

Canadian Overseas Petroleum Limited

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Canadian Overseas Petroleum comments on "merely opportunistic" legal action against Nigeria joint venture

Canadian Overseas Petroleum Ltd (LON:COPL) (CSE:XOP) has called legal action started against its Nigeria joint venture ShoreCan "merely opportunistic".

The 50% owned vehicle is in dispute with Essar Exploration & Production Limited over a shareholders agreement which governs the relationship between ShoreCan and Essar in respect of the Essar Nigeria business.

ShoreCan owns 80% of Essar Nigeria, which in turn owns a 100% contracted interest in OPL226, which comprises shallow to mid-water offshore acreage.

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Essar's action seeks to terminate the shareholders agreement, inked initially in 2015, and it is claiming US\$63mln in damages in respect to historic amounts invested in Essar Nigeria for OPL 226.

COPL, in a statement, noted that ShoreCan and Essar have been in dispute since August 2018 about whether the respective parties are in compliance with obligations set out in the shareholders' agreement.

The London-listed partial owner in ShoreCan added that it believes, based on legal advice, that the JV vehicle has several valid defenses to the action brought by Essar and can possibly counterclaim.

"We believe this legal action is merely opportunistic at this time of a global health pandemic and the associated global economic crisis," Arthur Millholland, COPL chief executive said in a statement.

"We have attempted for some time to resolve these issues with Essar Mauritius without success. We intend to defend the Essar Mauritius's legal action rigorously. The timing of this legal action during the upheaval in the global oil markets caused by the Covid-19 pandemic speaks volumes to the quality of the OPL226 asset.

"Time will tell how this plays out in Nigeria as it involves Shoreline, a prominent and well respected indigenous Nigerian shareholder," he added.

Essar's claim

Essar filed its claim in the English High Courts last week, but, according to COPL, ShoreCan has yet to be formally served the claim.

In a statement on Friday, Essar said: "The purpose of these agreements was for ShoreCan to receive 80% of the shares in Essar Nigeria, for an investment of USD\$80mln. The remaining 20% of shares would belong to Essar Exploration Mauritius.

Price: 0.185

Market Cap: £9.01 m

1 Year Share Price Graph



December 2019 June 2020 November 20

Share Information

Code: COPL

Listing: LSE

52 week High Low
0.599 0.031

Sector: Oil & Gas

Website: www.canoverseas.com

Company Synopsis:

Canadian Overseas Petroleum Limited is a junior oil and gas company focused in Sub-Saharan African. The company is headquartered in Calgary, Canada. Our shares trade on the London Stock Exchange ("COPL") and on the Canadian Securities Exchange ("XOP"). Our team of highly skilled geologists and engineers have years of experience in the UK basin, West Africa, and a variety of regions throughout the globe.

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"However, ShoreCan failed to provide the promised funding, and as a result, Essar are claiming damages of US\$63mIn for the amount that it invested into this project."

COPL noted that neither it nor Shoreline Energy International are parties to the claim.

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