



## Third Quarter 2022 Financial Results & Update

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**London, United Kingdom; Calgary, Canada: November 15, 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 announce its financial results for the three month period ending September 30, 2022 and update its financing and operations objectives:

### Financial Highlights for Q3-2022:

- On July 26, 2022, the Company's affiliate, COPL America Inc. closed the acquisition of the assets of Cuda Energy LLC ("Cuda") with the court-appointed receiver for Cuda for cash consideration of \$19.1 million plus the assumption of Cuda's operating arrears owed to the Company of \$1.6 million and acquisition costs of \$0.1 million for a total cost of \$20.9 million.
- The Cuda asset acquisition was financed with \$19.7 million of proceeds from the issuance of convertible bonds which are initially unsecured and structured to accommodate COPL's current Senior Credit Facility and the implementation of new senior debt.
- Net average crude oil sales before royalties averaged 1,107 bbls/d as compared to 961 bbls/d in the second quarter of 2022. The increase in oil production in the third quarter is due closing the acquisition of assets from Cuda Energy partially offset by operational interruptions at certain high impact wells. The interruptions were as a consequence of the miscible flood program, which involves the injection of high-pressure solvent which both raises the reservoir pressure and mobilizes the oil in place. The arrival of the high-pressure miscible bank at producing wells generated higher pressure conditions at the wellhead. This circumstance led to the requirement to shut in the wells for a period of time and modify the well configuration by removing the low- pressure pumping equipment and replacing it with a high-pressure flowing configuration.
- Petroleum sales, net of royalties were \$7.1 million as compared to \$7.1 million in the second quarter of 2022. Petroleum sales remained consistent as a decrease in commodity prices offset the increase in oil production.
- In aggregate the Company incurred a net realized hedging loss of \$2.3 million as compared to loss of \$2.6 million in the second quarter of 2022. Specifically,



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it realized a loss of \$3.4 million on crude oil hedge contracts as compared to a loss of \$4.7 million in the second quarter of 2022, which was offset by a realized gain of \$1.1 million on butane hedge contracts as compared to a gain of \$2.1 million in the second quarter of 2022. The butane hedges were put in place to protect the liquid purchases required for the miscible flood injection program.

- The operating netback was \$38.26/bbl, before the net realized gain on crude oil and butane commodities contracts as compared to \$55.72/bbl, in the second quarter of 2022. The decrease is due mainly to the reduction in WTI from \$108.41/bbl in the second quarter of 2022 as compared to \$91.56/bbl in the third quarter of 2022.
- A cash position of \$5.7 million as at September 30, 2022 as compared to \$7.8 million as at December 31, 2021.

The financial results and associated regulatory filing documents, including the Financial Statements and the Management's Discussion and Analysis for the third quarter ending September 30, 2022, can be viewed on the Company's website at <https://www.canoverseas.com/annual-reports/> and under the Company's profile at [www.sedar.com](http://www.sedar.com). The Company encourages interested parties to read the Management's Discussion and Analysis along with the Financial Statements and accompanying notes.

### **Progressing Debt Financing**

The Company is pleased to be evaluating debt facilities with multiple US and International Banks to secure a term sheet to refinance COPL America's US\$42 million Senior Credit Facility and close the outstanding hedges, which run to February 2024, currently estimated to cost US\$11 million. A term sheet from a bank is the first step in the process and COPL and its advisers are focused on securing terms that provide increased operating flexibility and improved cost of capital. The Company looks forward to providing updates on this process.

### **Operations Update**

The Company continues to make progress in its Wyoming operations as outlined in its November 1, 2022 Operations Update.

- The re-simulation of miscible flood at Barron Flats is progressing and should be completed by the end of the month to early December. The objectives of the re-simulation are to plan for the resumption of enriched gas injection at the field in 2023 by targeting the western injection patterns which are currently under injected in addition to providing an updated reservoir model to more accurately forecast future field production volumes. The new simulation appears to be able to match production responses observed in certain high-pressure wells as well as further outline possible high pressure/productive trends observed in the field.



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- Flaring gas has commenced at Barron Flats with production from restricted wells continues to be brought up incrementally post approval of the flaring permit on October 11. Oil production increases are slowly increasing as the process proceeds. Flowing wells have exhibited additional paraffin plugging issues through the process which require higher frequency condensate treatments and more incremental drops to flowing production pressures.
- 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. The Company is in the process of lining up fracture services to re-complete the first of the six wells. While the Company hopes to secure all of the services required for December operations, the tight oilfield services market may cause field operations to be initiated in January.
- Due diligence and discussions continue with respect to a possible Joint Venture on the Company's deep oil discovery by a large oil company which approached COPL's COPL America Inc affiliate. The Company will provide an update at the appropriate time. The Company is encouraged by the progress to date.

### 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 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.

*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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