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COPL 2025 Convertible Bond Additional Financing

London, United Kingdom; Calgary, Canada: January 03, 2023 London – 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 (the “Announcement”):

- The Company has signed a “Tap” Purchase Agreement for the issue of further 2025 convertible bonds pursuant to the Bond Instrument dated July 26, 2022 with an aggregate principal amount of US\$4 million (the “Convertible Tap”). The Convertible is fully anchored by the lead investor for the July 2022 Convertible offering (the “Lead Investor”)
- Alongside Convertible Tap, COPL has received written consent from a majority of 2025 Bondholders to avoid adjustments to the 2025 Bond Instrument conversion price minimizing shareholder dilution. The main Bond terms are identical to the existing 2025 Convertible Bonds (the “Convertibles”). Pricing terms have improved vs. July 2022 issue (higher issue price: 80% vs 78% on July Convertibles), higher strike on new warrants of 18p vs 16.75p on July warrants.
- Following the Company’s hedge restructuring, the offering proceeds will be used for recompletions at Cole Creek Frontier Sands, capex and miscible injections at the Barron Flats Shannon flood and for up front deposits and fees for debt refinancing term sheets for COPL America.
- The Company anticipates signing a Debt refinancing term sheet in January 2023 and closing the debt refinancing in the first quarter of 2023.
- A ‘tap feature’ to increase the Convertible allows COPL to draw further development funds, should it require, with the aim of increasing production or for future drilling plans, subject to mutual agreement with the Lead Investor, as COPL has done with this Convertible Tap.
- COPL has the support of its existing Lender and has structured amendment to its Senior Credit Facility as it continues its debt refinancing and joint venture discussions for the development of its Wyoming assets.

Convertible Terms

Terms not defined in this Announcement have the meaning given to them in the Convertible Bond Instrument which is available on the Company’s profile at www.sedar.com. The Company encourages readers to review its Financial Statements and Management Discussion and Analysis for the Third Quarter of 2022 for a full summary of the Convertible terms which are summarised are as follows:



3200, 715-5th Avenue SW
 Calgary, Alberta, Canada T2P 2X6
WWW.CANOVERSEAS.COM
 +1.403.262.5441 P
 @COPLinvestor
 +1.403.263.3251 F

Amendment to Senior Credit Facility

To facilitate the Convertible Tap and COPL's first quarter objectives including debt refinancing, COPL has agreed to amendments of certain terms of its Senior Credit Facility. The liquidity covenant has been amended to a 30-day average of \$2 million and requisite permissions for the funding of COPL America's first quarter of 2023 work programme and use of the Convertible Tap proceeds have been received.

Waiver of 2025 Bond Instrument Adjustments

COPL has received written consent from a majority of 2025 Bondholders to avoid adjustments to the 2025 Bond Instrument conversion price which remains at \$0.1583 per share for each \$200,000 of 2025 Principal Outstanding. There are no changes to the 2024 Bond Instrument or Warrants issued in July 2022 as a result of this Convertible Tap Financing.

Arthur Millholland, President and Chief Executive Officer, commented: "The Tap provided by our lead institutional investor today illustrates the confidence they have in our business plan going forward. Long term investors in the Company are key to our future, as they provide balance and confidence to our current shareholders, and other stakeholders, by allowing the Company to grow through the execution of its business plan. One only needs to look at Occidental Petroleum who have performed brilliantly with the support of a single long term lead institutional investor."

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.

For further information, please contact:

Mr. Arthur Millholland, President & CEO

Mr. Ryan Gaffney, CFO

Canadian Overseas Petroleum Limited

Tel: + 1 (403) 262 5441

Cathy Hume

CHF Investor Relations

Tel: +1 (416) 868 1079 ext. 251

Email: cathy@chfir.com



3200, 715-5th Avenue SW
Calgary, Alberta, Canada T2P 2X6
WWW.CANOVERSEAS.COM
+1.403.262.5441 P
 @COPLinvestor
+1.403.263.3251 F

Charles Goodwin
Yellow Jersey PR Limited
Tel: +44 (0) 77 4778 8221
Email: copl@yellowjerseypr.com

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

Market Abuse Regulation disclosure

The information contained within this announcement is deemed by the Company to constitute inside information pursuant to Article 7 of EU Regulation 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended ("MAR") encompassing information relating to the Placing described above, and is disclosed in accordance with the Company's obligations under Article 17 of MAR. In addition, market soundings (as defined in MAR) were taken in respect of the Placing with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore, upon publication of this announcement, those persons that received such inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

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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