CADOGAN
PETROLEUM PLC

Executive Summary

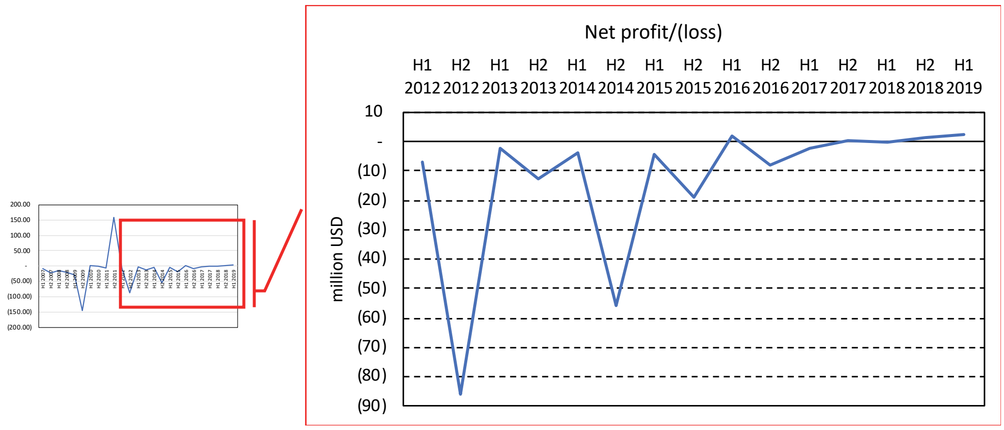
The Board of the Company (which term excludes Michel Meeus only for the purposes of this RNS and the Company's response to the members' statement made by the shareholders who sent the requisition notice, one of whom was Michel Meeus himself) fundamentally and unanimously disagree with the substantive points made by the requisitioning shareholders in the members' statement which has been published (in full and unedited) by the Company and which accompanies this notice of general meeting. The Board unanimously recommends that shareholders vote against all of the proposed resolutions.

- The requisitioning shareholders allege that the Company has continuously underperformed, however since 2011 the Company has actually successfully undertaken a comprehensive operational and financial turn-around. The Company has now returned to profit.
- The requisitioning shareholders have highlighted the fact that the Company's share price has not materially improved in recent times. While this is not disputed, the Board is of the view that the underlying reasons why the Company's share price has not improved in line with the Company's recent positive performance are not the result of the wrong decisions having been taken by the Board. The Board's strategy for the Company in recent years has been to focus on the longer-term fundamentals, taking a prudent approach which is based on production and which is both sustainable and does not put assets at risk unduly.
- Furthermore, the Board disputes the assertion by the requisitioning shareholders that the Company's share price has underperformed its peers or the key sector indices (which are considered to be the AIM E&P index).
- The Board remains of the view that the extension of the Proger convertible loan was in the best interests of the Company. It was unanimously approved by all Directors, including Mr Meeus. If the loan is, with the approval of Cadogan's shareholders, converted, it represents an opportunity to share in the attractive growth of an enterprise which is well managed and active in sectors beyond just the oil & gas industry, which has the benefit of diversifying the Company's risk profile. The fair market value of the stake in Proger into which the loan would convert had appreciated by approximately $4.8 million in the period from 26 February 2019 to 30 June 2019 (see Note 12 to the Company's Condensed Financial Statements for the six months ended 30 June 2019). Alternatively, if the loan is not converted, it will attract interest at a good rate (being 450 bps higher than that which is paid by Italian government bonds of comparable maturity).
- The Board is also optimistic that Cadogan will benefit from synergies and other opportunities for cooperation with Proger in and outside of Ukraine, particularly if the loan is converted.
- The Board questions the motives and timing of the requisitioning shareholders' actions. The requisitioning shareholders voted at the Company's AGM in June in favour of the re-election of Messrs Testa and Schenato, whom they are now seeking to remove.
- While the Company recognises that periodical change at the Board level is an essential element of good governance, it is difficult for the Board to view the requisitioning of the general meeting and proposal by these shareholders to remove two directors and appoint three others as anything other than an attempt to take control of the Company (including the process of appointing a new CEO) without going to the expense of making a general offer that would enable the rest of the shareholders of the Company to tender their shares at a fair price (i.e. a premium to the current market price).

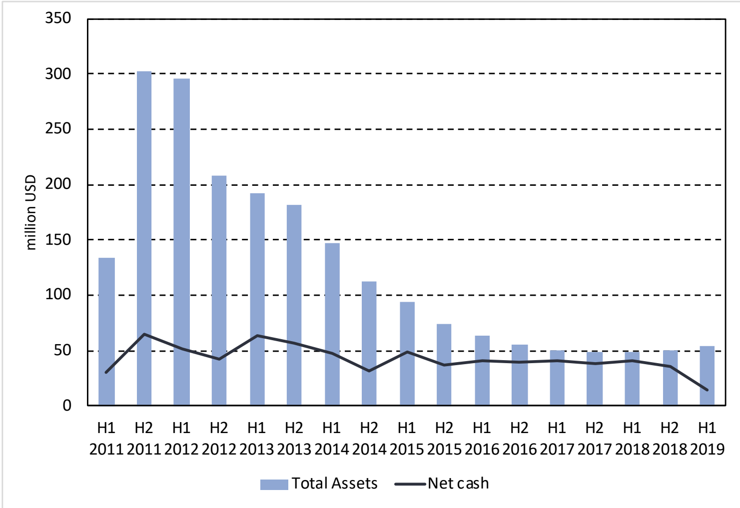
- Despite seeking control of the Board, the requisitioning shareholders have not provided any information to either the Board, or to the rest of the shareholders with respect to the strategy that they would implement for the Company, were they to secure that control.
- Messrs Testa and Schenato have served the Company well. They have relevant experience in the industry, whereas the proposed new appointees to the Board have no experience in oil & gas operations.

Financial performance of the Company

The requisitioning shareholders allege that the Company has continuously underperformed, however since 2011 the Company has actually successfully undertaken a comprehensive operational and financial turn-around, which has been achieved by way of the streamlining of the organization and the pursuance of an updated business model (from exploration to production of marginal fields), which has delivered production growth and has returned the Company to profitability. As the figure below shows, the Company has generated a profit for each of the most recently completed six-month periods. Management is satisfied with current trading and is confident that results for the six months ending on December 2019 will be in line with expectations.



While booked assets have indeed decreased, as the exploration campaigns conducted first by Cadogan and then by Eni have revealed that certain of the Company's licenses are not valuable and therefore had to be impaired, net cash has actually been preserved at around the level of 2014, notwithstanding the turn-around of the Company and the growth of production over that period.



The Company’s cash has decreased this year for two principal reasons:

- First is the making of the convertible loan to Proger, as to which see further below. This is, of course, an investment which the Board fully expects to be value accretive. If the loan is, with the approval of Cadogan's shareholders, converted, it represents an opportunity to share in the attractive growth of an enterprise which is well managed and active in sectors beyond just the oil & gas industry, which has the benefit of diversifying the Company’s risk profile. The fair market value of the stake in Proger into which the loan would convert had appreciated by approximately $4.8 million in the period from 26 February 2019 to 30 June 2019 (see Note 12 to the Company’s Condensed Financial Statements for the six months ended 30 June 2019). Alternatively, if the shareholders choose not to exercise the option to convert the loan, then the cash will be returned to the Company with interest, the rate of which the Board considers to be attractive (being 450 bps higher than that which is paid by Italian government bonds of comparable maturity).

MEur	2016	2017	2018	2018 vs 2017
Revenues	136.1	110.1	101.1	-8%
Cost	-130.1	-102.8	-92.9	-10%
EBITDA	7.9	9.1	11.3	24%
EBIT	6.0	7.3	8.2	12%
Pre-tax profit	3.8	5.9	6.1	3%
Net profit	2.9	4.0	3.3	-18%

- Secondly, the drilling of the wells which was a pre-condition to the successful application for the Company’s production licenses.More than 40 % of this money will have been recovered via the production revenues already generated by well Blazh-10 and by the sale of legacy companies, once the agreed consideration is received.

One of the requisitioning shareholders, Michel Meeus, has been a member of the Board and, in this capacity, has joined the Board in the relatively recent past in praising the management team for the work that has been undertaken in order to secure these positive results.

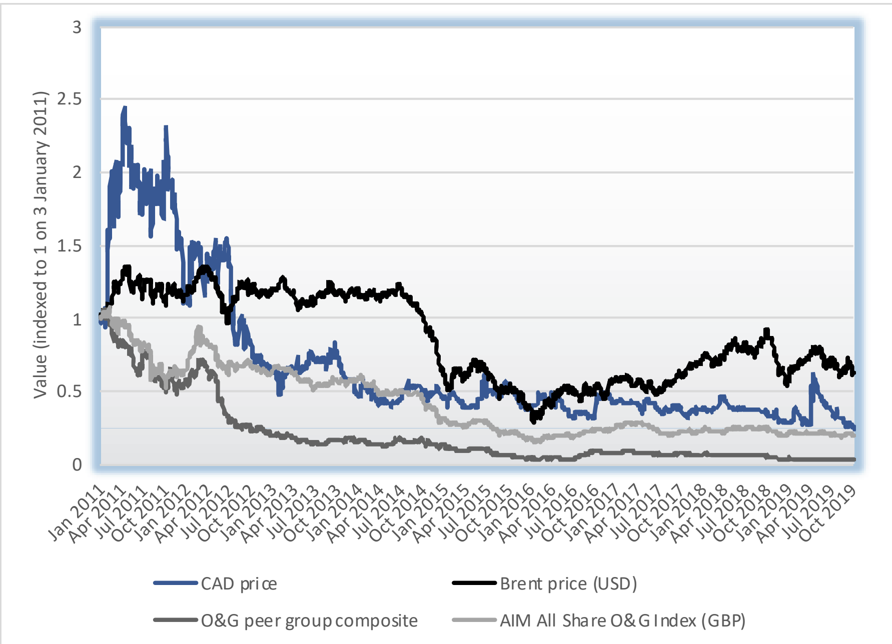
The Company's share price

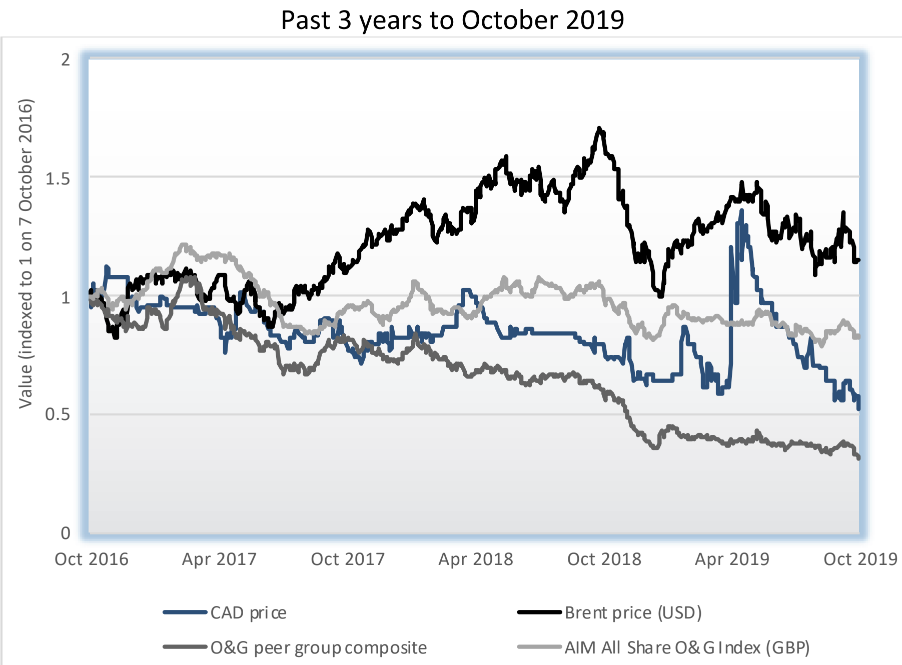
The requisitioning shareholders have highlighted the fact that the Company's share price has not materially improved in recent times. Indeed, this is also a disappointment to the Board, who hold the view that the reasons that the Company's share price has not improved in line with the Company's recent positive performance, likely include:

- The limited potential of the Company's licenses in the East of Ukraine, as demonstrated by the results of the exploration campaigns conducted first by Cadogan and then by Eni.
- The reality of the challenging economic and political situation of Ukraine in the period following the Maidan revolution, which the Board considers to have been a driver of the departure of the international oil companies which had previously been engaged with the country (ExxonMobil, Chevron, Shell, Eni, Vanco) leaving. These departing companies have not, as yet, been replaced by others.
- The simple lack of liquidity in the Company's stock, which is driven in part by the current composition of the Company's shareholder base.
- The fact that the Board's strategy for the Company in recent years has been to focus on the longer-term fundamentals, taking a prudent approach which is based on production and which is both sustainable and does not put assets at risk unduly. The Board has moved away from the high risk, high reward strategy of past years.

Furthermore, the Board disputes the assertion by the requisitioning shareholders that the Company's share price has underperformed its peers or the key sector indices (which are considered to be the AIM E&P index). The below graphs are indicative.

2011 to October 2019





The reference made by the requisitioning shareholders to the high-point of the Company's share price, which was reached in 2011, is considered by the Board to be somewhat disingenuous for the reason that the price reached at that time was approaching double the established trend and appeared to be fuelled by the market's optimistic expectation that the farm-out of Eni could potentially deliver stellar results. The share price immediately returned to a level which was in line with what the Board considers to be its established trend upon the announcement of the failure of Eni's efforts to prove commercial volumes of hydrocarbons.

The Proger convertible loan

The Euro 13,385,000 convertible loan to Proger Managers & Partners Srl , which was extended by the Company's wholly owned subsidiary Cadogan Petroleum Holdings BV and announced on 26 February 2019 was unanimously approved by all Directors, including Mr Meeus (noting that Mr Michelotti abstained from voting, in accordance with good corporate governance).

The Board remains of the view that the extension of the Proger loan was and remains in the best interests of the Company, as it represents (if, with the approval of Cadogan's shareholders, it is converted) an opportunity to share in the attractive growth of an enterprise which is well managed and active in sectors beyond just the oil & gas industry. Proger is a privately-owned international contractor, providing some of the world's largest companies with comprehensive engineering, project management and security solutions, which has the benefit of diversifying the Company's risk profile. The Board considers that the terms that the Company was able to negotiate with Proger (particularly on conversion) are competitive. The Company also secured the right to appoint two directors to the board of Proger, one of whom is the Chairman with a supervisory role on financial matters.

Beyond sharing in the upside of the growth which the Board is confident that Proger is well placed to deliver under its business plan, which was reviewed by PricewaterhouseCoopers as part of the due diligence, the Board is also optimistic that Cadogan will benefit from synergies and other opportunities for cooperation with Proger in and outside of Ukraine. For example, an MoU recently signed between Astroservice, a wholly owned subsidiary of the Company, and Proger is a positive first step in this direction.

The Board considers that it was the right move to deploy the Company's cash for the purposes of making the Proger convertible loan, particularly in view of the fact that the fair market value of the stake in Proger into which the loan would convert had appreciated by approximately $4.8 million in the period from 26 February 2019 to 30 June 2019 (see Note 12 to the Company's Condensed Financial Statements for the six months ended 30 June 2019).

Prudent planning

It is noted that the Company diligently assessed many options with respect to investment in E&P opportunities. Indeed, more than 80 opportunities of a size compatible with Cadogan's resources were fed into the evaluation funnel. However, all other than a handful were determined not to be in the best interests of the Company, for the reason that they would not be value accretive over the long term. The rigorous selection criteria applied by Management, with the full support of the Board, is indicative of the prudent approach that has been taken in recent years. The investment criteria applied are intended to avoid any undue risk to the Company's position (and, by extension to shareholders' capital) by pursuing long term value, as opposed to short term headlines, albeit that the latter can have the attraction of an immediate (if temporary) positive impact on the share price.

The limited attractiveness of those opportunities in the E&P domain that were evaluated, led to the Board's decision to shift the focus of the Company from exploration to the development of marginal fields (already in the portfolio, though neglected in the past) and then to seek opportunities to pursue geographic and industry diversification outside of E&P. Proger was considered to be an appropriate opportunity to pursue, as its activities span many countries in and outside of the OECD and cover renewables, infrastructure and health care, all sectors with great growth opportunities, in addition to oil & gas.

Governance and control of the Board

The requisitioning shareholders have objected to the circumstances surrounding the appointment of a majority of the current Board and the influence that the Company's largest shareholder had over the process of their appointment. Somehow, their solution is that another small group of shareholders (including themselves) ought to be permitted to appoint three new directors. When combined with Mr Meeus himself, that would result in this shareholder group having nominated four of the six Board members for appointment.

The Board questions the motives and timing of the requisitioning shareholders' actions. The requisitioning shareholders voted at the Company's AGM in June in favour of the re-election of Messrs Testa and Schenato, whom they are now seeking to remove.

While the Company recognises that periodical change at the Board level is an essential element of good governance, it is difficult for the Board to view the requisitioning of the general meeting and proposal by these shareholders to remove two directors and appoint three others as anything other than an attempt to take control of the Company (including the process of appointing a new CEO) without going to the expense of making a general offer that would enable the rest of the shareholders of the Company to tender their shares at a fair price (i.e. a premium to the current market price).

Despite seeking control of the Board, the requisitioning shareholders have not provided any information to either the Board, or to the rest of the shareholders with respect to the strategy that they would implement for the Company, were they to secure that control. The Board considers that before ceding control to the requisitioning shareholders, they should be asked to explain just how they would cure what they characterise in their members' statement as the underperformance of the share price.

Yes, change can be a good thing. But change is already coming to this Board. One important question for voting shareholders is whether the process for selecting the new CEO should be controlled by the requisitioning shareholders and a Board which they control, or whether that process and the process to select new Board members in the relatively near future should be run by the Nomination Committee, with a decision being made only following appropriate consultation with key stakeholders, including a broader range of significant shareholders of the Company.

Turning to the specific resolutions that the requisitioning shareholders have proposed. The first two relate to the removal of Messrs Testa and Schenato. The Board is, frankly, perplexed as to what it is that these gentlemen have done to offend the requisitioning shareholders since June 2019, when they actually voted in favour of their re-election to the Board (no explanation for this is offered in the members' statement of the requisitioning shareholders). Putting this to one side, however, the Board considers that it is important to focus on the contributions that Messrs Testa and Schenato have made to the Company.

Mr Chicco Testa led the negotiations with Proger on the convertible loan and was instrumental, in particular, in securing the competitive conversion terms and also the right of the Company to appoint two of seven Proger directors, one of whom is to be the Chairman with a supervisory role on financial matters. Mr Testa has also been nominated as the Company's candidate to become Proger's Chairman, with it being noted that such nomination had the unanimous support of Cadogan's Board, including Mr Meeus. In addition, Mr Testa has chaired the Remuneration Committee which has ensured, amongst the other matters, that the Company remains aligned with the industry best practices in terms of remuneration policies for Directors.

Mr Adelmo Schenato has in the past been the Chief Operating Officer of the Company for five years and has chaired the Health, Safety & Environment Committee. Under his Chairmanship the Company has recorded only a single lost time injury (or LTI) and no recordable time incidents (or TRI's) at all. Furthermore, the Company has recently achieved ISO 14001 and ISO 45001 certifications.

The requisitioning shareholders have proposed three new persons for appointment to the Board. In their members' statement they have written that they believe it is time to appoint new board members "with the skills and experience necessary" to implement changes. However, the persons that they would remove from the Board have relevant experience in the industry, whereas the proposed new appointees to the Board have no such relevant experience in oil & gas operations. The Board is firmly of the view that shareholders should insist that, when decisions are made with respect to the appointment of new members of the Board, due consideration should be given to their relevant experience, as it would be ill advised for a predominantly oil & gas company, such as Cadogan, the ongoing success of which will require the management of "capital intensive" activities, to have no such experience on its Board.

Conclusion

For all of the reasons stated above, **t**he Board fundamentally and unanimously disagrees with the substantive points made by the requisitioning shareholders in their members' statement and unanimously recommend that shareholders vote against all of the proposed resolutions.