Canadian Overseas Petroleum Limited
Secures Senior Credit Facility for up to US$65 million

Calgary, Canada & London, United Kingdom, February 18, 2021 - Canadian Overseas Petroleum Limited ("COPL" or the "Company") (**XOP**: CSE) & **(COPL**: LSE), an international oil and gas exploration and development company, today announces that:

- The Company has been notified that its previously announced **US$65 million** Senior Credit Facility ("Credit Facility" or "Facility") was approved by the Investment Committee of the Lender, a US based Global Investment Firm (the "Lender")
- This represents a **significant** positive step in the previously disclosed planned process of obtaining financing and completing the closing of its acquisition of Atomic Oil and Gas LLC ("Atomic") and its related entities, as announced on December 16, 2020.
- The facility has a term of four years and is subject to typical lending conditions through its term.
- The Facility has a base size of **$45 million**, with an additional, or "accordion", **$20 million** to fund future development at the sole discretion of the lender.
- The terms of the Facility are market **competitive** and availability of the Facility remains subject to execution of final definitive loan documentation and satisfaction of customary conditions precedent.

Since signing the Credit Facility Term Sheet with the Lender, as announced on 19 January 2021, the Company has been working with the Lender to complete due diligence including review of the Company's development and capital investment plans for 2021 and 2022 at the Barron Flats Unit and Cole Creek Unit, analysis by independent engineers and technical consultants of the response of the BFU oil production to gas injection, and other customary and confirmatory due diligence.

Draw down of the Credit Facility will allow the Company to **complete** the $54 million acquisition of Atomic and its related entities as disclosed on December 16, 2020. Funds from the Credit Facility will be used to pay Atomic the remaining $41 million cash component outstanding to complete the transaction. Atomic will use these funds to retire its outstanding Bank and Shareholder loans, as well as outstanding payables of Atomic and its related entities to achieve a nil working capital deficit as per the terms of the COPL-Atomic Purchase and Sale Agreement.

Draw down of the Credit Facility remains subject to satisfying customary conditions precedent which the Company is working to complete, including completion of a Financial Audit by Atomic for fiscal years 2018 and 2019, and an Auditors review of the 9 months ending September 30, 2020. The Audit commenced in December and is nearing completion.

Arthur Millholland, President and CEO, commented: "This loan will facilitate the completion of the Atomic acquisition which will be materially value enhancing to COPL, providing an immediate and growing revenue stream from day one. Crude oil prices have increased by 50% since we entered into the transaction thus enhancing the overall value of the proposition. Working with our new colleagues

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we plan to accelerate the production profile from the Atomic assets. This represents a step change in the strategic growth opportunities open to COPL and we look to the future with renewed confidence."

Ryan Gaffney, CFO, added: "Approval of the Credit Facility by the Lender's investment committee is a key milestone to completing the Atomic acquisition. The quality of the assets we are acquiring has allowed the Company to attract the debt necessary to complete and we are working with the Lender to complete loan documentation in the coming week."

Highlights of the transaction to COPL

- The low crude oil price, which initially enabled COPL to entertain the transaction, has increased significantly which enhances the overall value;
- The acquisition has a **high** NPV asset at a price well below traditional metrics: Proved(P1) value of $101.7mm (net of royalties); Proved + Probable(P2) value of $185.8mm (net of royalties) **based on WTI pricing for 2020 of $39/bbl**;
- The acquisition presents a high ROI > 50%; $2.18/bbl acquisition cost on P2 reserves vs a value of $7.52/bbl at NPV10%. (net of royalties**) based on WTI pricing for 2020 of $39/bbl**;
- COPL receives material leverage via the transaction, due to enhanced scale and funding
- The new enlarged team will capitalise on the Company's existing technical resources combined with operational expertise.

Advisors

- **M&A and Debt Advisor:** Eight Capital; Calgary, Alberta, Canada
- **Debt Advisor:** ERG Capital Partners (US) LLC, South Norwalk, CT, USA
- **Legal Advisors:** McCarthy Tétrault; London, United Kingdom, Calgary, Alberta, Canada; Davis Graham & Stubbs LLP; Denver, Colorado, USA

About Atomic

Atomic is a closely-held private oil and gas company incorporated under the laws of the State of Colorado. Atomic's assets are located in Powder River Basin in the State of Wyoming, USA where it holds operated interests in 58,552 acres (gross) of contiguous leasehold. There are two oil production Units within the lease block: the Barron Flats Shannon Miscible Flood Unit (57.7% WI) and the Cole Creek Unit (66.7%), as well as one unitized exploration area - the Barron Flats Federal Unit (deep). Atomic has two affiliates: The Southwestern Production Corp, the operating entity; and PipeCo, a midstream company holding the pipeline and facility assets.

Benefits to COPL from the Atomic acquisition

- COPL is acquiring **31.1 mm Barrels of Oil Equivalent** ("BOE") (**24.7 mm BOE net** after royalties) of Proved and Probable Reserves ("2P") (Ryder Scott Reserve Report dated 1st October 2020 of Atomic's Oil and Gas Reserves (the "Ryder Scott Report"), a summary of which can be found on the Company's Press Release dated December 16, 2020.

- Atomic has two **operated** oil fields: the Barron Flats Shannon Unit (57.7% WI) and Cole Creek Unit (66.7% WI) located in the Powder River Basin in the State of Wyoming, USA:
  - Oil producing assets are at the **beginning** of their 40+ year life with **increasing** production to a future production plateau.
  - Current production rate of 1,400 bbls/d (gross) **rising** to 5,000 bbls/d (gross) in 2022 and c.7,000 bbls/d (gross) in 2026 (2P reserve case, Ryder Scott Report).
  - Produced crude oil is light (40°API) and sweet.
  - **Barron Flats Shannon Unit (57.7% WI)**: Natural Gas and Propane Miscible Flood commenced December 2019. Production increased from c. 200 bbls/d (gross) to **1,400 bbls/d** (gross) from 2017 to Sept 2020 with a forecast 2P production rate plateau of **5,000 bbls/d** (gross) in 2022 (Ryder Scott Report).
  - **Cole Creek Unit (66.7% WI)**: Current field limits defined by drilling, Miscible Flood to be commenced upon plateau of Barron Flats Shannon Unit production. Forecast production rate plateau of **c. 3,500 bbls/d** (gross) under the 2P reserves case (Ryder Scott Report) in 2026.

- The Atomic assets have **new** infrastructure and direct access to pipeline with **no** legacy abandonment or reclamation liabilities.

- The Barrons Flat facilities are state-of-the-art, **environmentally responsible** facilities with zero gas flaring, minimal methane emissions, with required electricity sourced from an adjacent wind farm:
  - Produced associated gas is reinjected into the reservoir along with the purchased natural gas and propane miscible flood injection stream.

- The opportunity to undertake this acquisition became available only as a result of the Covid-19 environment and the drop in oil prices during 2020.
  - **The acquisition has a high NPV asset at a price well below traditional metrics**: Proved(P1) value of $101.7mm (net of royalties); Proved + Probable(P2) value of $185.8mm (net of royalties).
    - *Note: a summary of the Ryder Scott Report in accordance with Canadian Oil and Gas Evaluation Handbook Guidelines (COGEH) is located within COPL's December 16, 2020 press release.*
    - *Note: The valuation in the Ryder Scott Report dated October 1, 2020 was based on WTI pricing for 2020 of $39/bbl. Current WTI oil prices are c. $60/bbl. The WTI oil price forecast for the valuation is presented in the summary of the Ryder Scott Report located within the COPL December 16, 2020 press release.*

- The acquisition presents a **high** ROI > 50%; $2.18/bbl acquisition cost on P2 reserves vs a value of $7.52/bbl at NPV10%. (net of royalties) based on WTI pricing for 2020 of $39/bbl;

- COPL receives **material** leverage via the transaction, due to enhanced scale and funding;

- On completion, the operative staff of Southwestern Production Corp will join the COPL team thus **maximizing** our existing technical resources with their operational expertise.

About COPL

COPL is an international oil and gas exploration, development and production company actively pursuing opportunities in the United States through the acquisition of Atomic Oil and Gas LLC, and in sub-Saharan Africa through its ShoreCan joint venture company in Nigeria, and independently in other countries.

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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 finalise the necessary funding for completion of the Atomic acquisition and financing 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.