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NEWS RELEASE

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CDS PROVIDES EXPLORATION PROGRAMME UPDATE ON ITS CHACO BASIN
PROPERTIES IN PARAGUAY

LONDON, England: 22 January 2008 - CDS Oil & Gas Group plc ('CDS' or the 'Company'), the AIM-quoted oil and gas explorer (CDS.L), is pleased to provide an update on the comprehensive exploration programme being undertaken on its Chaco Basin properties in Paraguay.

Harmattan FZE of Fujairah, UAE has commenced a 2-D seismic programme in the immediate area around the Emilia well and will continue to complete the 700km survey on the Boqueron Block, with the 281km programme on the Gabino Mendoza Block to follow. This programme will substantially add to the 2-D seismic database which was compiled by earlier exploration companies in the 1970s and 1980s and which was re-processed by CDS in 2007. The Minister of Public Works and Communications and the Vice Minister of Mines and Energy of the Government of Paraguay as well as the Governor of the Boqueron Province visited the Emilia work site for the 'official' start of the seismic programme. They were accompanied by CDS Energy management.

Carson Helicopters of Perkasio, Pennsylvania has completed a 9,200 km aeromag and aerogravity programme over the Boqueron, Gabino Mendoza and PG&E Blocks. Final results from analysis of data are expected in mid February 2008.

ETI of Houston, Texas, has commenced a reconnaissance geochemical programme on the Gabino Mendoza and Boqueron Blocks

