

11 March 2010

Cove Energy plc

Placing of 64,300,000 New Ordinary Shares of 1 pence each at 40 pence per ordinary share, raising £25.7 million (before expenses) for ongoing exploration drilling commitments and working capital

Cove Energy plc (AIM: COV) ("Cove Energy" or "the Company"), the AIM quoted upstream oil and gas company, announces that Cenkos Securities Plc, on behalf of the Company, has conditionally raised approximately £25.7 million (before expenses) (equivalent to approximately US\$38.6 million) by the issue of 64,300,000 new ordinary shares (the "New Ordinary Shares") at a price of 40 pence (the "Placing Price") per ordinary share ("the Placing"). Pursuant to the Placing, the New Ordinary Shares have been conditionally placed at the Placing Price with institutional investors and it is anticipated that the New Ordinary Shares will be admitted to trading on AIM on 15 March 2010.

Highlights

- Placing of 64,300,000 New Ordinary Shares at a price of 40 pence per New Ordinary Share to raise approximately £25.7 million (gross);
- New funds will be utilised for the Company's ongoing commitments in Rovuma Basin offshore Mozambique Area 1 ("Rovuma Offshore No 1"), operated by Anadarko Petroleum Corporation ("Anadarko") and for general working capital requirements, and;
- New Ordinary Shares are expected to be admitted to trading on AIM on 15 March 2010.

Following the success of the Windjammer exploration well ("Windjammer"); in the Rovuma Offshore No. 1 permit (Cove Energy W.I. 8.5%), as announced on 18 February 2010, the Rovuma Offshore No 1 partners ("Partnership") anticipate that up to two further exploration and appraisal wells in addition to the four wells which the Company has already set aside funds for, and which started with Windjammer, will be drilled on the licence area during 2010 and into 2011. Accordingly and in order to provide the Company with a sufficiently flexible capital base, Cove Energy is raising additional finance to fund its share of these expected additional exploration wells and for further working capital requirements.

The Company has already announced that Windjammer has reached an intermediate casing point and encountered more than 480 net feet of natural gas pay in high quality reservoir sands, with a gross column of more than 1,200 feet. According to Anadarko's press release of February 18th Windjammer has been drilled to a depth of approximately 14,000 feet in about 4,800 feet of water some 30 miles east of the Mozambique coastline and will drill up to another 4,100 feet to gain additional geological information prior to reaching total targeted depth.

After evaluating the deeper objectives at Windjammer, Anadarko plans to move the Belford Dolphin drillship to its Collier prospect approximately 50 miles south-southeast of Windjammer. The Partnership also expects to drill two to four additional exploration wells in Rovuma Offshore No. 1 this year and into 2011, with initial well results from Windjammer and Collier determining the location of further wells.

Assets

- *Mozambique, Rovuma Tertiary Delta Basin*
 - Cove Energy has an 8.5% interest in the Rovuma Offshore No 1 containing the Windjammer gas discovery and a 10% interest in the Mozambique Rovuma Onshore Block ("Rovuma Onshore"), (together the "Mozambique Assets");
 - Anadarko (NYSE-listed, approximately US\$35 billion market capitalisation) is operator of the Mozambique Assets;

- Over US\$160m invested by partners in pre-drilling activities e.g. seismic acquisition
 - Significant exploration potential and approximately 50 leads and prospects already identified from the acquired 2D and 3D seismic;
 - Committed to a further six well Mozambique drill programme (following the Windjammer gas discovery in February 2010), associated Mozambique EPCCs' obligations and geophysics and geology work in respect of the Mozambique Assets over the course of the term of the current EPCC.
- **Tanzania, Mnazi Bay Production Sharing Agreement ("Mnazi Bay PSA")**
 - Cove Energy has a 16.38% interest in the producing and a 20.475% interest in the exploration operations of the Mnazi Bay PSA;
 - Proven gas resources with Contingent Resources (net to Cove Energy) of 124 bcf (*source: RPS Energy*);
 - Maurel & Prom assumed operatorship of the Mnazi Bay PSA on 1 December 2009;
 - Projected net expenditures of approximately US\$1.75 million (principally on development and operating expenditure) in respect of the Mnazi Bay PSA in the year to 31 December 2010. Subject to partner approval a 600km² 3D seismic acquisition programme is contemplated, together with a possible 2 appraisal well programme, in 2011.

Cenkos Securities plc is Cove Energy's financial adviser and nominated adviser and is acting as sole book runner to the Placing.

Commenting on the transaction, John Craven, CEO of Cove Energy, said:

"We are very pleased to announce this oversubscribed and successful institutional fundraising, which reflects the positive sentiment towards the Company and its assets in the market. Following on from the success at Windjammer, the funds from the placing will secure an exciting Mozambique drilling programme for Cove shareholders in the coming months ahead. We look forward to updating the market in due course."

-Ends-

For further information, please contact:

Cove Energy plc
John Craven, CEO

c/o FD
Tel: +44 (0)20 7831 3113

Cenkos Securities plc
Jon Fitzpatrick
Ken Fleming

Tel: +44 (0)20 7397 8900
Tel: +44 (0)131 220 6939

FD
Billy Clegg / Edward Westropp

Tel: +44 (0)20 7831 3113