

**CDS OIL AND GAS GROUP PLC (“CDS” or the “Company”)
INVESTMENT IN PARAGUAY**

13 October 2008

Representatives of CDS together with members of PetroSaudi International Ltd (“PetroSaudi”) including Mr. Tarek Obaid (CEO and partner with the PetroSaudi Chairman, Prince Turki bin Abdullah bin Abdulaziz Al Saud) met with President Fernando Lugo, the Minister of Foreign Affairs, Alejandro Hamed Franco, and Minister of Finance, Dionisio Borda, to discuss ongoing and future investments in hydrocarbon exploration in Paraguay.

They also discussed extending and improving the relationship between the Kingdom of Saudi Arabia and the Republic of Paraguay, in the form of bilateral trade, and increased export. Following the meeting at the Presidential Palace, the PetroSaudi and CDS delegation met with the Minister of Public Works and Communications, Efrain Alegre, to explain the multi well drilling programme to be implemented in 2009.

Further meetings with the Minister of Justice and Labor, Blas Llano, and the Minister of Industry and Commerce, Martin Heisecke, were also held.

To date CDS has invested more than USD 30 million in Paraguay and anticipates investing a further USD 18 million, on an upcoming drilling programme. The drilling programme is subject to the completion of exploration and development work. As set out in the Company’s interim results the initial exploration programme for 2007/2008 is now physically completed. Interpretation of the geochemical and seismic data is in progress, with the final results expected shortly. The results will enable the Company to select drilling targets in line with its objective of starting drilling operations during the second quarter of 2009, after the end of the rainy season.

PetroSaudi, through Patagonia Oil & Gas S.A., has built a major presence in Argentina reflected by a large number of concessions under exploration all over the country, and, in Brazil, is actively negotiating access to promising acreages. It is anticipated that next year such developments will offer substantial synergies with the CDS operations in terms of cost sharings, training opportunities and optimisation of equipment in the Brazil-Paraguay-Argentina regions.

PetroSaudi Ltd Inc, an affiliate of PetroSaudi, owns a total of 62.8% of the issued share capital of CDS shares and is the controlling shareholder. PetroSaudi is a diversified private oil company operating across the globe through wholly owned subsidiaries in each respective territory.

For further information:

CDS Oil & Gas Group Tel: +41 22 700 68 60
Patrice Roman, Chief Executive Officer

Hanson Westhouse Tel: +44 (0)20 7601 6100
Richard Baty

Hudson Sandler Tel: +44 (0)20 7796 4133
Fran Read

B4 Communication Tel: +41 22 592 50 22
Claude Baumann / Frédéric Jacquemoud