



## Canadian Overseas Petroleum Limited Secured a Loan

### Loan Agreement for £600,000 and Termination of Equity Sharing Agreement

**Calgary, Canada, June 15, 2020** - Canadian Overseas Petroleum Limited ("COPL" or the "Company") (XOP: CSE) & (COPL: LSE), an international oil and gas exploration and development company focused on sub-Saharan Africa, today announces that it has entered into a loan agreement with YA II PN, Ltd ("YA") and Riverfort Global Opportunities PCC ("RGO" and, together with YA, the "Lenders") for an unsecured facility of £600,000 (the "Loan Agreement"). Pursuant to the terms of the Loan Agreement the Company can draw down £100,000 per month for a period of six months following the date of the Loan Agreement. Each tranche drawdown is repayable in cash six months from the respective drawdown date. The term of the loan is one year. In addition, each of the Lenders has committed to participate in a future equity placing for £100,000 each provided that any such equity funding is completed on or before August 28, 2020 ("Future Equity Funding"). The Equity Sharing Agreement announced by the Company on April 30 with YA and RGO has been terminated by the parties by mutual consent pursuant to the terms of the Loan Agreement. The funds received by the Company pursuant to the Loan Agreement and, if applicable, the Future Equity Funding will cover general working capital and enable the Company to continue focusing on its Nigerian OPL 226 project as disclosed on June 4, 2020.

#### The benefits of this transaction include:

- The securing of this capital despite the uncertain market environment underpins COPL's confidence that it can successfully execute its business plan.
- The Loan Agreement will allow the Company to attract additional capital going forward due to the knowledge it has sufficient funding to navigate these unprecedented market conditions.
- The funds from the Loan Agreement allow the Company to continue to focus its interest in its prime Nigerian asset OPL 226, which is an outstanding conventional light oil appraisal/development project.
- As part of the transaction, CEO Arthur Millholland, has agreed to defer the repayment of his previously disclosed loan to the Company until December 31, 2020.

**Arthur Millholland, President and CEO, commented:** "To have secured this funding, especially during these very challenging times, reflects the Company's prospects and the high quality of its principle asset."





## Summary of Loan Terms

- £600,000 unsecured Loan facility, in six monthly drawdowns of £100,000 each. The first drawdown is available to COPL on signing the Loan Agreement. Subsequent monthly drawdowns are available subject to the fulfilment of certain conditions, including completion of £500,000 in Future Equity Funding. Each drawdown is repayable to the Lenders six months following such drawdown.
- Loan Agreement costs include £36,000 in common shares of the Company to be issued to the Lenders at the price of the Future Equity Funding and a 10% Fixed Coupon is payable on the Loan Agreement amount due at repayment of the first drawdown. COPL has the option to pay the coupon in common shares at the Future Equity Funding price at a fixed rate of 12.5% if paid in common shares.
- The Lenders will be issued common shares purchase warrants, each warrant exercisable into one common share at a strike price to be set at 30% premium to the Future Equity Funding price. Warrants exercised may be set-off against amounts outstanding to the Lenders under the Loan Agreement.
- COPL must complete £500,000 in Future Equity Funding (£200,000 of which will be placed to the Lenders) no later than 28 August 2020 as condition of the Loan; it is otherwise fully repayable on that date.
- In the event of default, common shares of COPL may be issued to satisfy default amounts, and such conversion will be priced at 80% of COPL's trailing 10-day VWAP, five days following the missed payment/default date.

## About the Company:

The Company is actively pursuing opportunities in Nigeria and sub-Saharan Africa in partnership with Shoreline Energy International Limited ("Shoreline") as part of its strategy to generate stable cash flow from secure offshore and onshore assets. The Company and Shoreline, through their jointly held affiliated company Shoreline Canadian Overseas Petroleum Development Corporation ("ShoreCan"), currently hold 80% of the share capital and have taken over the management of Essar Exploration and Production Limited (Nigeria) ("Nigerian Affiliate" or the "Affiliate"). On June 4, 2020 the Company announced that the shareholders of the Nigerian Affiliate had reached an agreement in principle to resolve their disputes. Completion of the agreement is ongoing and when completed ShoreCan's shareholding in the Affiliate will change in accordance to the terms outlined in the Press Release. The Affiliate holds an attractive oil appraisal and development project in shallow to mid-water offshore Nigeria on its 100% holding in OPL 226. In other ventures, ShoreCan has been indicatively awarded an exploration license onshore Mozambique in the 5th Licensing Round adjacent to the producing Pande-Temane Gas and light oil field complex.

## For further information, please contact:

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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 continued 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.

**Neither the CSE nor its regulation services provider accepts responsibility for the adequacy or accuracy of this release.**