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Cove Energy plc

Lagosta - Third Major Gas Discovery Offshore Mozambique

- **More than 550 net feet of gas pay in Lagosta exploration well.**
- **Three discoveries (Windjammer, Barquentine & Lagosta) exceed resource size threshold to support LNG development after planned appraisal drilling.**
- **Anadarko's integrated development team advancing commercialisation options.**
- **Lagosta discovery validates seismic predictive methodology increasing optimism for future drilling success.**
- **Belford Dolphin drillship to remain in Area 1 Rovuma Offshore for foreseeable future.**
- **Drilling continuing on Lagosta well to deeper target after which rig goes to Tubarao prospect.**
- **Very active exploration & appraisal programme for 2011 and beyond to include exploration and appraisal drilling, new 3D seismic and well testing.**
- **Recent £110 million placing ensures Cove fully financed.**

Cove Energy plc ("the Company" or "Cove", AIM:COV), the AIM quoted upstream oil and gas company, is pleased to announce another major gas discovery at the Lagosta prospect in the Rovuma Basin Area 1 block, Offshore Mozambique ("Area 1 Rovuma Offshore").

Lagosta is the fifth well in the offshore programme operated by Anadarko Petroleum Corporation ("Anadarko"), in the frontier Area 1 Rovuma Offshore (Cove Energy W.I 8.5%). The Lagosta discovery well encountered a total of more than 550 net feet of natural gas pay in multiple high-quality Tertiary sands.



The full text of Anadarko's release is copied below:

ANADARKO ANNOUNCES MAJOR DISCOVERY OFFSHORE MOZAMBIQUE

HOUSTON, Nov. 29, 2010 – Anadarko Petroleum Corporation (NYSE: APC) today announced its third major natural gas discovery this year in the Offshore Area 1 of Mozambique's Rovuma Basin at the Lagosta prospect. The discovery well encountered a total of more than 550 net feet of natural gas pay in multiple high-quality Oligocene and Eocene sands.

"The Lagosta discovery, located approximately 16 miles to the south of the previously announced Barquentine discovery and 14 miles to the southeast of the Windjammer discovery, significantly expands this emerging world-class natural gas province," Anadarko Sr. Vice President, Worldwide Exploration Bob Daniels said. "The Lagosta discovery continues to validate our geophysical models, and we expect to keep the *Belford Dolphin* drillship in the basin for the foreseeable future to continue a very active exploration and appraisal program, including at least one planned drillstem test in 2011.

"Although additional appraisal drilling will be required, we believe the three discoveries announced to date already exceed the resource size threshold necessary to support an LNG (liquefied natural gas) development, and we have assigned an integrated project team to begin advancing commercialization options. Given the global LNG trade and its indexing to the global crude market, this resource can provide tremendous economic value for the people of Mozambique, the government and the partnership," added Daniels.

The Lagosta exploration well has been drilled to a current depth of approximately 13,850 feet in water depths of approximately 5,080 feet. The partnership plans to drill to a total depth of approximately 15,900 feet to evaluate a deeper zone. Once operations are complete at Lagosta, the partnership expects to mobilize the rig 17.5 miles to the southwest to drill the Tubarão exploration well, which also is located in the 2.6-million-acre Offshore Area 1.

Anadarko is the operator of Offshore Area 1 with a 36.5-percent working interest. Co-owners in the area are Mitsui E&P Mozambique Area 1, Limited (20 percent), BPRL Ventures Mozambique B.V. (10 percent), Videocon Mozambique Rovuma 1 Limited (10 percent) and Cove Energy Mozambique Rovuma Offshore, Ltd. (8.5 percent). Empresa Nacional de Hidrocarbonetos, ep's 15-percent interest is carried through the exploration phase.

A map of Anadarko's position in the Offshore Area 1 of the Rovuma Basin and the Lagosta discovery will be available under the "Media Center/Anadarko News" tab at www.anadarko.com.

Anadarko Petroleum Corporation's mission is to deliver a competitive and sustainable rate of return to shareholders by exploring for, acquiring and developing oil and natural gas resources vital to the world's health and welfare. As of year-end 2009, the company had approximately 2.3 billion barrels-equivalent of proved reserves, making it one of the world's largest independent



exploration and production companies. For more information about Anadarko, please visit www.anadarko.com.”

John Craven, CEO of Cove said:

”We are delighted with this milestone gas discovery at Lagosta, the third in this prolific gas fairway in our Rovuma offshore block.

”The significance of this discovery means that the partnership can now confidently proceed towards commercialisation - particularly as the operator believes that the three gas discoveries already made, Windjammer, Barquentine and Lagosta, exceed the resource size threshold to support a Liquefied Natural Gas (LNG) development.

I am also very impressed by the predictive seismic modelling deployed by Anadarko, the accuracy of which gives us increasing confidence for future exploration in the block. The operator’s technical team deserve our thanks and congratulations for this ongoing success.

”Cove shareholders can now look forward to a very active continuous exploration and appraisal drilling programme throughout and beyond 2011 commencing with the Tubarao exploration well immediately after Lagosta. Well testing and new 3 D seismic acquisition are also planned for next year.

The recently announced £110 million placing ensures that Cove can fully participate with our partners in what promises to be a very exciting future.

”We look forward to updating the market on our continuing progress offshore Mozambique.”

- Ends -

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John Craven, Chief Executive Officer of Cove, and a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, March 2006, of the London Stock Exchange, has



reviewed and approved the technical information contained in this announcement. Mr Craven is a petroleum geologist with approximately 36 years' experience.

Notes to Editor

Cove has established a strong position in East Africa with exploration interests in Area 1 Offshore Mozambique, which contains the Windjammer, Barquentine and Lagosta gas and Ironclad oil discoveries where drilling operations are planned to continue into 2011. Cove also holds exploration and production interests in Mozambique Onshore, Kenya Offshore and in the Mnazi Bay Gas Field in Tanzania.

For more details including a map of the Lagosta discovery visit: www.cove-energy.com.

Cove Energy has a strong management team with a wealth of experience in the oil and gas business and the operation and management of companies in the public arena. Michael Blaha, Executive Chairman and formerly Country Chairman for Royal Dutch Shell Group in Algeria, is a Petroleum Engineer with twenty nine years industry experience, his entire career spent working at Shell. John Craven, Chief Executive Officer was previously CEO and founder of Petroceltic International plc, and is a petroleum geologist with thirty six years experience in senior technical and commercial roles in upstream oil and gas exploration and production companies.

www.cove-energy.com