



Canadian Overseas Petroleum ShoreCan and Essar Mauritius Sign Definitive Agreements Resolving Dispute

Calgary, Canada; London, United Kingdom: August 4, 2020 – Canadian Overseas Petroleum Limited ("COPL" or the "Company") (XOP: CSE) & (COPL: LSE), an international oil and gas exploration and development company focused on offshore Africa is pleased to announce that its 50% owned joint venture company, Shoreline CanOverseas Petroleum Development Corporation Limited ("ShoreCan") has executed definitive agreements with Essar Exploration & Production Limited (Mauritius) ("Essar Mauritius") to resolve their disputes as outlined in the agreement in principal announced by the Company on June 4th 2020. ShoreCan and Essar Mauritius have entered into a Sale and Purchase Agreement, and other agreements, with each other concerning, among other things, their respective obligations under the Essar Exploration and Production Limited (Nigeria) ("Essar Nigeria") Shareholders Agreement (the "Shareholders Agreement").

The agreements between ShoreCan and Essar Mauritius can be summarized as follows:

- A Settlement Agreement which settles the claim filed by Essar Mauritius against ShoreCan in the High Court of Justice of England and Wales. Under the Settlement Agreement, each party has agreed to bear their own costs and end the proceedings in the High Court of Justice of England and Wales
- A Share Transfer Agreement in which ShoreCan will return 70% of the shares in Essar Nigeria to Essar Mauritius
- An amended Shareholders Agreement, the highlights of which as follows:
 - Essar Mauritius to carry ShoreCan for a 10% carried interest (capped at US\$5 million net) on all costs relating to the drilling of the first Well to be drilled under the terms of the OPL 226 PSC
 - ShoreCan will have the option to increase its shareholding in Essar Nigeria from 10% to 30% by paying 20% of historic expenditures of Essar Nigeria at cost through the drilling of the first well. The option is exercisable within 90 days from the completion of the first well as defined in the final well plan as approved by concessionaire (NNPC) and regulator (DPR) under Phase 1 of the OPL 226 Production Sharing Contract (PSC)
 - The Essar Nigeria Board of Directors and management team to be restructured commensurate with its amended share structure to reflect the increased shareholding of Essar Mauritius



- A Loan Agreement with Essar Nigeria whereby Essar Nigeria recognizes historic expenditures by ShoreCan on behalf of Essar Nigeria as a shareholder loan thus allowing ShoreCan to recover these expenditures, cost recoverable and non-cost recoverable, from future production revenue

Essar Nigeria, with the full support of its shareholders, has applied to the concessionaire and the regulator for an extension of the exploration period under the OPL 226 PSC beyond the current term ending September 30, 2020. Completion of the definitive agreements outlined above is subject to the grant of such an extension and other customary completion conditions.

Arthur Millholland, President and CEO, commented:

“The execution of these definitive agreements is the first step in the transformation of the Company. This is a tremendous asset and our interest in it is appropriate for this time in the business cycle. Going forward there are opportunities available to COPL at low entry costs as a result of the drop in oil prices due the COVID-19 pandemic. We are evaluating these with the view of adding opportunities which offer near term production and cash flow with good economics during this period of low oil prices.”

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

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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 conclude definitive legal documentation in relation to the dispute referred to above, 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.

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