

27<sup>th</sup> June 2011

Cove Energy plc

AGM Press Release

Cove Energy plc ("Cove or the Company") is pleased to issue the following operational update ahead of its AGM today.

1. Mozambique Rovuma Offshore Area 1 ("Rovuma Offshore")

- **Appraisal Drilling Commences.** The Belford Dolphin drillship has commenced appraisal drilling in the Barquentine gas discovery area. Currently the rig is top setting the upper casing strings on Barquentine 3 after which it will drill Barquentine 2, located approximately 4kms SE of the discovery well and then return to finish Barquentine 2. This initial appraisal programme which will include flow testing and core analysis is to focus on proving sufficient resources in the Oligocene gas reservoirs of the Windjammer/Barquentine discovery area in order to lay the foundations for the first LNG train.
- **New 3D Acquisition Completed.** Acquisition of the new 3D seismic survey of approximately 4,448 km<sup>2</sup> over the southern and northern section of Rovuma Offshore block is now complete. This data is now being processed and will be integrated with reprocessed existing 3 D data to obtain a consistent subsurface image across the entire deepwater hydrocarbon fairway. Final results are expected in Q4 this year.
- **Liquefied Natural Gas (LNG) Project.** As sufficient volumes for an LNG project were encountered in the Windjammer, Barquentine and Lagosta wells the operator, Anadarko, has mobilized, in an extremely short time, a full team to pursue the LNG project such that a Final Investment Decision (FID) can be taken in 2013. Progress to date includes the identification of coastal land sites for the LNG facilities and a preliminary gas development plan.

2. Kenya Deepwater Offshore.

- **Blocks L5, L7, L11A, L11B & L12.** Encouraged by the interpretation of the 2010 2D seismic the partnership has elected to accelerate the work programme with the acquisition of over 3,500sq kms of new 3D seismic split in to two surveys centered on L7 and straddling L11A & B.
- **Blocks L10A & L10B.** Preliminary interpretation by the operator B G Group has identified a number of leads. A 3D seismic survey over the eastern part of the blocks is planned later this year.

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John Craven CEO of Cove commented;

“We are very pleased with the significant progress on our East Africa portfolio. The beginning of appraisal drilling offshore Mozambique is another important milestone and is the start of a continuous sequence of exploration and appraisal wells scheduled to be drilled over the coming two years complimented by a second deepwater rig arriving later this year. The new and reprocessed 3D will ensure that we are equipped to optimally evaluate the numerous oil and gas prospects on the block.

“We are also delighted with the significant progress made by the operator in pursuit of the LNG project which is running concurrently with the appraisal drilling activity.

“Our Kenya offshore blocks are also showing considerable promise which fully justifies the extensive 3D seismic that will be acquired this year.”

Commenting on progress over the last year Michael Blaha, Executive Chairman of Cove said;

“Looking back over the past year Cove has gone through a transformation. After the Windjammer gas discovery, offshore Mozambique, followed by three additional gas discoveries, Cove has evolved from a small exploration company to a company with significant market value participating in a world class LNG project. Current activities focus on the appraisal of the existing discoveries to enable early certification of gas reserves. This work stream is being undertaken simultaneously with the development of LNG market (sales contracts), front end engineering, environmental impact studies, the establishing of financial, commercial and legal frameworks for the project.”

“After the initial Mozambique success Cove acquired equity positions in seven deep water blocks offshore Kenya. These blocks cover most of Kenya's deep water potential where extensive new 3D seismic will be acquired this year.

“Cove will continue to expand its portfolio by seeking high potential opportunities in keeping with our strategy of exploration/appraisal and monetization at the appropriate time”

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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.

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