

Canadian Overseas Petroleum Ltd Announces Acquisition, Bridge Loan & Equity Placing

19.04.2022 | [ACCESS Newswire](#)

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COPL Announces Strategic Acquisition, Signs \$20m Bridge Loan term Sheet for Funding and Announces an Equity Placing of \$10m

LONDON, April 19, 2022 - [Canadian Overseas Petroleum Ltd.](#) ("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, is pleased to announce (the "Announcement"):

- COPL's affiliate, COPL America Inc., has signed a Purchase and Sale Agreement to acquire the assets of Cuda Energy LLC ("Cuda") (the "Acquisition");
- The Company has signed a US\$20,000,000 bridge loan term sheet (the "Loan") from a UK/US based Institution (the "Investor") to finance COPL America Inc's cash consideration of this strategic acquisition; and
- It is COPL's intention to conduct an accelerated bookbuild to raise net proceeds of approximately US\$10,000,000 by way of a placing (the "Placing") of, and subscription for, new common shares of nil par value in the Company ("Placing Shares").

Cuda Acquisition Highlights

- Cuda is a private oil and gas company incorporated under the laws of the State of Wyoming, it is currently in receivership under the Canadian Bankruptcy and Insolvency Act, which proceeding has been recognized in the U.S. under Chapter 15 of the United States Bankruptcy Code.
- Cuda's sole assets are a non-operating interest in: the Barron Flats Shannon Unit (27% WI); and in the Barron Flats Federal (Deep) Unit, Cole Creek Unit and non-unitized lands (27.5%-33.333% WI), complimentary to COPL America Inc's assets.
 - The Shannon Unit is a miscible flood unit, the Deep Unit is an exploratory unit, the Cole Creek Unit is a production/exploration Unit and the non-unit lands are exploration. A COPL America Inc subsidiary is the existing operator of all Cuda leasehold and Unit Operating Agreements and made a bid for the assets of Cuda.
- COPL America Inc. submitted bids on the Cuda assets in a sales process mandated by a Receivership Order on Cuda and its affiliates, including its parent, Cuda Oil and Gas Inc, by the Court of Queens Bench of Alberta Canada and a Chapter 15 Recognition Order for Cuda by the United States Bankruptcy Court for the District of Wyoming (the "Courts").
- COPL America Inc. has signed a Purchase and Sale Agreement ("PSA") with the Receiver for Cuda appointed by the Courts. The PSA is subject to the approval of the Courts and as such the Receiver will shortly be filing an Approval and Vesting Order with the Court of Queens Bench of Alberta for a hearing scheduled on April 29, 2022 and a US Sale Recognition Order with the United States Bankruptcy Court District of Wyoming.
- Closing of this Acquisition is expected to occur by the mid of June 2022
- The total consideration for the acquisition is a combination of cash and credit. COPL America Inc will finance the cash component of the acquisition solely with cash provided by the Loan entered into by the Company. The total consideration implies a highly attractive valuation of c. 90% of the working interest adjusted Atomic Oil and Gas LLC acquisition last year in a currently high oil price environment.
- Adds unhedged production and exposure to the current high oil price environment and approximately doubles COPL's corporate cash flow.
- Increases COPL's 2P reserves by 47% from 125.8 million barrels to 38.2 million barrels. (COPL December 31, 2021 NI-51-101 Reserves)

- Provides significant leverage to COPL increasing the Company's NPV10 (47% working interest adjusted) by USD122,000,000, from ¹USD258,000,000 to USD380,000,000. (COPL December 31, 2021 NI-51-101 Reserves)

¹ (Note a summary of the Company's Oil and Gas Reserves at December 31, 2021 under National Instrument 51-101 can be found on NI-51-101 Form F2 in the Company's Annual Information Form Dated March 31, 2022 filed by the Company on www.sedar.com)

Proposed Funding Highlights

COPL has agreed and signed a non-binding Bridge Loan Term Sheet to finance the Cuda acquisition (the "Bridge Loan Funding"). The key terms of the Loan are as follows:

- US\$ 20,000,000 drawdown.
- 12 months maturity ("Maturity Date").
- 12.5% interest per annum fixed coupon, payable on the Maturity Date (6 months).
- Convertible at a 25% premium to the placing price of the placing required as a CP for this Loan (the "Convert Price"). Upon the earlier of a default or the six-month anniversary of the Note, into the Company's newly-issued ordinary shares at a conversion price equal to 80% of the lowest daily VWAP of the Company's ordinary shares over the 10 trading days immediately preceding each conversion.
- 7% implementation fee deducted from proceeds.
- Two Year common share purchase warrants representing 50% of the Convertible Loan Drawdown will be issued to the Investor, exercisable at the Convert Price.
- Bullet repayment in cash together with outstanding interest on the Maturity Date.
- The Note will be secured by fixed and floating liens on all assets of the Company. COPL America Holding, Inc. will guaranty the Company's obligations under the Note, subject to the Investor and the Company's existing senior lender entering into mutually acceptable inter-creditor arrangements.
- Drawdown is conditional on entering into definitive documentation and customary closing conditions including, completion of due diligence, requisite approvals from COPL America Inc's Senior Lender, which are underway.

Click here or paste the following link on to your web browser to view the full announcement.
http://www.rns-pdf.londonstockexchange.com/rns/55691_1-2022-4-19.pdf

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