offer:

- **Production to protect against downside**
- **Exposure to upside potential**

Strategic new ventures

- **Strong position in Ukraine**
- **Strong relationships in new venture focus areas**



How to realize the vision

Existing assets:

- Continue production development activity
- Move Resources to Reserves
- Re-test & re-complete existing wells
- Investigate opportunities to co-mingle pay zones
- Drill new wells on basis of 3D data
- Farm-out deep exploration drilling

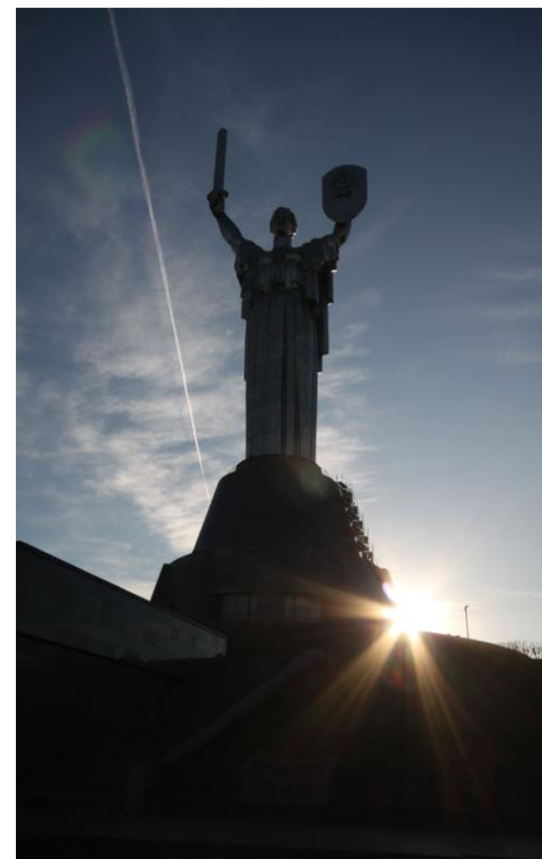
New Assets:

- Build on Ukraine advantages to secure new assets
- Leverage commercial relationships in focus areas



Ukraine Energy Opportunity

- Strong demand for energy & excellent prices
- Production about 30% of consumption
- Good fiscal terms for oil & gas production
- New government is pro-business
- Abundant oil & gas opportunities
- Extensive energy transportation infrastructure
- Limited international competition



Cadogan Advantages in Ukraine

- Existing portfolio of oil & gas assets
- Understanding of where potential lies
- Established business infrastructure
- Excellent commercial relationships
- Excellent Government relations
- We understand “how the bureaucracy works”
- Motivated educated Ukrainian workforce
- Western technology & management systems



Current Assets & Activities

Production activities

- Debeslavsetska
- Cheremkevskia
- Monastreyetska
- Zagoranska

Appraisal activities

- Pirkovska
- Pokrovska

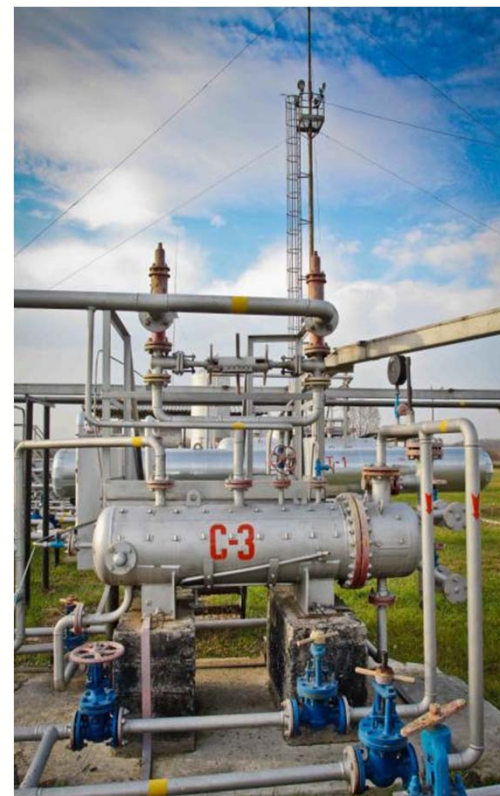
Exploration activities

- Slobodo-Rungurska
- Bitlayanska



Summary of Reserves, Production Facilities & Drilling Assets

- **Reserves & Resources (GCA Dec 2009)**
 - 3P 31 BCF Gas / 2.1 mm BB liquids**
 - 2C 2,500 BCF Gas / 110 BB liquids**
- **Production:**
 - Gas 90,000 m³/day, Cond. 10 m³/day**
- **Processing Capacity (installed & in stock):**
 - Over 2 million m³/day gas**
- **Drilling assets;**
 - Rig 47 work over unit**
 - Rig 80 shallow drilling unit**



Business Plan 2011

- **Target an increase in production by three to five fold, by end 2011**
- **Target the transfer of Resources to Reserves resulting in doubling of 3P reserves by end 2011**
- **Improve sub-surface understanding for future operations in licenses**
- **Continue risk management strategy and farm-out interest in high cost exploration programs**
- **Develop new venture opportunities in Ukraine and elsewhere**



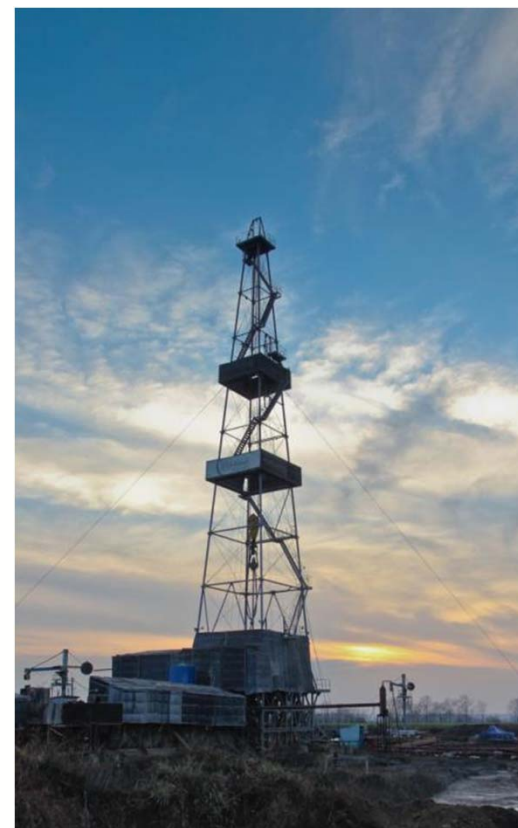
2011 Budget – Work Programme Summary

Approved budget of \$9.6 million

- **Well work-overs & appraisal \$8.0 million**
- **Existing asset evaluation \$1.6 million**

Additional contingent budget \$21.7 million dependent on success of approved budget

- **Production work-over, appraisal and new facilities \$21.2 million**
- **Asset evaluation \$0.5 million**



Share price *[current price ~22p/share]*

- Share price crash in 2H 2008 followed by two years of relative price stagnation
- Current share price equivalent to only the value of cash plus contractual receivables in the Company (~\$75 million)
- Less than \$1 million of contractual license obligations in Ukraine in 2011
- Current Ukrainian operations are cash flow positive
- Current and 2011 drilling activity can be met from available funds
- Real opportunity for steady production increases, reserves improvement and access to new opportunities



Summary & Conclusions

- Cadogan has been through a “metamorphosis”
- New organisation - restored fundamentals
- Board approval for 2011 work programme which is fully financed from available cash
- Expect production and reserves increase in 2011
- New venture areas under evaluation
- Future fund raising dependent upon new business
- Seek joint ventures/partners to manage risk



Additional Information

Cadogan Petroleum plc

December 2010



Major Shareholders (November 2010)

SAE Capital Holdings SA	29.12%
QVT Financial LP	15.01%
HBK Investments	7.15%
Scottish Widows Investment Partnership	5.85%
European Bank for Reconstruction & Development	5.03%
JP Morgan Asset Management	5.01%
Gartmore Investment Managers	3.40%
Fidelity Investments	2.46%
Barclays Personal Investment Management	1.67%
TD Waterhouse	1.63%

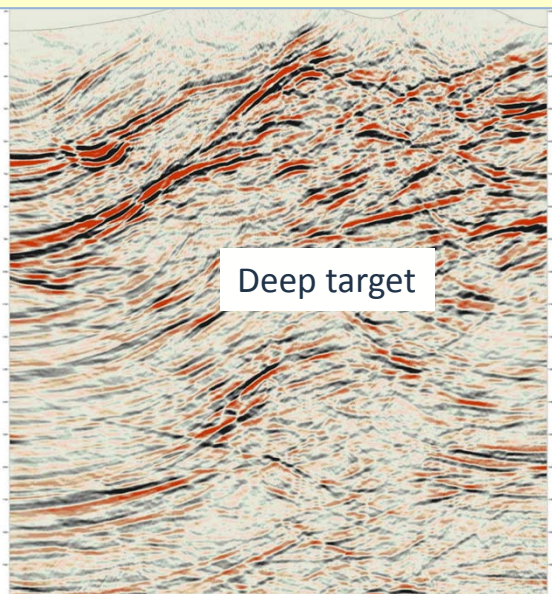
With new shareholders and management, Cadogan has entered a phase of investment in current assets and new ventures



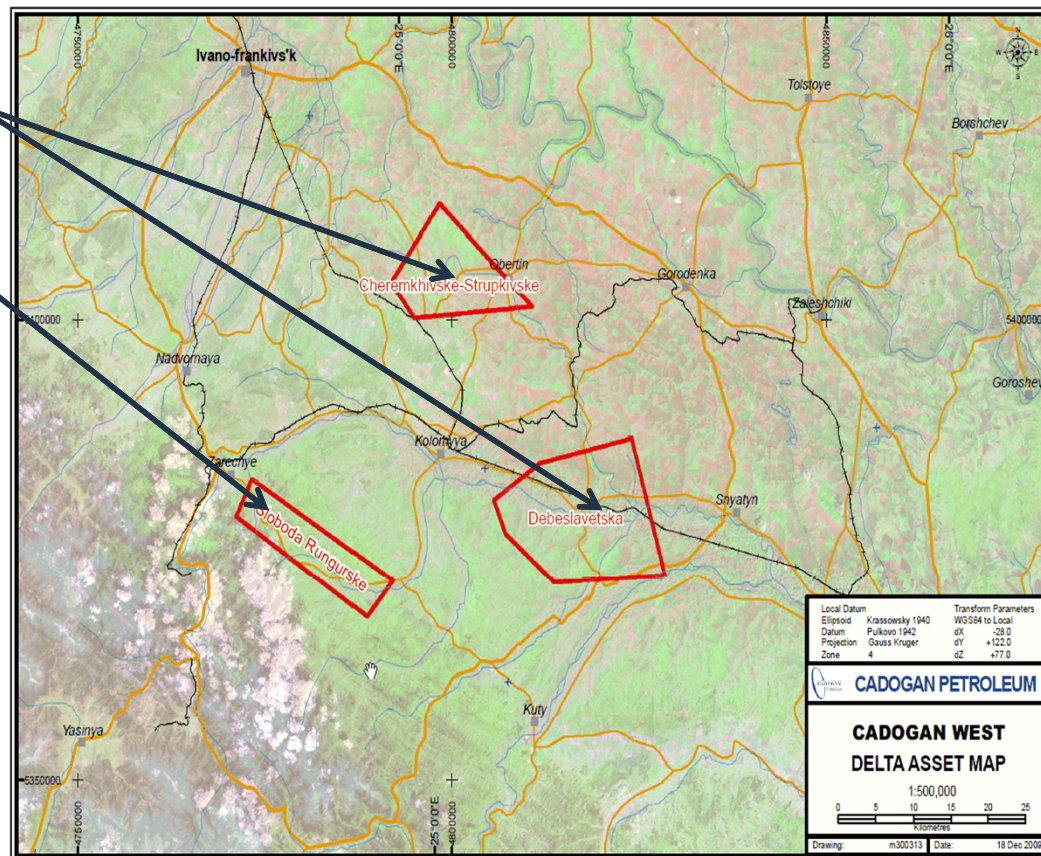
Minor Fields West Ukraine

Shallow gas production at Debeslavetska and Cheremkivske Fields

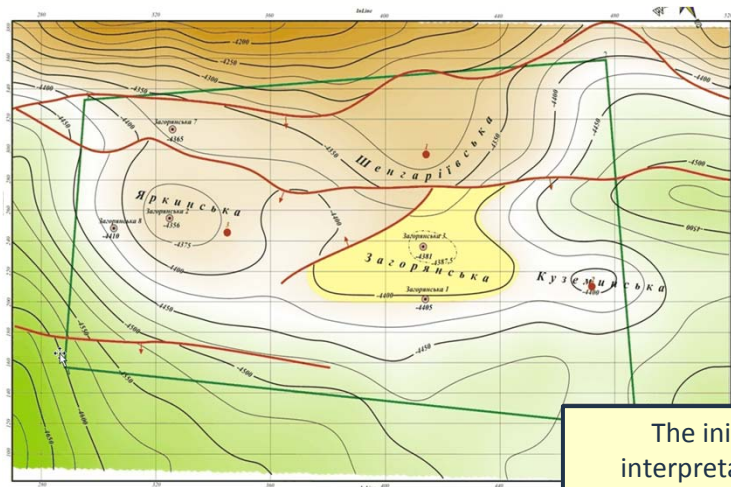
Shallow oil production (now abandoned) at Sloboda Rungurska Fields – deeper prospects on reprocessed 2D seismic data



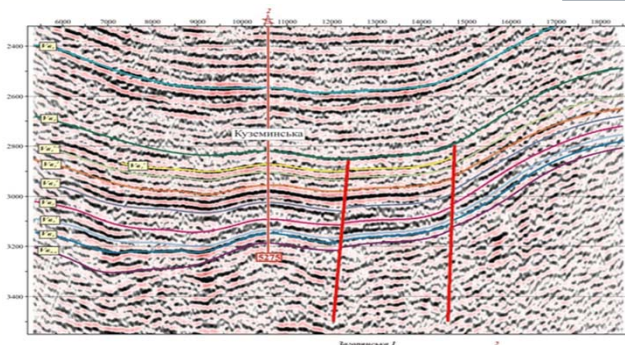
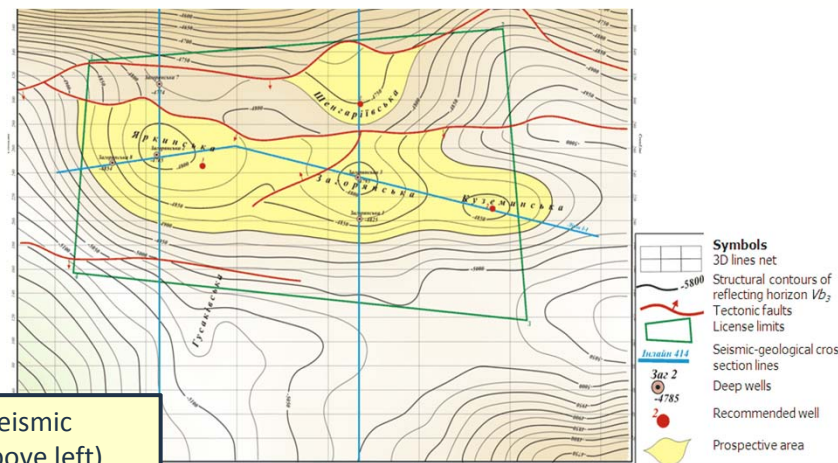
803 : Geomage MF PostSTM (Iteration1 - 30/08/2010, S)



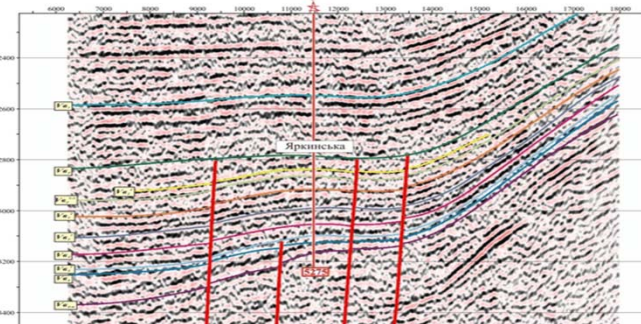
Zagoranska License



The initial 2D seismic interpretation (above left) identified significant areas refined on 3D data (top right).

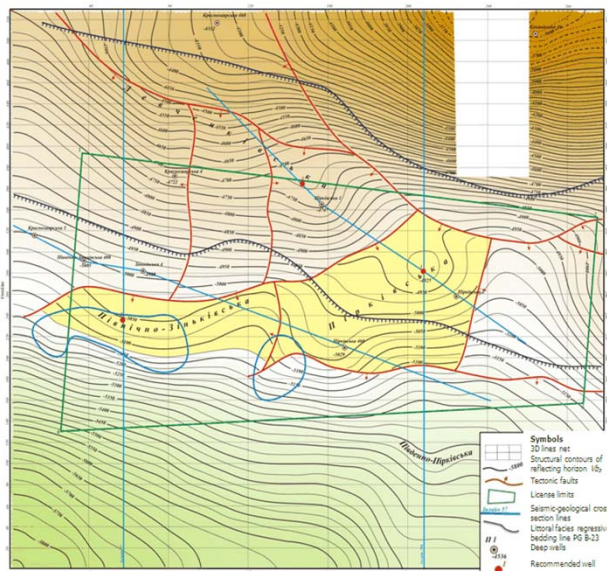


Two structural closures mapped at in upper and lower Visean on 3D seismic.

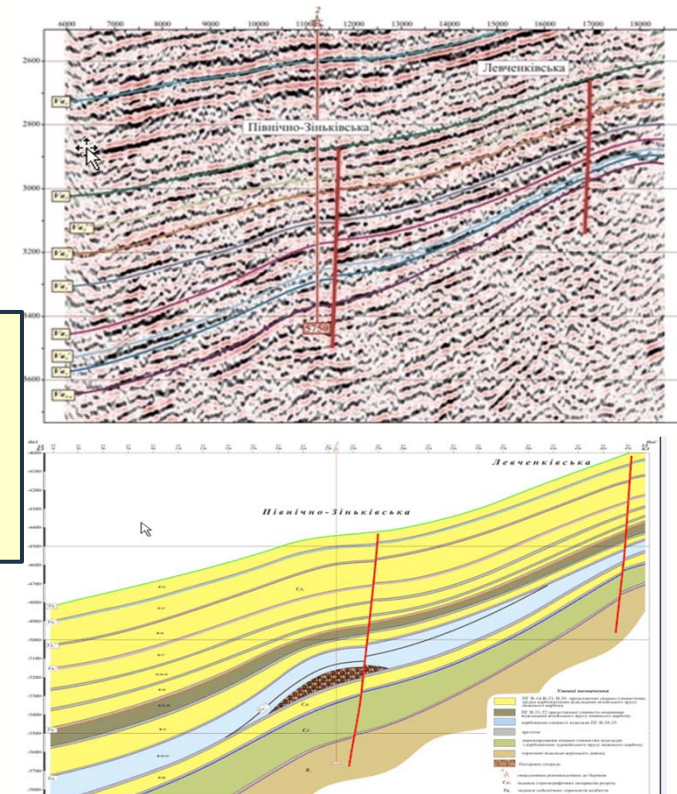


Pirkovska License

The initial seismic interpretation on PIRK identified significant prospective areas. This work is currently being reviewed in-house. Note the carbonate bioherm deposits (blue outline)



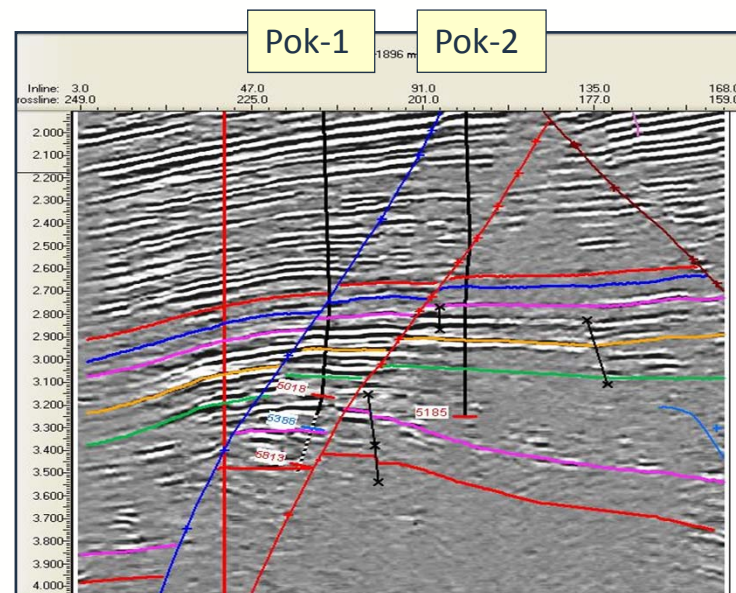
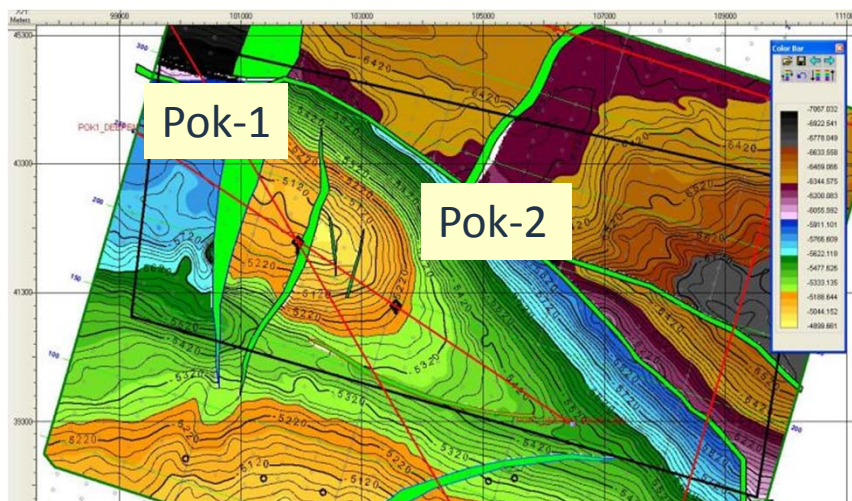
Seismic section and schematic showing bioherms. These are recognized regionally to be represent good reservoir potential



Pokrovska License

In-house interpretation of the 3D seismic data has generated a revised model of the Pokrovskoe structure. The model indicates a large 4-way closures in the lower Visean associated with faulting and salt movement. The structure is separated from the major Solokho field to the south by a saddle. Source is from the north east and the structure is likely to be hydrocarbon bearing. Solokho has lower Visean reservoirs. A further structural closure was identified to the north east of POK-1/POK-2.

The POK-1 well is being drilled to the V24 and V26 reservoir within the mapped closure. With success at POK-1, POK-2 well can also be deepened and deviated towards the centre of the POK-2 structure. Although reservoir quality sands were identified in the upper Visean in both POK-1 and POK-2 they have yet to be tested.

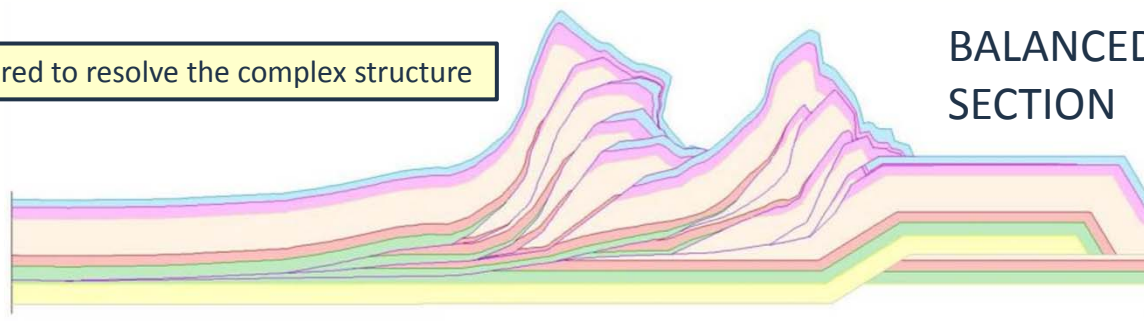
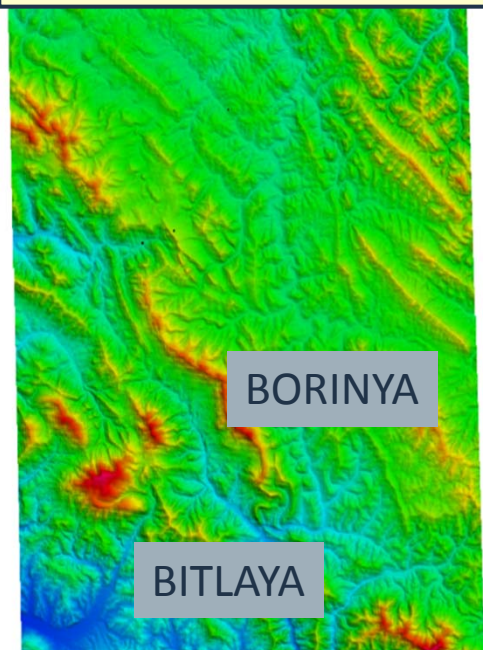


Bitlayanska License

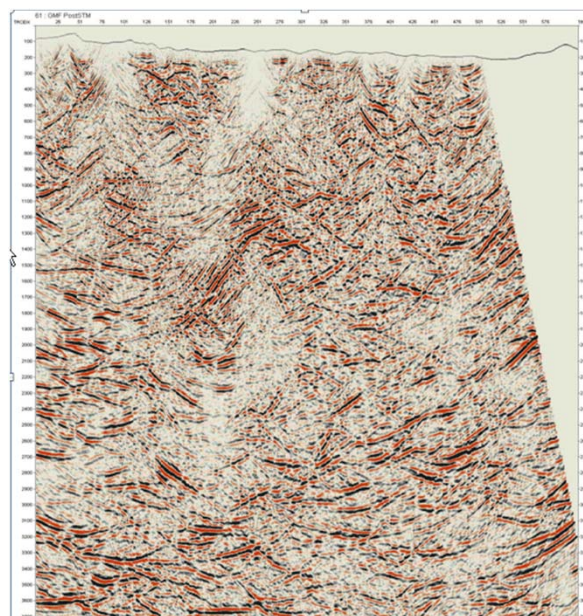
A geologically balanced section was prepared to resolve the complex structure

BALANCED
SECTION

Digital terrain model DTM shows
complex surface expression of the
subsurface



SECTION AFTER
EROSION

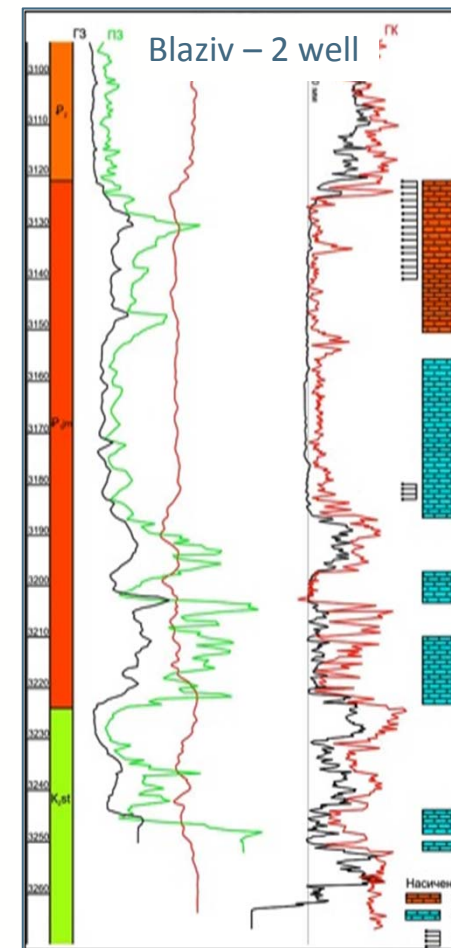
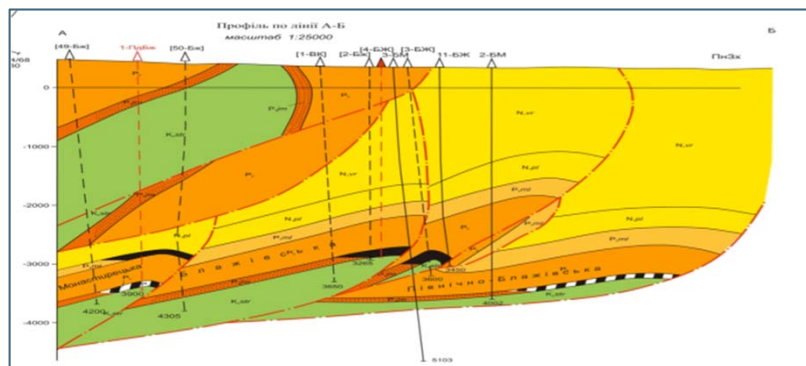
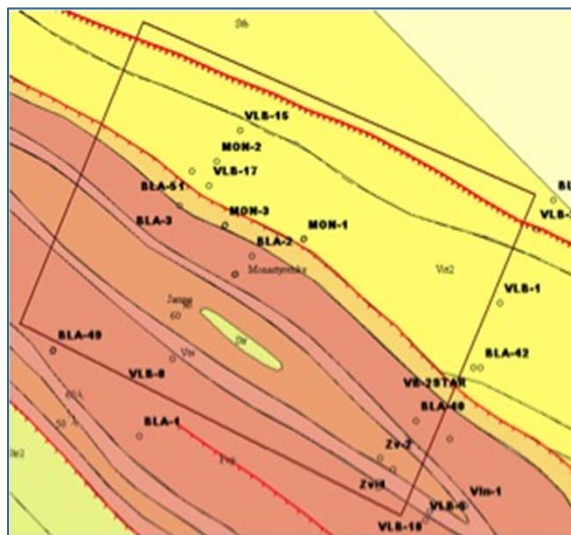


Reprocessed 2D seismic data is an
Improvement but complexity and sparse
data is still a problem. A 2D seismic
program has recently been acquired

The shale gas potential of the license
area is currently being reviewed.

Monastryetska Field

Monastreyetska License area has 15 wells – some wells produced oil. The block is complex but lacks good quality seismic data. Cadogan is preparing to put the Blaziv – 2 well back on production at about 10 barrels per day. The block has significant potential but needs new seismic and detailed analysis of historical well data. The license was renewed for a further 5 year term.



Current Production Facilities & Drilling Assets

Process Capacity	m3/day gas	m3/day cond
Debeslavsetska -	160,000	n/a
Cheremkevskia -	29,000	n/a
Zagoranska 3 -	600,000	50
Krasnazayarka -	300,000	25
<u>In stock -</u>	<u>1,000,000</u>	<u>~100</u>
TOTAL	2,089,000	175

*(current production of 90,000 m3/day gas, 10m3/day condensate
therefore significant ullage and opportunity for rapid expansion)*

Drilling Assets

Rig 47, Work-over pulling unit

Rig 80, 1800 meter depth capacity rig



Reserves & Production

Gaffney Cline (Dec 2009)			Current Cadogan estimates	
Category	Gas	Liquids	Gas	Liquids
1P	2.4 Bcf	0.1 mmbbs	4.5 Bcf	0.9 mmbbs
2P	12.0 Bcf	0.6 mmbbs	22.2 Bcf	1.9 mmbbs
3P	31.0 Bcf	2.1 mmbbs	43.7 Bcf	3.9 mmbbs
Contingent (2C)	2,487.0 Bcf	108.0 mmbbs	2,596 Bcf	121 mmbbs
Prospective (3C)	237.0 Bcf	8.4 mmbbs	245 Bcf	8.5 mmbbs

Gross Production: 2.63 mmscf/day gas
75 bb/day liquids

Current Net Revenue: \$893,000/month