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**Cove Energy plc**

**Cove signs Kenya Production Sharing Contracts**

Cove Energy plc ("the Company" or "Cove", AIM:COV), the AIM quoted upstream oil and gas company, is pleased to announce that it has signed Production Sharing Contracts for two offshore exploration blocks, L10A and L10B, with the Government of Kenya.

Cove will hold a 25% equity interest in the exploration block L10A and a 15% interest in block L10B. BG Group plc will be operator.

Blocks L10A and L10B together cover an area of more than 10,400 square kilometres in the southern portion of the Lamu Basin offshore Kenya in water depths ranging from around 200 metres to in excess of 1 900 metres. They are also adjacent to and inboard of deepwater blocks L11A and L12 part of a package of 5 contiguous deepwater blocks in which Cove has a 15% interest.

**Cove's partners in the Kenya blocks are:**

	L10A	L10B
BG Group plc (Operator)	40%	45%
Premier Oil Investments Limited	20%	25%
Pancontinental Oil & Gas NL	15%	15%

The partnership is planning to acquire new seismic data in the coming months.

John Craven, CEO of Cove Energy commented:

"We are delighted to have obtained a significant ground floor interest in these two blocks in line with our strategy of expansion in to quality acreage offshore East Africa. Cove now participates in seven blocks offshore Kenya.

"Importantly we see potential hydrocarbon fairways in continuity with our adjacent deepwater blocks L11A and L12. Also aligning with the BG group as operator is, we believe, very positive given their recent success in the neighbouring Tanzania offshore.

"We look forward to working with our partners and the Kenyan Government to play an active role in the exploration for oil and gas offshore Kenya."

- Ends-

**For further information, please contact:**

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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, Lagosta and Tubarão gas and Ironclad oil discoveries where drilling operations are planned to continue through 2011. Cove also holds exploration and production interests in Mozambique Onshore, Kenya Offshore and in the Mnazi Bay Gas Field in Tanzania.

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](http://www.cove-energy.com)