

NEWS RELEASE

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CDS COMMENCES AEROMAGNETIC & AEROGRAVITY PROGRAM ON ITS CHACO BASIN PROPERTIES IN PARAGUAY

LONDON, England: 23 October 2007 - CDS Oil & Gas Group plc ("CDS" or the "Company"), the AIM-listed oil and gas explorer (CDS.L), is pleased to report that it has commenced an aeromagnetic & aerogravity program on its Chaco Basin properties in Paraguay.

Carson Helicopters of Perkasio, Pennsylvania has commenced a 9,200 km aeromag and aerogravity program over CDS' Boqueron, Gabino Mendoza and PG&E Blocks. The Twin Otter aircraft arrived in Asuncion, the capital of Paraguay on October 5. It commenced flying the program on October 18 from an operating base in Mariscal Estigarribia some 520km north west of Asuncion. The survey is expected to take about 5 weeks.

Once completed the results of the survey will be correlated with the results of a seismic program and a geochemical program, both of which will commence shortly and will be used to select drill targets. It is expected that drilling will commence in the second half of 2008, depending upon rig availability.

Patrice Roman, CEO of CDS stated: "We are delighted to commence this "on the ground" phase of our planned work program for 2007 and the first half of 2008 and to add to the sound technical base which CDS has developed about the properties during the past several years. The new information will help select drill targets for Carboniferous oil and Devonian oil and gas in order to unlock the potential of the hydrocarbon resources of Paraguay."

CDS is a UK company which, through its Paraguayan subsidiary, CDS Energy S.A., has a 98.1% working interest in three large blocks with substantial oil and gas exploration potential in the prospective eastward extension into north-west Paraguay of the productive Bolivian Chaco Basin.

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