

28 February 2020

Cyprus Stock Exchange  
Nicosia

## **ANNOUNCEMENT**

### **Re: Settlement Agreement between Parties in the North Dakota, USA, Oil Assets (the "Project")**

Further to the announcement dated 27 June 2017, regarding entering into a Farmout Agreement for the participation and acquisition of rights in the Project (the "**Farmout Agreement**"), C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED (the "**Company**"), would like to inform the investing public of the following:

Other parties to the Project (the "**Sellers**") have reached an agreement with Hawley Oil & Gas Limited, a company registered in Australia and traded on the Australian Stock Exchange ("**Hawley**"), for the sale of their 33% working interest (on average<sup>1</sup>) in the Project to Hawley, as well as the transfer of the operatorship in the Project to Hawley, for a consideration of USD 2.51 million – half of which in cash and half in scrip (the "**SPA**").

Following the SPA, the Company, together with Israel Opportunity – Energy Resources, LP, the owner of the majority working interest in the Project (the "**Israeli Partnership**"), has reached a settlement agreement with the Sellers (the "**Settlement Agreement**").

The Settlement Agreement shall apply the following arrangements:

1. The Farmout Agreement has terminated for all purposes on 30 June 2019. Notwithstanding the aforesaid, subject to provision 5 below, the Israeli Partnership shall have the right to replace the operator in the Project according to the Farmout Agreement until 30 September 2020. This date shall be reduced respectively with an earlier than May 31st 2020 completion or termination of the SPA, but in any event not sooner than 30 June 2020.
2. The Company and the Israeli Partnership have fully and irrevocably earned their rights, titles and interests in the Project and their obligations to pay and carry their Capital Commitment under the Farmout Agreement were fully paid, discharged and satisfied.
3. The operator in the Project shall timely disclose to the other parties any related party sub-contractors, service providers or material suppliers used in connection with the operation of the Project.
4. The Company and the Israeli Partnership shall not interfere with the Sellers' pending sale of their proportionate share in the Project.
5. The previous operator will continue serving as operator in the Project until the sooner of (i) completion of the SPA; (ii) termination of the SPA; or (iii) 31 May 2020. Until such date, Israeli Partnership and the Company will not exercise any rights to assume operatorship without cause (as defined in the Joint Operating Agreement governing the Project – the "**JOA**"). Additionally, the current operator will not propose any new workovers or drilling or completion operations until the SPA is completed or terminated.
6. The Settlement Agreement shall apply and be binding upon the successors and assignees of the parties to the Settlement Agreement.
7. The Settlement Agreement shall be read together with the JOA and represent the complete current understanding between the parties to the Settlement Agreement.

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

The Settlement Agreement shall be considered as applying as of 30 June 2019.

The partners in the Project and their work interest (on average<sup>2</sup>) are (as at prior to the transfer of rights under the SPA) as follows:

The Company – about 2.82%

Israel Opportunity – Energy Resources, LP<sup>3</sup> – 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%

The holdings (on average<sup>2</sup>) of the Company and Israel Opportunity – Energy Resources, LP<sup>3</sup> in the Project will not change following the transfer of rights under the SPA.

Kind regards,

Rony Halman

Director

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<sup>2</sup> See footnote 1 above.

<sup>3</sup> A public Israeli partnership, which its General Partner is a substantial shareholder in the Company.