

# COPL 2022 Financials Results and Operations Update

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LONDON, UK / CALGARY, AB / ACCESSWIRE / April 3, 2023 / [Canadian Overseas Petroleum Ltd.](#) and its affiliates ("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 its financial results for the fourth quarter ending December 31, 2022.

## Fourth Quarter 2022 Financial Highlights:

- The Company's working interest average crude oil sales before royalties averaged 1,177 bbls/d as compared to 1,107 bbls/d in the third quarter of 2022. The Company has encountered operational interruptions at certain high impact wells. The interruptions were as a consequence of the miscible flood program, which involves the injection of high pressure solvent which both raises the reservoir pressure and mobilizes the oil in place. A bottleneck which has negatively impacted production is the field's originally undersized low pressure gas gathering system ("GGS"), which is not capable of accommodating the high pressure and volume of gas arriving at the producing wells and delivering to the gas plant for recycle. This circumstance led to the requirement to restrict the wells. The Company plans to initiate phase 1 of the GGS upgrade, which will address much of the low-pressure GGS restrictions in the center of the field, with future phases to branch out to outlying wells.
- Petroleum sales, net of royalties were \$6.7 million as compared to \$7.1 million in the third quarter of 2022. The decrease is due mainly to the reduction in commodity prices over the fourth quarter of 2022.
- In aggregate the Company incurred a net realized hedging loss of \$2.2 million as compared to \$2.3 million in the third quarter of 2022. Specifically, it realized a loss of \$2.7 million on crude oil hedge contracts as compared to \$3.4 million in the third quarter of 2022, which was offset by a realized gain of \$0.5 million on butane hedge contracts as compared to \$1.1 million in the third quarter of 2022. The butane hedges were put in place to protect the liquid purchases required for the miscible flood injection program.
- In December 2022, recent WTI weakness provided the opportunity for the Company to execute hedge restructuring without a cash cost to unwind certain positions and in a manner that will minimize near term hedge losses that have constrained COPL's pace of development. The restructuring has increased COPL America's exposure to WTI upside and stabilized operating cash flow in the first half of 2023. It also provides for a level of revenue protection with puts at \$60/bbl on 750 bbls/d and maintains cost protection for butane injections at our Shannon Miscible Flood at a quantum that matches COPL America's injection plans during the first half of 2023.
- The operating netback was \$23.38/bbl, before the net realized loss on crude oil and butane commodities contracts as compared to \$38.26/bbl, in the third quarter of 2022. The decrease is due mainly to the reduction in WTI from \$91.56/bbl in the third quarter of 2022 as compared to \$82.65/bbl in the fourth quarter of 2022 and increased operating costs due mainly to weather related difficulties.
- On December 30, 2022, the Company issued a total of \$4.0 million principal convertible bonds for \$3.2 million net issue proceeds to further its corporate strategy of its US operations.
- In an effort to manage its capital resources and liquidity, the Company reduced capital expenditures in the period to \$2.3 million.
- A cash position of \$4.0 million as at December 31, 2022 as compared to \$5.7 million as at September 30,

2022.

The financial results and associated regulatory filing documents, including the Financial Statements and the Management's Discussion and Analysis as at and for the year ending December 31, 2022, can be viewed under the Company's name at [www.sedar.com](http://www.sedar.com) or at the Company's website at [www.canoverseas.com](http://www.canoverseas.com). The Company encourages interested parties to read the Management's Discussion and Analysis along with the Financial Statements and accompanying notes.

#### Corporate Matters:

The Company has improved its working capital position further by issuing 2,292,370 common shares (the "Common Shares") on March 31, 2023 for settlement of approximately \$0.2 million of accounts payable to arm's length creditors of the Company. A total of \$2.4 million of accounts payable has been settled with Common Shares through this plan to date, all above the LSE market price since closing of the convertible bond financing announced March 20, 2023.

Applications will be made to the Financial Conduct Authority ("FCA") for these Common Shares to be admitted to the Official List and to the London Stock Exchange for the Common Shares to be admitted to trading on the London Stock Exchange's main market for listed securities within the next twelve months, in accordance with Listing Rule 14.3.4.

Following these issues of Shares the Company has a total of 345,418,705 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 345,418,705. 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 FCA's Disclosure Guidance and Transparency Rules.

#### Operations:

Following the closing of the Company's recent convertible bond financing, the Company's affiliate COPL America has commenced :

- procurement for pipe and other long lead items required for the GGS Phase 1 upgrades, which the Company intends to install during the second quarter of 2023; and
- well conversions from flowing to pumping-flowing at certain high productivity wells in the Shannon miscible flood to increase production efficiencies and reduce paraffin induced production downtime.

Each of these initiatives are intended to improve production levels by resolving constraints and bottlenecks that have limited COPL's pace of development over the year 2022.

#### 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 Wyoming.

The Company operates three Units: Cole Creek 100% WI, Barron Flats Shannon (Miscible) 85% WI and the Barron Flats Federal (Deep) 85% WI in addition to non-unitized lands 100% WI.

The Company's Wyoming operations are one of the most environmentally responsible with minimal gas flaring and methane emissions combined with electricity sourced from a neighbouring wind farm to power production facilities.

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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 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.

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