



Asian Mineral Resources Arranges Preliminary Funding of US\$26 Million for Restart of Production at its Oza Oil Field

- **Funding will allow first production in 3-4 months from drawdown**
- **Represents significant milestone for Company as it transitions into a producer**
- **Funding arrangements from established Nigerian oil producer and large crude trader demonstrate vote of confidence for project and management**

TORONTO, CANADA August 31, 2020 -- **Asian Mineral Resources Limited (the “Company”)** (**ASN-TSX Venture**) is pleased to announce that, as more fully described below, its wholly-owned Nigerian-based subsidiary, Decklar Petroleum Limited (**“Decklar”**) has arranged preliminary funding of US\$26 million to develop its Oza Oil Field in Nigeria. When fully disbursed, these funds are expected to be sufficient to re-establish oil production and provide development funding for the Company’s Oza Oil Field. The Company’s CEO Duncan Blount commented:

“The funding arrangements represent a significant milestone for the Company and will allow for re-entry of existing wells, initial development drilling and the anticipated re-establishment of oil production within 3-4 months after drawdown of the funds. The fact that the funding is coming from an established oil producer in Nigeria and large crude trader underscore their confidence in the Oza Oil Field development project, its management team and the upside of the field. We are excited about the Oza Oil Field near-term production potential and believe that this represents a fundamental turning point for the Company. In the coming weeks, we will be working diligently to satisfy the conditions for drawdown of the proposed funding.”

The Oza Oil Field

The Oza Oil Field was formerly operated by Shell Petroleum Development Company of Nigeria Ltd. (**“Shell”**). The field has three wells and one side track drilled by Shell between 1959 and 1974. During the period when Shell was the operator, there were two periods of extended production testing from the Oza-1, -2 & -4 wells. The field was never tied into an export facility, nor was it fully developed by Shell and put into commercial production.

In 2003, the Oza Oil Field was awarded to Millenium Oil and Gas Company Limited (**“Millenium”**) having won the bid during the 2003 Marginal Fields Licensing Round. Since Millenium’s acquisition of the Oza Oil Field, approximately US\$50 million has been spent on infrastructure in support of a restart of production including an export pipeline to tie the Oza Oil Field production into the Trans Niger Pipeline (TNP) which goes to the Bonny Export Terminal, a lease automatic custody transfer (LACT) unit fiscal metering system, infield flow-lines, manifolds and a rental 6,000 barrel per day early production facility (**“EPF”**).

The Risk Service Agreement (**“RSA”**) that Decklar and Millenium entered into provides Decklar the majority share of production and associated cash flow from the Oza Oil Field in exchange for funding and technical assistance to restart commercial production and full field development; the RSA terms including a preferential return of Decklar’s costs plus a share of cash flow thereafter. In exchange, Decklar is entitled to priority recovery of its capital from 80% of distributable funds. After achieving cost recovery, Decklar’s profit share is based on a sliding scale starting at 80% and declining to 40% once cumulative production exceeds 10 million bbls.

Upon final drawdown of the Loan Notes and Development Debt (each as defined below), Decklar intends to fast-track the initial development on the Oza Oil Field including a re-entry on the existing Oza-1 well, anticipated to test three oil bearing zones and place the well into production from two of the three zones tested. The drilling rig is expected to then be skidded on the same location as Oza-1 to a new drilling slot and a development well will be drilled horizontal into the 3rd zone tested in the Oza-1 well re-entry. This Oza-1 well and new horizontal development well are anticipated to generate significant production levels and cash flow in an abbreviated time frame. The Oza development is anticipated to then continue with one or two more re-entries on existing wells and additional development drilling with a potential of eight to ten wells being drilled for the full field development. Additional early production and central processing facilities will be added as required to accommodate additional production levels from field development activities.

The Oza Oil Field has significant export and production capacity through processing facilities and infrastructure already in-place and operational, which will allow for the immediate export and sale of crude oil from the Oza-1 well re-entry, the initial Oza horizontal development well and future wells.

Subscription Agreement

Decklar has entered into a subscription agreement (the “**Subscription Agreement**”) with San Leon Energy Plc (“**San Leon**”), an AIM listed public company focused on Nigerian production and development assets, which is arm’s length to the Company (within the meaning of the policies of the TSX Venture Exchange). The Subscription Agreement entitles San Leon to purchase US\$7,500,000 of 10% unsecured subordinated loan notes of Decklar (the “**Loan Notes**”) and 1,764,706 ordinary shares (“**Decklar Shares**”) of Decklar (representing 15% of the share capital of Decklar) for a cash consideration of US\$7,500,000 and ₦1,764,706, respectively. In addition, Decklar and San Leon have entered into an option agreement (the “**Option Agreement**”) that entitles San Leon to purchase an additional US\$7,500,000 of Loan Notes (the “**Option Loan Notes**”) and 2,521,008 Decklar Shares (resulting in an additional 15% of the share capital of Decklar to San Leon) for cash consideration of US\$7,500,000 and ₦2,521,008, respectively, at any time until the date that is forty-five (45) days after the well test results of the first development well on the Oza Oil Field have been delivered to San Leon.

The Subscription Agreement provides for certain conditions precedent to be confirmed prior to finalizing and issuing of the Loan Notes and Decklar Shares, including entering into an agreed form of shareholders’ agreement in respect of Decklar and the restructuring of certain historical indebtedness by the owner/operator of the Oza field, Millenium, to the satisfaction of San Leon at its sole discretion.

In addition, Millenium has entered into a non-binding term sheet with a local Nigerian bank and the trading subsidiary of a large multinational oil company active in Nigeria for up to US\$33,000,000 in a five year term debt that provides a use-of-proceeds of US\$22,000,000 to refinance existing debt of Millenium and US\$11,000,000 for development activities on the Oza Oil Field, based on entering into a crude sales and purchase contract. Decklar is expected to provide a corporate guarantee as part of this US\$33,000,000 term debt facility (“**Development Debt**”). Concurrently with entering into the Subscription Agreement, San Leon has advanced US\$750,000 as an initial deposit (the “**Deposit**”) with the release of the balance of the US\$7,500,000 being subject to the satisfaction (or waiver) of the conditions precedent contained in the Subscription Agreement. In the event the transactions contemplated by the Subscription Agreement are not completed on or prior to September 30, 2020, Decklar will be required to repay the Deposit to San Leon within three months of that date.

Loan Notes

The terms of the Loan Notes provide for an interest rate of ten (10)% per annum, which accrues on a quarterly basis and will have a maturity date that is five (5) years from the date of issuance. No payments (whether on account of interest or principal) are required under the Loan Notes unless there are available funds from operations (after taking into account any required debt servicing payments, general and administrative expenses, approved joint venture capital and operating costs required to be funded by Decklar under the RSA with Millenium, taxes and other statutory payments) (the “**Available Funds**”). All Available Funds shall be applied to the payment of interest and principal in respect of the Loan Notes

until they are repaid in full. Upon repayment of the Loan Notes, 50% of the Available Funds will be applied to payment of interest and principal in respect of the Option Loan Notes until they are repaid in full, with the remaining 50% of such Available Funds being retained by Decklar. The Loan Notes are unsecured, subordinated and contain customary events of default. The Loan Notes do not contain any financial or other maintenance covenants.

The transactions contemplated by the Subscription Agreement and Option Agreement are subject to approval by the TSX Venture Exchange.

Duncan Blount, Chief Executive Officer, further commented:

“We are delighted to have San Leon as a shareholder in Decklar and partner in our Oza Oil Field development. San Leon’s successful track record in Nigeria and strong balance sheet will provide significant support and value to the Company and to the Oza Oil Field partnership and field development. We are also excited about the debt funding offered by a large international crude trader, which allows for adequate funding of the Oza Field development program. The combined funding from San Leon and the crude trader amounts to US\$26 million, allowing for an aggressive re-entry and initial development drilling program on the Oza Oil Field. The project is expected to provide significant cash flow generation for organic growth and on-going full field development. It is very much transformational for the Company’s future. We look forward to a strong and successful working relationship with Millenium, San Leon and our crude trading partner and the near-term establishment of production from the Oza Oil Field.”

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Cautionary Language

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable Canadian securities legislation). All statements in this news release, other than statements of historical facts, including statements with respect to Decklar completing the transaction with San Leon, the completion of the term debt facility by Millenium, any exercise of the Option Agreement, the expected timing of the drilling of the Oza-1 re-entry well, the timing for a further development well, expected production and cash flow from drilling activities and future well re-entries and development drilling are forward-looking statements. Such statements and information (together, "forward looking statements") relate to future events or the Company's future performance, business prospects or opportunities.

All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasona-

ble, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in oil prices, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government or other regulatory approvals, actual performance of facilities, availability of financing on reasonable terms, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements.

The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.