CANADIAN OVERSEAS PETROLEUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

The following is Management's Discussion and Analysis ("MD&A") of the operating and financial results of Canadian Overseas Petroleum Limited, and its wholly owned subsidiaries COPL Technical Services Limited, Canadian Overseas Petroleum (UK) Limited ("COPL UK"), Canadian Overseas Petroleum (Bermuda Holdings) Limited ("COPL Bermuda Holdings"), Canadian Overseas Petroleum (Bermuda) Limited ("COPL Bermuda"), and Canadian Overseas Petroleum (Namibia) Limited ("COPL Namibia"), (collectively "COPL" or the "Company") as at and for the three and nine months ended September 30, 2016. The information is provided as of November 10, 2016. The results for the three and nine month period ended September 30, 2016 have been compared to the same periods of 2015. This MD&A should be read in conjunction with the Company's audited consolidated financial statements as at and for the years ended December 31, 2015 and 2014, together with the accompanying notes and the Annual Information Form of the Company dated March 28, 2016 (the "AIF"). These documents and additional information about COPL are available on the Company's website at www.canoverseas.com and on SEDAR at www.sedar.com.

All amounts are presented in United States dollars ("USD") unless otherwise noted.

BUSINESS OF THE COMPANY – MANAGEMENT

Canadian Overseas Petroleum Limited is a publicly traded oil and gas company listed on the TSX Venture Exchange (TSX-V) under the symbol "XOP" and the London Stock Exchange (LSE) under the symbol "COPL".

COPL is an international oil and gas exploration and development company focused on sub-Saharan offshore Africa. The Company holds a 17% working interest in Block LB-13, offshore Liberia, with ExxonMobil Exploration and Production Liberia Limited ("ExxonMobil"), the operator, holding an 83% working interest.

The Company also formed a joint venture company with Shoreline Energy International Limited ("Shoreline"), in line with the Company's strategy to diversify and balance its asset portfolio to generate stable cash flow from secure assets. Both partners hold a 50% interest in the jointly controlled company, Shoreline Canoverseas Petroleum Development Corporation Limited ("ShoreCan"), which was incorporated on October 24, 2014. ShoreCan is focused on acquiring upstream oil and gas exploration, development and producing assets in sub-Saharan and West African countries.

Senior management and strategic corporate functions are performed by COPL's head office in Calgary, and geological, geophysical, engineering, accounting and administrative functions are performed by COPL Technical Services Limited. Drilling oversight and some geological functions are provided by COPL UK. COPL Bermuda Holdings, COPL Bermuda and COPL Namibia were incorporated for operations offshore Liberia and potential opportunities elsewhere in Africa.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This MD&A contains forward-looking statements relating to future events or future performance. In some cases, forward-looking information and forward-looking statements can be identified by terminology such as "may", "will", "should", "expects", "projects", "plans", "anticipates", "potential", "intend", "believe" and similar expressions. These statements represent management's expectations or beliefs concerning, among other things, future operating results and various components thereof or the economic performance of COPL. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties, including the business risks discussed in AIF dated March 28, 2016, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Operating conditions can have a significant effect on the timing of events. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

FORWARD-LOOKING INFORMATION AND STATEMENTS (CONTINUED)

Forward-looking statements included or incorporated by reference in this document include statements with respect to:

- the Company's current strategy to establish and grow an oil and gas business (the "Overview and Overall Performance", "Outlook" and "Liquidity and Capital Resources" sections);
- the Company's ability to raise capital and obtain the financing necessary to develop profitable oil operations (the "Overview and Overall Performance", "Outlook" and "Liquidity and Capital Resources" sections);
- the Company's assumptions in respect of valuation of Warrants and Stock Options (as defined herein) (the "Stock-based Compensation", "Derivative Gain / Loss", "Share Capital" and "Liquidity and Capital Resources" sections); and
- the Company's ability to manage its financial and operational risks (the "Overview and Overall Performance", "Financial Instruments", "Commitments and Contractual Obligations" and "Liquidity and Capital Resources" sections).

The Company's MD&A and AIF for the year ended December 31, 2015 describe major risks, material assumptions and other factors related to forward-looking information and forward-looking statements that could influence actual results and are incorporated herein by reference. These risks, assumptions and other factors have been provided for readers to gain a more complete perspective on COPL's future operations. However, readers should be cautioned that the list of factors is not exhaustive and that this information may not be appropriate for other purposes. Forward-looking information and forward-looking statements included or incorporated by reference in this MD&A are valid only as at the date of this MD&A, and the Company does not intend to update or revise these forward-looking statements and forward-looking information except as required by applicable securities laws. The forward-looking information and forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW AND OVERALL PERFORMANCE *

In the third quarter of 2016, the Company continued to identify, evaluate and pursue exploration and development opportunities in Nigeria, Equatorial Guinea and other West African countries. The Company is focused on offshore opportunities that its seasoned technical team has strength in evaluating and developing.

Liberia

On April 5, 2013, following the Liberian Legislature's ratification of the Production Sharing Contract governing Block LB-13 offshore Liberia, the closing and completion of previously announced transactions between the Company's subsidiary COPL Bermuda and ExxonMobil occurred. The Company holds a 17% working interest in Block LB-13, with the remaining 83% being held by ExxonMobil, who is the operator under the license. As previously announced, the Company's share of all joint interest costs and the gross drilling costs up to $120 million is carried by ExxonMobil. Although the Company has not yet received ExxonMobil's latest estimated costs for the drilling of the first exploration well on Block LB-13, the Company anticipates that ExxonMobil's obligation to pay COPL Bermuda's participating interest share of costs, expenses and liabilities charged to the joint account under the Block LB-13 joint operating agreement dated March 8, 2013, entered into between COPL Bermuda and ExxonMobil, will continue for at least the first exploration well, and may also include a second exploration well (depending on the costs associated with the first exploration well).

The Company and ExxonMobil remain committed to completing the work program and obligations for the Block LB-13 project. In March 2014, an outbreak of "Ebola Haemorrhagic Fever" was reported in Liberia, the disease having crossed from its initial outbreak in the adjacent country of Guinea. It quickly spread in various parts of Liberia and was prevalent in the capital Monrovia and constituted a major health matter. The World Health Organization ("WHO") described it as an International Public Health Emergency. On July 23, 2014, the Company announced that the drilling program in Liberia had been suspended due to the Ebola outbreak in the region. Commerce and daily life were heavily impacted and international companies removed personnel and suspended business operations.

OVERVIEW AND OVERALL PERFORMANCE * (CONTINUED)

During the first part of January 2016, the WHO declared the end of the most recent outbreak of Ebola virus disease in Liberia and stated that all known chains of transmission had been stopped in West Africa. Liberia was first declared free of Ebola transmission in May 2015, but the virus has been re-introduced twice since then, with the latest flare-up in November 2015. On January 14, 2016, the most recent WHO announcement about Liberia being “Ebola-free” came 42 days (two 21-day incubation cycles of the virus) after the last confirmed patient in Liberia tested negative for the disease 2 times. As such, there remains a risk for further flare-ups of the disease, which have the potential to be as serious.

On February 23, 2016, ExxonMobil informed the Company that the length of the extension period granted by the National Oil Company of Liberia (“NOCAL”) has been set at a total of 619 days and that the second exploration period timeframe has been extended until September 25, 2017. This extension was a result of the “State of Emergency Agreement” between NOCAL and ExxonMobil due to the Ebola crisis in Liberia. The exact timing of the well will be dependent on rig availability and when ExxonMobil can confirm third party contractors’ capability to operate in Liberia. The Company will provide further information as future events may arise. On September 23, 2015, the Company announced it had received a work program and budget for 2016 from ExxonMobil of its best estimate as to the timing of key activities. The well to be drilled under the Second Exploration Phase, Mesurado-1, is planned to spud in the fourth quarter of 2016. Recent communications with ExxonMobil has confirmed that the latest market guidance (cited above) of the drilling of the Mesurado-1 well is consistent with upcoming drilling plans by ExxonMobil, the operator.

Expansion of sub-Saharan Portfolio

As part of the Company’s stated strategy to expand its interests and to generate stable cash flow from secure assets, the Company continues to assess opportunities in sub-Saharan Africa.

The Company and Shoreline, an unrelated company, incorporated ShoreCan in October 2014 in Bermuda to focus on acquisitions of upstream oil and gas exploration, development and producing assets in sub-Saharan Africa. Both partners hold a 50% interest in the jointly controlled entity.

On February 20, 2015, ShoreCan entered into a commercial acquisition, ratified by the Ministry of Energy in Namibia, of an 80% interest in three blocks offshore Namibia. During the third quarter of 2016, as a results of geological evaluation, ShoreCan decided to terminate its exploration project in Namibia and to relinquish its 80% interest in the three offshore blocks in Namibe basin.

On May 27, 2015, ShoreCan signed a memorandum of understanding ("MOU") on Equatorial Guinea Block EG-18 with the Minister of Mines, Industry and Energy (“MMIE”) in Malabo, Equatorial Guinea. A meeting to discuss the terms of a production sharing contract with the MMIE was held on February 10, 2016. Meetings were held between COPL representatives of ShoreCan and the MMIE on June 29 and June 30, 2016 to discuss and negotiate the term of the production sharing contract. The Company will provide further information as future negotiations permit.

On August 17, 2015, ShoreCan agreed to an acquisition in Nigeria to acquire 80% of the issued share capital of a Nigerian oil company which holds 100% of the equity and titled interest of an oil appraisal and development project offering near term oil production, located in the Niger Delta province, offshore Nigeria. The transaction also provides that ShoreCan will take over management and operatorship of the asset.

On September 14, 2016, – COPL announced that its 50% owned affiliate, ShoreCan had completed the acquisition of 80% of the share capital of Essar Exploration and Production Limited (Nigeria) (“Essar Nigeria”). Essar Nigeria’s sole asset is a 100% interest and operatorship of OPL 226, located about 50 kilometres offshore in the central area of the Niger Delta. As a party to a Production Sharing Contract (“PSC”) for OPL 226, Essar Nigeria is required to seek Nigerian Government ministerial consent for the transaction. The respective application has been made and the parties to the transaction are awaiting its approval.

OVERVIEW AND OVERALL PERFORMANCE * (CONTINUED)

OPL 226 has an area of 1530 km^2 and is situated in water depths ranging from 40 to 80 meters. It offers oil appraisal and development opportunities having near term oil production potential and significant exploration upside. Historically, five wells have been drilled, with the first oil discovery on the Block made in 2001 in the fifth well (Noa-1) after earlier drilling encountered predominantly gas-bearing sands. ShoreCan, in the last year, has completed additional seismic processing to the most recent 568 km^2 3D seismic survey acquired by Essar Nigeria in 2012. The advanced seismic processing techniques, applied to this data set by ShoreCan, were successfully completed to differentiate oil-bearing sands from gas and water-bearing sands. At the request of COPL, Netherland, Sewell & Associates, Inc. (“NSAI”) has prepared an independent report (the “Report”) in accordance with Canadian National Instrument 51-101 evaluating the Contingent and Prospective Resources attributed to OPL 226, as of March 2016. In the Report, the Gross Unrisked Contingent Oil Resources recoverable for the primary Noa West oil discovery are estimated to be the following: Low Estimate (1C), 11.5 million Bbls; Best Estimate (2C), 16.1 million Bbls; and High Estimate (3C), 20.7 million Bbls. The Gross Unrisked Prospective Oil Resources recoverable for 15 additional undrilled areas on the Noa Complex in the Report are estimated to be the following: Low Estimate, 259 million Bbls; Best Estimate, 461 million Bbls; and High Estimate, 461 million Bbls. In addition to the oil resources identified, NSAI’s Report has estimated significant volumes of Unrisked Prospective Gas Resources on the Block totalling on a Best Estimate over 1.6 TCF.

As more developments occur, the Company intends to update the market on its activities.

**** This section contains forward-looking information. Please see the “Forward-looking Information and Statements” section (at the beginning of this document) for a discussion of risks and uncertainties relating to such information.***

FINANCIAL SUMMARY

General and administrative costs were $1.4 million and $3.8 million for the three and nine months ended September 30, 2016 (net of $56,000 and $161,000 of costs allocated to exploration projects, respectively) compared to $1.8 million and $4.9 million for the same periods in 2015 (net of $33,000 and $114,000 of costs allocated to exploration projects, respectively). Stock-based compensation expense of $0.3 million and $1.5 million was recorded for the three and nine months ended September 30, 2016 in relation to stock options granted in May and August of 2016; there was no stock-based compensation recorded in comparable periods of 2015. The Company recognized interest income of approximately $9,000 and $19,000 for the three and nine months ended September 30, 2016, compared to $9,000 and $20,000 in the same periods in 2015 respectively. A derivative loss of $4.8 million and $5.1 million was recognized for the three and nine months ended September 30, 2016, compared to a derivative gain of $1.1 million in the same periods in 2015 respectively. A foreign exchange gain of $2,000 and a loss of $0.3 million was recognized for the three and nine months ended September 30, 2016, compared to a foreign exchange loss of $0.2 million and $0.4 million in the same periods in 2015 respectively. There was a loss on the Company’s investment in ShoreCan of $77,000 and $79,000 for the three and nine months ended September 30, 2016, compared to $29,000 and $0.4 million in the same periods in 2015 respectively. As a result, the Company’s loss amounted to $6.5 million and $10.7 million for the three and nine months ended September 30, 2016, compared to a loss of $1.0 million and $4.7 million for the three and nine months ended September 30, 2015.

As at September 30, 2016, the Company’s cash and cash equivalents amounted to $3.7 million. Cash used in investing activities amounted $0.2 million for the nine months ended September 30, 2016 compared to $0.8 million for the same period in 2015. Cash used in operating activities amounted to $4.3 million for the nine months ended September 30, 2016 compared to $4.9 million for the same period in 2015. Cash provided by financing activities amounts to $6.3 million for the nine months ended September 30, 2016 compared to $5.0 for the same period in 2015.

FINANCIAL SUMMARY (CONTINUED)

OUTLOOK *

The Company's strategy is to grow its international oil and gas business offshore sub-Saharan Africa and elsewhere in the world by farming into, and/or acquiring interests in, exploration, unappraised and/or undeveloped assets as well as in producing assets using the expertise and experience of its senior management team.

The Company's short-term operations will focus on:

- working with ExxonMobil to progress the planning of future drill locations in Liberia;
- working to progress the planning of future drill locations in Nigeria on OPL 226; and
- working to successfully conclude the variety of new opportunities available in sub-Saharan Africa.

Currently the Company does not have material cash inflows and/or adequate financing to develop profitable operations. The Company is pursuing exploration projects and contracts that will require substantial additional financing before they are able to generate positive cash flows. Accordingly, the Company's continued successful operation is dependent on its ability to obtain additional financing. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be obtained on terms advantageous to the Company. With no assurance such financing will be obtained in future, there may be significant doubt the Company will be able to continue as a going concern. All of these factors represent events, risks or uncertainties that management believes will materially affect the Company's future performance.

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SELECTED QUARTERLY INFORMATION

DISCUSSION OF OPERATIONS

The Company has not had significant revenue from operations in any of its last two financial periods. The following table summarizes the Company's financial results for the three and nine months ended September 30, 2016 and 2015:

($ 000's) except per share	**Three months ended September 30, 2016**	Three months ended September 30, 2015	**Nine months ended September 30, 2016**	Nine months ended September 30, 2015
Pre-license (recovery)/costs	**$ -**	$ (26)	**$ -**	$ 114
Administrative expenses	**1,363**	1,795	**3,791**	4,856
Stock-based compensation	**261**	-	**1,529**	-
Interest income	**(9)**	(9)	**(19)**	(20)
Derivative loss / (gain)	**4,814**	(1060)	**5,073**	(1074)
Foreign exchange (gain) / loss	**(2)**	236	**246**	447
Loss on investment in joint venture	**77**	29	**79**	373
Net loss	**6,511**	980	**10,733**	4,741
Per share loss	**$ 0.01**	$ 0.00	**$ 0.02**	$ 0.01
Outstanding common shares at September 30	***609,737,493***	*482,339,196*	***609,737,493***	*482,339,196*
Weighted average common shares - basic	***607,114,077***	*474,484,867*	***550,883,602***	*426,460,614*
Cash used in operating activities	**$ 1,700**	$ 1,835	**$ 4,284**	$ 4,846

SELECTED QUARTERLY INFORMATION (CONTINUED)

Administrative Expenses

A breakdown of administrative expenses is as follows:

($ 000's)	**Three months ended September 30, 2016**	Three months ended September 30, 2015	**Nine months ended September 30, 2016**	Nine months ended September 30, 2015
Administrative:				
Payroll and related costs	**$ 549**	$ 627	**$ 1,663**	$ 1,894
External directors' fees and related costs	**115**	149	**460**	412
Consulting services	**46**	287	**272**	557
Professional services	**48**	126	**106**	413
Travel expenses	**127**	145	**335**	526
Office expenses	**164**	173	**492**	578
Stock exchanges, transfer agent and UK agents fees	**101**	41	**240**	160
Other general and administrative	**269**	280	**384**	430
Costs allocated to exploration projects	**(56)**	(33)	**(161)**	(114)
Total administrative	**$ 1,363**	$ 1,795	**$ 3,791**	$ 4,856

Administrative expenses amounted to $1.4 million for the three months ended September 30, 2016, compared to $1.8 million for the same period in 2015, and are presented net of costs allocated to exploration projects, which amounted to $56,000 for the three months ended September 30, 2016 and $33,000 in the same period in 2015.

Administrative expenses amounted to $3.8 million for the nine months ended September 30, 2016, compared to $4.9 million for the same period in 2015, and are presented net of costs allocated to exploration projects, which amounted to $161,000 for the nine months ended September 30, 2016 and $114,000 in the same period in 2015.

The decrease in administrative expenses is mainly due to a decrease in expenses related to professional services (including legal services) consulting services, payroll and travel costs, partially compensated by an increase in fees in respect of stock exchanges, transfer agent and UK regulatory agents.

*Stock-based Compensation Expense **

The Company has a stock option plan where the number of Common Shares reserved under the plan shall not exceed 10% of the issued and outstanding Common Shares and the number reserved for any one individual may not exceed 5% of the issued and outstanding shares. Exercise prices for stock options granted are determined by the closing market price on the day before the date of grant.

On May 12, 2016, the Company granted to its directors, officers, employees and consultants 40,780,000 stock options to acquire the Company's common shares at an exercise price of CAD 0.10 ($0.08) and on August 12, 2016, the Company granted to its directors, officers and employees 4,400,000 stock options to acquire the Company's common shares at an exercise price of CAD 0.115 ($0.088). The options vest immediately and expire five years from the date of grant. The related stock-based compensation expense of $0.3 million and $1.5 million has been recognized in the statement of comprehensive loss for the three and nine months ended September 30, 2016. No stock-based compensation expense was recognized for the comparable periods of 2015. The fair value of each option granted was estimated on the date of grant using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's unaudited condensed interim consolidated financial statements as at September 30, 2016).

During the nine months ended September 30, 2016, 9,490,000 stock options expired unexercised and 1,100,000 stock options were forfeited. No stock options were exercised during the nine months ended September 30, 2016 and 2015.

SELECTED QUARTERLY INFORMATION (CONTINUED)

Stock-based Compensation Expense (continued)*

As at September 30, 2016, a total of 53,905,000 stock options to purchase Common Shares are outstanding, having a weighted average exercise price of $0.10 per share and a remaining weighted average contractual life of 4.23 years.

This section contains forward-looking information. Please see the "Forward-looking Information" section (at the beginning of this document) for a discussion of risks and uncertainties relating to such information.

Interest Income

Interest income earned was $9,000 for the three months ended September 30, 2016, and three months ended September 30, 2015. Interest income earned was $19,000 for the nine months ended September 30, 2016, compared to $20,000 for the same period in 2015. The interest income relates to interest earned on cash held at banks.

*Derivative Gain / Loss**

The Company issued following Common Share purchase warrants ("Warrants") with an exercise price denominated in currencies other than its functional currency:

- On July 9, 2015, the Company issued 80,288,699 Warrants, which entitle the holder to purchase one Common Share until July 9, 2017, at an exercise price of CAD $0.12 ($0.09). On July 9, 2015, the Company also issued 4,548,380 Warrants to its agents, which entitle the holder to purchase one Common Share until July 9, 2017, at an exercise price of CAD $0.09 ($0.07);

- On April 28, 2016, the Company issued 22,857,143 Warrants which entitle the holder to purchase one Common Share until April 28, 2018, at an exercise price of GBP 0.0475 ($0.0695). On April 28, 2016, the Company also issued 1,177,114 Warrants as finder's compensation which entitle the holder to purchase one Common Share until April 28, 2018, at an exercise price of GBP $0.035 ($0.051).

- On May 3, 2016, the Company issued 101,066,868 Warrants which entitle the holder to purchase one Common Share until May 3, 2018, at an exercise price of CAD 0.095 ($0.075). On May 3, 2016, the Company also issued 5,233,206 Warrants to its agents which entitle the holder to purchase one Common Share until May 3, 2018, at an exercise price of CAD 0.07 ($0.055).

The Warrants' exercise price is in CAD or GBP and stocks are traded in CAD or GBP, however, the Company's functional currency is USD. As there is variability in the exchange rates, the Warrants are classified as derivative financial instruments and a derivative liability was recognized as at the date of grant in relation to those Warrants issued.

As at September 30, 2016, the Warrants outstanding as at that date and recognized as derivative financial instruments were revalued and a derivative loss of $4.8 million and $5.1 million was recognized for the three and nine months ended September 30, 2016, compared to a derivative gain of $1.1 million for the same periods of 2015.

The significant derivative losses recorded for the three and nine months ended September 30, 2016 relate to a general increase in Warrants' fair values during 2016, mainly due to an increase in the Company's stock price from CAD $0.04 ($0.03) as at December 31, 2015 to CAD $0.07 ($0.05) as at March 31 and June 30 of 2016, and to CAD $0.13 ($0.10) as at September 30, 2016.

This section contains forward-looking information. Please see the "Forward-looking Information and Statements" section (at the beginning of this document) for a discussion of risks and uncertainties relating to such information.

SELECTED QUARTERLY INFORMATION (CONTINUED)

Foreign Exchange Gain

A foreign exchange gain of $2,000 and a loss of $0.3 million was recognized for the three and nine months ended September 30, 2016, and related mainly to a loss on translation of cash, cash equivalents and accounts payable denominated in currencies other than USD, compensated with an unrealized foreign exchange gain recognized upon revaluation of derivate liability as at September 30, 2016.

A foreign exchange loss of $0.2 million and $0.4 million for the three and nine months ended September 30, 2015 related mainly to a loss on translation of cash, cash equivalents and accounts payable denominated in currencies other than USD.

Loss on investment in joint venture

The Company currently holds a 50% interest in a jointly controlled entity, ShoreCan. For the three and nine months ended September 30, 2016, the Company charged ShoreCan $0.7 million and $1.4 million of management and technical services which were included in ShoreCan's general and administration expenses for the same period. These amounts of revenue were reversed from the Company's revenue and investment in joint venture.

For the three and nine months ended September 30, 2016, the Company's share in ShoreCan's losses of $0.7 million and $1.9 million respectively ($29,000 and $0.4 million for comparable periods of 2015) exceed the Company's net investment in ShoreCan of $77,000 and $79,000 for these periods ($0.1 million and $0.3 million for comparable periods of 2015). Accordingly, under the equity method, the loss on investment recognized by the Company amounted to $77,000 and $79,000 for the three and nine months ended September 30, 2016 ($29,000 and $0.4 million for comparable periods of 2015).

COMPARATIVE FINANCIAL POSITION ITEMS

The following table summarizes the Company's financial position as at September 30, 2016 and December 31, 2015:

($ 000's) except per share	September 30, 2016	December 31, 2015
Cash and cash equivalents	**$ 3,712**	$ 2,015
Exploration and evaluation assets	**16,615**	16,455
Total assets	**21,033**	18,998
Non-current financial liabilities	**8,176**	367
Share capital	**(123,991)**	(120,730)
Shareholders' equity	**$ (11,593)**	$ (17,207)

Economic and industry factors and their respective impact on the Company for the quarter ended September 30, 2016, are substantially unchanged since the year ended December 31, 2015.

Cash and Cash Equivalents

The increase in cash and cash equivalents of $1.7 million during the first nine months of 2016 relates mainly to proceeds from financing obtained during second quarter of 2016, offset by cash utilized in operating activities.

COMPARATIVE FINANCIAL POSITION ITEMS (CONTINUED)

Investment in joint venture

The Company's investment in joint venture, relates to 50% share of ShoreCan, the jointly controlled entity and represents 50% share in ShoreCan's assets and liabilities. As the Company's share of ShoreCan's net liabilities exceeded the Company's net interest in ShoreCan as at September 30, 2016, under the equity method, the Company discontinued recognizing its share of future losses and the carrying amount of the investment in the jointly controlled entity was $nil as at September 30, 2016 ($nil as at December 31, 2015).

Exploration and Evaluation Assets

Exploration and evaluation assets ("E&E Assets") of $16.6 million as at September 30, 2016 ($16.4 million as at December 31, 2015) relate to the Liberia project. The increase in E&E Assets for the first nine months of 2016 relates to capitalized geological evaluation work in respect of this project in Liberia.

Total Assets

Total assets increased by $2.0 million from $19.0 million as at December 31, 2015 to $21.0 million as at September 30, 2016. This increase is a result of the $1.7 million increase in cash and cash equivalents, an increase in accounts receivable, prepaid expenses and E&E Assets.

Non-current Financial Liability

Non-current financial liability of $8.2 million as at September 30, 2016 and $0.4 million as at December 31, 2015 represents entirely valuation of Warrants issued by the Company in currencies other than USD. As there is variability in the exchange rates, these Warrants are classified as derivative financial instruments and a derivative liability is recognized as at the date of issue; subsequently, the derivative liability is revalued at each balance sheet date until Warrants are exercised or expired.

The significant increase of $7.8 million in derivative liability relates to a valuation of new warrants issued during the second quarter of 2016 (as discussed in "Derivative Gain/Loss" section) as well as to a general increase in Warrants' fair values during 2016, mainly due to an increase in the Company's stock price from CAD $0.04 ($0.03) as at December 31, 2015 to CAD $0.07 ($0.05) as at March 31 and June 30 of 2016, and to CAD $0.13 ($0.10) as at September 30, 2016.

The fair value of Warrants is estimated using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's unaudited condensed interim consolidated financial statements as at September 30, 2016).

Shareholders' Equity

The decrease in shareholders' equity of $5.6 million from $17.2 million as at December 31, 2015 to $11.6 million as at September 30, 2016 relates to:

- an increase in share capital of $3.3 million as a result of common shares issued further to a private placement closed in the second quarter of 2016 and further to warrants exercised during September 2016, net of valuation of related warrants that are recognized as a derivative liability and net of issue costs.
- an increase in contributed capital reserve of $1.5 million that relates to a valuation of stock options granted in May and August of 2016 (as discussed in "Stock-based Compensation" section);
- $0.3 million decrease in accumulated other comprehensive loss relates to an unrealized foreign exchange gain on translation of foreign subsidiary;
- offset by the net loss of $10.7 million for the nine months ended September 30, 2016.

As at November 9, 2016, the Company has 615,355,350 Common Shares issued and outstanding.

SUMMARY OF QUARTERLY RESULTS

Eight Most Recent Quarters:

($ 000's)	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Revenue	9	7	3	21
Loss	(6,511)	(2,472)	(1,750)	(1,943)
Loss per share - basic & diluted	(0.01)	(0.00)	(0.00)	(0.00)

($ 000's)	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Revenue	9	3	8	16
Loss	(980)	(1,629)	(2,132)	(1,848)
Loss per share - basic & diluted	(0.00)	(0.00)	(0.01)	(0.00)

The revenue in all quarters consists of interest income earned on cash balances held at banks.

The loss in the third quarter of 2016 is significantly higher than in other quarters mainly due to a loss on derivatives of $4.8 million recorded in third quarter of 2016, as opposed to a derivative gain of $0.4 million recognized in the second quarter and a loss of $0.7 million recognized in the first quarter of 2016. In addition, a stock-based compensation expense amounted to $0.3 million in the third quarter of 2016, compared to $1.3 million in the second quarter of 2016 (no stock options were granted during other quarters under review).

The 2015 quarterly losses mainly represent the Company's administrative costs, pre-licence costs, foreign exchange losses, as well as a loss on investment in ShoreCan, all of which are offset by a gain on the derivative liabilities. The third quarter 2015 loss is lower mainly due to a significantly higher derivative gain. In addition, the net loss on investment in ShoreCan was only $29,000 in the third quarter of 2015, compared to a net loss of $0.7 million in the fourth quarter, $0.1 million in the second quarter and $0.2 million in the first quarter of 2015.

The loss in the fourth quarter of 2014 represents mainly the Company's administrative and pre-license costs partially offset by a foreign exchange gain.

FINANCIAL INSTRUMENTS*

The Company's financial instruments consist of cash, short-term deposits, credit card and other deposits, loans, accounts receivable, as well as accounts payable, accrued liabilities and derivative liability. It is management's opinion that the Company is not currently exposed to significant interest and/or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying value.

To mitigate a portion of foreign exchange risk exposure and to the extent it is feasible, the Company keeps its funds in currencies applicable to its known short-term commitments. No assurance can be given that such management of risk exposure will offset and/or eliminate the foreign exchange loss/gain fluctuations.

**** This section contains forward-looking information. Please see the "Forward-looking Information and Statements" section (at the beginning of this document) for a discussion of risks and uncertainties relating to such information.***

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common and preferred shares. As at September 30, 2016, there were 609,737,493 Common Shares issued and outstanding.

As at September 30, 2016, the Company had the following outstanding securities other than Common Shares:

- 262,252,124 share purchase warrants issued and outstanding to purchase Common Shares with a weighted average exercise price of $0.13 per share and a remaining contractual life of 9 months to 19 months; and
- 53,905,000 stock options issued and outstanding to purchase Common Shares with a weighted average exercise price of $0.10 per Common Share and a remaining contractual life of two years and three months to four years and ten months.

Subsequent to September 30, 2016, 5,617,857 Common Shares were issued pursuant to exercise of Warrants. Accordingly, a total number of Common Shares issued and outstanding amounted to 615,355,350 as at November 9, 2016.

During the nine months ended September 30, 2016 the Company had following transactions that affected its share capital.

On April 28, 2016, further to a first tranche of the private placement to investors in the United Kingdom and on a non-brokered basis (“Non-Brokered Offering”), the Company issued 22,857,143 units at a price of GBP 0.035 ($0.051) for gross proceeds of GBP 0.8 million ($1.2 million). Each unit consists of one common share in the capital of the Company (“Common Share”) and one share purchase warrant (“Non-Brokered Offering Warrant”). Each Non-Brokered Offering Warrant entitles the holder thereof to purchase one Common Share at an exercise price of GBP 0.0475 ($0.0695) per Common Share on or before the date that is 24 months following the closing date.

The fair value of the Non-Brokered Offering Warrants estimated at $0.6 million (using a Black-Scholes option pricing model) was netted against proceeds from share capital and a derivative liability of $0.6 million was recognized as at April 28, 2016. The Non-Brokered Offering Warrants’ exercise price is in GBP, and the Company’s functional currency is in USD. As there is variability in these exchange rates, the Non-Brokered Offering Warrants are classified as a derivative financial instrument.

During September 2016, further to an exercise of Non-Brokered Offering Warrants, the Company issued 2,774,286 Common Shares for a proceeds of $176,000. The fair value of the exercised Warrants estimated at $120,000 (using a Black-Scholes option pricing model) was recognized as an addition to the share capital and respective decrease in the derivative liability.

As at September 30, 2016, the derivative liability of the Non-Brokered Offering Warrants outstanding as at that date was revalued and a derivative loss of $0.5 million on the derivative liability was recognized for the nine months ended September 30, 2016. The derivative liability in respect of the Non-Brokered Offering Warrants as at September 30, 2016, was estimated at $0.9 million, using a Black-Scholes option pricing model.

In connection with the Non-Brokered Offering, the Company paid a cash finder’s fee of GBP 0.1 million ($0.2 million) and issued 1,177,114 warrants (the Finder’s Warrants”) as compensation warrants. Each Finder’s Warrant entitles the holder thereof to purchase one Common Share of the Company at an exercise price of GBP 0.035 ($0.051) per Common Share on or before the date that is 24 months following the closing date. Other expenses related to the Non-Brokered Offering of Units amounted to $0.2 million.

The fair value of the Finder’s Warrants estimated at $35,000 (using a Black-Scholes option pricing model) was netted against proceeds from share capital (as share issue costs) and a derivative liability of $35,000 was recognized as at April 28, 2016.

SHARE CAPITAL (CONTINUED)

As at September 30, 2016, the derivative liability was revalued and a derivative loss of $33,000 on the derivative liability was recognized for the nine months ended September 30, 2016. The derivative liability in respect of the Finder's Warrants as at September 30, 2016, was estimated at $65,000, using a Black-Scholes option pricing model.

On May 3, 2016, further to a brokered portion of the private placement in Canada ("Brokered Offering"), the Company issued 101,066,868 units at a price of CAD 0.07 ($0.055) for gross proceeds of CAD 7.1 million ($5.6 million). Each unit consists of one common share in the capital of the Company ("Common Share") and one share purchase warrant ("Brokered Offering Warrant"). Each Brokered Offering Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD 0.095 ($0.075) per Common Share on or before the date that is 24 months following the closing date.

The fair value of the Brokered Offering Warrants estimated at $2.2 million (using a Black-Scholes option pricing model) was netted against proceeds from share capital and a derivative liability of $2.2 million was recognized as at May 3, 2016. The Brokered Offering Warrants' exercise price is in CAD, and the Company's functional currency is in USD. As there is variability in these exchange rates, the Brokered Offering Warrants are classified as a derivative financial instrument.

During September 2016, further to an exercise of Brokered Offering Warrants, the Company issued 700,000 Common Shares for a proceeds of $50,000. The fair value of the exercised Warrants estimated at $26,000 (using a Black-Scholes option pricing model) was recognized as an addition to the share capital and respective decrease in the derivative liability.

As at September 30, 2016, the derivative liability of the Brokered Offering Warrants outstanding as at that date was revalued and a derivative loss of $2.2 million on the derivative liability was recognized for the nine months ended September 30, 2016. The derivative liability in respect of the Brokered Offering Warrants as at September 30, 2016, was estimated at $4.3 million, using a Black-Scholes option pricing model.

In connection with the Brokered Offering, the Company paid a cash commission to its Agents of CAD 0.4 million ($0.3 million) and issued 5,233,206 warrants (the "Agents' Warrants") as compensation warrants. Each Agents' Warrant entitles the holder thereof to purchase one Common Share of the Company at an exercise price of CAD 0.07 ($0.055) per Common Share on or before the date that is 24 months following the closing date. Other expenses related to the Brokered Offering of units amounted to $0.2 million.

The fair value of the Agents' Warrants estimated at $138,000 (using a Black-Scholes option pricing model) was netted against proceeds from share capital (as share issue costs) and a derivative liability of $138,000 million was recognized as at May 3, 2016.

As at September 30, 2016, the derivative liability was revalued and a derivative loss of $131,000 on the derivative liability was recognized for the nine months ended September 30, 2016. The derivative liability in respect of the Agents' Warrants as at September 30, 2016, was estimated at $265,000 using a Black-Scholes option pricing model.

The assumptions used for Black-Scholes option pricing model to estimate a fair value of the Non-Brokered Offering Warrants, Finder's Warrants, Brokered Offering Warrants and the Agents' Warrants as at the date of issue and as at September 30, 2016 are discussed in the notes accompanying the Company's unaudited condensed interim consolidated financial statements as at September 30, 2016.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS*

As at September 30, 2016, the Company has the following commitments:

In $ 000's	Total	Less than One Year	One to Three Years	Four to Five Years	After Five Years
Office lease	**1,593**	503	1,006	84	-

The Company is committed under an operating lease agreement for the rental of office space in Calgary, Canada. The approximate lease payments total $1.6 million and are payable over the next four years.

ShoreCan's Commitments

The Company currently holds a 50% interest in a jointly controlled entity, ShoreCan, focusing on acquisitions of upstream oil and gas exploration, development and producing assets in sub-Saharan Africa. The determination of ShoreCan as a joint venture was based on ShoreCan's structure through a separate legal entity whereby neither the legal form nor the contractual arrangement give the owners rights to the assets and obligations for the liabilities within the normal course of business, nor does it give the rights to the economic benefits of the assets or responsibility for settling liabilities associated with the arrangement.

The Company and its joint venture partner signed a funding agreement, effective October 24, 2014 (the "Funding Agreement") providing financial support as needed in proportion to its interest (50% each) in ShoreCan for ShoreCan's expenses and obligations. Amounts advanced to ShoreCan under the terms of the Funding Agreement are unsecured and payable on or before October 24, 2017 contingent upon ShoreCan generating its own cashflows. Interest is charged monthly at an annual rate of 3.0% above 12 month USD LIBOR. The Funding Agreement does not impose any obligation on the Company and/or its joint venture partner to contribute financially to ShoreCan.

On September 13, 2016, ShoreCan closed an acquisition of 80% of the issued share capital of Essar Exploration and Production Limited (Nigeria) ("Essar Nigeria"), a company which sole asset is a 100% interest in exploration license OPL 226 offshore Nigeria. As part of the shareholder agreement, ShoreCan has agreed to cover the funding of Essar Nigeria's operations. As a party to a Production Sharing Contract ("PSC") for OPL 226, Essar Nigeria is required to seek Nigerian Government ministerial consent for the transaction. The respective application has been made and the parties to the transaction are awaiting its approval.

ShoreCan has assessed that the transaction does not meet criteria of a business acquisition as Essar Nigeria is in exploration/development stage and as at September 30, 2016, ShoreCan did not have an effective control over Essar Nigeria. The $0.25 million representing the cash consideration paid, was recognized as an investment in ShoreCan's books as at September 30, 2016. In addition, ShoreCan has committed to invest up to a maximum of $80 million into Essar Nigeria in the form of an interest-free shareholder loan. The funds will be used for Essar Nigeria operations and in particular, to cover work program obligations, including the costs of drilling one well under Phase-1 of the PSC; the Phase-1 period was recently extended to November 30, 2017. Upon receiving final approval, Shorecan will finalize the recording of this investment based on the fair values of Essar Nigeria's assets and liabilities. As at December 31, 2015, as per Essar Nigeria's audited financial statements, Essar Nigeria had total assets of $69.8 million and total liabilities of $69.7 million, including a loan to its parent of $64.7 million. The agreement provides for the repayment of this amount from future production.
As at the date of filing this Management's Discussion & Analysis, COPL did not provide any guarantee in respect of obligations, commitments and/or losses of either ShoreCan or Essar Nigeria.

**** This section contains forward-looking information. Please see the "Forward-looking Information and Statements" section (at the beginning of this document) for a discussion of risks and uncertainties relating to such information.***

LIQUIDITY AND CAPITAL RESOURCES*

As of September 30, 2016, the Company had a working capital of approximately $3.0 million, shareholders' equity of $11.6 million and cash and cash equivalents of $3.7 million.

For the nine months ended September 30, 2016, the Company's cash used in operating activities amounted to $4.3 million compared to $4.9 million for the nine months ended September 30, 2015, and related mainly to administrative costs.

Cash used in investing activities amounted $0.2 million for the nine months ended September 30, 2016 compared to $0.8 million for the same period in 2015.

Cash provided by financing activities amounted to $6.3 million for the nine months ended September 30, 2016 (compared to $5.0 million for the same period in 2015) and related mainly to proceeds from the financing closed on April 28, 2016 and May 3, 2016 (discussed in "Share Capital" section).

Currently, the Company does not have material cash inflows and/or adequate financing to develop profitable operations. The Company is pursuing exploration projects that, if successful, will require substantial additional financing before they are able to generate positive cash flows. Accordingly, the Company's planned growth and future development activities are dependent on its ability to obtain additional financing. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be obtained on terms advantageous to the Company.

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ACCOUNTING PRONOUNCEMENTS

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the Company to make estimates, assumptions and judgements in applying the Company's accounting policies and practices, which may have a significant impact on the financial results reported by the Company. Actual results could differ from estimated amounts, and those differences may be material. A comprehensive discussion of the Company's significant critical accounting estimates is contained in the audited consolidated financial statements for the years ended December 31, 2015 and 2014.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures ("DC&P"), or caused it to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared, and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. Management of COPL, including the Chief Executive Officer and Chief Financial Officer, evaluate the effectiveness of the Company's DC&P annually.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting ("ICFR"). They have designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

No material changes in the Company's ICFR were identified during the nine month period ended September 30, 2016, that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

It should be noted that a control system, including the Company's disclosure and internal controls procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected the disclosure and internal control procedures will prevent all errors or fraud. In reaching a reasonable level of assurance, management necessarily is required to apply its judgment in evaluating the cost/benefit relationship of possible controls and procedures.

DIRECTORS

Arthur S. Millholland - President and Chief Executive Officer
Harald Ludwig
Massimo Carello
Viscount William Astor
John Cowan

OFFICERS

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Aleksandra Owad, CPA, CGA, FCCA (UK) - Chief Financial Officer
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Faralee A. Chanin, LL.B., M.B.A. - Corporate Secretary