Oil and gas in West Ukraine: a foreign investor's view

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CADOGAN
PETROLEUM PLC

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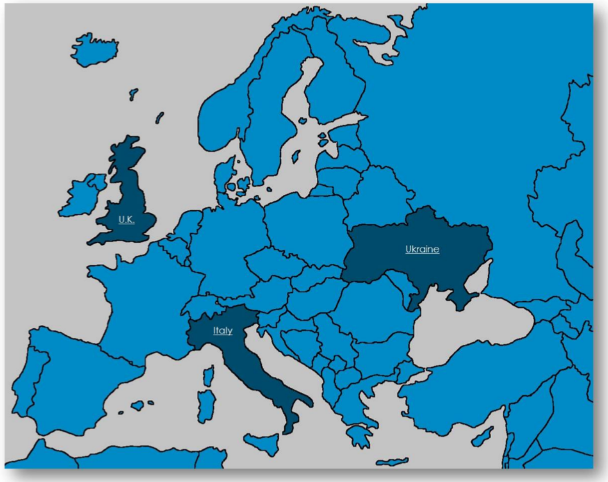
Cadogan Petroleum plc - Overview

Corporate Snapshot

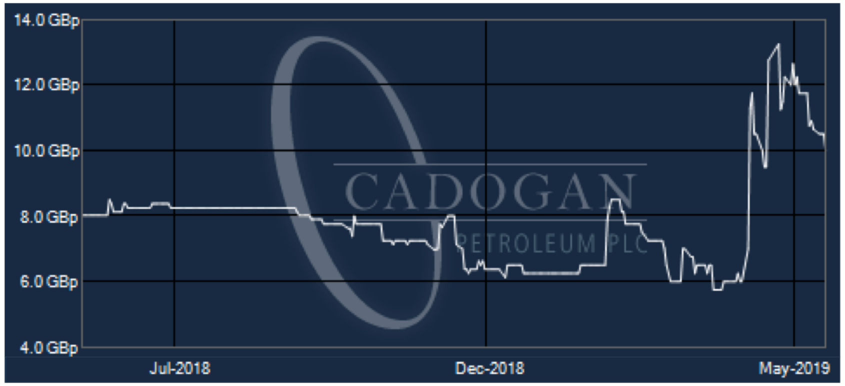
Ticker	CAD
Domicile	UK
Shares in issue	235,729,322
Trading market	Main
Share Price[1]	GBp 10.65
Market Capitalisation[1]	£ 25.1 million
Net Cash[2]	$35.2 million



Top five shareholders[1]

Shareholder	No. of shares	% Outstanding
SPQR Capital Holdings SA	67,298,448	28.55%
Michel Meeus	26,000,000	11.03%
Veronique Salik	17,959,000	7.62%
Brigitte Salik	17,409,000	7.39%
Kellet Overseas Inc.	14,002,696	5.94%
Others	93,760,178	39.47%
Total		100.00%

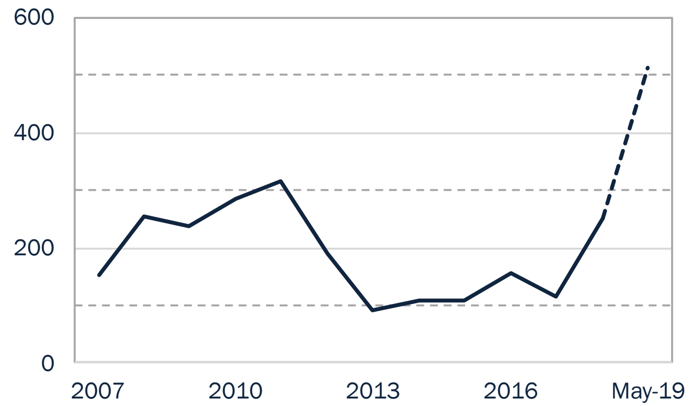
Share price



[1] As of 10/5/2019
[2] As of December 30th, 2018

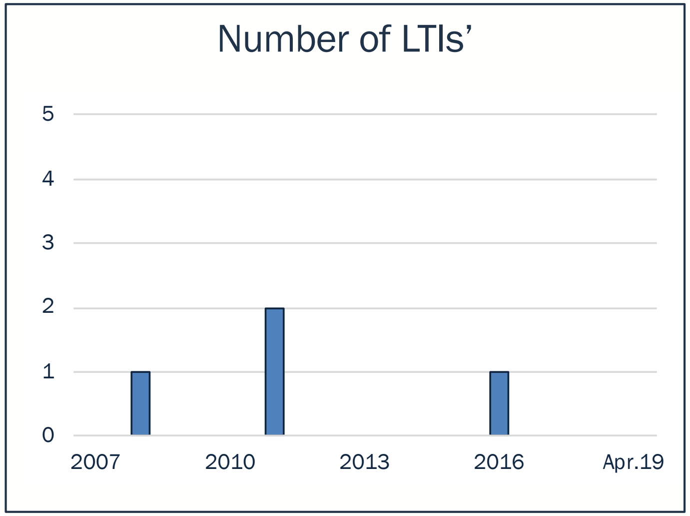
Cadogan Petroleum – An operator across the entire value chain

- **Exploration**
  - Shot and interpreted 165 km of 2D and 458 km2 of 3D seismic
  - Drilled 12 wells, 5 of which at depths > 5,000 m.
- **Development and production**
  - Built and operated 3 gas plants and a compression station
  - Operated around 25 production wells (oil, gas and condensates)
- Operated E&P licenses on behalf of Eni in Poltava region
- **Gas trading**
  - Pioneered gas reverse flow
- **Services**
  - Work-over and light drilling services
  - Abandonment and site restoration



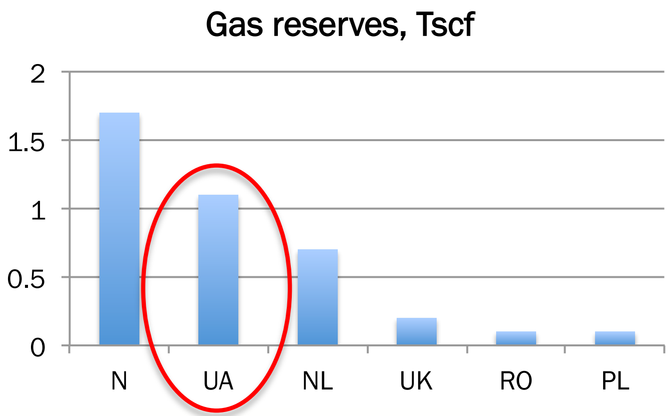
Cadogan Petroleum - Sustainability as a key business driver

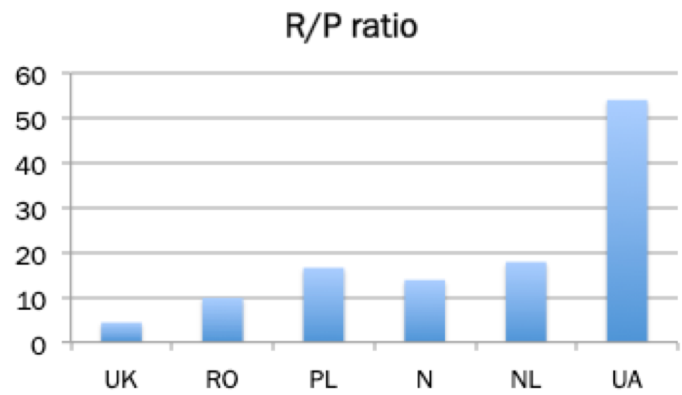
- We keep working places safe. 1 LTI only in the last five years (it happened 2 years ago)
- We promote employment of local resources; all staff is Ukrainian, save for the CEO
- We give opportunities to young talents; average age of senior management team is <36 years
- We deploy modern technologies and train our workforce in their use
- We act in full compliance with local laws and regulations (no breaches reported by Geokontrol in their last inspection)
- We promote efficient use of energy (project recently launched in Sambir District)



FDI in Ukrainian E&P Industry

- **Inflow of foreign capital limited by:**
  - Unstable & unpredictable regulatory regime
  - Unstable fiscal terms
  - **Revenues taxed, rather than profits**
  - Punitive rather than prescriptive inspections
  - Transfer of licenses (farm-out) not possible
- **Cadogan is one of the few truly foreign investors, but….**
- **…Ukraine would need more to:**
  - **Efficiently exploit remaining gas and oil reserves, respectively 3rd and 6th in Europe[3]**





  - **Reduce energy dependence**
  - **Increase revenues to state budget**

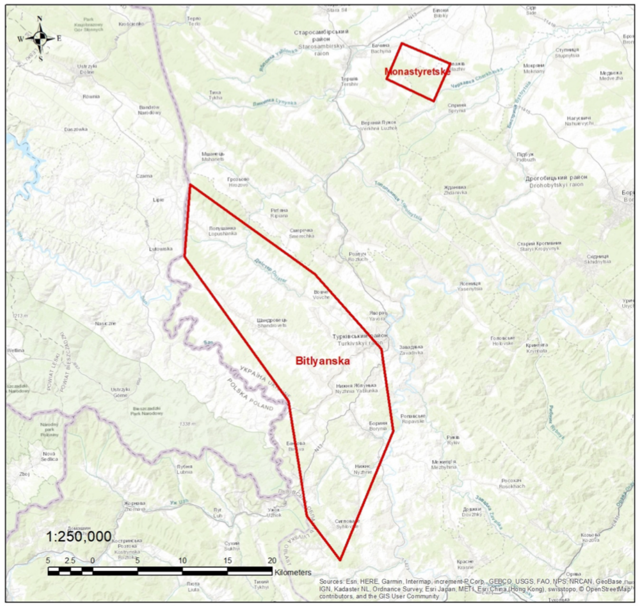
[3] Source: Eni's World Oil Review 2018 and Bp's Statistical Review of World Energy 2018

What we found in L’viv

- ❑ An environment more attentive to investors’ needs
  - ❖ focal point for investors
- ❑ Predictable outcome of due processes
  - ❖ our applications answered in due time
- ❑ Support to navigate relations with Central authorities
- ❑ An international airport, and a young and lively city

Our office.....

.....and our licenses



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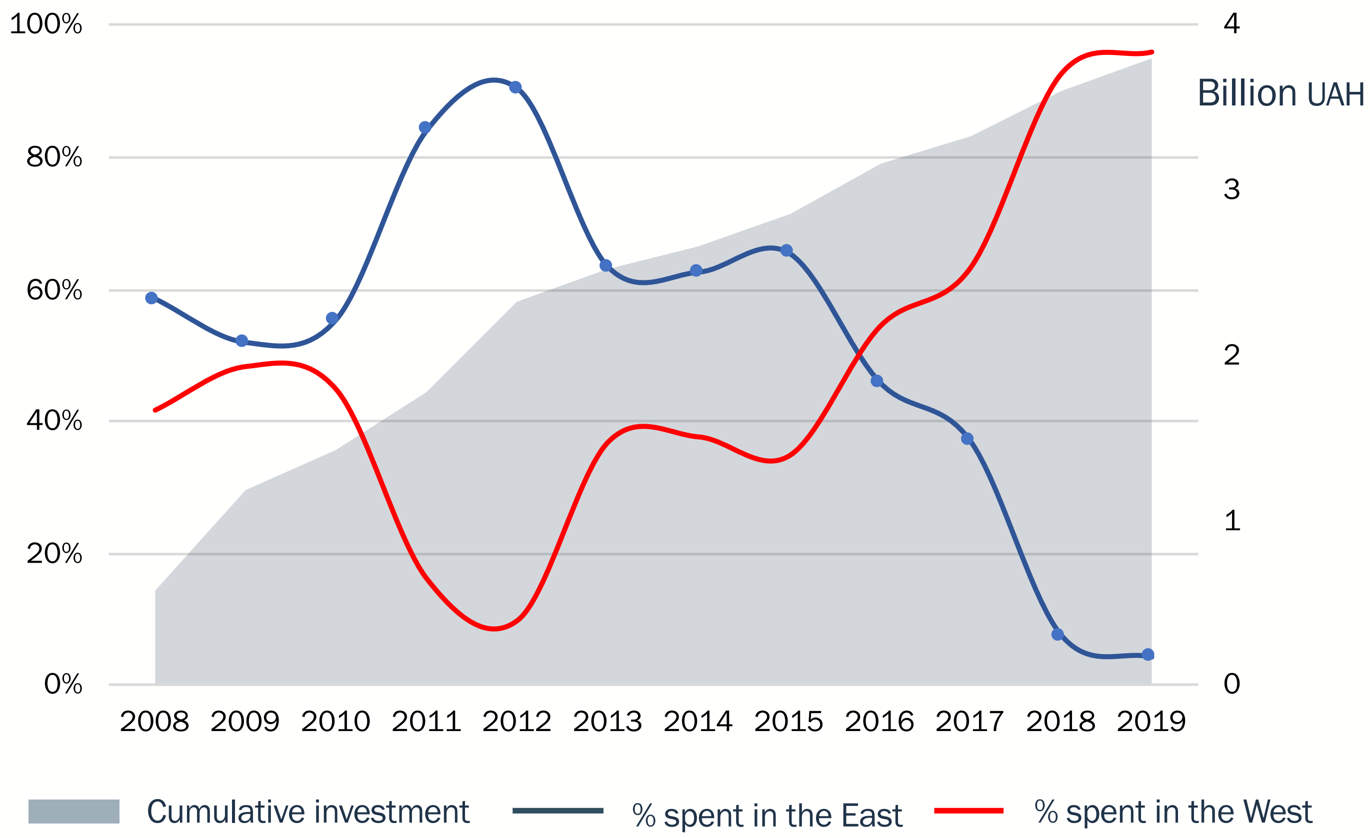
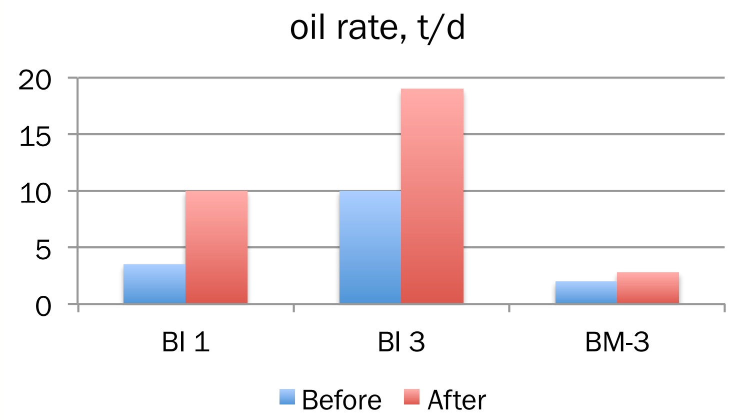
Cadogan Petroleum - A company refocused to the West

- Nearly UAH 4 Billion spent in Ukraine since inception
- UAH 380 million spent since January 1st 2018, nearly all of them in the West

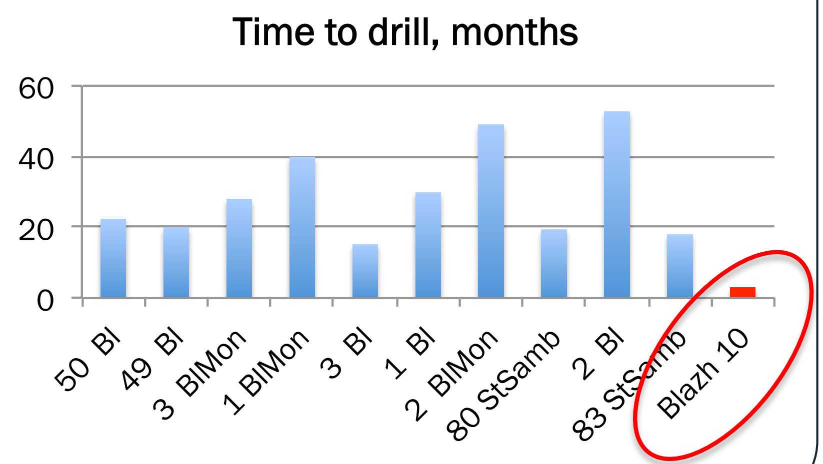


Cadogan Petroleum – Delivering technical excellence

Re-entered old wells and doubled their production



Drilled Blazh-10 down to 3’400 m. in 74 days and without LTIs’



Blazh-10: the fastest well drilled in the region and one of the best producers with its >40 t/d initial rate in natural flow

Cadogan Petroleum's future in L'viv Oblast

Activity
Produce Monastyretska license
➤ drill production wells
➤ build an oil center
➤ implement water injection
Appraise Bitlyanska license
➤ Drill HPHT well

Impact for the Oblast
Up to UAH 150 million of subsoil tax (if 5% is confirmed)
Up to UAH 10 million per year of turn-over for local contractors
Up to 25 direct jobs
Social projects in the surrounding villages

Conclusions

- Cadogan has its roots in Ukraine where it spent nearly UAH 4 billion. The focus of spending shifted from the East to the West of the Country as we found attention to the investors
- Cadogan has a track record as a safe and efficient operator of marginal, complex fields, such as those found in the Carpathians basin. The success of Blazh-10 is not good luck, but a testimony to our operational excellence (and a kind of late reward for all the money spent)
- Cadogan has recently set operational bench-marks in the region and intends to lever on these skills to help Ukraine to efficiently exploit its resources
- Cadogan is on track to deliver on its aspiration of becoming one of the leading foreign investors in L'viv oblast