

# Cadogan Petroleum PLC

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## Cadogan Petroleum's fortunes on the up as Blazh-10 comes in strongly

- Ukraine-focused oil and gas producer with rising production profile
- Exit rate of production in 2018 well above forecasts at 274 barrels per day
- New well, Blazh-10, on Monastyretska licence has flowed at 385 barrels per day, lifting production to 600 daily
- Acquired option to take 22% stake in Italian oilfield services engineering firm Proger
- Cash holdings of £32m roughly equal to market cap

### What it owns

Cadogan Petroleum PLC (LON:CAD) holds interests in Western Ukraine and a 90% interest in Exploenergy, an Italian company, which has filed applications for two exploration licences in the Po Valley, in Northern Italy.

In Ukraine, the Group's assets are located near to Poland and Romania in the prolific Carpathian basin and the opposite side to the zone of military confrontation with Russia.

Cadogan has four licences and is the operator but has agreed to sell the Debeslavetska and Cheremkivsko-Strupkivska gas fields to local group Nadra Ukrayny.

Monastyretska's oil production has increased nearly five-fold over the last couple of years but is set to double again following the successful drilling of the latest development well, Blazh-10.

### Licences (30 June 2018)

Interest (%)		Licence Expiry	Licence type
99.8	Bitlyanska	December 2019	E&D
99.2	Monastyretska	November 2019	E&D
99.2	Debeslavetska	November 2026	Production
54.2	Cheremkivska	May 2018 Expired. Pending extension approval	

### How is it doing

Cadogan exited 2018 with a production rate of 274 barrels of oil equivalent per day, marking a better-than-anticipated performance for the year.

**Price:** 6.75p

**Market Cap:** £1591170000M

### 1 Year Share Price Graph



August 2018    March 2019    August 2019

### Share Information

**Code:** CAD

**Listing:** LSE

**52 week High Low**  
16.00p    5.50p

**Sector:** Energy

**Website:** [www.cadoganpetroleum.com](http://www.cadoganpetroleum.com)

### Company Synopsis:

*Cadogan Petroleum is an independent oil & gas company with established revenue streams from producing assets and subsidiary operations, access to exploration potential and a strong balance sheet to support the pursuit of shareholders' value via the acquisition of underpriced asset across a variety of geographies. The Company is listed on the Main Market of the LSE.*

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Average production measured 250 boepd for the whole of 2018, which was 25% better than the company targeted and represented a 61% improvement from 2017.

Since then, production has jumped to more than 600 barrels per day following the successful Blazh-10 well.

This was drilled to a target depth of around 3,400 metres targeting the Yamna sandstone reservoir, which already produces in the three online wells in the licence.

In April, Cadogan reported Blazh-10 had continued to improve during clean-up and production had increased to around 385 barrels of oil per day, up from 150 bpd earlier in the month.

An exhaustive well test programme will now follow, which will give a better guide to the well's sustainable rate of production.

## Proger

Earlier in 2019, Cadogan also acquired an indirect option over 22% of industrial group Proger Ingegneria through the provision of a convertible loan up to the value of €13.4m.

The option can be exercised at any time between the sixth and 24th months following the execution date of the loan agreement.

Cadogan also has the right to designate two out of the seven directors.

In the year to 31 December 2017, Proger generated revenues of €110 million, EBITDA of €9.1 million and €4.0 million of net profit; for the first six months of 2018, net profit grew to €2.74 million.

## Finances

Revenues increased to US\$5.3m in the first half of 2018 (US\$5m, December 2017: \$15.1m).

Production income doubled to \$2.1 million as volumes increased and the average realised price rose 34%.

Gas trading income decreased to \$3.1m (30 June 2017: \$3.9m)

Net cash rose to \$41.4m from \$37.6m at end 2017.

What the boss says **Guido Michelotti, chief executive**

"The company has refocused on the West of Ukraine and can look with confidence to a future as a profitable operator with a positive operating cash-flow."

"[The Proger loan] offers growth at a managed level of risk with a good entry price," he told Proactive.

"Accountant PWC has carried out extensive due diligence on Proger's business plan and concluded it is realistic.

"The loan is also convertible at valuation of Proger at the start of 2017, so already some upside is built in said Michelotti.

Video

Inflexion points

Results from Proger and benefits from companies working together more closely in future

Production from Blazh-10 stabilises at good rate

Sales of two Ukraine gas fields

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