



COPL Completes Acquisition of Cuda Energy

London, United Kingdom; Calgary, Canada: July 26, 2022 – Canadian Overseas Petroleum Limited (“COPL” or the “Company”) (XOP: CSE) & (COPL: LSE), an international oil and gas exploration, production and development company with production and development operations focused in Converse and Natrona Counties, Wyoming, USA, is pleased to announce that the acquisition of the United States assets of Cuda Energy LLC (“Cuda”) by its affiliate, COPL America Inc., will close today.

Acquisition immediately transformative:

- COPL America becomes the majority owner of its Wyoming assets with increased operated interests of 85–100% across three oil producing units
- From Q3 2022 it adds unhedged production and exposure to the current high oil price environment and will significantly increase COPL America's operating cash flow
- Increases COPL's 2P reserves by 47% from 25.8 million (COPL December 31, 2021 NI-51-101 Reserves) to 38.2 million barrels
- Provides significant leverage to COPL increasing the Company's NPV10 (47% working interest adjusted) by US\$122 million from US\$258 million (COPL December 31, 2021 NI-51-101 Reserves) to US\$380 million.
- Cuda assets will now be consolidated into COPL America's asset-backed borrowing base, for its current senior loan, and for the Company to secure a Reserves Based Lending (“RBL”) facility with a commercial bank.
- The cash consideration for the acquisition is US\$19.15 million, plus assumed liabilities at closing which are estimated to be approximately US\$1.6 million consisting primarily of Cuda's outstanding Joint Interest Billing obligations.
- The Cuda acquisition has a highly attractive valuation of c. 81% of the working interest adjusted Atomic Oil and Gas LLC acquisition announced last year

This news follows COPL's announcement on Friday 22 July of a Convertible Bond which provided proceeds of \$19.7 million used to finance the cash component of the Cuda acquisition and which also allows for the implementation of a planned RBL facility. The Convertible Bond is anchored by the Company's largest institutional shareholder which is a UK based fund.

Arthur Millholland, President & CEO, commented:

"I am delighted we have finally completed this acquisition. The market continues to misunderstand the full potential of our Wyoming assets. In my near forty years within the oil industry I have seldom come across assets with such prolific oil and gas



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potential. We now have full ownership which we have secured when the assets are at an early stage in development with everything to play for. With the financing arrangements we also now have in place we look to the future with confidence."

Ryder Scott Resource Report

Earlier this year, COPL commissioned Ryder Scott to conduct a Canadian NI 51-101 compliant resource assessment of the major discovery the Company announced to the market in January 2022 its assessment of an estimated total reservoir volume of 1.5-1.9 billion barrels of Oil in Place ("OIP"), of which 1.2-1.6 billion barrels of OIP underlays COPL lands. The Company expects Ryder Scott to confirm these findings when it publishes the report next week.

COPL's Strategic Focus

The acquisition of Cuda concludes one of the Company's publicly stated strategic objectives and means COPL is positioned with an increased interest in its currently operated United States assets.

The optimization and associated increase in oil production is expected to occur from August 2022 with a ramp up in activity at the Barron Flats Shannon Unit involving well optimization, selective gas flaring for short term pressure reduction, staged facilities upgrades and ultimately additional development drilling.

The acquisitions of Atomic Oil & Gas and Cuda have been transformative for the Company. COPL now operates four assets within approximately 48,000 contiguous acres of leasehold in the Powder River Basin in Converse and Natrona Counties Wyoming which have a 40+ year reserve life and inclining oil production from gas miscible flood, with facilities built and commissioned in 2019. The assets are:

- Barron Flats Shannon Unit (miscible flood): **(85% Working Interest)** – previously 58%
- Cole Creek Unit: **(100% WI)** - previously 66.667%
- Barron Flats Federal (Deep) Unit ("BFFDU"): **(85% WI)** - previously 58%
Non-Unitized Lands: **(100% WI)** - previously 58%

At the time the Atomic transaction completed, the assets produced 1,100 barrels of light oil. After the implementation of a works programme by COPL, the asset has since then far exceeded original expectations and current production (gross) of approximately 1,600 barrels a day is restricted due to ongoing facility constraints. The Company is commencing its production optimization program which will unlock the current production restrictions increasing production in the short term, and in the future, through well optimization strategies, staged facility upgrades and additional development drilling. The asset has identified 2P reserves of approximately 38 million barrels (net to COPL America) of light oil, before the payment of royalties.



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COPL has completed its first stated 2022 objective, and now focused on its second and third objectives for 2022.

COPL's objectives for 2022:

- ✓ Complete the acquisition of the Wyoming assets of Cuda
- Re-finance COPL America Inc's credit facility to reduce COPL's cost of capital;
- Optimize and increase oil production at the operated Barron Flats Shannon Unit miscible flood;
- Commence phase 1 of the delineation of the Barron Flats Deep oil discovery;
- Maintain the Company's ESG operating credentials.

About the Company:

COPL is an international oil and gas exploration, development and production company actively pursuing opportunities in the United States with operations in Converse County Wyoming, and in sub-Saharan Africa through its ShoreCan joint venture company in Nigeria, and independently in other countries.

The Company's Wyoming operations are one of the most environmentally responsible with minimal gas flaring and methane emissions combined with electricity sourced from a neighbouring wind farm to power production facilities.

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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.

Caution regarding forward looking statements

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 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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