

# COPL

<b>Ticker</b>	<b>COPL</b>
<b>Share Price</b>	<b>6p</b>
<b>Shares in Issue</b>	<b>544.8m</b>
<b>Market Cap</b>	<b>£32.4m</b>
<b>52 week Low</b>	<b>1.38p</b>
<b>52 week High</b>	<b>6.5p</b>

## Chart

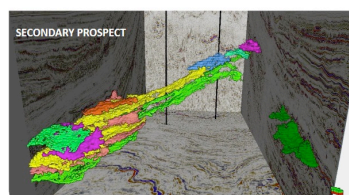
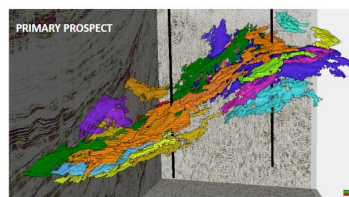
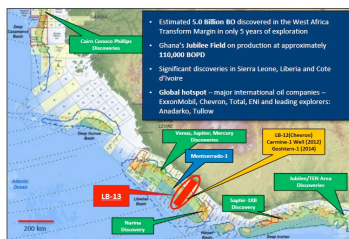


## Resources

**(P90) resources of 305.6 Mmbbl.**

**(P50) resources of 449.4 Mmbbl**

**(P10) resources of 720.6 Mmbbl**



Canadian Overseas Petroleum Limited (LSE: COPL, TSX.V: XOP) is a dual listed Oil & Gas exploration company, the company's main asset is a 17% interest in Block LB-13 in Liberia where COPL will be carried through US\$120m of exploration expenditure by the operator, ExxonMobil. The asset is considered a high impact exploration well and is scheduled to be drilled in Q4 2016 or early 2017 (**Ref 1**).

COPL also has exciting exposure to prospective exploration assets in Nigeria, Equatorial Guinea and Namibia through its interest in ShoreCan, a 50/50 joint venture with major African conglomerate, Shoreline Energy International (**Ref 2**).

At current prices COPL have a £32m Market Capital (MC), with a mid share price of 6p. COPL is presently trading at premium to the placing which took part in April 2016 (**Ref 3**) at a price of 3.5p. The placing secured \$8.25m and could secure a further \$11.2m if and when the warrants (at 4.75p) are exercised. Currently COPL is expecting updates from the OPL226 Nigeria asset (JV with Shoreline) and a drilling date for the high impact well Mesurado-1 prospect in LB-13 (**Ref 1**).

## The Board (Ref 1)

The Management and Technical team of COPL are based in Calgary, Canada and the United Kingdom. All of the group have extensive experience in offshore oil exploration and development projects while working together for the past 13 years. Arthur Millholland Director and CEO was founder, CEO and Director of Oilexco Inc, he is a professional geologist with 33 years' experience in the Oil & Gas industry.

Mr. Christensen has been Manager of Exploration since August 2009. He has 30 years working in the natural resource industry in Western Canada, the UK North Sea and throughout the world. He has served as the lead geologist for a variety of companies that have made numerous significant discoveries.

## Resources (Ref 1)

Currently COPL net prospective recoverable resources (17% interest) on LB-13 is as follows:

1-P90 - 305.6 Mmbbl (Millions Barrels – Oil reserve)

2-P50 - 449.4 Mmbbl

3-P10 - 720.6 Mmbbl

COPL-Shoreline JV for the OPL 226 licence is adjacent to the Anyala field in OML 83, and it was host to the Noa-1 discovery well which was drilled back in 2001. Noa-1 encountered several zones of gas (7m net gas pay), and an oil zone (18.7m net oil pay).

## Operations

COPL have a carried participating interest by ExxonMobil in a low risk high impact exploration well on the West African Transform Margin in deep water offshore Liberia LB-13. The well is to be Drilled by late Q4 2016 to early Q1 2017. The LB-13 was extensively mapped and defined with state of the art 3D Seismic and processing regimes, which show strong hydrocarbon attributes (**Ref 1**). The first major oil discovery in offshore Liberia was made by African Petroleum in February 2012 on the Narnia-1 prospect. Chevron has drilled Carmine-1 in Block 12 (**Ref 4**), the blocks are adjacent to COPL's Block 13, although drill results have not been reported yet, have indicated an active petroleum system in the Liberian basin (**Ref 5**).

Back in the 1970's Chevron drilled LB-13 and encountered hydrocarbon and some oil shows, however the well was declared a dry and was plugged and abandoned (**Ref 4**).

To date COPL have invested \$25m on 3D seismic, legal and general cost, whereas Exxon Mobil have spent over \$160m in due diligence to derisk the LB-13, where they applied their exploration edge technology especially their proprietary “Full Wave Form Inversion” to derisk LB-13 further. COPL is now fully carried on \$120m of drilling costs by Exxon, which in the current climate could be sufficient to drill two wells (Ref 4).

The 3D Seismic has identified a deep water Turonian to Lower Campanian Turbidite Channel/Fan complex. Basic and Advanced Seismic AVO techniques indicate the potential presence of hydrocarbons in multiple zones over an area of 180 sq. km. The data has indicated encouraging slumping features around the Pinchout points on many of the channels and fans, with some strong similarities to other turbidite sand reservoir oil fields offshore Angola, where slumping has created a seal. The Continental slope is less steep towards Sierra Leone and towards the South - Could imply lower clay content in the sediment and thus high quality reservoir sands with high net to gross ratios. Work has demonstrated that the block holds a number of channel features and fans which tie in with EEI (Extended Elastic Impedance) anomalies associated with “sand” lithology, and with “oil” fluid content (Ref 1).

COPL is building a wide range of African portfolio, by leveraging management expertise and experience to grow its footprint via a JV with Shoreline, through shoreline CanOverseas Petroleum. Both COPL and Shoreline hold 50% of ShoreCan. To date ShoreCan has taken positions in Nigeria, Namibia and continues to evaluate a variety of assets in Nigeria, Equatorial Guinea and Ghana (Ref 1).

#### Net Asset Value (NAV)

Both Edison (Ref 4) and Shard (Ref 6) research note provide an in-depth review of COPL and gives COPL approximately a 60p target on a successful well.

#### Catalyst (Ref 1)

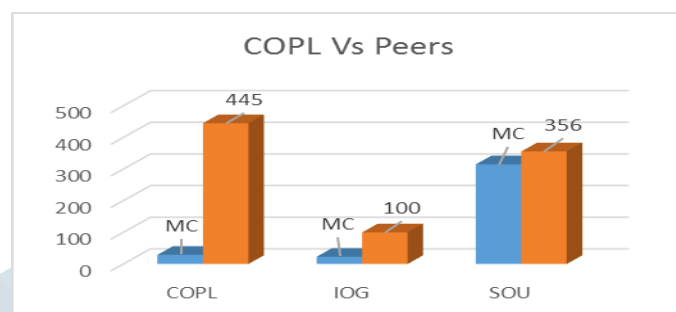
A number of key catalysts are identified below:

- 1-Ministerial Consent and Licence extension for the completion of OPL-226 acquisition
- 2- LB-13 drilling update by ExxonMobil
- 3-Rig Contract, rig mobilization and spud date.

#### Peers (Ref 1)

Below is a comparison between COPL and other junior exploration companies, some are at different stages, but it illustrates the current Market Cap Vs Potential Resources on Oil discovery.

Company	Stage	Market Cap (£ Million)	Resources (P50) Mmmbbl
COPL	Exploration	32	449.4
IOG	Exploration/ Discoveries	23	100*
SOU	Exploration/ Discoveries	315	356*



\*Data taken from IOG and SOU website (used P50 figures and 2P)

#### Risks

There are 2 main risks associated with COPL right now, delay on drilling LB-13 to Q1 2017, which will have temporary impact on share price, also the delay in OPL 226 news which is expected to be granted soon. There are other associated risk such as the Oil sector volatility and the associated high cost for drilling offshore Liberia.

#### References

##### **Ref 1:**

June 2016 – COPL AGM Presentation

##### **Ref 2:**

26 Feb 2015 – JV with Shoreline Energy International

##### **Ref 3:**

26 April 2016 - Canadian Overseas Petroleum Limited Announces Increase to Private Placement from \$6.0 Million to \$8.25 Million

##### **Ref 4:**

07 Nov 2013 – Edison Canadian Overseas Petroleum Note.

##### **Ref 5:**

07 July 2014 – Pan African Group, LCC – Liberia’s Oil Sector Update

##### **Ref 6:**

1 June 2016 – Shard Capital Research Note - COPL

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