

## FORM 7

### **MONTHLY PROGRESS REPORT – March 2023**

Name of Listed Issuer: **CANADIAN OVERSEAS PETROLEUM LIMITED** (the “Issuer”).

Trading Symbol: **XOP**

Number of Outstanding Listed Securities: **345,418,705 as at March 31, 2023**

Date: **April 6, 2023**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

*The Issuer continues to grow an oil and gas business in Wyoming, USA.*

2. Provide a general overview and discussion of the activities of management.  
Management focused on oil production at the Barron Flats Shannon Miscible Flood Unit, furthering the development of the large conventional oil discovery made in the Frontier sands at Cole Creek Unit and its Barron Flats Deep Unit, as well as on closing new Convertible Bonds issue that was completed on March 24, 2023.  
Management continues to be focused on strategic processes for JV and Refinancing, and continues to evaluate opportunities that its seasoned technical team has strength in evaluating and developing.
3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.  
None to report.
4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.  
None to report.
5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.  
None to report.
6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.  
None to report, other than amendments to Bonds and Warrants described in 13. below.
7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.  
None to report.
8. Describe the acquisition of new customers or loss of customers.  
None to report.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None to report.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None to report.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None to report.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None to report.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

On March 24, 2023, the Issuer issued the following supplemental Bond and warrant instruments:

- 37 new 2027 Bonds with a principal face value of \$7.4 million and a maturity date on January 26, 2027;
- 37 new 2028 Bonds with a principal face value of \$7.4 million and a maturity date on January 26, 2028; and
- 70,257,026 new warrants, which entitles the holder to purchase one Common Share at an exercise price of £0.0.675 (\$0.0817) on or before August 26, 2027.

The new 2027 and 2028 Bonds were issued with a 20% discount to the principal face value for total proceeds of approximately \$11.8 million and have a conversion price of £0.0.675 (\$0.0817) per Common Share. The other terms of new 2027 and 2028 Bonds remain the same as the original 2024 and 2025 Bonds and for the purpose of interest calculations, the new Bonds have a deemed issue date of July 26, 2022.

In addition, the supplemental Bonds instruments and warrants instruments provide for some changes in the terms of the 2024 Bonds, the 2025 Bonds and the December Tap 2025 Bonds that were outstanding and unconverted as at March 24, 2023. The major changes include:

- an extension of maturity date for the 2024 Bonds to January 26, 2027;
- an extension of maturity dates for the 2025 Bonds and the December Tap 2025 Bonds to January 26, 2028;

- a change in the conversion price for all the Bonds and the exercise price for all the Bondholders' Warrants to £0.0675 (\$0.0817) per Common Share; and
- an extension of the expiry date for all Bondholders' Warrants to August 26, 2027.

Further to the news release of March 14, 2023, the Issuer's operating affiliate COPL America has executed a covenant waiver ("Waiver") with the support of its Lender, pursuant to which the measurement date of its February 28, 2023 liquidity covenant (the "Liquidity Covenant") has been extended to March 22, 2023. The Lender granted this Waiver in response to the good progress in securing funding with the main bondholder for the July 2022 Bonds offering.

14. Provide details of any securities issued and options or warrants granted.

| <b>Security</b>       | <b>Number Issued</b> | <b>Details of Issuance</b>   | <b>Use of Proceeds<sup>(1)</sup></b>   |
|-----------------------|----------------------|--|--|
| Common shares         | 1,263,423            | Mar 6, 2023 - deemed price US\$0.1583 per share                      | 2025 bond conversion US\$200,000 principal   |
| Common shares         | 1,923,980            | Mar 6, 2023 - deemed price US\$0.0729 per share                      | Share settlements of Conversion payment liabilities in respect of one converted 2025 Bond.   |
| Common shares         | 26,842,036           | March 23, 2023 - deemed price of £0.0675 (US\$0.0817) per share      | In lieu of cash payment of approximately US\$2.2 million as settlement of debt to creditors. |
| Common shares         | 2,292,370            | March 31, 2023 - deemed price of £0.0675 (US\$0.0817) per share      | In lieu of cash payment of approximately US\$0.2 million as settlement of debt to creditors. |
| Bondholders' warrants | 70,257,026           | Exercise price - £0.0675 (US\$0.0817), expiry date – August 26, 2027 |  |

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

None to report.

16. Provide details of any changes in directors, officers or committee members.

None to report.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Since Russia's invasion of Ukraine in early 2022 there has been emerging global concerns over oil and natural gas supply, which has resulted in more volatile benchmark commodity prices. Additionally, the conflict contributed to increased inflationary pressures on governments, businesses and communities which have been rising since 2021. In response to increasing inflation central banks around the globe began increasing interest rates which continued throughout 2022. These events and economic conditions remain evolving situations that have had, and may continue to have, a significant impact on the Issuer's business, results of operations, financial condition and the environment in which it operates. Due to the uncertainty surrounding the magnitude, duration and potential outcomes of the above noted factors, management cannot reasonably estimate the length or severity of these events and conditions, or the extent to which they will impact the Issuer long-term, but the impact may be material.

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated April 6, 2023.

Ryan Gaffney  
Name of Director or Senior  
Officer

"Ryan Gaffney"  
Signature

CFO  
Official Capacity

|   |                     |                                  |
|---|---------------------|----------------------------------|
| <b>Issuer Details</b><br>Name of Issuer                 | For Month End       | Date of Report<br>YY/MM/D        |
| Canadian Overseas Petroleum Limited                     | March 31, 2023      | 23/04/6                          |
| Issuer Address<br><br>3200 – 715 5 <sup>th</sup> Ave SW |                     |                                  |
| City/Province/Postal Code                               | Issuer Fax No.      | Issuer Telephone No.             |
| Calgary, Alberta, Canada, T2P 2X6                       | (403) 263 3251      | (403) 262 5441                   |
| Contact Name  | Contact Position    | Contact Telephone No.            |
| Ryan Gaffney  | CFO                 | (403) 262 5441<br>(403) 513 1903 |
| Contact Email Address                                   | Web Site Address    |                                  |
| RGaffney@canoverseas.com                                | www.canoverseas.com |                                  |