



COPL Prospectus Filing & Trading Update

London, United Kingdom; Calgary, Canada: February 1, 2023 – 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, has filed a prospectus dated 31 January 2023 with the Financial Conduct Authority and provides a trading update.

2022 Trading Update

The average annual gross lease oil production for 2022 was 1,550 bbls/d (1,085 bbls/d net before royalties). The total gross miscible flood injection volumes in 2022 at the BFSU were 1,434 Mmcf of natural gas and 6.9 million gallons of liquified petroleum gas (LPG) for a total net cost to the Company of about \$6.8 million. The Company’s financial results for calendar year 2022 are significantly impacted by an \$8.0 million net loss on the oil and butane hedge contracts, \$8.1 million of debt service and financing costs and a \$2.9 million repayment of its senior credit facility. The Company’s operations have been challenged by production interruptions, caused by paraffin and infrastructure bottlenecks, as well as by inflationary pressure on services and equipment and delays in obtaining services due to industry demand and adverse weather in the Powder River Basin, Wyoming and surrounding region.

Production at the Barron Flats Shannon Unit (“BFSU”) is expected to remain constrained until such time as the Company secures funding to debottleneck the gas gathering system to recover produced gas for re-injection. An upgraded gas gathering system is planned to be installed in phases through 2023 subject to available funding which, as detailed below, the Company is working to secure.

The Company’s fourth quarter gross lease oil production was 1,360 bbls/d (1,169 bbls/d net before royalties) which included weather related shut ins that impacted the Company in December 2022.

Working Capital Position

The Company’s Wyoming operations and operating cash flow have recently (during late December 2022 and January 2023) been impacted by weather-related downtime and long-lead times or unavailability of services required for paraffin remediation and production management at BFSU. Severe winter storms impacted the Company’s oil sales during January 2023 as oil haulers were unable to safely navigate roads. On 28 January 2023 the BFSU gas plant and field operations were shut-in for safety purposes due to severe winter weather and BFSU production and gas injection has been offline since that date. BFSU production facilities are presently being re-started from 30 January 2023 as weather and access roads are cleared. Limited quantities of oil have been trucked from Cole Creek Unit during this time. As a result of these interruptions in production and sales the Company’s affiliate COPL America may not meet its financial covenants pursuant to its Senior Credit Facility in February 2023 and March 2023 unless new financing is secured.





The Company does not currently have sufficient working capital for its present requirements and the Company believes that additional financing will be required by March 2023. With no assurance that further financing (by way of equity and/or debt) will be obtained, there is material uncertainty that casts significant doubt the Company's ability to continue as a going concern. Full details of the Company's working capital shortfall and the steps the Company is taking to address its working capital shortfall are available in the Prospectus dated 31 January 2023 which is publicly available at the National Storage Mechanism via <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>, www.sedar.com and www.canoverseas.com/shareholder-information/.

Financing Initiatives

The Company is working closely with its professional advisers to negotiate and secure a new senior debt facility, which the Company is targeting to draw down prior to 31 March 2023. The Company has engaged with numerous US and International banks and institutional debt investors and expects to secure a term sheet based on its 2022 year-end reserve report for the Wyoming Assets, which is expected to be available in late February 2023 and, will be published in late March 2023 at the time COPL files its 31 December 2022 annual audited financial statements. The Company is also actively negotiating and intends to issue additional 2025 Bonds and warrants pursuant to a second tranche of the Winter Bond Financing (announced 3 January 2023), which is expected to close in February 2023 to support its near-term capital requirements for the Company and its affiliate, COPL America.

In addition to securing financing from debt and equity capital markets, the Company confirms that it is actively negotiating terms for a joint venture for the long-term development of its Wyoming assets. The Company plans to announce the detailed terms as soon as they are agreed.

Director Retirement

Mr. Nigel Little has resigned effective 22 January 2023 for health reasons. The Company thanks Mr. Little for his contributions and service over the past year and wishes Mr. Little a full recovery.

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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