Canadian Overseas Petroleum Limited
Secures Term Sheet for up to US$65 million Senior Credit Facility

Calgary, Canada & London, United Kingdom, January 21, 2021 - Canadian Overseas Petroleum Limited ("COPL" or the "Company") (**XOP**: CSE) & **(COPL**: LSE), an international oil and gas exploration and development company, today announces that:

- The Company has signed a Term Sheet for a **US$65 million** Senior Credit Facility ("Credit Facility" or "Facility") with a US based Global Investment Firm (the "Lender") to finance the closing of its acquisition of Atomic Oil and Gas LLC ("Atomic") and its related entities announced on December 16, 2020. The facility has a term of four years and is subject to typical lending conditions through its term.
- The Facility has a base size of $45 million, with an additional, or "accordion", $20 million to fund future development at the sole discretion of the lender.
- The terms of the Facility are market competitive.

Closing of the Credit Facility, which is not yet legally binding, is expected on or about the week of February 15, 2021 and is subject to typical closing conditions, which include entering into a formal Lending Agreement. At closing, draw down of the Credit Facility would allow the Company to complete the acquisition of Atomic and its related entities.

Arthur Millholland, President and CEO, commented: "We look forward to the completion of the Atomic acquisition which will be materially value enhancing to COPL, providing an immediate and growing revenue stream from day one. Crude oil prices have increased significantly since we entered into the transaction thus enhancing the overall value of the proposition. Working with our new colleagues we plan to accelerate the production profile from the Atomic assets. This represents a step change in the strategic growth opportunities open to COPL and we look to the future with renewed confidence."

Ryan Gaffney, CFO, added: "Securing this credit facility term sheet is a key milestone as it means we will be fully funded and enables us to complete the Atomic acquisition. The quality of the assets we are acquiring has allowed the Company to attract the debt necessary to complete under better terms than other proposals."

Highlights of the transaction to COPL

- The low crude oil price, which initially enabled COPL to entertain the transaction, has increased significantly which enhances the overall value;
- The acquisition has a high NPV asset at a price well below traditional metrics: Proved(P1) value of $101.7mm (net of royalties); Proved + Probable(P2) value of $185.8mm (net of royalties);
- The acquisition presents a high ROI > 50%; $2.18/bbl acquisition cost on P2 reserves vs a value of $7.52/bbl at NPV10%. (net of royalties);

- COPL receives material leverage via the transaction, due to enhanced scale and funding
- The new enlarged team will capitalise on the Company's existing technical resources combined with operational expertise.

Advisors

- **M&A and Debt Advisor:** Eight Capital; Calgary, Alberta, Canada
- **Debt Advisor:** ERG Capital Partners (US) LLC, South Norwalk, CT, USA
- **Legal Advisors:** McCarthy Tétrault; London, United Kingdom, Calgary, Alberta, Canada; Davis Graham & Stubbs LLP; Denver, Colorado, USA

About Atomic

Atomic is a closely-held private oil and gas company incorporated under the laws of the State of Colorado. Atomic's assets are located in Powder River Basin in the State of Wyoming, USA where it holds operated interests in 52,258 acres (gross) of contiguous leasehold. There are two oil production Units within the lease block: the Barron Flats Shannon Miscible Flood Unit (57.7% WI) and the Cole Creek Unit (66.7%), as well as one unitized exploration area - the Barron Flats Federal Unit (deep). Atomic has two affiliates: The Southwestern Production Corp, the operating entity; and PipeCo, a midstream company holding the pipeline and facility assets.

Benefits to COPL from the Atomic acquisition

- COPL is acquiring **31.1 mm Barrels of Oil Equivalent** ("BOE") (**24.7 mm BOE net** after royalties) of Proved and Probable Reserves ("2P") (Ryder Scott Reserve Report dated 1st October 2020 of Atomic's Oil and Gas Reserves (the "Ryder Scott Report"), a summary of which can be found on the Company's Press Release dated December 16, 2020.

- Atomic has two **operated** oil fields: the Barron Flats Shannon Unit (57.7% WI) and Cole Creek Unit (66.7% WI) located in the Powder River Basin in the State of Wyoming, USA:
  - Oil producing assets are at the **beginning** of their 40+ year life with **increasing** production to a future production plateau.
  - Current production rate of 1,400 bbls/d (gross) **rising** to 5,000 bbls/d (gross) in 2022 and c.7,000 bbls/d (gross) in 2026 (2P reserve case, Ryder Scott Report).
  - Produced crude oil is light (40°API) and sweet.
  - **Barron Flats Shannon Unit (57.7% WI)**: Natural Gas and Propane Miscible Flood commenced December 2019. Production increased from c. 200 bbls/d (gross) to **1400 bbls/d** (gross) from 2017 to Sept 2020 with a forecast 2P production rate plateau of **5000 bbls/d** (gross) in 2022 (Ryder Scott Report).
  - **Cole Creek Unit (66.7% WI)**: Current field limits defined by drilling, Miscible Flood to be commenced upon plateau of Barron Flats Shannon Unit production. Forecast production rate plateau of **c. 3,500 bbls/d** (gross) under the 2P reserves case (Ryder Scott Report) in 2026.

- The Atomic assets have **new** infrastructure and direct access to pipeline with **no** legacy abandonment or reclamation liabilities.

- The Barrons Flat facilities are state-of-the-art, **environmentally responsible** facilities with zero gas flaring, minimal methane emissions, with required electricity sourced from an adjacent wind farm:
  - Produced associated gas is reinjected into the reservoir along with the purchased natural gas and propane miscible flood injection stream.

- The opportunity to undertake this acquisition became available only as a result of the Covid-19 environment and the drop in oil prices during 2020.
  - **The acquisition has a high NPV asset at a price well below traditional metrics**: Proved(P1) value of $101.7mm (net of royalties); Proved + Probable(P2) value of $185.8mm (net of royalties).
    - *Note: a summary of the Ryder Scott Report in accordance with Canadian Oil and Gas Evaluation Handbook Guidelines (COGEH) is located within COPL's December 16, 2020 press release.*
    - *Note: The valuation in the Ryder Scott Report dated October 1, 2020 was based on WTI pricing for 2020 of $39/bbl. Current WTI oil prices are >$50/bbl. The WTI oil price forecast for the valuation is presented in the summary of the Ryder Scott Report located within the COPL December 16, 2020 press release.*

- The acquisition presents a **high** ROI > 50%; $2.18/bbl acquisition cost on P2 reserves vs a value of $7.52/bbl at NPV10%. (net of royalties)

- COPL receives **material** leverage via the transaction, due to enhanced scale and funding.

- On completion, the operative staff of Southwestern Production Corp will join the COPL team thus **maximizing** our existing technical resources with their operational expertise.

About COPL

COPL is an international oil and gas exploration, development and production company actively pursuing opportunities in the United States through the acquisition of Atomic Oil and Gas LLC, and in sub-Saharan Africa through its ShoreCan joint venture company in Nigeria, and independently in other countries.

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

This news release contains forward-looking statements. The use of any of the words "initial, "scheduled", "can", "will", "prior to", "estimate", "anticipate", "believe", "should", "forecast", "future", "continue", "may", "expect", and similar expressions are intended to identify forward-looking statements. The forward-looking statements contained herein are based on certain key expectations and assumptions made by the Company, including, but not limited to, the ability to finalise the necessary funding for completion of the Atomic acquisition and financing for continued 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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