



eNewsletter

CHF Spotlight

July 2017

Canadian Overseas Petroleum plans to drill an appraisal well to the 2001 NOA-1 oil discovery on Block OPL 226 offshore Nigeria through its joint venture with Shoreline Energy International Limited. The OPL 226 Block is located about 50 km offshore in average water depth of 160 feet.



CANADIAN OVERSEAS PETROLEUM LIMITED



Source: Seadrill Jack-up West Africa

Canadian Overseas Petroleum's Focus Moving to Nigeria

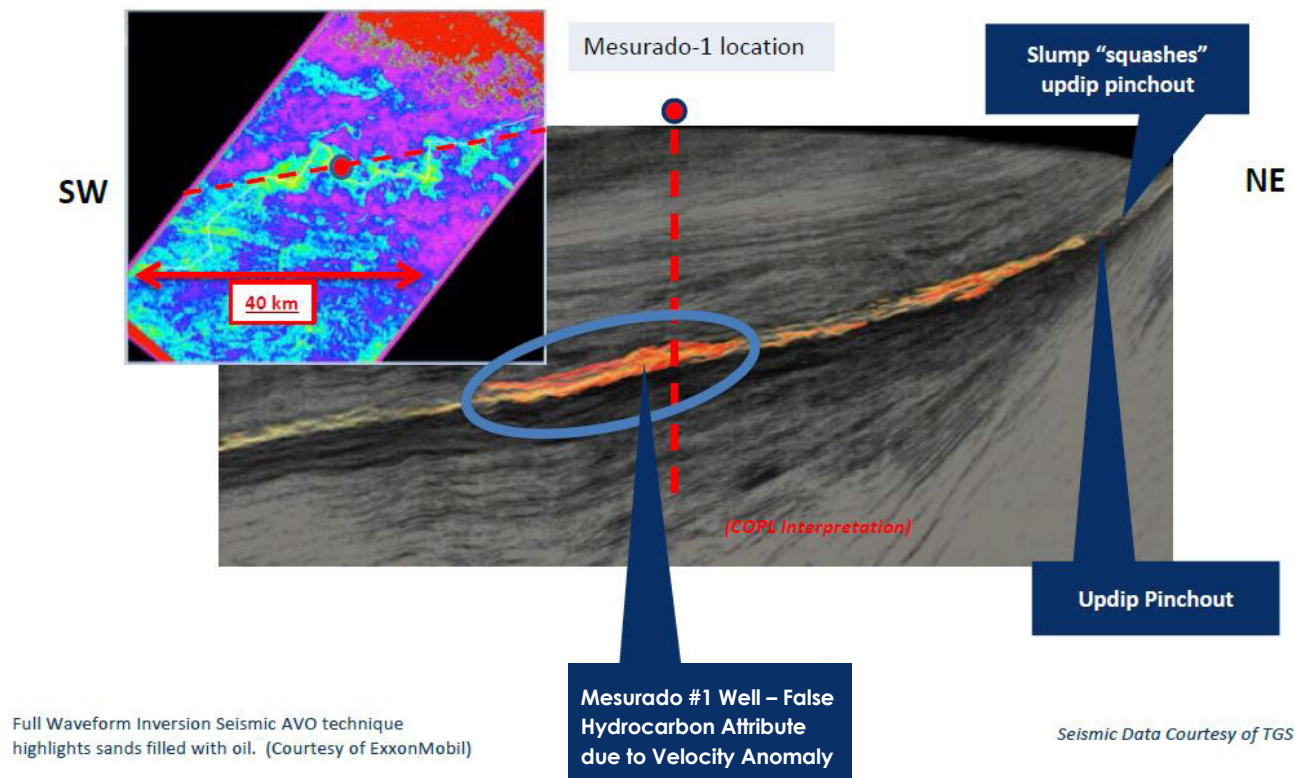
Canadian Overseas Petroleum Ltd. (XOP: TSXV & COPL: LSE) is an international oil and gas company focused on offshore West Africa. In December 2016, the Mesurado #1 well was drilled on Block LB-13 offshore Liberia, in which ExxonMobil has an operating 83% interest and Canadian Overseas has a carried 17% interest in the Production Sharing Contract (PSC). The Mesurado prospect was described as a conjugate basin "twin sister" to Exxon's giant Liza discovery (1.4 Billion bbls) offshore Guyana, on the transform margins of the South-Central Atlantic, targeting a Santonian to Turonian stacked channel/fan complex.

The well failed to intersect hydrocarbons due to an unexpected velocity anomaly which mimicked a strong hydrocarbon attribute indicated on the processed 3D seismic data. ExxonMobil and COPL are incorporating the well results into a re-interpretation of Block LB-13, and have until September 25, 2017 to elect to proceed to Phase 3 of the PSC, which would extend for a further 3 years.

ExxonMobil is estimated to have spent approximately a quarter of a billion dollars on Block LB-13, including \$127 million in initial costs and the balance through seismic acquisition, processing and interpretation, plus drilling costs for Mesurado #1.

Liberia: Block LB-13 Mesurado #1 Well

Santonian to Turonian Channel/Fan Complex (multiple fans vertically stacked)



Although ExxonMobil viewed Block LB-13 as highly prospective, we believe the re-interpretation will need to reveal compelling new prospects for the partners before negotiations can be contemplated for a Phase 3 extension of the PSC.

COPL / Shoreline Joint Venture

Following the disappointing results from the Mesurado well, Canadian Overseas is moving its focus to its Joint Venture Partnership with Shoreline Energy International Limited ("Shoreline") and particularly to the acquired Block OPL 226 offshore Nigeria.

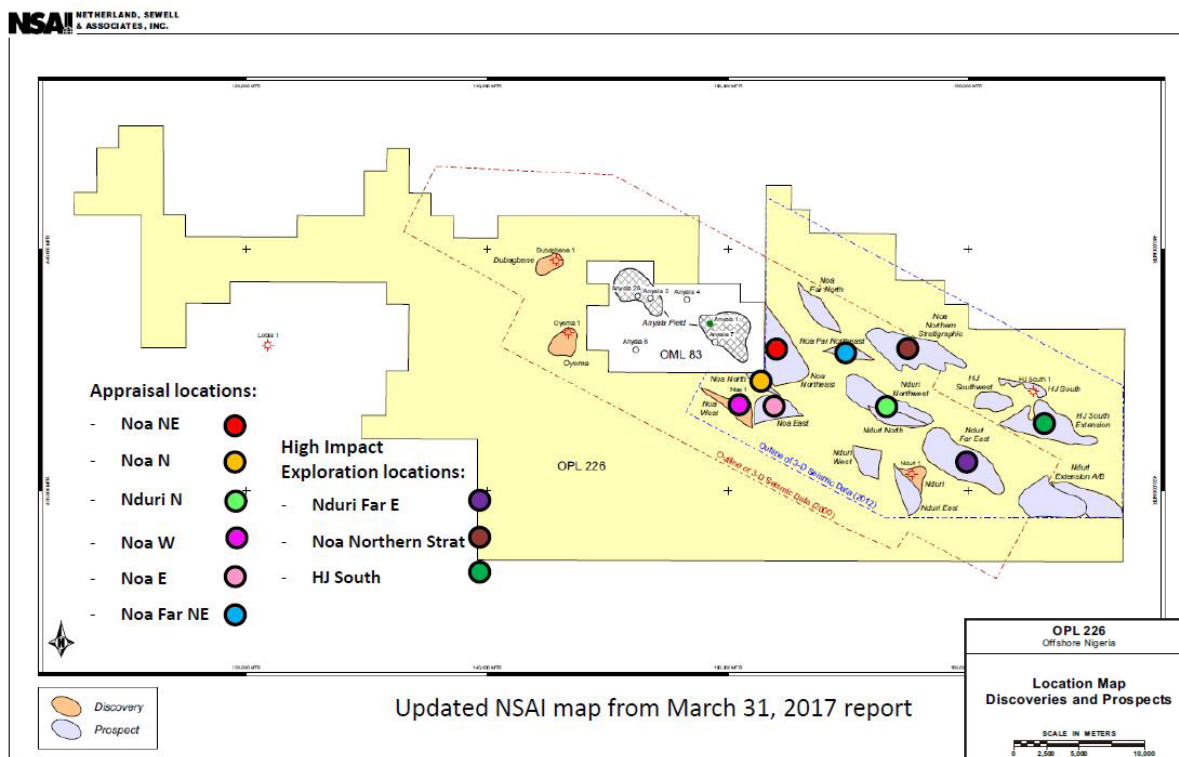
While unable to proceed with operations in Liberia due to the Ebola outbreak, early in 2015 Canadian Overseas announced a joint venture partnership with Shoreline, a conglomerate with interests across sub-Saharan Africa including several in oil & gas and power generation. The JV with Shoreline was established to acquire upstream oil and gas exploration, development

and producing assets. Such assets are to be acquired through a special purpose vehicle registered in Bermuda, called Shoreline CanOverseas Petroleum Development Corporation Limited ("ShoreCan"). COPL and Shoreline each holds a 50% interest in ShoreCan. As a special purpose vehicle, ShoreCan's activities are expected to be financed by its shareholders directly, or by accessing capital through a combination of debt and/or private equity markets.

Essar Nigeria Acquisition (OPL 226)

ShoreCan has acquired 80% of Essar Nigeria which holds 100% of the offshore block OPL 226, which has an un-appraised oil discovery at Noa-1 with significant development upside. Block OPL 226 has NI 51-101 compliant, best estimate, unrisks prospective oil resources of over half a billion barrels, or 213 Mmbbls net to COPL based on six appraisal locations and

Updated Netherland Sewell & Associates Discoveries and Prospects Map – March 31, 2017



three exploration locations. (Netherland Sewell & Associates “NSAI” an independent third party engineering firm).

It should be noted that NSAI are only using the 6100’ sand that was encountered at the Noa-1 well to extrapolate across the block and to estimate the prospective resources delineated on seismic for a large growth fault-controlled structural complex featuring numerous traps along rollover anticlines and extensive “foot wall traps” proved through the Noa-1 discovery.

The Canadian Overseas technical team is employing state-of-the-art geophysical processing and interpretation technologies, specifically using Extended Elastic Impedance (EEI) with Joint Impedance-Facies Inversion (Ji-Fi) to differentiate rock lithologies and fluid content. Due to the large number of wells drilled offshore Nigeria, and particularly on and around Block OPL 226, exact physical data and attribute response can be used to tie directly to the seismic. The Company is confident that the seismic interpretation reveals dramatic divergence between water saturated sands and hydrocarbon saturation.

ShoreCan controls Essar Nigeria through three seats on a five member Board of Directors and Essar has invested \$67 million in Essar Nigeria to date. OPL 226 is located 50 km offshore in average water depth of 160 feet and five wells have been drilled on the block, yielding three oil discoveries and two gas discoveries. The block surrounds the OML 83 block which hosts the Anyala Field, which is predominately a gas field with some oil zones on a large anticlinal structure. OPL 226 has a large 2D seismic data base, and two 3D surveys acquired in 1999 and 2012/2013. The most recent 3D survey has been reprocessed by ShoreCan.

Proposed Work Program for OPL 226

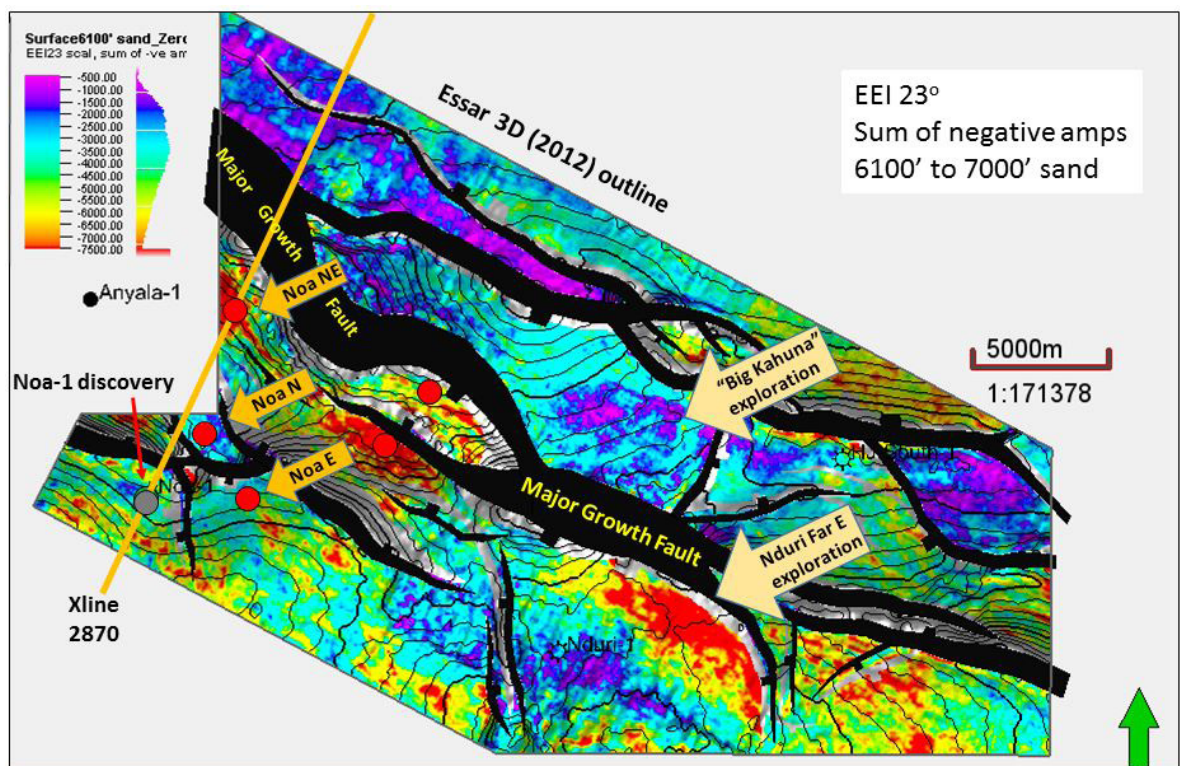
ShoreCan has presented the Nigerian Regulator (NNPC/NA-PIMS) a provisional work program and budget to drill an appraisal well to the Noa-1 oil discovery, which has 16 Mmbbls of unrisks recoverable contingent oil resources as determined by Netherland Sewell & Associates. ShoreCan has proposed that a successful appraisal well be utilized as an Early Production Scheme (EPS) under the Nigerian Regulator policy to allow indigenous firms

The current drilling scenario includes setting up the Jackup rig about 1.5 km NNE of Noa-1 and drilling two appraisal wells, one to Noa North and one to Noa East, the latter of which, if successful, will be put on production under the EPS proposal. The Company is proposing to drill a smaller caliber hole to test/"prove" the resources in the Noa North compartment, before plugging back and sidetracking to the main Noa East target. The Noa East prospect has from 59.7 to 194.5 million barrels of recoverable oil resources according to Netherland Sewell and Associates.

The Noa East-1 location is up structure of Noa-1, on the south east plunging limb of the Anyala Anticline, while Noa North is targeting the fault bounded SE termination of the Anyala Complex on the upthrown side of the same fault controlling Noa East. Three or four production wells are then contemplated for the Noa-1, Noa East and Noa North prospect area, which would be the first phase of a contemplated 60,000 bopd development in the greater NOA complex.

OPL 226 - Noa West Discovery - Noa N, E, and NE Appraisal Locations

- Noa-1 discovery well was situated in a footwall block along an antithetic fault associated with the major growth fault of the Noa Complex
- Inversion Seismic AVO mapping better illustrates several anomalous oil targets along the fault planes compared with reflectivity techniques
- 5 appraisal locations to follow up the discovery well in Noa-1
- First well will target Noa N with one leg and Noa E with second leg



EEI 23° sum of negative amplitudes for gas-filled and oil-filled sands – highlighted by red anomalies

Nigeria Funding Strategy

COPL/ShoreCan are hoping to raise up to US\$50 million for the OPL 226 project, and have engaged COFARCO SAS of Paris and Zeus Capital of London to source financing. COFARCO is active in project financing for African energy and mining projects. ShoreCan is taking a broad approach to financing its Nigerian opportunity and is pursuing a variety of options including debt, financial participation

from service providers, farin from E&P companies, and funds from trading houses for long term offtake contracts. Management and COPL/ShoreCan's agents are currently pursuing all avenues and hope to complete the process in Q3 2017.

3-Year XOP Chart



Progress Report

On June 12th, Canadian Overseas Petroleum Limited (COPL) closed a Common Share offering raising gross proceeds of £3.25 million, pursuant to which the Company issued 757,066,868 new common shares ("Placing Shares") at a price of 0.5 pence per Share. Management, including Arthur Millholland, President & CEO, representing approximately 3% of the existing share capital of the Company, and certain existing shareholders, participated in the placement for an amount approximately equal to their proportionate current holdings in the Company.

The use of proceeds are dedicated to G&A expenses of approximately US\$385,000 per month, which principally cover a full technical team including a geologist, a geophysicist, a reservoir engineer, a drilling engineer and in-house legal Counsel, which are required to progress its projects in West Africa. COPL's other financial commitments for the next 12 months include 50% of the costs relating to ShoreCan's commitment to invest funds in the form of an interest-free shareholder loan to be used for its 80% owned Essar Nigeria operations, and in particular to cover the near term work obligations, including drilling one well under Phase-1 of the OPL 226 Production Sharing Contract. As noted earlier, the Company has engaged COFARCO SAS of Paris, France and Zeus Capital of London, United Kingdom to source the required funds at the project level.

Following the disappointment of the dry hole in Liberia, we believe that Canadian Overseas' focus on Nigeria, and specifically on the OPL 226 production sharing contract, provides exposure to poten-

tially significant resources over and above those currently identified at multiple appraisal and high impact exploration locations by NSAI, the independent third party engineering firm.

Although it is difficult to value what COPL's 40% interest in the PSC might be worth, in general terms the "size of prize" for all Oil & Gas projects falls under the categorization of "the bigger the better"! As already noted, the NSAI report on OPL 226 estimates gross, un-risked recoverable resources between 284 Mmbbls and 1,014 Mmbbls, focused across the Block based only on the 6100' sand encountered at Noa-1.

The Company, however, recognizes additional resource potential beyond the 6100' mapping horizon, and interprets thick pay sequences in both the 7200' and 8000' zones, which exhibit pronounced Extended Elastic Impedance (EEI) and Joint Impedance-Facies Inversion (Ji-Fi) anomalies for hydrocarbons. The Anyala-1 discovery well had 55 metres of net pay in the 7200' sand. COPL has used conservative assumptions for average porosity; average water saturation; and average net pay over 28,000 acres of prospective seismic anomalies to calculate in place oil resources (OOIP) of over 2.6 billion barrels for the 7200' zone alone. The Company estimates that this could be doubled to over 5 billion barrels if the 8000' zone is also taken into consideration. A conservative recovery factor of 25% provides a recoverable oil resource of approximately 1.4 billion barrels. COPL's 40% net interest of some 560 Mmbbls would dwarf what the Company's 17% net interest could have been in Liberia had that well been successful.

We believe the geological risk is low for the planned appraisal program, as the large number of wells drilled on and around Block OPL 226, provide exact physical data to model attribute responses tied directly to the seismic. The Company's seismic interpretation

reveals dramatic divergences between gas, oil and water saturated sands, and has enabled COPL to estimate significant in place oil resource potential in the 7200' and 8000' zones.



Arthur Millholland, President & CEO

Meet the President and Chief Executive Officer of Canadian Overseas Petroleum

Mr. Millholland has been President and Chief Executive Officer of Canadian Overseas Petroleum since August 2009, and has been a professional geologist for 30 years. He has worked in a variety of regions including the UK North Sea, Canada, the Gulf of Mexico, the United States, South America, and West and North

Africa. Mr. Millholland was also founder and CEO of Oilexco, a North Sea Oil and Gas E&P company.

He is a member of the Association of Professional Engineers Geologists and Geophysicists of Alberta, and the American Association of Petroleum Geologists.



Kola Karim, Managing Director & CEO

COPL's Nigerian Joint Venture Partner Shoreline Energy's Kola Karim

Karim is the Managing Director and Chief Executive Officer of Shoreline Energy International, a Nigerian conglomerate with interests that span oil & gas, power generation, engineering, commodities trading, infrastructure

and construction across sub-Saharan Africa. In 2015, Shoreline Energy partnered with Calgary-based Canadian Overseas Petroleum.

Mr. Karim was named Young Global Leader class of 2008 by the World Economic Forum.

Visit: www.shoreline-group.com



"Canadian Overseas Petroleum's Focus Moving to Nigeria"

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John Clarke BIO

Founder and President of Clarke Energy Consulting Inc. since 2004. Over 35 years of international experience in industry and financial services for the energy sector. After 20 years with the Texaco group of companies in exploration and corporate planning, entered the financial services sector as an Oil & Gas Analyst with Deutsche Bank Canada. Following the exit of Deutsche Bank from the

Canadian Equities market, John spent 4 years with Canadian brokerage boutiques, focused on small cap international E&P companies. Was voted by Forbes/Starmine as the top North American Oil & Gas analyst two years running (2003 and 2004).





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This article was outsourced at of cost of \$1750.00 CDN. Cathy Hume, CEO of CHF Investor Relations, owns shares in Canadian Overseas Petroleum Limited.



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