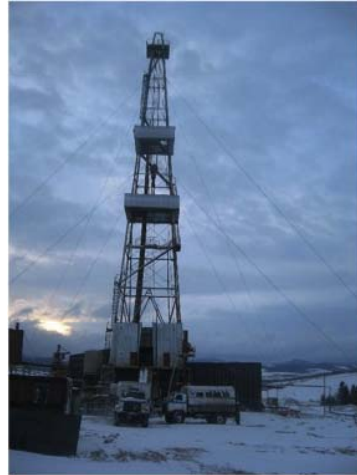




Appendices

1. Senior Management & Organisation
2. Ukrainian Gas Market
3. Pokrovska License Interpretation
4. Pirkovska Licence Interpretation
5. Zagoranska Licence Interpretation
6. Bitlayanska Licence Interpretation
7. Delta Licence
8. ATU Consultants Well Test Report
9. Legal Challenges & Litigation
10. New Venture Opportunities in Ukraine



Senior Management & Organisation

BOARD OF DIRECTORS (Post 2010 AGM)

Simon Duffy, *Chairman*; 30 years experience as Executive and Non-Executive Director for various companies, Ian Baron, *Chief Executive*; Appointed March 2009. Over 30 years experience in the upstream industry. Philip Dayer, *Non-Executive Director*; Former Investment Banker & Chartered Accountant. Alan Cole, *Non-Executive Director*; Previously Director Burren Energy, Chairman JP Morgan Income & Growth. Nick Hooke, *Non-Executive Director*; Over 25 years experience in upstream & Director of Challenge Energy.

SENIOR MANAGEMENT

Nick Corby, *Commercial Director*; Over 25 years experience in investing in emerging markets
Alan Sutton, *Chief Financial Officer*; Over 20 years' experience in Ukraine, Russia and Eastern Europe
Peter Bradley, *Chief Operating Officer*; Over 35 years international oil & gas project experience
Igor Delov, *General Director Ukraine*; Over 20 years Ukrainian & International business experience
Tony Lucas, *Exploration Manager*; Over 25 years international oil & gas experience
Stefan Bort, *Company Secretary*; Over 25 years experience in UK & international company practice

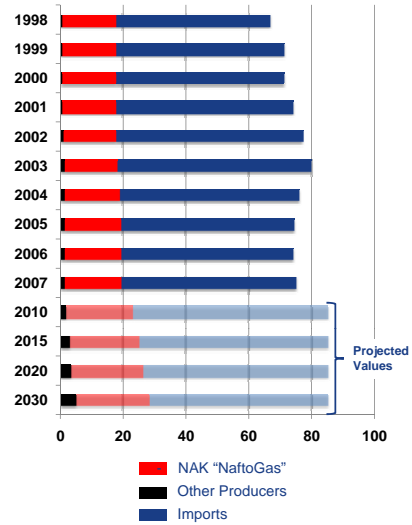
- 97% of Cadogan staff are Ukrainian employees, mainly in Kiev office with local support East & West
- London registered office provides corporate support for the PLC



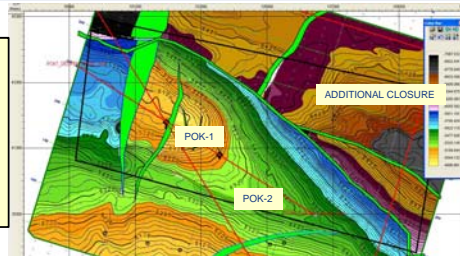
SUPPLY / DEMAND & PRICE

- 2007 Gas consumption in Ukraine was about 70 bcm
- Ukraine produced 20 bcm and imported 50 bcm
- Forecast modest production increase (28 bcm in 2030) and ongoing imports of 40 bcm from Russia
- Russian gas price approximately \$330/mcm
- A condition for IMF credit to Ukraine is to increase internal market gas price
- Gas price for industrial consumers is established by National Energy Regulation Committee (NKRE)
- Cadogan sells to UkrNafta, Gas Traders & Central Exchange
- 30% discount for Russian gas as payment for extension of the lease to Sevastopol Base not expected to affect industrial price

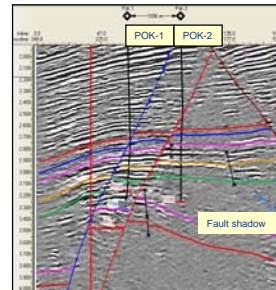
Natural Gas Demand in Ukraine (billion m3)



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



2. Plans are well advanced to deepen the POK-1 well using a rig that has been on location since operations were suspended. The target is the V24 and V26 reservoir within the mapped closure. The well will need to be deepened by approximately 850m. The plan calls for a deviation of the well trajectory to the north west to the centre of the POK-1 structure. With success at POK-1, POK-2 well can also be deepened and deviated towards the centre of the POK-2 structure

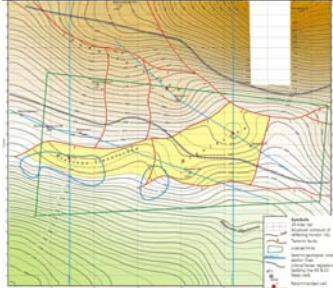


3. Budget prices has been requested to reprocess the POK 3D seismic volume. The data will benefit from the application of modern processing algorithms not available to the local contractors. Note in particular the fault shadow on the example data. This will be reduced by the application of pre-stack time migration.

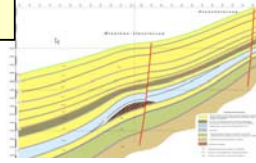
4. Although reservoir quality sands were identified in the upper Viséan in both POK-1 and POK-2 they have yet to be tested.



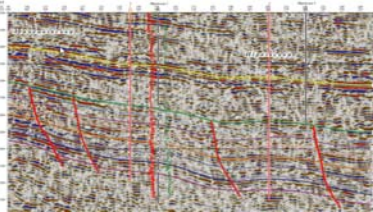
1. The initial seismic interpretation on PIRK identified significant prospective areas. This work is currently being reviewed in-house. Note the carbonate bioherm deposits (blue outline)



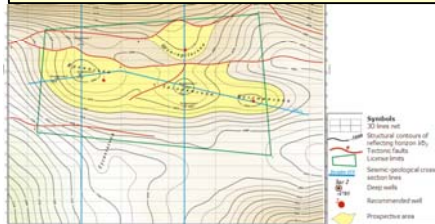
2. Seismic section and schematic showing bioherms. These are recognized regionally to be represent good reservoir potential



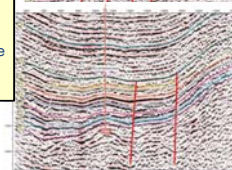
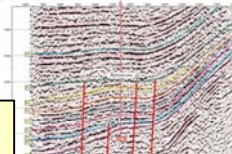
3. Pilot production from the PIRK-1 well (oil) was an unexpected bonus. The shallow producing horizon is difficult to map from the seismic data (right) but it is hoped that an in-house review will allow a more accurate appraisal of the potential. Serious problems were identified in the testing program at Pirkovskoe in an independent report, commissioned late 2009. This caused the downgrading of the reserve estimates in the 2010 CPR. The prospectivity needs to be re-evaluated with modern testing systems.



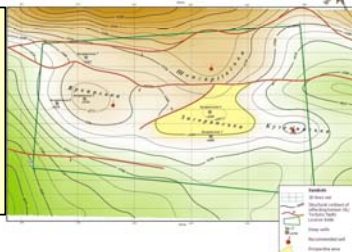
1. The initial seismic interpretation identified significant prospective areas. This work is currently being reviewed in-house.



2. Two examples of potential drilling targets identified as structural closures in upper and lower Visean. Taken from the Zagoryanska 3D seismic interpretation.

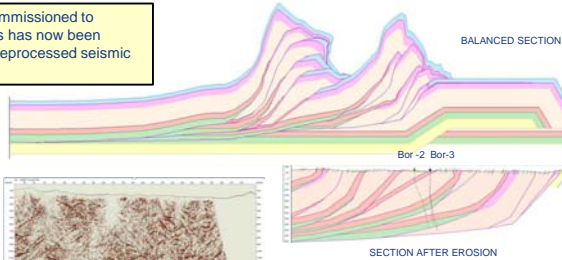


3. The ZAG-3 well has been on extended test (3 months) from the V18 horizon to prove commercial gas production. The original seismic interpretation (right) identified this structure. The local Ukrainian authorities in an independent report identified this discovery as the first from the upper Visean V18 horizon within this region. There is significant scope for developing this "discovery" Cadogan engineering team preparing facilities to produce the gas. The deeper potential of Zagoranska should not be overlooked. Original testing programs were seriously flawed.

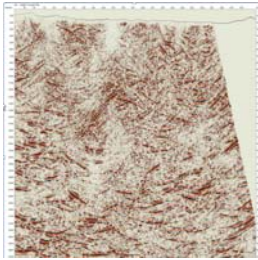
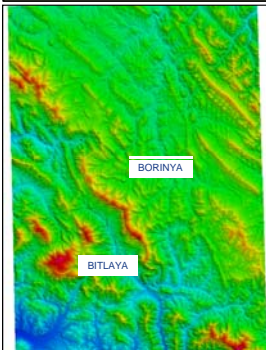




1. A geologically balanced section was commissioned to resolve the complex structural picture. This has now been completed and the results combined with reprocessed seismic data to improve the geo-model.



2. Digital terrain model DTM. Showing complex surface expression of the subsurface



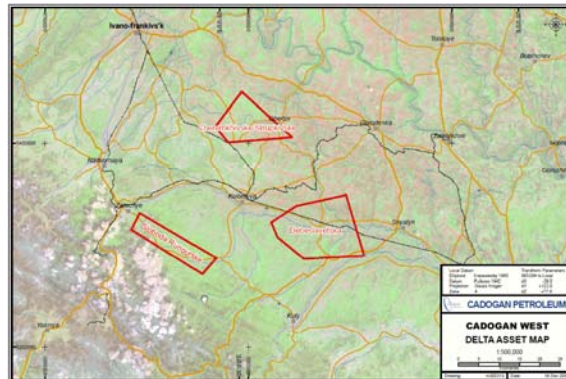
3. Reprocessed 2D seismic data is an improvement but complexity and sparse data is still a problem. G&G team planning 2D & 3D seismic acquisition to resolve

4. The shale gas potential of the license area is being reviewed. This non-conventional source of hydrocarbons has a high profile after the success of development in US. Possibility of BOR-3 for fracking test?



Current Activity:

- Drilling program in Debeslavetska to enhance the existing production by investing in low cost, low risk field development.
- Review of existing seismic and well data using modern work station technology implemented to reduce drilling risk and identify new potential.
- The sub-commercial production from SlobodoRungurske has been terminated and the deeper potential of the block evaluated through enhanced G&G activity.
- Careful project management of these operations and a focused DELTA technical team will maximise the chances of success





ATU Consultants Well Test Report



CONCLUSIONS

- Technical, operational, and organizational inefficiencies have prevented Cadogan from extracting maximum value from its Ukrainian assets.
- The conditions under which the wells were drilled, evaluated and tested makes it difficult to conclude with reasonable certainty that certain reservoir rocks are tight.
- The wells in eastern Ukraine have in general produced at initial rates that should be commercial given the cost base and price structure.
- Key data have not been collected or documented to an acceptable level and this needs to be improved for future operations.
- Analysis of the producing assets suggests that modest opportunities exist for production enhancement and that these can be delivered at reasonable cost.

PIRKOVSKOE

The Pirkovskoe-2 well should be deepened and the main Visean reservoirs tested. This well represents a good opportunity to drill a short horizontal well (after drilling a pilot hole for depth control) to access more reservoir – the cost of this option is relatively high but the 2C contingent resources of 370 Bscf justify it.

POKROVSKOE

The Pokrovskoe-2 well should be deepened to the prospective V24 horizon and tested through production tubing. The DST on this well suffered many mechanical problems and a good test would be relatively cheap and would allow better estimates of well deliverability and damage. An alternative would be to re-test and then deepen the Pokrovskoe-1 well.

ZAGORYANSKA

The Yarkinskoe-2 well should be re-drilled as a multilateral sidetrack. This well tested 4.2 MMscfd from the V23-V25 reservoirs. It also tested 3 MMscfd from the Tournasian. The well subsequently produced 177 MMscf gas and 25,000 bbls of condensate.

PRODUCING ASSETS

Cheremhovsky-Stupkovskoe. A short horizontal well or sidetrack should allow economic production to be re-established (and may add reserves).
Debeslavetskoe. Analysis of the production data suggests that a new well should produce around 0.9 MMscfd, which will be economic at the shallow reservoir depth.
Sloboda-Rungurskoye. Analysis of the production data suggests that the wells produced at approximately 50% of their initial potential.



Legal Challenges & Litigation

LICENSE CHALLENGES IN UKRAINE

- In 2008, the former holder of the Pirk&Zag licenses, PNGG, commenced litigation against its parent NAK Nadra claiming improper transfer of the licenses.
- A State Company, NAK Nadra transferred the licenses from PNGG and sold them to Cadogan
- Having gone through the court system to Supreme Court level, the matter was referred back to the High Court with instructions to re-consider as their verdict was ruled incorrect by the Supreme Court.
- In the interim, on the instruction of the Ministry, NAK Nadra have commenced proceedings to liquidate PNGG.
- As a result the case will be struck off.

LITIGATION IN LONDON

- Litigation in High Court, London commenced in June 09
- \$10m of assets of former CEO & COO frozen
- Robust commercial settlements achieved to date:
 - \$11 million of debt to GPS forgiven by them
 - Payment of \$38 million from GPS scheduled over next 12 to 18 months
 - Payment of \$5.6 million received from Smith Eurasia and invoices of \$2.9 million settled
- Settlement negotiations underway with 2 of 6 remaining individual defendants
- Legal cost to date £4.1m





New Venture Opportunities in Ukraine

UKRAINE OIL & GAS POTENTIAL

- Ukraine has 3rd largest gas reserves in Europe (excl Russia)
- Reserve base should replace imports with production
- Basins under-developed - Soviet style operations & technology
 - DD Basin – complex, under-developed
 - Carpathian Fold-belt – complex, under-explored
 - Crimea/Black Sea – under-developed, offshore challenge
- Most fields owned by State entities which are under-funded

PRODUCTION OPPORTUNITIES

- License auctions, field rehabilitation & production enhancement
- JV's with State entities to fund production enhancement
- M & A potential with independent local producers
- Drilling & completion technology advances

EXPLORATION OPPORTUNITIES

- Seismic technology advances in Carpathian fold-belt
- Offshore technology advances in Black Sea
- Shale gas opportunities in Western Ukraine

