

## **Canadian Overseas Petroleum Receives Project Financing Term Sheet for Nigerian Development Project**

**Calgary, Canada, July 30, 2018** - Canadian Overseas Petroleum Limited ("COPL" or the "Company") (XOP: TSX-V) & (COPL: LSE), an international oil and gas exploration and development company, is pleased to announce that its 50% owned joint venture company, Shoreline Canadian Overseas Petroleum Development Corporation ("ShoreCan"), has received and agreed to a project financing and offtake agreement term sheet (the "Term Sheet"), providing for a minimum US\$30 million to a maximum of US\$50 million Senior Secured Facility (the "Facility"), for investment by ShoreCan into its 80% owned affiliate Essar Exploration and Production Limited (Nigeria) ("Essar Nigeria") from The Mauritius Commercial Bank Limited ("MCB") and Trafigura PTE Ltd. (Trafigura).

The Facility would provide funding for all production related expenditures following the drilling and testing of the initial production well to be drilled by Essar Nigeria on its 100% contracted interest in OPL226, which is located in shallow to mid-water offshore Nigeria. Drawing on the Facility is contingent on among other things:

- An additional US\$20 million to US\$33 million of funding from ShoreCan;
- US\$100 million funding from an offshore oil services group ("Service Provider") to deliver the project;
- A minimum of 6,000 bbl./d production rate averaged over 20 days;
- The execution of a formal definitive binding agreement between the parties

Other material terms of the proposed Facility include the following: Two-year term to maturity; and a grant to the lenders of US\$3 million worth of warrants to purchase COPL common shares for two years with an exercise price equal to the market price of the COPL common shares on the date of closing of the Facility.

The project as planned involves the drilling and completion of a horizontal oil production well offsetting the 2001 NOA#1 oil discovery well and the drilling and completion of two (2) to three (3) additional high angle oil production wells in the adjacent NOA East fault block from a common wellhead platform, and placing these wells on production in an approved early production scheme. Essar Nigeria has prepared a work program for this initial campaign on OPL226 in the form of a field development plan ("FDP") for submission to the Concessionaire, NNPC. The Company expects the presentation of the FDP to NNPC to occur in the near term.

ShoreCan is in late stage discussions with the Service Provider, which involve the provision of drilling services, the supply of a mobile production unit and a storage vessel for a deferred fee. The Company will provide updates on these discussions in due course.

As part of the transaction, the Term Sheet provides for Essar Nigeria to enter into a crude oil offtake arrangement with Trafigura.

Cofarco SAS ("Cofarco") of Paris is engaged as Financial Advisor to the Company for the project financing.

**Arthur Millholland, President and CEO, commented:**

*"The Company and Shoreline through our jointly held affiliate have worked hard to achieve this first step in the unlocking of the resource within OPL 226. We are confident that we will complete the process to enable Essar Nigeria to commence this first phase of development operations."*

## About the Company:

Canadian Overseas Petroleum is an international oil and gas exploration and development company currently focused in sub-Saharan West Africa.

The Company is actively pursuing opportunities in Nigeria in partnership with Shoreline Energy International Limited ("Shoreline") as part of its strategy to generate stable cash flow from secure offshore and onshore assets. COPL and Shoreline, through their jointly held (50:50) affiliated company Shoreline Canadian Overseas Petroleum Development Corporation ("ShoreCan"), have acquired 80% of the share capital, and have taken over the management, of Essar Exploration and Production Limited (Nigeria) ("Essar Nigeria"). ShoreCan has applied to the concessionaire NNPC for formal consent for the change in control of Essar Nigeria. Essar Nigeria holds an attractive oil appraisal and development project in shallow to mid-water offshore Nigeria on its 100% holding in OPL 226. Drilling of the first appraisal/production well is planned to commence in late 2018 to early 2019. ShoreCan is continuing to build a portfolio of exploration and development assets in sub-Saharan Africa. To date, ShoreCan has taken a position in Nigeria, and has been awarded an exploration license onshore Mozambique in the 5<sup>th</sup> Licensing Round adjacent to the producing Pande-Temane Gas field complex.

The Common Shares are listed under the symbol "XOP" on the TSXV and under the symbol "COPL" on the London Stock Exchange.

## For further information, please contact:

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*contained herein are based on certain key expectations and assumptions made by the Company, including, but not limited to, the ability to raise the necessary funding for operations, delays or changes in plans with respect to exploration or development projects or capital expenditures. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements since the Company can give no assurance that they will prove to be correct since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties most of which are beyond the control of Canadian Overseas Petroleum Ltd. For example, the uncertainty of reserve estimates, the uncertainty of estimates and projections relating to production, cost overruns, health and safety issues, political and environmental risks, commodity price and exchange rate fluctuations, changes in legislation affecting the oil and gas industry could cause actual results to vary materially from those expressed or implied by the forward-looking information. Forward-looking statements contained in this news release are made as of the date hereof and Canadian Overseas Petroleum undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

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