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COPL Announces US\$2.5 Million Equity Financing, Execution of Forbearance Agreement with Senior Lender and Appointment of Chief Restructuring Officer

London, United Kingdom; Calgary, Canada: December 29, 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, announces (the “**Announcement**”) (i) US\$2.5 million of committed common share financing and certain amendments to the outstanding Bonds (as defined below) of the Company, as described herein (collectively, the “**Financing**”) (ii) the execution of a Forbearance Agreement with its senior lender and (iii) the appointment of a Chief Restructuring Officer.

Other terms of the Financing include:

- Completion of the Financing is expected by the January 15, 2024 and is intended to be used for working capital purposes.
- 1,312,232,633 common shares (the “**New Shares**”) are to be purchased at a price (the “**Subscription Price**”) of GBP 0.0015 by Anavio Capital Partners LLP or an entity or entities associated by it (the “**Purchaser**”).
- The Company will grant the Purchaser warrants equal to at least 100% of the number of New Shares, with each warrant entitling the holder to purchase a Common Share at the Subscription Price, expiring 26 August 2028.
- The conversion price of the Bonds will be amended to the Subscription Price per conversion share. The maturity date of the 2027 Bonds (as defined herein) will be extended to 26 January 2028, and the maturity date of the 2028 Bonds (as defined herein) will be extended to 26 January 2029.
- The commencement date for any exercise by the Company of its parity call option under each of the Bonds will be extended to 1 January 2025.
- The exercise price of the existing warrants will be amended to the Subscription Price, and the expiration date will be extended to 26 August 2028.
- The Company will appoint one additional independent non-executive director to be nominated by the Purchaser by no later than 31 March 2024.

Senior lender support



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In concert with the Financing, COPL and its affiliates entered into a Forbearance Agreement with its existing Senior Credit Facility Lender and appointed Peter Kravitz of Province Fiduciary Services as Chief Restructuring Officer.

Under the terms of the Forbearance Agreement, subject to certain conditions precedent and continued compliance with the Forbearance Agreement, the senior lender agrees not to enforce certain rights, remedy, powers and privileges available to it as a result existing defaults under the terms of the senior loan facility before February 29, 2024.

Among other things, the Forbearance Agreement requires the Company to deliver a cash flow generative business plan which shall include a sales process for the Company's assets. There can be no guarantee that such a process will result in a sale or that even if a sale was completed, will result in net proceeds to the Company.

Operations

The Company has stopped natural gas and NGL purchases. Oil production for the 4th quarter, up to December 28, 2023 averaged 1,083 bbl/d (gross).

DTR

As at the date of this announcement, the Company has a total of 1,038,771,819 common shares issued and outstanding. There are no common shares held in treasury and therefore the total number of voting rights in the Company is 1,038,771,819. 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.

MI 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 20 December 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,



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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.

Definitions

Reference is made to the Bond Instrument dated 26 July 2022 as amended on 24 March 2023 and 10 October 2023 in respect of the issue of US\$20,000,000 Senior Convertible Bonds due 2027 (the “**2027 Bonds**”) (of which US\$10.6 million principal amount remains outstanding), the Bond Instrument dated 26 July 2022 as amended on 30 December 2022, 24 March 2023 and 10 October 2023 in respect of the issue of US\$24,000,000 Senior Convertible Bonds due 2028 (the “**2028 Bonds**”) (of which US\$10.8 million principal amount remains outstanding) (2028 Bonds together with the 2027 Bonds collectively, the “**Bonds**”).

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.

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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.

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 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 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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