

June 26th, 2019

Dear Shareholders

Last week we held our AGM in the office of our Company Secretary, Shakespeare Martineau, which offered a modern, easily accessible central London location at no cost to the company.

First and foremost, I wish to thank those of you who made it to the AGM as it gave us the opportunity to illustrate what we are doing and to have open dialogue with our valued shareholders, in person. We encourage people to attend and meet the Board and management team and hope to see a greater attendance next year. I also wish to thank those who sent their proxy vote as they demonstrated an interest in how the company is managed. For all those who were unable to attend in person, I have prepared a short summary of what I presented at the meeting.

I started by outlining the results achieved last year. It was a remarkable year as it witnessed a return to profitability after six years of losses fueled by production growth; through the year we also fulfilled the remaining license obligations in Bitlyanska and Monastyretska, managed a successful and profitable exit from our marginal gas production operations and, with the negotiation of the convertible loan to Proger, set the basis for another step towards the diversification of our portfolio after the acquisition of Exploenergy. This was achieved, again, with no accidents of any kind, thus demonstrating the company's operational excellence.

We have built on this position in the current year with the successful Blazh-10 well and the finalization of the convertible loan to Proger. The success of the Blazh-10 well has determined a step change in our oil production, which is now at a record level around 500 bopd. It was a challenging well to drill, but was delivered in record time, setting a regional benchmark and once again demonstrating Cadogan's ability to deliver. The convertible loan to Proger offers exposure to realizable growth, while diversifying the portfolio, which is a key element of our strategy.

Inevitably, there were things which we would have like to have done better or seen further progress on.

- The first is the level of emissions: they were much higher than what we believed because of a mistake made in the calculation when the reporting started in 2013 and then rolled down year after year. The mistake has now been corrected and the entire process will be subject to a third-party audit.
- The second is the share price, which does not reflect the progress made. We are aware that the market value of listed companies depends on many factors, many of which are outside our direct control, but it is frustrating not to see a closer alignment between share price and value created. With the Board and our advisors, we look at ways to bridge this valuation gap and regularly communicate with market and shareholders, within the regulatory constraints. We will continue to do so and remain guided by the belief that it is in the shareholders' long-term interest to keep to facts rather than pursue some short-term traction on price.

Going forward, we will continue to deliver on both pillars of our strategy, which remains unchanged, as we believe that what we have put in place offers realizable potential value for our shareholders. On the one hand we will further strengthen our Ukrainian growth platform, by securing the two licenses, by increasing Monastyretska production further and by seeking a farm-out for Bitlyanska. On the other hand, we will actively pursue assets and/or companies worth investing in, whilst acknowledging that we have made significant recent investments in Proger and the Blazh 10 well. We have consistently applied discipline and rigorous criteria in the evaluation of investment opportunities and will continue to do so as we believe this will drive long term value for all our shareholders.

The achievements of last year have been made possible by the full backing and trust of the Board and by the commitment, dedication and competence of Cadogan's Ukrainian team. The team and myself are grateful to the Board for their guidance and support and are also grateful to you, our shareholders, for your support and patience through a challenging, transformational journey.

Your sincerely



Guido Michelotti

CEO