



Operations and Corporate Objectives Update

London, United Kingdom; Calgary, Canada: November 1, 2022 – Canadian Overseas Petroleum Limited and its affiliates (“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 present an update on its Wyoming oil field operations and its corporate objectives.

- The miscible flood at Barron Flats continues to exceed the Company’s initial expectations thus resulting in a re-simulation of the field which is underway.
- Flaring gas has commenced at Barron Flats with production from restricted wells being brought up incrementally post approval of the flaring permit on October 11. Oil production increases are expected as the process proceeds.
- Six wells have currently been identified for recompletion in the Frontier 1 at Cole Creek offering a near term low-risk opportunity to materially increase oil production and reserves.
- Select US and International Banks have been approached to refinance the Company’s Senior Credit Facility and fund the retirement of hedges currently in place.
- Due diligence is being conducted by a large oil company with respect to a possible Joint Venture on the Company’s deep oil discovery.

Barron Flats Shannon Unit (“BFSU”)

On October 11 the Company was granted a permit by the Wyoming Oil and Gas Conservation Commission (“WOGCC”) to flare gas at the BFSU to enable it to reduce production restrictions at certain high pressure flowing oil wells. Since then, the wells have been incrementally brought back on line in parallel with the commissioning of well site facilities to recover the vapours from the produced volatile oil. The process has been designed for safety and efficiency considerations as these wells have been restricted for several months. Oil production from these wells is not yet stable as the process is continuing, but is expected to increase once complete. Current flared gas volumes are approximately 900 Mcf/d, which is well below the permitted volume of 3,500 Mcf/d.

On October 1 enriched gas injection recommenced on the western injection patterns with lean gas injection continuing on the eastern injection patterns to continue to move the miscible bank in eastern area. As such, purchases of Butane have



recommenced at 300,000 gallons per month, well below the volumes of 1,800,000 gallons per month in 2021.

In the 3rd quarter the Company internally re-evaluated the performance of the Shannon miscible flood and its gas injection strategy that it commenced in April 2021. This evaluation reached the following conclusions:

- The reservoir volume of the Shannon appears to be underestimated as approximately 30% more volume of enriched gas has been injected into the reservoir to achieve the production response observed this year than assumed in the original simulations. As such, the eastern injection patterns are full to design with movement of the miscible bank being observed.
- Unexpected high pressures experienced in 5 production wells appears to be due to previously unrecognized trends in the reservoir, which only became apparent after the increase in reservoir pressure and movement of the emplaced miscible bank were studied.
- The delayed production response from the original reservoir simulations is likely due to the observed increase in reservoir volume and unrecognized production trends thus effecting the movement of the miscible bank in these areas.

COPL has provided its internal evaluation to International Reservoir Technologies (“IRT”), its specialist reservoir engineering firm. In late September IRT tested the internal evaluation which resulted a field wide re-simulation of the miscible flood in early October. Completion of the field-wide re-simulation is expected this month with the objective of allowing the Company refine its future injection strategy, better predict the high-pressure trends and provide a refined model for future production forecasting.

Deep Oil Discovery Update

The Company continues to refine its interpretation of its deep oil discovery made in September of last year at 14-30-T35-R76W. As previously disclosed the oil discovery is a combined structural-stratigraphic trap in the Dakota, Frontier 2 and Frontier 1 Formations extending from the Cole Creek anticline at the Company’s 100% WI operated Cole Creek Unit (“CCU”) to the 85% WI operated Barron Flats Federal (Deep) Unit (“BFFDU”). At the CCU the Company has substantial booked Proved and Probable undeveloped reserves in the Dakota and Frontier 2 for future development with horizontal wells, and Contingent Resources in both formations at the BFFDU. To date no completion attempts have been undertaken in the Frontier 1 at Cole Creek despite excellent oil shows documented during drilling operations and industry protocols of completing the deepest productive reservoirs first.

COPL is in continuous review of the Frontier 1 Fm in its inventory of well-bores at Cole Creek for low-risk recompletion candidates. The Company has identified the following:

- Six (6) well-bores have currently been identified as low risk re-completion candidates as they exhibit very good production casing and cement integrity.



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- All of the wells identified had strong oil shows in the Frontier 1 during drilling with one well observed having oil flow into the drilling fluids exhibited at surface during penetration.
- All wells with open hole wire line logs show good reservoir porosity in the intervals of the 3 Frontier 1 sands correlating to those in the 14-30 discovery well, with evidence of natural fractures due to the anticlinal nature of the structure.
- Re-completion will consist of suspension and plugging back of the current Frontier 2 completions, then perforating up-to 165' of the three Frontier 1 sands followed by 2 staged fracture treatments.

The Company's current estimate of the cost of the re-completion per well is US\$600,000. Minimal wellsite facility upgrades are expected as the well sites currently have surface well site production facilities.

Debt Refinancing

The Company has approached and is in discussions with select US and International Banks regarding the re-financing of its current Senior Credit Facility of US\$42 million and funding the closing of outstanding hedges currently estimated to cost US\$10 million. The volatility in the debt markets in late September and October resulting from inflationary pressures and central bank policies caused the Company to slow down its approach. Stability appears to be returning, and as such the Company continues to pursue its objective to secure term sheets.

Deep Discovery Possible Joint Venture

COPL has been approached by a large oil company with operations in Wyoming to explore a Joint Venture between the companies to appraise and develop the Company's deep oil discovery. Technical due diligence is in process, and COPL will update its progression when appropriate.

Arthur Millholland, President and CEO commented: "As one can see we have a number of things going on, all being undertaken by a relatively small staff. What is most important is that we are progressing with our plan as outlined earlier in the year. We are very excited about the Frontier 1 recompletions at Cole Creek. This information was in hard files in storage when our Atomic affiliate bought these assets from the previous operator. We believe that Atomic had not reviewed these files making it likely the opportunity had been missed. We will begin recompletion and testing in December. Finally, observers of our production at the Shannon miscible flood should understand that production will rise incrementally from the gas flaring initiative. It is not as simple as just opening valves. The wells have been restricted for some time; thus, the produced oil is extremely volatile requiring the most prudent of oilfield practice."

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COPL is an international oil and gas exploration, development and production company actively pursuing opportunities in the United States with operations in Converse and Natrona Counties Wyoming, 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.

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