

NEWS RELEASE

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CDS COMMENCES COMPREHENSIVE EXPLORATION PROGRAM ON ITS CHACO BASIN PROPERTIES IN PARAGUAY

LONDON, England: 1 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 a comprehensive exploration program on its Chaco Basin properties in Paraguay.

Harmattan FZE of Fujairah, UAE has been contracted to conduct a 2-D seismic data acquisition program of 281km on the Gabino Mendoza Block and 700km on the Boqueron Block. This program will substantially add to the 2-D seismic data base which was conducted by earlier exploration companies in the 1970's and 1980's. CDS recently completed a program of digitizing and re-processing that earlier information. Harmattan has commenced mobilization of equipment to Paraguay.

Carson Helicopters of Perkasio, Pennsylvania has been contracted to carry out a 9,200 km aeromag and aerogravity program over the Boqueron, Gabino Mendoza and PG&E Blocks. The aircraft is scheduled to arrive in Paraguay in early October.

ETI of Houston, Texas has been selected to conduct a 2,300 sample reconnaissance geochemical program over the three blocks.

Line clearing for the geochem and seismic programs has commenced by Paraguayan contractors.

Once completed the results of the three surveys will be correlated and 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 pleased to commence this work program to add to the sound technical base which CDS has developed about the properties during the past several years. It was that data base which provided the comfort we required to make a US\$17 million investment and undertake serious management commitments to the Company in order to reduce the technical and financial bottlenecks which impaired previous development of the project. 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.

ENDS

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