

ANNOUNCEMENT

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED (the "Company") would like to announce to the investing public, further to the announcement dated 7 March 2017, that it has, together with Israel Opportunity, Energy Recourses, Limited Partnership (IO) and an American company named Radian Partnership, LP. ("Radian") (the "Buyers"), entered into a Farmout agreement with independent third parties (the "Sellers"), for the acquisition of rights in ten sections each (approximately 640 acre and total area of approximately 6,400 acre) in oil fields in North Dakota, USA (the "Properties"; "The "Agreement"). The Agreement main terms are as follows:

1. The Buyers will hold, directly or through their assignees¹, 75% of the Sellers' rights in the Properties at the time of entering into the Term Sheet (which are in average 94% out of 100%², there is a differentiation between the different sections), i.e. Buyers will hold in average approximately 70.5% (from 100%) of the rights in the Properties (the "Acquired Rights"), whereas the Sellers will hold the remaining 25% out of 94% (i.e 23.5%)
2. The rights to net revenue interest from the sections, i.e after deducting royalties at 23% to third parties which are the owners of the Acquired Rights are 77% (out of 100%).
3. In consideration for the Acquired Rights, the Buyers paid to the Sellers on, June 26, 2017 (the "Purchase Date") the total amount of US \$2,400,000, which \$500,000 out of the consideration shall be deposited with the escrow agent to insure that required consents and approvals regard the Properties and/ or the assign of the Acquired Rights shall be obtained (the Company will pay 96,833 USD out of it).
4. In addition, the Buyers undertake to finance all costs and expenses, of the Buyers and the Sellers, with regards to the execution of the first 4 re-completion drillings in the Properties as well as other drillings in the Properties (drilling in each segment) up to a total of \$10 million (for 100%) ("Amount of Committed Investment) (i.e. will finance beyond their share the amount of US \$2,500,000 dollars). After the Buyers invest the amount of the committed investment, each party will assume their relative share in the various operating costs in the Properties, in accordance with their relative share in rights in the Properties.

It should be noted that in this context, the cost of every Re-completion in the Properties is estimated at \$1.5 million and the cost of every regular drilling in the Properties is estimated at \$3 million.

5. The transaction is based on a gradual transfer of rights that were purchased and registered under the name of the Buyers, in a manner that on the date of

¹ Further to the announcement of the Company dated June 15, 2017 that it shall acquire a shelf holding company or incorporate a new private company (Cypriot Company) which will be held 100% by the Company ("the New Company") and will hold 100% of a new INC (American company), which will conduct the oil and gas operations in USA.

² The holding of the Sellers in the sections (from 100%), are different between the sections and are as follows: 100% (in 4 sections), approx. 99.2%, approx. 99.15%, approx. 98.5%, approx. 92.17%, approx. 87.16% and approx. 63.23%.

the signing of the Agreement, the rights acquired in the first two sections (The First Two Sections) will be transferred and registered under the Buyers' name while the acquisition of rights acquired for every additional sections and the transfer and registration of said acquired rights, to the Buyers will be completed following completion of the drilling in that area.

Despite the aforementioned, once the Buyers have invested the full amount of the committed investment, the rights acquired in all sections will be transferred and registered under their name, whether drilling was performed or not.

To ensure the transfer and registration of the rights acquired in the eight additional sections, the transfer documents were deposited with a trustee.

6. It is agreed that the first two drillings, in the first two sections, will be completed by 31.12.2017. The next two drillings, in the two additional sections, will be completed by 30.6.2018 and the additional drillings, until full investment of the amount of committed investment, will be drilled by 30.6.2019.
7. The Buyers will pay the Sellers, a consideration for the services provided to the Buyers a sum of \$20.8 thousand per month (and a total of \$250 thousand) for a period of 12 months commencing from the date of the signing of the Agreement.
8. The Sellers, who on the date of the signing of the Agreement, serve as the operators of the joint transaction in the Properties (The Operator), will continue to serve as the Operator, and will act in accordance with the directions of the Buyers and in accordance with the Operating Agreement, commencing in the Properties, that regulates the joint activity in each sections (The Operating Agreement). The Buyers will have the right to replace the Operator regards to every segment, following completion of the drilling and the start of production. In addition, the Buyers have the right to demand the replacement of any member of the Operator's team and to engage in a contractual arrangement, directly, with providers of services and equipment to the project.

With regards to every sections, the Buyers will be added as party to the Operating Agreement, upon completion of the acquisition of the rights contained therein.

9. The shares of the Buyers in the Acquired Rights shall be as follows:

The Company - 3% of the Acquired Rights in a manner it will hold on average approx. 2.82% (from 100%);

Israel Opportunity - 67% of the Acquired Rights in a manner it will hold on average approx. 62.98% (from 100%)³;

³ IO and Radian agreed between them that Radian had options to increase its share in a manner that if it will exercise the options IO will hold 48.88% (from 100%) and Radian will hold 18.8% (from 100%).

Radian - 5% of the Acquired Rights in a manner it will hold on average approx. 4.7% (from 100%);

The Buyers agreed between them that any right they have according to the Farmout Agreement and the Operating Agreement shall be exercised based on the resolution of the majority of working interest in the Acquired Rights and should Radian and/or the Company fail to bear their portion (according to their WI) of the payment to the Sellers then IO may pay such payment and assume the Radian and/or the Company (as applicable) Working interest in the Acquired Rights.

In addition, in accordance with the service provision agreement signed between the Company, Israel Opportunity and Radian simultaneously with the signing of the agreement with the Sellers (The Services Agreement), it was agreed that Radian would provide the Company and Israel Opportunity with supervisory services over project activity as well as accounting services with regards to the project, in consideration for a monthly sum (including expenses of Radian) of \$32 thousand (of which Israel Opportunity will assume \$30.578 thousand and the Company \$1.422 thousand). The Service Agreement was signed for an initial period of 12 months that can be extended upon consent, and it was set forth that each party may terminate the agreement after having issued a 30 days' notice.

Nicosia, 27 June 2017