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## **PLACING TO RAISE £2.42 MILLION AND ADMISSION TO AIM – 27 SEPTEMBER 2005**

CDS Oil & Gas Group plc (“CDS” or “the Company”) has raised £2.42 million before expenses through the Placing of 24,250,000 new Ordinary Shares and issue of 1 Placing Warrant for every 2 Ordinary Shares (the “Placing”). The Placing with UK and European institutional investors was at the price of 10p per Ordinary Share and is conditional on admission to AIM. The Placing Warrants are exercisable at 12p per share and expire on 31 March 2007. The new Ordinary Shares represent 12% of the Company’s ordinary share capital, giving the Company a market capitalisation at the placing price of £20.9 million. The Ordinary Shares begin trading on AIM on 27 September 2005. The trading symbol will be CDS. Insinger de Beaufort is the Nominated Adviser and Broker with City Capital Corporation acting as Capital Markets Adviser.

Certain existing shareholders in CDS have exercised warrants in the Company raising approximately a further £500,000 for the Company.

CDS was formed in March 2004 to pursue the exploration and development potential for oil and gas in the Chaco Basin located in Paraguay. CDS Energy, a 98.1% owned subsidiary of CDS, holds prospecting Permits or prospecting, exploration and exploitation Concession Laws in respect of three blocks of property covering 2.9 million hectares within the Central Chaco High region of the Paraguayan Chaco Basin.

The proceeds of the Placing will provide the funds to drill the Company’s first appraisal well planned during the current year exploration programme and to provide additional working capital. The first well to be drilled, with a planned total depth of 3,200m, is to be located in CDS’s Gabino Mendoza Block. It will be a 200m step out twin to the Independencia 1 well which was drilled to a depth of 600m in 1993. The well flowed gas at a rate of 960,000scfd from a gas zone at 600m during a production test conducted by CDS in March 2004. The Independencia 1 is a re-entry of the Mendoza-1R drilled in 1959 by Pure Oil. A brief 48 minute drill stem test (DST) was performed in Mendoza 1-R on a 13m gas zone at a depth of 2600m and the estimated flow rate was 2,600,000 scfd. The new well will test these gas zones as well as an oil play between 721m and 1800m depth and another gas play at approximately 689m depth.

In addition to its 40,000 hectare Gabino Mendoza Block in which CDS has a 100% working interest net of a 3.5% GORR, CDS has a 100% interest in the Boqueron block (2.3m hectares) and 100% Working Interest in the PG & E block (491,077

hectares) net of a 0.6% GORR. CDS intends to follow a similar drilling strategy of 200 meter step out twins of old wells with hydrocarbon shows, and is planning to drill at least one well on each Block, subject to available funds.

Jim Wade, President and Chief Executive Officer of CDS, commented:

“The Bolivian Chaco Basin, to the west of CDS’s acreage, has proven reserves of oil and natural gas which have been in commercial production for more than 60 years. We believe that historical third party exploration programmes conducted between 1947 and 1996, during which several US and local oil companies drilled 26 exploration wells on the CDS licence areas of which 22 had hydrocarbon shows, were not successful because of mud systems that may have caused formation damage. Modern drilling techniques, mud systems and logging tools which have been developed during the past 30 years should permit us to mitigate these problems.”

Ends.

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The admission document is available as a pdf file on the company’s website [www.cdsogg.com](http://www.cdsogg.com)

## Notes to Editors

The Board of CDS consists of:

- James Wade, President, Chief Executive and co-founder of CDS, has over 34 years in the natural resources industries, including seven years as President and Chief Executive Officer of Bitech Corporation at a time when that company took a majority interest in a Russian joint stock company with producible reserves of 160m bbls of oil and 40 billion cubic feet of natural gas.
- Daniel Morrison, Executive Director and co-founder of CDS, has over 22 years experience in international resources. He studied geology at the University of Washington, has been active in exploration in South America since 1993 and has been resident in Paraguay since 1998. He is also a

Director of Morrison Mining Company which holds minerals concessions in Paraguay.

- John Bentley, appointed non-executive Chairman earlier this month, has over 30 years experience in natural resources. He held senior management positions for Gencor, including CEO of Gencor's Brazilian gold mining subsidiary, Sao Bento Mineracao SA, during the period from 1988 through 1992. He was appointed CEO Exploration & Production for Engen Ltd, the South African oil company in 1993, and was subsequently responsible for the formation of Energy Africa Ltd and its listing on the Johannesburg and Luxembourg stock exchanges in 1996. Mr Bentley became Energy Africa's CEO and guided the company through its first five years during which time its production grew fourfold and it expanded its operations into 12 countries in Africa. Mr Bentley is currently Vice Chairman of Vanco Energy Company, the Houston based deepwater company.
- The Non-Executive Directors are; Jeremy Eng, who has 21 years sector experience with companies such as Schlumberger and Petro-Engineering (Overseas) Limited and is managing director of Ascent Resources Plc.; Keith Irons, who during 30 years in natural resources held senior corporate roles with Amax, Rio Tinto, Blue Circle, Charter Consolidated and Minorco and was the founder and Chairman of Bankside Consultants Limited until 2005; Ed McMaster, who after a 30 year career retired in 1996 from Shell Canada Limited as Vice President of Operations; and Guillermo Peroni, the founder and senior partner of the Paraguayan law firm Peroni Sosa Tellechea Burt & Narvaja and is also Honorary Consul of the United Kingdom in Asunción, Paraguay.

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