## Canadian Overseas Petroleum Ltd Announces Q3-2023 Operational and Financial Results

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COPL Announces Q3-2023

Operational and Financial Results

LONDON, November 15, 2023 - <u>Canadian Overseas Petroleum Ltd.</u> and its affiliates ("COPL" or the "Company") (CSE:XOP)(LSE:COPL), an international oil and gas exploration, production and development company with operations focused in Converse and Natrona counties, Wyoming, USA, announces the publication of its Financial Statements and Management Discussion and Analysis for the three and nine months ended September 30, 2023 and provides an operations update.

## Third Quarter 2023 Operational Highlights:

- The Company's working interest average crude oil sales before royalties averaged 1,029 bbls/d (1,193 bbls/d gross lease) as compared to 1,103 bbls/d (1,267 bbls/d gross lease) in the second quarter of 2023. Production was impacted primarily due to downtime at high productivity wells. Field work was undertaken to repair and dome access roads, with numerous required inspections and repair programs to all low-pressure heater-treater-separator units to prepare the upgraded gas gathering system for the resumption of enriched natural gas liquid ("NGL") injection.
- The Company completed upgrades to its gas gathering system in the third quarter of 2023 to debottleneck restrictions at certain well locations and to recover produced gas back to the gas injection plant for recycle.
- With the system commissioned, the Company concluded its permitted gas flaring program since receiving approval in October 2022.

## **Current Trading Update:**

- The Company commenced increased enriched NGL injection to the Shannon miscible flood in mid-October and early responses to oil production are being monitored closely.
- October 2023 average gross lease oil production was 1,110 bbls/d
- November 2023 average gross lease oil production to November 13, 2023 was 1,136 bbls/d
- The Company plans to provide forward production guidance for 2024 prior to the end of 2023.
- The Company is focused on delivering its strategic objectives for the further development of its Wyoming Assets.

## Third Quarter 2023 Financial Highlights:

- Petroleum sales, net of royalties was \$5.8 million as compared to \$5.6 million in the second quarter of 2023. The increase is due mainly to the rise in the realized sales price of oil of \$78.34/bbl as compared to \$71.75/bbl in the second quarter of 2023, partially offset by a reduction in oil production.
- The Company incurred a net realized hedging loss of \$2.2 million on crude oil and butane hedge contracts (\$NIL in the first half of 2023 due to a hedge restructuring executed in December 2022). In October 2023, the Company terminated its commodity swap contracts and the outstanding obligations in respect of these contracts were replaced with a loan ("Swap Loan"), with an initial principal amount of \$11.9 million and a maturity of March 2025. The Company also negotiated a capitalization of interest for both the senior credit facility and the new Swap Loan from October 2023 to January 2024.

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- The operating netback was \$20.83/bbl before the net realized loss on hedge contracts as compared to \$20.93/bbl in the second quarter of 2023. The increase in the realized sales price of oil of \$6.59/bbl was offset by an increase in royalties and production taxes of \$1.38/bbl and an increase in operating expenses of \$5.31/bbl in the third quarter of 2023. Operating costs were impacted by certain one-off costs related to landowner payments, repairs and maintenance following severe and abnormal weather conditions in the first half of 2023 and increased workovers at specific well sites in the Barron Flats Shannon Unit ("BFSU") to prepare for increased NGL injection.
- The Company initiated G&A reductions in the quarter as costs were \$1.7 million as compared to \$1.9 million in the second quarter of 2023. Further G&A reductions to remove more than \$2.5 million of annualized costs will be completed prior to the 2023 year-end.
- A cash position of \$2.2 million as of September 30, 2023 compared to \$4.0 million as of December 31, 2022.

The Financial Statements and the Management's Discussion and Analysis as at and for the quarter ending September 30, 2023, can be viewed under the Company's profile at www.sedarplus.ca or at the Company's website at www.canoverseas.com. The Company encourages interested parties to read the Management's Discussion and Analysis along with the Financial Statements and accompanying notes.

John Cowan, CEO and Director commented:

"The third quarter represents a period of important transition in all aspects of COPL. In the third quarter, G&A was reduced as an ongoing process in accordance the Company's previously announced commitments, with significant and required field infrastructure upgrades completed. Oil production remained stabilized, and importantly, the permitted gas flaring program has ceased."

"Since the third quarter in 2023, COPL was able to use working capital to increase NGL injection at the BFSU at double the rate compared to recent periods. This miscible flooded field requires injection of NGLs to enhance oil production and field recovery factors as capital restraints in earlier periods restricted the rates of NGL injection. A technical review of the oil response to increase NGL injection will be monitored closely this quarter, and it will form the basis for future production guidance and 2024 plans."

"The negotiations regarding a possible joint venture announced by the Company in July 2023 are ongoing and the parties are working to agree all outstanding matters."

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 the Cole Creek Unit 100% WI, Barron Flats Shannon (Miscible) Unit 85% WI and holds 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.

For further information, please contact:

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

All \$ figures are United States Dollars unless otherwise noted.

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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