Canadian Overseas Petroleum
Update on Disagreement between ShoreCan and Essar Mauritius

Calgary, Canada, April 6, 2020 – Canadian Overseas Petroleum Limited ("COPL" or the "Company") (XOP: CSE) & (COPL: LSE), an international oil and gas exploration and development company focused on offshore Africa, disclosed on August 16, 2018 that its 50% owned joint venture company, Shoreline Canadian Overseas Petroleum Development Corporation ("ShoreCan"), is in disagreement with Essar Exploration & Production Limited (Mauritius) ("Essar Mauritius") regarding aspects of the Essar Nigeria Shareholders Agreement (the "Shareholder Agreement"). The Shareholder Agreement governs the relationship between ShoreCan and Essar Mauritius in respect of their respective interests in Essar Exploration and Production Limited (Nigeria) ("Essar Nigeria"), ShoreCan has an 80% interest in Essar Nigeria, which has a 100% contracted interest in OPL226, which is located in shallow to mid-water offshore Nigeria.

The Company understands that Essar Mauritius has now filed a claim in the High Court of Justice of England and Wales but has yet to formally serve ShoreCan with the claim. Essar Mauritius seeks in its claim to terminate the Shareholders Agreement and the Share Purchase Agreement dated August 17, 2015 and the resulting transfer of its shares in Essar Nigeria to ShoreCan. Essar Mauritius is also claiming US$63 million of damages in respect to historic amounts invested in Essar Nigeria for the OPL 226 Project. The Company notes that these claims are for ShoreCan, and neither the Company nor its Joint Venture Partner, Shoreline Energy International Limited are parties to the claim.

As previously disclosed, ShoreCan and Essar Mauritius, the companies that own 80% and 20% of Essar Nigeria respectively, have been in disagreement since August 2018 about whether the parties are in compliance with their respective obligations under the Essar Nigeria Shareholders Agreement. The disagreement centres on the view that ShoreCan has not commenced funding of the $80 million agreed cumulative funding in Essar Nigeria and whether Essar Mauritius has carried out its obligations, Compliance and otherwise, under the Shareholder Agreement. The parties have not been able to resolve the disagreement amicably and thus formal proceedings have been commenced by Essar Mauritius. The Company’s directors believe, based on legal advice, that ShoreCan has several valid defenses to the action brought by Essar Mauritius and possibly counterclaims of its own. In the meantime, ShoreCan continues to pursue the initiatives previously announced for OPL 226 and Essar Nigeria continues to operate as before under ShoreCan control.

Arthur Millholland, President and CEO, commented:

“We believe this legal action is merely opportunistic at this time of a global health pandemic and the associated global economic crisis. We have attempted for some time to resolve these issues with Essar Mauritius without success. We intend to defend the Essar Mauritius’s legal action rigorously. The timing of this legal action during the upheaval in the global oil markets caused by the Covid-19
pandemic speaks volumes to the quality of the OPL226 asset. Time will tell how this plays out in Nigeria as it involves Shoreline, a prominent and well respected indigenous Nigerian shareholder. “

About the Company:

Canadian Overseas Petroleum is actively pursuing opportunities in Nigeria and sub-Saharan Africa in partnership with Shoreline Energy International Limited ("Shoreline") as part of its strategy to generate stable cash flow from secure offshore and onshore assets. The Company and Shoreline, through their jointly held 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) ("Nigerian Affiliate" or the "Affiliate"). The Company's Nigerian Affiliate has applied to the concessionaire NNPC for formal consent to the change in control of the Nigerian Affiliate. The Affiliate 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 well is planned to commence in 2020. ShoreCan is continuing building a portfolio of exploration and development assets in sub-Saharan Africa. To date, ShoreCan has taken a position in Nigeria and has been indicatively awarded an exploration license onshore Mozambique in the 5th Licensing Round adjacent to the producing Pande-Temane Gas and light oil field complex.

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

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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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