

June 28^h, 2018

Dear Shareholders

After the Company's AGM of last week I wanted to take the opportunity to update those shareholders that were unable to attend the meeting.

While hoping to meet more shareholders next year, I would also like to thank those that made it to Chandos House and gave me and the Board an opportunity to present in person what we are doing as well as to answer their questions.

I am pleased to say that in 2017 Cadogan continued to deliver on its strategy. We have made Ukraine a strong platform for growth by delivering the best financial performance in the last 6 years. This has been achieved by delivering double digit cost reductions, for the third year in a row, by fending-off liabilities, which are part of the legacy of this Company, by increasing oil revenues via higher production and delivering a healthy margin in gas trading and by cashing receivables and past VAT credits, some of which had previously been impaired as deemed of no value.

Higher revenues and tight control on cost have kept Cadogan close to cash neutrality and helped it achieve a near breakeven position. We would have booked a profit last year were it not for an impairment triggered by Eni's decision to reconsider their position on the Westgasinvest LLC shale gas assets, in which Cadogan holds a 15% carried interest.

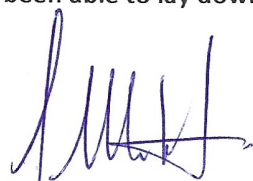
Last, but certainly not the least, our operational achievements have been delivered while keeping the work place safe, with no accidents during the year, and a further reduction in our environmental foot print as measured in terms of CO_{2,e} emissions into the atmosphere.

Entering 2018 on the back of a robust 2017 performance gave the Company a head start. A further boost came in the first half of the year as we completed a work-over campaign on the Monastyrtska licence, delivering a four-fold increase in net oil production. The campaign was delivered on time and on budget. We have also awarded a contract for a reservoir study on the Monastyrtska licence, which we hope will confirm our expectation of significant potential upside. The study is due to be completed soon. In addition, we have formalized the engagement of a UK advisor to help us in finding farm-in-ees for the Bitlyanska. Finally, the Company has also transferred \$2 million from its Ukrainian accounts to its UK account, which I believe is a first in its history.

We have also continued to progress the second pillar of our strategy, which is to offer our shareholders exposure to material upside while diversifying our portfolio. So far more than 70 opportunities have entered our pipeline and have been screened with criteria which are selective and designed to deliver long term value to our shareholders. We can lever on a strong balance sheet, on Cadogan's competence and on the business model,

which we have successfully implemented in UA, and which we can apply to new opportunities. While continuing to screen specific assets to buy, we have also expanded our focus and look at all possible options that meet our criteria to deliver upside and long-term value for all shareholders.

The achievements of last year have been made possible by the full backing and trust of the Board and by the commitment and dedication of Cadogan's Ukrainian staff. I am personally grateful to the Board for their support and proud of leading Cadogan's young and motivated team. The team and myself are also grateful to you, our shareholders, for your support and patience. We remain confident that we will finish the process of turning the Company around and that we will deliver up to your expectations, building on the robust foundations we have been able to lay down and leveraging on the skills and strengths we have demonstrated.



Guido Michelotti
CEO