CANADIAN OVERSEAS PETROLEUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2018

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"), and Canadian Overseas Petroleum (Ontario) Limited ("COPL Ontario"), (collectively "COPL" or the "Company") as at and for the three month period ended March 31, 2018. The information is provided as of May 10, 2018. The results for the three month period ended March 31, 2018 have been compared to the same period of 2017. 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, 2017 and 2016, together with the accompanying notes and the Annual Information Form of the Company dated March 21, 2018 (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 mainly on offshore Africa. The Company 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 Africa.

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. Some technical and projects related functions are provided by COPL UK. COPL Bermuda Holdings, COPL Bermuda and COPL Namibia (currently dormant) were incorporated for operations offshore Liberia and potential opportunities elsewhere in Africa. COPL Ontario was incorporated on December 15, 2017 for the purpose of an anticipated operation in Canada.

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 21, 2018, 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 (as defined herein) (the "Derivative Gain / Loss section);
- 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 AIF for the year ended December 31, 2017 describes major risks, material assumptions and other factors related to forward-looking information and forward-looking statements that could influence actual results and they 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 first quarter of 2018, the Company continued to identify, evaluate and pursue exploration and development opportunities in African countries and elsewhere. The Company continues to be focused on opportunities that its seasoned technical team has strength in evaluating and developing.

Expansion of African Portfolio

In October 2014, COPL formed a joint venture company with Shoreline Energy International Limited called Shoreline CanOverseas Petroleum Development Corporation Limited ("ShoreCan"). Both partners hold a 50 percent interest in the jointly controlled company, which is focused on acquiring upstream oil and gas exploration, development and producing assets in Africa. ShoreCan is a special purpose vehicle registered in Bermuda. The following country and project overviews fall under the realm of ShoreCan's dealings.

Nigeria

On September 14, 2016, COPL announced that 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 an oil prospecting license, located about 50 kilometres offshore in the central area of the Niger Delta ("OPL 226"). As a party to a PSC for OPL 226, Essar Nigeria is required to seek Nigerian Government ministerial consent for the transaction.

Application has been made to the appropriate government bodies and the process is in the final stage of being granted ministerial consent for the Essar acquisition. ShoreCan has also applied for an extension to the first phase of the Production Sharing Contract ("PSC") beyond November 30, 2017. The Company also notes that the timing of the drilling campaign on OPL 226 will be delayed somewhat due to the delay in completing the project financing and receipt of final consent from the concessionaire Nigerian National Petroleum Corporation ("NNPC'") for the change in control of Essar Nigeria.

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, four of the five wells with oil and gas shows were drilled in 1972 and 1973, however, the most recent fifth well (Noa-1) was an oil discovery drilled in 2001. ShoreCan, in the last year, has completed additional seismic processing of 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-bearing or water-bearing sands. ShoreCan plans to drill an exploitation well adjacent to the Noa-1 discovery well. At the request of COPL, Netherland, Sewell & Associates, Inc. ("NSAI") 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 December 31, 2017. The Contingent and Prospective Resource volumes estimated in the NSAI report are disclosed in the Company's AIF dated March 21, 2018 under Appendix A in accordance with NI-51-101 rules and regulations.

Mozambique

In Mozambique, the Company is part of a consortium that will enter into final discussions regarding the awarding of a prospective onshore license (PT5-B) under the 5th licensing round. COPL's interest in Mozambique will be dependent on successful negotiation of a new Production Sharing Contract (PSC). The Consortium has been invited to negotiate with the Government of Mozambique the terms of the PSC governing the Block in early of 2018. These will include the acquisition of 1600 line km of 2D seismic. According to the Company's Mozambican partner, the Instituto Nacional do Petroléo (INP) is currently finalizing discussions on a large offshore blocks with major companies before they are able to enter into discussions regarding onshore Block PT5-B.

**** 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.***

OUTLOOK *

The Company's strategy is to grow its international oil and gas business offshore 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 to progress the planning of future drill locations in Nigeria on OPL 226;
- working with the Mozambique government to negotiate the terms of the PSC governing the PT5-B block; and
- working to successfully conclude a variety of new opportunities available in 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 is material uncertainty that may cast substantial doubt on the business' ability 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.

**** 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 $1.3 million for the three months ended March 31, 2018 (net of $nil of costs allocated to exploration projects), compared to $1.1 million for the same period in 2017 (net of $0.1 million of costs allocated to exploration projects). Pre-licence costs were $0.3 million for the three months ended March 31, 2018 compared to $nil for the same period in 2017. A foreign exchange gain of $42,000 was recognized for the three months ended March 31, 2018, compared to foreign exchange gain of $58,000 for the same period in 2017. The Company recognized a gain on derivative of $0.1 million for the three months ended March 31, 2018, compared to a gain of $0.3 million for the same period in 2017. Interest income of $nil was recorded for the three months ended March 31, 2018, compared to $5,000 for the same period in 2017. The loss recognized on the Company's investment in ShoreCan was $nil for the three months ended March 31, 2018, compared to $1,000 for the same period in 2017. As a result, the Company's net loss amounted to $1.4 million for the three months ended March 31, 2018, compared to net loss of $0.8 million for the three months ended March 31, 2017.

As at March 31, 2018, the Company's cash and cash equivalents amounted to $3.1 million. Cash used in operating activities amounted to $0.9 million for the three months ended March 31, 2018 compared to $0.9 million for the same period in 2017. Cash used in investing activities amounted to $3,000 for the three months ended March 31, 2018, compared to $0.1 million for the three months ended March 31, 2017.

SELECTED QUARTERLY INFORMATION

DISCUSSION OF OPERATIONS

The Company has not had significant revenue from operations in any of its last two financial years. The following table summarizes the Company's financial results for the three months ended March 31 2018 and 2017:

($ 000's) except per share	**Three months ended March 31, 2018**	**Three months ended March 31, 2017**
Pre-license costs	**$ 321**	$ -
Administrative expenses	**1,254**	1,130
Interest income	**-**	(5)
Derivative (gain)	**(94)**	(267)
Foreign exchange (gain)	**(42)**	(58)
Loss on investment in joint venture	**-**	1
Net loss	**1,444**	806
Per share loss (basic and diluted)	**$ (0.00)**	$ (0.00)
Outstanding common shares at March 31	***1,523,139,350***	*617,139,350*
Weighted average common shares - basic	***1,523,139,350***	*617,139,350*
Cash used in operating activities	**$ 948**	$ 886

Pre-License Costs

The $0.3 million of pre-license costs for the three months ended March 31, 2018 relate to an anticipated project in Canada. No pre-license costs were incurred for the same period in 2017.

SELECTED QUARTERLY INFORMATION (CONTINUED)

Administrative Expenses

A breakdown of administrative expenses is as follows:

($ 000's)	Three months ended March 31, 2018	Three months ended March 31, 2017
Administrative:		
Payroll and related costs	**$ 490**	$ 557
External directors' fees and related costs	**130**	137
Consulting services	**109**	45
Professional services	**98**	146
Software licenses and maintenance	**35**	39
Travel expenses	**82**	99
Office expenses	**190**	167
Stock exchange, transfer agent and UK regulatory agents fees	**55**	53
Other general and administrative	**65**	10
Costs allocated to exploration projects	**-**	(123)
Total administrative	**$ 1,254**	$ 1,130

Administrative expenses amounted to $1.3 million for the three months ended March 31, 2018, compared to $1.1 million for the same period 2017, and are presented net of costs allocated to exploration projects which amounted to $nil for the three months ended March 31, 2018 and $123,000 in the same period in 2017.

The increase in net administrative expenses of $0.1 million for the three months ended March 31, 2018, compared to the same period in 2017 resulted mainly from:

- an increase in consulting due to additional consulting services in respect of new projects,
- an increase in other general and administrative expenses relates mainly to sponsorships costs that were incurred in first quarter of 2018,
- there were no costs allocated to exploration projects;

partially offset by

- a decrease in payroll and related costs, and travel costs due to lower employment levels in the first quarter of 2018, as compared to the same period of 2017, and
- a decrease in professional fees mainly legal and accrued audit fees.

Interest Income

Interest income earned was $nil for the three months ended March 31, 2018, compared to $5,000 for the same period ended March 31, 2017. The interest income relates to interest earned on cash held at banks.

*Derivative Gain**

The Company had 174,032,188 various common share purchase warrants ("Warrants") that were issued in 2017 and 2016 and are outstanding as at March 31, 2018. These Warrants' exercise price is in CAD or GBP and the Company's stocks are traded in CAD or GBP, however, the Company's functional currency is USD. As there is variability in the exchange rates, these 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.

SELECTED QUARTERLY INFORMATION (CONTINUED)

*Derivative Gain / Loss (continued)**

As at March 31, 2018, the Warrants outstanding as at that date and recognized as derivative financial instruments were revalued and a derivative gain of $0.1 million was recognized for the three months ended March 31, 2018, compared to a derivative gain of $0.3 million for the same period of 2017.

The derivative gain recorded for the period ended March 31, 2018 represents a decrease in Warrants' fair values mainly due to an increase in discount rate as at March 31, 2018 and shorter time to expiry date. The estimated derivative liability as at March 31, 2018, is valued at $0.1 million (December 31, 2017 - $0.2 million).

The fair value of warrants recognized as derivative financial instruments was estimated using a Black-Scholes option pricing model (the assumptions used for the Black-Scholes model are discussed in the Note 5 accompanying the Company's unaudited condensed consolidated financial statements as at March 31, 2018).

**** 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.***

Foreign Exchange Gain

A foreign exchange gain of $42,000 was recognized for the three months ended March 31, 2018 (compared to a $58,000 gain for the same period in 2017), which relates mainly to gain on translation of cash and 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 months ended March 31, 2018, the Company charged ShoreCan $0.3 million for 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 months ended March 31, 2018, the Company's share in ShoreCan's losses of $0.4 million (March 31, 2017 - $0.4 million) exceed the Company's net investment in ShoreCan of $nil for this period (the three months ended March 31, 2017 - $1,000). Accordingly, under the equity method, the loss on investment recognized by the Company amounted to $nil for the three months ended March 31, 2018 (the three months ended March 31, 2017 - $1,000).

COMPARATIVE FINANCIAL POSITION ITEMS

The following table summarizes the Company's financial position as at March 31, 2018 and December 31, 2017:

($ 000's) except per share	**March 31, 2018**	**December 31, 2017**
Cash and cash equivalents	**$ 3,077**	$ 4,060
Total assets	**3,642**	4,646
Non-current financial liabilities	**142**	227
Share capital	**(133,650)**	(133,650)
Shareholders' equity	**$ (1,662)**	$ (3,211)

Economic and industry factors and their respective impact on the Company for the quarter ended March 31, 2018, are substantially unchanged since the year ended December 31, 2017.

COMPARATIVE FINANCIAL POSITION ITEMS (CONTINUED)

Cash and Cash Equivalents

The decrease in cash and cash equivalents of $1.0 million during the first three months of 2018 relates mainly to cash utilized in operating activities.

Investment in joint venture

The Company's investment in joint venture, relates to a 50% share of ShoreCan, the jointly controlled entity and represents a 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 March 31, 2018, 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 $nil as at March 31, 2018 ($nil as at December 31, 2017). Investment in ShoreCan is further discussed in section "Commitments and Contractual Obligations".

Total Assets

Total assets decreased by $1.0 million from $4.6 million as at December 31, 2017 to $3.6 million as at March 31, 2018. This decrease is mainly a result of a decrease in cash and cash equivalents that were utilized in operating activities.

Non-current Financial Liability

Non-current financial liability of $0.1 million as at March 31, 2018 and $0.2 million as at December 31, 2017 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 expire. As at March 31, 2018, the derivative liability represents a valuation of warrants issued during 2017 as discussed in "Derivative Gain/Loss" section) and still outstanding as at March 31, 2018. 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 consolidated financial statements as at March 31, 2018).

Shareholders' Equity

The decrease in shareholders' equity of $1.5 million from $3.2 million as at December 31, 2017 to $1.7 million as at March 31, 2018 represents the comprehensive loss incurred for the three months ended March 31, 2018.

As at March 31, 2018 and May 10, 2018 the Company has 1,523,139,350 Common Shares issued and outstanding.

SHARE CAPITAL *

The Company is authorized to issue an unlimited number of common and preferred shares.

As at March 31, 2018, the Company had the following issued and outstanding securities:

- 1,523,139,350 Common Shares;
- 174,032,188 share purchase Warrants issued and outstanding to purchase Common Shares with a weighted average exercise price of $0.053 per share and a remaining contractual life of one month to one year and six months; and
- 115,240,000 stock options issued and outstanding to purchase Common Shares with a weighted average exercise price of $0.06 per Common Share and a remaining contractual life of seven months to four years and seven months.

SHARE CAPITAL (CONTINUED)*

During first quarter of 2018, there were no Common Shares issued and/or Warrants issued or exercised. Also, there were no stock options granted, exercised, expired and/or forfeited during the three months ended March 31, 2018.

Subsequent to quarter end, a total of 120,032,188 Warrants expired unexercised on April 28, 2018 and May 3, 2018.

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SUMMARY OF QUARTERLY RESULTS

Eight most recent quarters:

($ 000's)	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Revenue	-	1	1	2
Income / (Loss)	(1,444)	(1,157)	(17,254)	(930)
Loss per share - basic & diluted	(0.00)	(0.00)	(0.01)	(0.00)

($ 000's)	March 31, 2017	December 31, 2016	September 30, 2016	June 30 2016
Revenue	5	7	9	7
Loss	(806)	3,972	(6,511)	(2,472)
Earnings / (Loss) per share - basic & diluted	(0.00)	0.01	(0.01)	(0.00)

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

Significant fluctuations in the Company's quarterly net results during 2018, 2017 and 2016 were mainly due to non-cash items recorded during the quarters in respect of E&E derecognition, stock-based compensation and changes in derivatives valuation as follows:

($ 000's)	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Derecognition of E&E assets	-	-	(15,642)	-
Stock-based compensation	-	(283)	-	-
Derivative gain/(loss)	94	551	(485)	103

($ 000's)	March 31, 2017	December 31, 2016	September 30, 2016	June 30 2016
Derecognition of E&E assets	-	(1,321)	-	-
Stock-based compensation	-	(568)	(261)	(1,268)
Derivative gain/(loss)	267	7,199	(4,814)	395

In the fourth quarter of 2016, the Company derecognized $1.3 million of its E&E assets in respect of its project in Liberia and in the third quarter of 2017, the Company wrote off the entire remaining balance of $15.6 million as the LB-13 exploration license was surrendered. There were no E&E write-offs recorded in other quarters under review.

The stock-based compensation was recognized in fourth quarter of 2017, and in second, third and fourth quarters of 2016 in respect of stock options granted during these periods.

SUMMARY OF QUARTERLY RESULTS (CONTINUED)

Derivative gain and loss represents a change in valuation of the Company's Warrants that are recognized as derivative financial instruments and outstanding as at each balance sheet date (discussed in "Derivative Gain/Loss" section). Fair values of Warrants are estimated based on Black-Scholes options pricing model and significant quarterly fluctuations in derivative liability are mainly due to fluctuations in the Company's stock price, change in discount rate and time to expiry date as at each quarter end. In addition, 54 million new Warrants issued in the second and fourth quarters of 2017 and 84.3 million Warrants recognized as derivatives expired unexercised in the third quarter of 2017 therefore reducing the total number of Warrants subject to valuation from 204.3 million as at December 31, 2016 to 174 million as at December 31, 2017. Also, 120 million 2016 Warrants were valued at $nil as at December 2017 and were not revalued as at March 31, 2018. These Warrants expired unexercised on April 28, 2018 and May 3, 2018.

Quarterly administrative expenses were $1.3 million for the first quarter of 2018 compared to $1.1 million for the first, second and fourth quarter of 2017, $1.2 million for the third quarter of 2017 and $1.4 million for the second, third and fourth quarter of 2016. The administrative expenses are presented net of costs allocated to exploration projects – there was no such allocation in first quarter of 2018 as compared to $0.1 - $0.2 million of administrative costs allocated to projects during other quarters under review. The overall decrease of the administrative expenses in 2017, as compared to 2016, related mainly to a decrease in payroll (due to lower employment), decrease in fees for UK regulatory agents and decrease in sponsorships expenses.

In addition, the Company's quarterly net results include losses on investment in joint venture (discussed in "Loss on Investment in Joint Venture" section). A material loss on investment of $0.1 million was recognized in third quarter of 2016.

FINANCIAL INSTRUMENTS*

The Company's financial instruments consist of cash, short-term deposits, credit card and deposits, 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.

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COMMITMENTS AND CONTRACTUAL OBLIGATIONS*

As at March 31, 2018, 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	**$ 853**	512	341	-	-

The Company is committed under an operating lease agreement for the rental of office space in Calgary, Canada. The approximate lease payments total $0.9 million and are payable over the next two years.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS (CONTINUED)*

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 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 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. The Funding Agreement does not impose any guarantees from the Company and/or its joint venture partner. Amounts advanced to ShoreCan under the terms of the Funding Agreement are unsecured and payable on or before October 24, 2020 contingent upon ShoreCan generating its own cashflows. Interest is charged monthly at an annual rate of 3.0% above 12 month USD LIBOR.

From time to time the Company or its joint venture partner pay for ShoreCan's general and administrative expenses on behalf of the other partner. As at March 31, 2018 the Company had a receivable from its joint venture partner in respect of overpaid ShoreCan's expenses of $0.2 million that is recorded as a long term receivable.

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. ShoreCan paid a cash consideration of $0.25 million and 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") signed with Nigerian National Petroleum Corporation ("NNPC") for OPL 226, Essar Nigeria is required to seek NNPC's consent for the transaction. The respective application has been made and the parties to the transaction are awaiting NNPC's reply.

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. NNPC has extended Phase-1 exploration period till November 30, 2017; however, on November 3, 2017 Essar Nigeria requested a further extension from NNPC as the company is still awaiting NNPC's consent to the transaction.

In 2017, three ShoreCan representatives were appointed Directors of Essar Nigeria, gaining a majority on Essar Nigeria board and legal control over Essar Nigeria. ShoreCan has assessed that the transaction does not meet criteria of a business acquisition as Essar Nigeria is in exploration/development stage. ShoreCan assessed the investment based on the fair values of Essar Nigeria's assets and liabilities upon obtaining control over Essar Nigeria. ShoreCan estimated a fair value of the Essar Nigeria loan to its previous parent at $6 million (as compared to the loan face value of $62.7 million as presented in Essar Nigeria audited financial statements as at December 31, 2016) as the shareholding agreement with Essar Nigeria provides for the repayment of this loan from anticipated future production. The loan is an interest free shareholder loan. Non-controlling interest ("NCI"), was recognized at the NCI proportionate share of net assets acquired.

Summarized consolidated statements of ShoreCan as at March 31, 2018 and results for the three months ended March 31, 2018 are presented in the Note 3 accompanying the Company's unaudited condensed consolidated financial statements as at March 31, 2018.

As at the date of filing this MD&A, COPL has not provided 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 March 31, 2018, the Company had working capital of approximately $1.5 million, cash and cash equivalents of $3.1 million and shareholders' equity of $1.7 million.

For the three months ended March 31, 2018, the Company's cash used in operating activities amounted to $0.9 million (compared to $0.9 million for the three months ended March 31, 2017) and cash used in investing activities amounted to $3,000 for the three months ended March 31, 2017 (compared to $0.1 million for the same period in 2017).

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.

**** 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.***

ACCOUNTING PRONOUNCEMENTS

Critical Accounting Estimates

The preparation of the financial statements in accordance with IFRS 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 policies and critical accounting estimates is contained in the audited consolidated financial statements for the years ended December 31, 2017 and 2016.

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. The control framework the Company's officers used to design the Company's ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations.

No material changes in the Company's ICFR were identified during the three month period ended March 31, 2018, 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

Arthur S. Millholland, P.Geol. - President and Chief Executive Officer
Aleksandra Owad, CPA, CGA, FCCA (UK) - Chief Financial Officer
Rod Christensen, P.Geol. - Vice President, Exploration and Exploitation
Richard Mays, LL.B. (Hons), LL.M., Ph.D. - Vice President, Business Development and General Counsel
Faralee A. Chanin, LL.B., M.B.A. - Corporate Secretary