



CONCORDE CAPITAL

Ukraine / Oil & Gas

Cadogan Petroleum

Notes from our trip to Poltava

August 05, 2008

Current price: USD 1.97
12M Target: N/R

N/R

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Below is the summary of our yesterday's meetings with Cadogan Petroleum's local management and regional state authorities, followed by the visit to the company's key production sites in Poltava region.

Company's operations on its eastern assets continue in due course.

Tickers

LSE CAD LN

Market information

Market price, USD 1.97

MCap, USD mln 454.8

Chg 12M -45.6%

Hi/Lo 12M, USD 4.50/1.94

No of shares, mln 231.1

Avg Daily Tr Vol, USD mln 7.5

Free float 73.1%

Free float, USD mln 332.5

Corporate Governance

Concorde Rating^{*} Q

** The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.*

Shareholders

Altima Partners 8.49%

HBK Master Fund 7.15%

QVT Financial 6.20%

EBRD 5.03%

Other 73.10%

Key ratios

EV/Production 3,777.0

EV/P1 reserves 16.5

EV/2P reserves 5.6

Pirk #460 (workover): drilling rig has been dismantled, the well and the site has been prepared for acid stimulation works, to be performed by third-party specialists. We were advised that, provided stimulation will be successful, production from the well is a matter of one or two weeks.

Pirk #1: well has been drilled to the depth of 5,710 m, 110 m deeper than initially planned, to ensure accessibility of the whole target horizon. Well completion will be done by Schlumberger team. The operational management targets first flow by September 1, with daily gas flow of 120 Mcm (4.24 MMcf), and 50 mt (400 bbl) of condensate. Earlier in 2007, the well unexpectedly showed oil flow of 15-20 Mcm (95-125 bbl) at the depth of 4,800 m.

Progress at the company's other wells:

Pirk #2: currently drilled to 4,032 m (target: 5,800)

Zag #3: 5,090 m (target: 5,110)

Pokr #1: 3,950 m (target: 5,450)

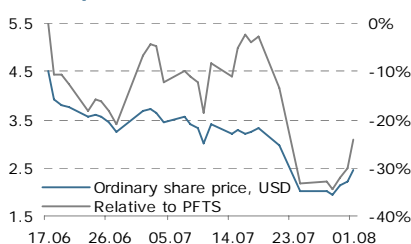
Pokr #2: 4,950 m (target: 5,400).

During our meeting with local authorities (district-level state administration), we were assured that they certainly prefer Cadogan over its predecessor, Poltavanaftogazgeologiya (PNG), as contrary to the latter, Cadogan invests considerable funds and creates jobs, thereby contributing to the development of the region. The head of district administration also promised Cadogan's management they will do their best to support the company in its efforts to protect its title for the assets in the area.

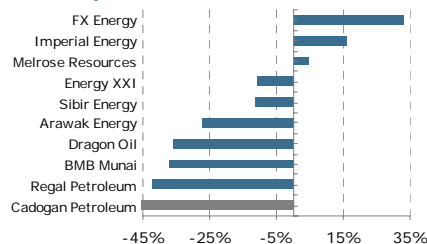
For an update regarding the licensing dispute, refer to the company's release from August 4, 2008:

<http://www.cadoganpetroleum.com/cadogan/investor/rns/rnsitem?id=1217829606nRnsD5255A&t=popup>

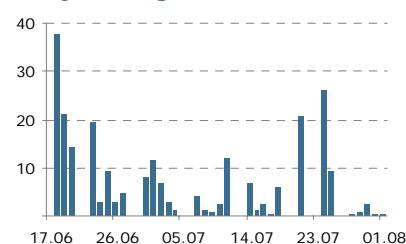
Stock performance



Sector performance*



Daily trading volume, USD mln



* For the period from Jun 17 to Aug 01, 08
Source: Bloomberg, PFTS

Investment Ratings

The time horizon for target prices in Concorde Capital's research is 12 months unless otherwise stated. Concorde Capital employs three basic investment ratings: Buy, Hold and Sell. Typically, Buy recommendation is associated with an upside of 15% or more from the current market price; Sell is prompted by downside from the current market price (upside <0%); Hold recommendation is generally for limited upside within 15%. Though investment ratings are generally induced by the magnitude of upside, they are not derived on this basis alone. In certain cases, an analyst may have reasons to establish a recommendation where the associated range given above does not correspond. Temporary discrepancies between an investment rating and its upside at a specific point in time due to price movement and/or volatility will be permitted; Concorde Capital may revise an investment rating at its discretion. A recommendation and/or target price might be placed Under Review when impelled by corporate events, changes in finances or operations. Investors should base decisions to Buy, Hold or Sell a stock on the complete information regarding the analyst's views in the research report and on their individual investment objectives and circumstances.

Concorde Capital ratings distribution

Buy	80	70%
Hold	19	17%
Sell	7	6%
Under Review	8	7%
Total	114	100%

Investment banking clients*

Buy	7	100%
Hold	0	0%
Sell	0	0%
Under Review	0	0%
Total	7	100%

* Within the last twelve month period, Concorde Capital has obtained compensation from these companies for investment banking services.

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