

Cadogan Petroleum plc (“Cadogan”) (“the Company”)

Eni transaction on two licences in eastern Ukraine & strategic alliance

Cadogan is pleased to announce that it has reached agreement with Eni S.p.A (“Eni”), the major Italian integrated energy company, for the acquisition of an interest in the Company’s Pokrovskoe and Zagoryanska licences in the east of Ukraine.

Eni will initially acquire a 30% interest in the Pokrovskoe licence, with the option to acquire a further 30% interest in the future. Eni will also acquire a 60% interest in the Zagoryanska licence. The initial consideration will comprise 100% funding of a work programme of approximately \$30 million (excluding VAT), including drilling and seismic re-processing, plus a \$38 million payment. Subject to successful results from the above programmes and award of production licences, Eni will pay the Company further amounts of up to \$90 million.

The transaction, which is a class one transaction under the UKLA Listing Rules, is subject to Cadogan shareholder and Ukrainian Anti-Monopoly Commission approval. The Company plans to issue a circular to shareholders in May 2011, giving full details of the proposed transaction and convening a general meeting of the Company prior to mid June 2011. Other Conditions Precedent to completion of the deal include satisfactory conclusion of an internal re-structuring within the Company, no material adverse effects between signature of the agreement and completion and all representations and warranties of the Company and Eni being true at completion. It is planned that the transaction will complete on or around 30 June 2011.

The \$30 million work programme on Pokrovskoe will be used to fulfil the work obligations on the licence and will test the potential of the Upper and Lower Visean intervals which had strong indications of hydrocarbons in wells on the license. The cash proceeds arising from the transaction will be applied to finance any future Zagoryanska work programmes and fund development of the Company’s other assets. Additional future cash proceeds from successful operational results and the award of production licences will further strengthen the Company's financial position, enabling it to finance its share of future development activities and to invest in new business opportunities.

Commenting on the proposed transaction Simon Duffy, Chairman, stated “The announcement of this major transaction signifies a turning point for Cadogan. With Eni as a strategic partner, the Company can more rapidly develop the potential in these licences and can embark on other significant oil & gas opportunities that are present in Ukraine”.

Ian Baron, Chief Executive Officer commented “The investment by Eni in two of our Ukrainian assets vindicates the Board’s view, not only of the value of these particular assets, but also the scale and substance of the opportunity in the country. We strongly believe that Ukraine offers significant opportunity for Cadogan and Eni, which we can develop through combining the expertise of Cadogan’s staff with the resources of a major oil company.”

Ends

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Notes to editors

1. Cadogan Petroleum plc was listed on the main market of the London Stock Exchange in June 2008. It has a number of onshore oil and gas assets in both the east and west of Ukraine which it develops from its operational headquarters in Kiev. The Company, which is an independent exploration, development and production company, currently employs 120 staff, the majority of whom are based in Ukraine.
2. Eni S.p. A is a major integrated energy company, committed to growth in the activities of finding, producing, transporting, transforming and marketing oil and gas. In 2010, Eni reported net profit of €6.32 billion. Adjusted net profit was €6.87 billion, up 32% from a year ago driven by an excellent performance reported by the Exploration & Production Division. Eni is listed both on the Italian Stock Exchange and on the New York Stock Exchange.
3. The Pokrovskoe licence area covers 49.5 square kilometres and is located in the Dnieper-Donets basin. The licence is approximately 10 kilometers from the UkrTransGas system. The Group has a 100% working interest in the licence which holds 51.06 mmboe of prospective Resources. The exploration and development licence runs to August 2011 and negotiations have commenced to extend it.
4. The Zagoryanska licence area covers 49.6 square kilometres and is located in the Dnieper-Donets basin. The Group has a 90% working interest in the licence which holds 96.4 mmboe of Contingent Resources. The exploration and development licence runs to August 2014.