

ANNOUNCEMENT

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED (the "Company") would like to inform the investment public that:

The Company was informed that Israel Opportunity Oil & Gas Exploration Ltd. and additional Israeli investors, who are shareholders of the Company (Israel opportunity and such investors to be jointly referred to herein as the "**Investors**"), decided to give a notice to the Government of Republic of Cyprus ("GoC"), of the existence of an investment dispute under the Agreement Between the Government of the State of Israel and the Government of the Republic of Cyprus for the Reciprocal Promotion and Protection of Investments dated October 13, 1998 ("**Israel-Cyprus BIT**" or "**Treaty**").

Pursuant to Article 8 of the Treaty, the investors intend to request that formal negotiations be commenced immediately between the GoC and the investors, to resolve claims and disputes arising in connection with the Second licensing round for Block 8 and their respective investment in connection thereto. The Company was further informed, that in the event such disputes are not settled within the six-month period stated in the Treaty, the investors intend to submit the dispute to the International Center for the Settlement of Investment Disputes (ICSID) for resolution by binding arbitration.

Nicosia, 10 October 2016