

Cadogan Petroleum PLC  
18 June 2008

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This announcement is an advertisement and not a prospectus and investors should not subscribe for or purchase any shares referred to in this announcement except on the basis of information in the final prospectus expected to be published by Cadogan Petroleum plc today (the "Prospectus"), in connection with the admission of its ordinary shares to the Official List of the Financial Services Authority ("Admission") and to trading on the main market for listed securities of the London Stock Exchange plc. Copies of the Prospectus will, following publication, be available from the registered office of Cadogan at Fifth Floor, Grosvenor Place, London SW1X 7HJ. In addition, copies of the Prospectus are available from the Document Viewing Facility, UK Listing Authority, the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

FOR IMMEDIATE RELEASE

Cadogan Petroleum plc

Initial Public Offering - Offer Price of 230p

and First Day of Conditional Dealings

(LONDON, 18 JUNE 2008) - Cadogan Petroleum plc ("Cadogan", the "Company" or the "Group"), an independent oil and gas exploration, development and production company with onshore gas and condensate assets in Ukraine, today announces the offering of its ordinary shares in its initial public offering (the "IPO" or the "Global Offer").

- The offer price is set at 230 pence per ordinary share (the "Offer Price").
- Conditional dealings are expected to commence on the London Stock Exchange at 8.00am (UK time) today (18 June 2008).
- Based upon the Offer Price, the market capitalisation of Cadogan at the commencement of conditional dealings will be approximately £531.5 million.
- The Global Offer consists of 66,443,479 new Cadogan ordinary shares. The Group intends to use the net proceeds of the Global Offer of approximately £139.0 million to pursue its field appraisal, exploration and development drilling programme for its major fields and to otherwise finance the Group until it can fund its future cash requirements from internally generated cash flow.
- As stabilising manager, UBS Limited ("UBS") has been granted an over-allotment option of up to 9,966,514 million existing ordinary shares by certain existing shareholders, representing approximately 15 per cent. of the ordinary shares issued in the Global Offer exercisable for a period of 30 days from today.
- Admission is expected to become effective and unconditional dealings to commence at 8.00 am (UK time) on 23 June 2008.

UBS is acting as sole global coordinator, bookrunner and sponsor to Cadogan in relation to the Global Offer, with Fox-Davies Capital Limited ("Fox-Davies") acting as co-lead manager.

Simon Duffy, Chairman, commented:

"The IPO represents an important milestone in the development of Cadogan. We are delighted with the outcome and look forward to progressing the next phase in the Group's development."

Mark Tolley, Chief Executive, commented:

"The successful IPO is a tribute to the hard work of Cadogan's staff and demonstrates investors' belief in both our high quality asset base and the attractiveness of the Ukrainian energy sector. I am delighted to welcome our new investors at an exciting stage in the development of Cadogan and look forward to creating value for all our stakeholders by delivering on our objectives."

18 June 2008

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About Cadogan

The Group is an independent oil and gas exploration, development and production company with onshore gas and condensate assets in Ukraine. The Group has built a portfolio of assets, at varying stages of development, through a series of acquisitions, the first of which was in December 2005.

The Group currently has significant working interests in 11 licence areas covering 14 fields in Ukraine. As at 31 January 2008, the Group had proved and probable net reserves of approximately 80.4 million barrels of oil equivalent ("MMboe"). -

The Group has an active development and appraisal programme in place, with clearly identified development opportunities targeted to grow its 2P reserves and production base significantly over the near to medium term.

The Group's assets are located in two of the three proven hydrocarbon basins in Ukraine, the Dnieper-Donets basin and the Carpathian basin. The Dnieper-Donets basin is the major hydrocarbon producing region of Ukraine, accounting for approximately 90 per cent. of Ukrainian production from over 120 oil and gas fields. The Carpathian basin is one of the largest hydrocarbon basins in Central Europe.

The Group classifies its assets into Major Fields and Minor Fields. Each of the Major Fields is estimated to contain more than 40 MMboe of reserves, contingent resources or prospective resources. The Major Fields in eastern Ukraine consist of Pirkovskoe, Pokrovskoe and Zagoryanska, which are located in the Zinkov district to the north of Poltava. These fields lie within 20 kilometres of each other. The Major Fields in western Ukraine are Borynya and Bitlya, both part of the Bitlyanska licence area. The licence area lies in the Carpathian Basin in an area to the south of Lviv.

Gaffney Cline & Associates Limited ("GCA"), an independent petroleum engineering consulting firm, estimates that, as at 31 January 2008, the Group had:

- proved net reserves of 109 billion cubic feet ("Bcf") of gas, 7.6 million barrels ("MMbbl") of condensate and 0.16 MMbbl of oil;
- proved and probable net reserves of 320 Bcf of gas, 22 MMbbl of condensate and 0.77 MMbbl of oil; and

- proved and probable and possible net reserves of 588 Bcf of gas, 42 MMbbl of condensate and 1.6 MMbbl of oil.

GCA also estimates that, as at 31 January 2008, the Group had net best estimate contingent resources of 1,583 Bcf of gas, 48 MMbbl of condensate and 1.5 MMbbl of oil. In addition, GCA estimates that the Group has significant prospective resources.

For illustrative purposes, the Group has converted the net reserves and resources figures into MMboe, using the conversion factor of one Bcf equals 0.18 MMboe. This conversion results in proved net reserves of approximately 27.4 MMboe, proved and probable net reserves of approximately 80.4 MMboe, proved and probable and possible net reserves of approximately 149.4 MMboe and net best estimate contingent resources of approximately 334.4 MMboe. This convention has been applied throughout this document, where appropriate.

#### NOTE

Gaffney Cline & Associates Limited ("GCA"), an independent petroleum engineering consulting firm, estimates that, as at 31 January 2008, the Group had: proved net reserves of 109 Bcf of gas, 7.6 MMbbl of condensate and 0.16 MMbbl of oil; proved and probable net reserves of 320 Bcf of gas, 22 MMbbl of condensate and 0.77 MMbbl of oil; and proved and probable and possible net reserves of 588 Bcf of gas, 42 MMbbl of condensate and 1.6 MMbbl of oil. GCA also estimates that, as at 31 January 2008, the Group had net best estimate contingent resources of 1,583 Bcf of gas, 48 MMbbl of condensate and 1.5 MMbbl of oil. In addition, GCA estimates that the Group has significant prospective resources. For illustrative purposes, the Group has converted the net reserves and resources figures into MMboe, using the conversion factor of one Bcf equals 0.18 MMboe. This conversion results in proved net reserves of approximately 27.4 MMboe, proved and probable net reserves of approximately 80.4 MMboe, proved and probable and possible net reserves of approximately 149.4 MMboe and net best estimate contingent resources of approximately 334.4 MMboe. This convention has been applied throughout this document.

UBS and Fox-Davies are acting for Cadogan and no one else in connection with the IPO and will not be responsible to anyone other than Cadogan for providing the protections afforded to their respective clients, nor for providing advice in relation to the IPO, the contents of this announcement, or any transaction or arrangement referred to herein.

These materials are not an offer to sell, or a solicitation of an offer to buy, shares in the United States. Shares may not be offered, sold or otherwise transferred in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. The issuer of the shares has not registered, and does not intend to register, any portion of the offering in the United States under the U.S. Securities Act of 1933, as amended or the laws of any state of the United States. No public offering of the shares is being made in the United States.

No ordinary shares will be offered or sold pursuant to the IPO in any Member State of the European Economic Area other than to persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive. For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Member State of the European Economic Area which has implemented the Prospectus Directive.

This communication is directed only at (i) persons outside the United Kingdom (subject to applicable laws and restrictions); (ii) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; and (iii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Any investment or investment activity to which this communication relates is only available to and will only be engaged in with such persons and persons within the United Kingdom who receive this communication (other than persons falling within (ii) and (iii) above) should not rely on or act upon this communication.

Information contained in this announcement may contain "forward-looking statements". All statements other than statements of historical fact included herein, including, without limitation, those regarding Cadogan's financial performance, business strategies, capital expenditure plans, field development programmes, infrastructure construction plans and drilling rig leasing, market opportunities for Cadogan's products, pricing trends in Ukraine, Russia and Europe and market dynamics are forward-looking statements.

All forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Undue reliance should not be placed on such forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond Cadogan's control.

Such forward-looking statements reflect Cadogan's current view with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to Cadogan's operations, results of operations, financial performance, business strategy and liquidity.

The price and value of securities may go down as well as up. Persons needing advice should contact a professional adviser.

Information in this announcement or any documents relating to the Global Offer cannot be relied upon as a guide to future performance.

## FSA/STABILISATION

### APPENDIX

#### Further details of the Global Offer

The information below is supplemental to, and must be read together with, the pathfinder prospectus dated 29 May 2008 (the "Pathfinder Prospectus") prepared in connection with the Global Offer. The information below replaces and/or supplements the relevant text in the Pathfinder Prospectus. In addition, the information below should be read together with the final prospectus dated 18 June 2008 (the "Final Prospectus"). Copies of the Final Prospectus will, following publication today, be made available from the Company's registered office at fifth floor, 4/5 Grosvenor Place, London SW1X 7HJ. In addition, copies of the Prospectus are available from the Document Viewing Facility, UK Listing Authority, the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS. Capitalised terms used but not defined herein shall have the meanings ascribed to them in the Prospectus.

## Global Offer Statistics

Offer Price (per Ordinary Share)	£2.30
Number of New Ordinary Shares to be issued pursuant to the Global Offer (1)	66,443,479
Number of Existing Ordinary Shares subject to the Over-allotment Option (2)	up to 9,966,514
Percentage of the enlarged issued share capital being offered in the Global Offer (1)	28.8 per cent.
Expected market capitalisation at the Offer Price (1) (3)	£531.5 million
Number of Ordinary Shares in issue following the Global Offer (1)	231,091,734
Expected net proceeds of the Global Offer (1) (4)	£139.0 million

### Notes:

(1) Assuming that all the Ordinary Shares offered pursuant to the Global Offer are subscribed for in full.

(2) The number of Existing Ordinary Shares subject to the Over-allotment Option is 9,966,514 representing, in aggregate, a maximum of 15 per cent. of the total number of Ordinary Shares to be offered for sale in the Global Offer.

(3) The market capitalisation of the Company at any given time will depend on upon the market price of the Ordinary Shares at that time and the number of Ordinary Shares in issue. There can be no assurance that the market price of the Ordinary Shares will equal or exceed the Offer Price (and consequently no assurance that the market capitalisation of the Company at any given time will equal or exceed the expected market capitalisation of the Company following the Global Offer).

(4) Net proceeds of the Global Offer are stated after deduction of the Global Offer expenses of approximately £11.0 million.

### Expected Timetable of Principal Events

Publication of Prospectus, announcement of the Offer Price and allocation	7.00 a.m. on 18 June 2008
Commencement of conditional dealings in Ordinary Shares on the London Stock Exchange(1)	8.00 a.m. on 18 June 2008
Admission and commencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8.00 a.m. on 23 June 2008
Crediting of Ordinary Shares to CREST accounts(2)	by 23 June 2008
Dispatch of definitive share certificates (where applicable)(2)	by 23 June 2008



Notes:

(1) If Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

(2) Or as soon as practicable thereafter. No temporary documents of title will be issued.

### Substantial Shareholders

The Company is aware that the following persons have at the date of the Prospectus an interest in three per cent. or more of the issued Ordinary Share capital of the Company:

	Prior to the Global Offer Ordinary Shares Number(1) Per Cent. (1)	Following the Global Offer Ordinary Shares Number(9) Per Cent. (9)
Altima Partners(2).....	17,403,819 10.57	19,617,428(3) 8.49
HBK Master Fund(4).....	16,525,999 10.04	16,525,999 7.15
QVT Financial(5).....	13,216,837 8.03	14,323,641(3) 6.20
European Bank for Reconstruction and Development.....	11,632,866 7.07	11,632,866 5.03
William Jeffcock(6).....	11,206,950 6.81	11,206,950 4.85
DB UK Holdings Limited.....	10,569,080 6.42	10,569,080 4.57
JP Morgan(7).....	9,000,000 5.47	9,000,000 3.89
Ingalls and Snyder LLC.....	7,333,333 4.45	7,333,333 3.17
Hillside Apex Fund Limited.....	6,977,400 4.24	6,977,400 3.02
Roy Williams(8).....	5,404,472 3.28	5,404,472 2.34

Notes:

(1) These numbers reflect the Share Consolidation.

(2) Of these Ordinary Shares, 9,937,153 and 1,018,123 are held by Altima Global Special Situations Master Fund Ltd and 5,840,000 and 608,373 are held by Altima Global Special Opportunities Master Fund Limited.

(3) In connection with the Global Offer, Altima Partners has acquired 2,213,609 Ordinary Shares at the Offer Price and QVT Financial has acquired 1,106,804 Ordinary Shares at the Offer Price.

(4) Of these Ordinary Shares, 15,859,333 are held by HBK Master Fund LP and 666,666 are held by its subsidiary, HBK Special Situations LP (USA).

(5) Of these Ordinary Shares, 8,295,116 are held by QVT Fund LP, Cayman Islands, 4,273,333 are held by QVT Fund LP, USA and 648,388 are held by Quintessence Fund LP, Cayman Islands.

(6) Of these Ordinary Shares, 241 are held by himself, 9,327,250 are held by 3Legs Resources Plc and 1,879,459 are held by Tomuro Limited, companies in which he is interested.

(7) All of these Ordinary Shares are held by Chase Nominees Limited.

(8) Of these Ordinary Shares, 4,888,397 are held by himself and 516,075 are held by Mustardseed Estates Limited, a company in which he is interested.

(9) Assuming that all the Ordinary Shares offered pursuant to the Global Offer are subscribed in full.

The interests of the Directors and senior management of the Company (all of which are beneficial unless otherwise stated) and persons connected with them in the issued share capital of the Company as at 17 June 2008 (being the last practicable day prior to the date of the Prospectus) and immediately following completion of the Global Offer (assuming no exercise of the Over-allotment Option and assuming that all Ordinary Shares offered pursuant to the Global Offer are subscribed in full) are as follows:

Prior to the Global Offer	Following the Global Offer
Ordinary Shares	Ordinary Shares
Number(5) Per Cent. (5)	Number (6) Per Cent. (6)
Prior to the Global Offer	Following the Global Offer
Ordinary Shares	Ordinary Shares
Number(5) Per	Number (6) Per

		Cent. (5)		Cent. (6)
Mark Tolley (1).....	2,675,731	1.63	2,675,731	1.16
Alexander Sawka(2).....	492,035	0.30	492,035	0.21
Vasyl Vivcharyk(3).....	1,109,709	0.67	1,109,709	0.48
Peter Biddlestone.....	3,431	0.002	3,431	0.001
Nicholas Corby(4).....	423,333	0.26	423,333	0.18
Vladimir Jovanovic.....	216,666	0.13	216,666	0.09
Simon Duffy.....	0	0	32,609	0.01
Nicholas Hooke.....	0	0	26,087	0.01
Alan Cole.....	0	0	17,391	0.01
Philip Dayer.....	0	0	21,739	0.01

Notes:

(1) Of these Ordinary Shares, 2,671,687 are held by Marksman International Limited (South Australia), a company in which Mark Tolley is beneficially interested. 4,044 are held by his son, Sam Tolley.

(2) All of these Ordinary Shares are held by Ryberg Limited, a company in which Alexander Sawka is beneficially interested.

(3) Of these Ordinary Shares, 632,829 are held by Vasyl Petrovych Vivcharyk and 476,880 are held by his son, Vasyl Vasylyovych Vivcharyk.

(4) All of these Ordinary Shares are held by Alliance Trust Pensions Limited designated to Nicholas Corby. Nicholas Corby is a partner and fund manager of Bridge Asset Management LLP which holds 2,713,578 Ordinary Shares through Standard Bank Nominees (Offshore) Limited.

(5) These numbers reflect the Share Consolidation.

(6) Assuming that all Ordinary Shares offered pursuant to the Global Offer are subscribed in full.

Illustrative Projections of the Group

Year ending 31 December 2008 £000	Year ending 31 December 2009 £000	Year ending 31 December 2010 £000
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	Year ending 31 December 2008 £000	Year ending 31 December 2009 £000	Year ending 31 December 2010 £000
Net cash (outflow)/inflow from operating activities.....	(12,685)	1,450	18,745
Capital expenditure.....	(100,665)	(85,292)	(65,533)
.....			
Cash flow from financing activities.....	168,939	803	(2,437)
Corporation and profit tax.....	(814)	(3,970)	(5,818)
Movement in cash.....	54,775	(87,009)	(55,043)
Opening cash balance.....	13,957	68,732	(18,277)
Closing cash balance.....	68,732	(18,277)	(73,320)

Note:

The Directors have used a number of principal bases and assumptions in preparing the illustrative projections which are described in the Prospectus. The above table reflects that, on 1 June 2008, the Ukrainian Government raised rent taxes on oil and condensate production by approximately 40 per cent. and modified the price coefficient to reflect the ratio of the price of Urals crude divided by US\$100/bbl of oil. Given that the majority of the Group's net reserves and resources are gas (which is not affected by this amended tax legislation), the Directors believe this will not have a material impact on the Group's results of operations or financial condition. This table, together with the consequential revisions to the notes to the illustrative projections and the description of the Ukrainian tax regime, will be included in the Final Prospectus.

Other

In addition, the following changes or additions will be reflected in the Final Prospectus.

On completion of the Global Offer (assuming no exercise of the Over-allotment Option and assuming that all the Ordinary Shares offered pursuant to the Global Offer are subscribed in full), the issued share capital of the Company shall be increased by 66,443,479 Ordinary Shares resulting in an immediate dilution of 40.4 per cent.

In the Group's pro forma net asset statement, which has been prepared to show the position as if the Global Offer and Ordinary Shares issued subsequent to 31 December

2007 had occurred on 31 December 2007, the Group's pro forma total assets are £240.0 million and its pro forma total net assets are £233.6 million.

The UAH/US dollar exchange rate used to show US dollar convenience conversions of Ukrainian domestic gas prices and certain domestic Ukrainian production taxes is UAH4.85 to US\$1.00.

This information is provided by RNS  
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