

Sale of North Dakota Project

Please find attached announcement.

Attachment:

1. **GAS - Sale of ND Asset 6.4.2020**

Non Regulated

Publication Date: 06/04/2020

6th April 2020
Cyprus Stock Exchange
Nicosia

ANNOUNCEMENT

Re: Sale of the Company's Subsidiary, Conducting the Activity in North Dakota, USA

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED (the "Company") would like to inform the investing public, further to its below announcements:

(a) dated 27 June 2017 regarding entering into a Farmout Agreement for the participation and acquisition of rights in oil and gas assets in North Dakota, USA (the "Project"), and

(b) further to its announcement dated 30 March 2020 regarding the decision of the Extraordinary General Meeting of the shareholders of the Company (the "EGM") to authorize the disposal of the Company's holdings in the Project, including through the disposal of its subsidiary through which it is engaged in the Project,

and in accordance with paragraph 5.2.1.17(7) of RAA 379/2014, that C.O. Cyprus Opportunity Petroleum Limited, a private company registered in Cyprus ("CO Sub") has entered into a sale and purchase agreement, under which the CO Sub's fully owned subsidiary, Cyprus Opportunity Energy Inc, registered in Delaware, USA, ("CO USA Inc.") was sold to a third party.

On 30th of March 2020 the EGM has approved the disposal of the Company's working interest in the Project due to the uneconomic nature of the Project under the current circumstances including significantly low oil prices resulting from the Russia and Saudi-Arabia production quantities disagreement that began in March 2020 and the global outbreak of the Corona virus (COVID-19), as well as frequent malfunctions in the production procedure, high maintenance costs, and dissatisfying production results compared to prior forecasts. As the Company noted in its announcement of 31 March 2020, the operator in the Project has temporarily ceased production of petroleum in the wells in light of the low oil prices. It should be also noted, that the operator in the Project has not yet put forward a recommended future work plan for consideration regarding the Project. It shall be emphasized, that the Company believes that the size of its holdings in the project is incompatible with the resources that the activity in the Project requires it to allocate, so that the overall investment in operations cannot justify the small share that the Company owns in the Project.

On 5th April 2020 the CO Sub has entered into a sale and purchase agreement with RFP Resources LLP, a company registered in USA ("Buyer" and "SPA" respectively), according to which Buyer shall pay a consideration of USD 1.000 via wire transfer no later than 7 days after the date of signing of the SPA, in consideration of the shares the CO Sub holds in CO USA Inc. The SPA is effective as of 1st January 2020, and parties to the SPA will settle any outstanding amount for CO Sub's working interest in the January 2020 Joint Interest Billing ("JIB"), February 2020 JIB and March 2020 JIB within 7 days following the issuance of the March 2020 JIB by the operator in the Project. The SPA was deliberated with the board of directors of the Company and was consulted with advisers of the Company.

The sale has caused a loss to the Company which will be recognised in the consolidated financial statements of financial year 2020 as loss on the sale of a subsidiary.

CO USA Inc. is fully owned by the Company, through C.O. Sub. CO USA Inc. was incorporated in Delaware, USA on 10 July 2017, with a purpose to engage in oil and gas exploration, production and commercialization in North Dakota, USA, on behalf of the Company.

The transaction was executed on a purely commercial basis, considering the abovementioned factors.

The partners to the Project and their work interest (on average¹), as of the day of this Announcement², prior to the execution of the SPA, were as follows:

The Company – about 2.82%

Israel Opportunity – Energy Resources, LP – about 58.28%

Radian Partnership, LP – about 9.4%

Thurston Energy Investment 2, LLC – about 23.5%

A number of different holders, combined – about 6%

Kind regards,

Rony Halman

Chairman of C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

¹ The Work Interest in the 10 sections that comprise the Project differs between one section to another. Therefore, the overall work interest dispersion is displayed as average.

² As announced on 28 February 2020, the Group was informed that parties to the Project have reached an agreement with a third party for the sale of 33% working interest in the Project. To the best of the knowledge of the Group, the terms for this transaction have yet to be fulfilled, and the transfer of working interest has yet to be concluded.