



THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM THE UNITED STATES, AUSTRALIA, THE REPUBLIC OF SOUTH AFRICA, NEW ZEALAND OR JAPAN OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BREACH ANY APPLICABLE LAW OR REGULATION.

COPL Announces \$4 million Equity Financing, Hedge & Sr. Debt Restructuring to Ensure Funding beyond Q1-2024

London, United Kingdom; Calgary, Canada: October 6, 2023 – 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, announces the completion of the critical equity financing and further financial agreements that positively enhance the financial strength and liquidity of the business. Their collective impact is to fully fund the business through Q1-2024 and reduce 2023 and 2024 liabilities in excess of \$13.5 million. In addition, the Company has removed over \$2 million of costs during 2023 and has a further \$1 million of costs that are expected to be removed before the end of 2023.

Highlights

The Company is excited by the high degree of support and mutual alignment it has achieved amongst its leading capital providers and stakeholders enabling this pivotal financing and restructuring package:

- Upsized equity financing of \$4 million at a price of 2.6 pence per share, or +30% premium to the closing share price on 5th October. The funding was provided entirely by the Company’s leading equity and convertible bond investor Anavio Capital Partners LLP (“Anavio”).
- Senior Debt and Hedge Restructuring that frees up over \$13.5 million of cash flow to COPL America through 2024.
 - COPL America has full exposure to WTI pricing, with hedge losses crystallised at \$10.96 million and repayable at maturity in March 2025 further to a restructuring of its crude and butane swaps with, the ‘Swap Provider’, an intercreditor to the Senior Credit Facility. Offsetting swaps were entered, and an up-front principal repayment to Swap Provider of \$500,000 is to be made, with the remaining swap liability of \$10.5 million maturing in March 2025.
 - A waiver from its ‘Senior Lender’ and Swap Provider on interest payments from October to the end of January 2024, leading to a cash saving to the company during that period of \$3.5 million;
 - Interest will be accrued in the form of PIK, with an option for the Senior Creditors to extend.
- The increased equity financing and debt and hedge restructuring provide COPL’s group with more than \$17 million in investment support from its largest financial stakeholders. This financing package is designed to ensure the Company is fully financed through Q1-2024, at current production levels of approximately 1,200 bbl/d, providing focus on the key strategic





priority of increasing oil production to allow COPL America to become fully funded through 2024.

- The Company reaffirms it is on track to remove a further \$1 million of costs during Q4-2023.
- COPL will shortly appoint a new director, who is expected to focus on production increase and operating costs control. A new reporting and governance framework will further provide the board increased visibility and control of COPL operating activities.

John Cowan, CEO said:

"I am delighted to have closed this financing that now allows my entire focus to be on delivering increased production at field site through increasing Q4 NGL injectant. If we can bring production back above 2,000 bbl/d on average for 2024 it will allow us to fully fund COPLA for the entire year. We remain focused on progressing our discussions relating to the JV and look forward to being able to focus on delivering operationally."

Tom Richardson, Chairman said:

"I am delighted with the support from all our major stakeholders through this challenging period. They are all world class institutions with their own reputations for excellence. Their belief in this team and our strategy to deliver returns for all investors is both welcome and reassuring."

Equity Financing, Amendments to Bonds and Bondholder Warrants

COPL announces an upsized funding from Anavio of \$4 million at a revised price of 2.6 pence per share. The 126,182,965 Common Shares to be issued will, when issued, be credited as fully paid and will rank pari passu in all respects with the existing issued Common Shares.

The Company will grant the Purchaser 126,182,965 warrants to purchase Common Shares at a price of 2.6p per common share, expiring August 26, 2027. The existing 137,810,188 Bondholder's Warrants will also be exercisable at 2.6p, expiring August 26, 2027. The \$12.4 million outstanding 2027 bonds and \$13.0 million outstanding 2028 bonds will be convertible at \$0.0317 per Common Share.

As part of the financing, COPL has the ability to issue shares at the same price as the Anavio capital injection to pay certain creditors. The amount permitted under the Anavio financing is up to \$500,000.

Senior Debt and Hedge Restructuring

In conjunction with the Anavio financing COPL has agreed to crystallise all hedge losses from October 2023 to December 2024, totalling \$10.96 million with Swap Provider. COPL entered into offsetting swaps to crystallise the hedge on October 4, 2023. In addition, it has agreed to pay a revised interest rate on the same terms as the Senior Credit Facility on the outstanding liability to the Swap Provider. The liability has the same maturity as the Senior Credit Facility, due March 2025. COPL agreed to pay \$500,000 upfront to Swap Provider as part of the crystallisation of the hedge. Swap Provider has agreed to waive any further amortisation of the amount until maturity, and has elected to PIK interest from October 2023 to January 31, 2024. The impact of this senior debt and hedge restructuring is to free up over \$13.5 million of cash to the end of 2024 for COPL America.





COPL's Senior Credit Facility Lender has agreed to accumulate all interest arising between October 2023 and 31 January 2024 on a PIK basis. In addition, they agreed to waive the quarterly covenant tests as at September 30, 2023 and to reduce the minimum liquidity covenant from \$2.5 million to \$1.5 million from October to December 2023.

Ryan Gaffney, CFO said:

"The restructuring with our senior creditors and the Anavio financing provides COPL America with improved operating cash flow from today, and the Company intends to direct that to increased NGL injectant and field capex to increase production and demonstrate the potential of the Wyoming assets."

Operations Update

- The company has tied-in six wells and five high-pressure separators to the gas gathering system
- The company plans to spend over \$500,000 on NGL injectant in each of October and November to increase the density of NGL's in the gas injection
- The company expects to see initial results from the higher density NGL's before the end of November 2023.

UK - DTR & LR14

Following the issuance of the 126,182,965 common shares on October 10, 2023, the Company will have a total of 840,203,526 common shares issued and outstanding. There are no common shares held in treasury and therefore the total number of voting rights in the Company from that date is 840,203,526. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Applications will be made for the Shares to be admitted to the FCA's Official List and to trading on the London Stock Exchange's main market for listed securities within the next twelve months, in accordance with Listing Rule 14.3.4.

M.I. 61-101

The Company has also determined that the Financing is a "related party transaction" pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101") and is exempt from the formal valuation and minority approval requirements applicable to related party transactions defined under MI 61-101 pursuant to the financial hardship exemption under sections 5.5(g) and 5.7(1)(e) of MI 61-101.

The Company relies on the above exemptions on the basis that: (i) as described in the Company's announcement of February 1, 2023, the Company is in serious financial difficulty because, without the Financing, it does not have sufficient working capital for its present requirements, (ii) the Financing is designed to improve the financial position of the Company, (iii) the transaction is not subject to court





approval or court order, (iv) the Board of Directors of the Company and all independent directors, each of the foregoing acting in good faith, have determined that (i) and (ii) above apply and that the terms of the Financing are reasonable in the circumstances to the Company, and (v) as at the date hereof, there is no other requirement to hold a meeting to obtain the approval of the shareholders of the Company for the Financing.

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 Wyoming.

The Company operates the Cole Creek Unit 100% WI, Barron Flats Shannon (Miscible) Unit 85% WI and holds Barron Flats Federal (Deep) 85% WI in addition to non-unitized lands 100% WI.

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. Tom Richardson, Chairman
Mr. John Cowan, 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

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

Neil Passmore / Mario Doerflinger
Financial Advisor/Joint Broker
Hannam & Partners
+44 (0) 20 7907 8500
Email: njp@hannam.partners / md@hannam.partners

Peter Krens





Joint Broker
Equity Capital Markets, Tennyson Securities
Tel: +44 (0) 20 7186 9033

Alex Wood & Keith Dowsing

Joint Broker
Alternative Resource Capital
AW: +44 (0) 7559 910872
KD: +44 (0) 7559 910873

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

All \$ figures are United States Dollars unless otherwise noted.

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 Financing 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 Financing 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 that the Financing will complete the uncertainty of estimates and projections relating to production, cost overruns, health and safety issues, political and environmental risks, commodity price, interest rate 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 Ltd. 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.





Hannam & Partners, which is a member of the London Stock Exchange, is authorised and regulated in the United Kingdom by the FCA is acting as joint broker in connection with the Financing. Alternative Resource Capital, a trading name of Shard Capital Partners LLP, and Tennyson Securities, each authorised and regulated in the United Kingdom by the FCA are acting as joint broker in connection with the Financing. Each of Hannam & Partners, Alternative Resource Capital and Tennyson Securities are acting exclusively for the Company in connection with the matters referred to in this Announcement and for no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing any advice in relation to the contents of this Announcement or any transaction, arrangement or matter referred to herein.

This Announcement has been issued by and is the sole responsibility of the Company. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted (apart from the responsibilities or liabilities that may be imposed by the Financial Services and Markets Act 2000, or the regulatory regime established thereunder) the Company or by any of their respective affiliates or agents as to, or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

