CANADIAN OVERSEAS PETROLEUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013

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"), COPL New Zealand Limited ("COPL New Zealand") and Canadian Overseas Petroleum (Nigeria) Limited ("COPL Nigeria"), (collectively "COPL" or the "Company") as at and for the year ended December 31, 2013. The information is provided as of April 16, 2014. The results for the year ended December 31, 2013 have been compared to the same periods of 2012. This discussion and analysis should be read in conjunction with the Company's audited consolidated financial statements as at and for the years ended December 31, 2013 and 2012, together with the accompanying notes and the Annual Information Form dated April 16, 2014. 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 Canadian dollars 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 in the offshore West 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. COPL is actively evaluating opportunities in Nigeria as part of its strategy to generate stable cash flow from secure offshore assets. COPL also holds exploration acreage with shale oil potential on the north island of New Zealand.

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 was incorporated in May 2011 for operations offshore Liberia. On November 8, 2012, COPL New Zealand was incorporated to participate in an exploration licence in New Zealand. COPL Nigeria was incorporated October 16, 2013 for the future participation in Nigerian opportunities.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements relating to future events or future performance. In some cases, 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 Canadian Overseas Petroleum Limited. 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 MD&A as at and for the twelve months ended December 31, 2013, 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 and weather 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 (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", "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", "Outlook" and "Liquidity and Capital Resources" sections);
- the Company's assumptions in respect of the calculation of stock-based compensation and valuation of warrants (the "Stock-Based Compensation Expense" section); and
- the Company's ability to manage its financial and operational risks (the "Overview", "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, 2013 describe major risks, material assumptions and other factors related to 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 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 except as required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW *

In 2013, the Company continued working with its joint venture partners on technical analysis and review related to the offshore interest in Liberia, performed geological analysis in respect of its exploration project in New Zealand, and spent considerable effort, identifying, evaluating, and pursuing exploration and development opportunities in Nigeria.

Liberia

On April 5, 2013, the closing and completion of previously announced transactions between the Company's subsidiary COPL Bermuda occurred; first with Peppercoast Petroleum plc ("Peppercoast"), and second with ExxonMobil. The closing of the transactions followed the ratification of the Production Sharing Contract ("PSC"), governing Block LB-13 offshore Liberia, by the Liberian Legislature. The Company was obliged to repay USD$7.2 million to ExxonMobil within 75 days of closing in respect of closing payments made by ExxonMobil to the Government of Liberia on behalf of COPL Bermuda, failing which an interest in the license was to be transferred to ExxonMobil. The Company did not make the payment of USD$7.2 million to ExxonMobil and as a result, the Company holds a 17% working interest in Block LB-13, with the remaining 83% being held by ExxonMobil, who is the operator under this license.

The Company and ExxonMobil expect to commence their drilling campaign during 2014, as a drilling rig and support services become available. As previously announced, the Company's share of all joint venture costs and the gross drilling costs up to USD $120 million is carried by Exxon Mobil.

In addition, the Company understands, based on third party sources, that a major International Oil Company ("IOC") operator has commenced a multi-well drilling program in Liberia adjacent to Block LB-13. The company understands the Seadrill "West Telus", has been mobilised and is in country for this drilling campaign.

OVERVIEW * (CONTINUED)

New Zealand

The minimum work programme to be carried under the license that remains includes: acquisition and interpretation of a new 2D seismic for a minimum 50kms area and depending on the results of the work performed, the license holders have an option to surrender the permit or commit to a third year programme, which would include drilling one exploration well. Accordingly, the Company's commitments related to the New Zealand prospect are estimated at approximately $1.7 million for 2014. In addition, the Company acts as a guarantor of its partner's commitments (the remaining 50%) in the New Zealand license.

Expansion of West Africa Portfolio

As part of the Company's stated strategy to expand its interests in West Africa in order to generate stable cash flow from secure offshore assets, the Company has been assessing opportunities in Nigeria. As part of this process, the Company has evaluated assets and held talks with partners and government representatives in country. As a result of this process, the Company has entered into a non-binding option agreement in principle relating to the potential acquisition of an interest in OPL 2010 in the Niger Delta.

OPL 2010 is located 50 km offshore Nigeria between 100 and 400 feet of water and covers an area of 329 sq. km. To date there have been four discoveries made on the block, consisting of three oil discoveries and one gas. As part of the agreement, the Company has access to historic seismic and well data on the block.

OPL 2010 is surrounded by accessible production facilities and offshore infrastructure, with producing fields and discoveries not yet in production surrounding the block. The block was created as the result of an IOC relinquishment on commencement of production and is subject to indigenous partner tax status. There is no requirement for Nigerian National Petroleum Corporation participation.

In addition to this significant opportunity the Company continues to evaluate other offshore assets in Nigeria and is in close discussions regarding future commitments. Further updates will be proved as COPL concludes negotiations in the near future.

Financing

On July 4, 2013, the Company filed a short form prospectus for public offering (the "Offering") of its common shares at a price of $0.20 per share to raise a financing of a minimum $6.0 million and up to maximum of $10.0 million of gross proceeds. The closing of the Offering took place in two parts, as follows:

- on July 25, 2013, the Company closed the offering of 30,000,000 common shares issued at $0.20 per share for gross proceeds of $6.0 million, and
- on August 28, 2013, the Company closed the offering of 12,311,000 common shares issued at $0.20 per share for gross proceeds of approximately $2.5 million.

The agents were paid cash commission of approximately $0.6 million, representing 6.5% of the gross proceeds of the Offering. Other expenses related to the Offering amounted to approximately $0.4 million.

On December 3, 2013 the Company entered into a shares for debt agreement (the "Agreement") with a service provider/creditor (the "Creditor"). Pursuant to the Agreement the Company issued to the Creditor an aggregate of 7,389,781 common shares at a deemed price of $0.245 per Share. The total amount settled by the Agreement was $1.81 million The Company decided to satisfy this outstanding indebtedness with common shares to preserve its cash for operations. Common shares issued to the Creditor are subject to a four-month hold period from the settlement date.

**** 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.***

FINANCIAL SUMMARY

In 2013, the Company performed geological analysis in respect of its exploration project in New Zealand and evaluated other oil and gas prospects in various locations. Pre-licence costs relating to the Liberia project were approximately $0.5 million for year ended December 31, 2013 compared to $2.2 million for year ended December 31, 2012, respectively. The exploration recovery of approximately $72,000 for the year ended December 31, 2013 relates to recovery of prior year exploration expenses related to the UK Bluebell prospect, compared to approximately $8.5 million recorded as exploration expenses in the same period in 2012.

General and administrative costs were lower than the prior period at $7.9 million for the year ended December 31, 2013 (net of $1.1 million of costs allocated to exploration projects) compared to $8.8 million for the year ended December 31, 2012 (net of $0.6 million of costs allocated to exploration projects). The Company recognized interest income of $25,000 for the year ended December 31, 2013, compared to $57,000 for the year ended December 31, 2012. There was $nil interest charges for 2013, compared to $11,000 interest and financing charges recognized in 2012. A foreign exchange gain of $0.8 million was recorded for the year ended December 31, 2013, compared to a foreign exchange loss of $72,000 in 2012. As a result, the Company's loss amounted to $9.1 million for the year ended December 31, 2013 compared to losses of $56.6 million in 2012.

As at December 31, 2013, the Company's cash and cash equivalents amounted to $2.4 million. Cash used in investing activities amounted $1.4 million for the year ended December 31, 2013 compared to $1.5 million for the year ended December 31, 2012. Cash used in operating activities amounted to $8.0 million for the year ended December 31, 2013 compared to $66.3 million for the same period in 2012.

OUTLOOK *

The Company's strategy is to establish and grow its oil and gas business by farming into, and/or acquiring interests in, exploration, unappraised and/or undeveloped assets.

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

- working with ExxonMobil to an expected drill in Liberia during 2014;
- ongoing evaluation of the New Zealand property;
- working to successfully conclude the variety of new opportunities available in Nigeria.

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 continued successful operation is dependent on its ability to obtain additional financing. No assurance can be provided that the Company will raise the required levels of financing.

**** 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.***

SELECTED ANNUAL INFORMATION

NET INCOME AND CASH FLOWS FROM OPERATING ACTIVITIES

The following table summarizes the Company's financial results for the years ended December 31 2013, 2012 and 2011:

($ 000's) except per share	2013	2012	2011
Services to third parties	**$ -**	$ 129	$ 189
E&E write-off	**-**	20,954	-
Derecognition of cash held in escrow	**-**	16,101	-
Administrative expenses	**7,858**	8,825	8,413
Stock-based compensation	**1,499**	-	4,796
Exploration (recovery)/expense	**(72)**	8,455	1,657
Loss on UK contracts	**-**	182	37,926
Pre-license costs	**529**	2,170	1,694
Interest income	**25**	57	593
Foreign exchange gain/(loss)	**779**	(72)	346
Loss	**(9,073)**	(56,638)	(53,428)
Per share loss	**$ (0.03)**	$ (0.20)	$ (0.21)
Cash used in operating activities	**$ 8,000**	$ 66,251	$ 16,764
Outstanding common shares at December 31	***333,717,720***	*284,016,939*	*284,016,939*
Weighted average - basic	***301,868,415***	*284,016,939*	*257,332,284*

COMPARATIVE FINANCIAL POSITION ITEMS

The following table summarizes the Company's financial position as at December 31, 2013, December 31, 2012, and January 1, 2012:

($ 000's) except per share	December 31, 2013	December 31, 2012	January 1, 2012
Cash and cash equivalents	**$ 2,384**	$ 4,374	$ 71,924
Current assets	**2,762**	4,823	72,533
Exploration and evaluation assets	**17,502**	-	20,594
Deposit for seismic data	**-**	14,924	15,255
Provision for loss on UK contracts	**-**	-	32,641
Current liabilities	**1,859**	3,194	35,048
Share capital	**110,020**	100,768	100,768
Shareholders' equity	**$ 18,656**	$ 16,820	$ 73,604

Exploration and evaluation assets of $0.6 million relate to the New Zealand project and $16.9 million relate to the Liberia project as at December 31, 2013 (which as at December 31, 2012 was classified as a deposit for seismic data of $14.9 million).

The decrease in cash of $2.0 million during 2013 relates mainly to administrative costs, as well as investing activities and pre-license costs, offset by shares issued pursuant to public offerings in 2013 (discussed further in the "Liquidity and Capital Resources" section).

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company is a TSX Venture issuer that has not had significant revenue from operations in either of its last two financial years. In accordance with National Instrument 51-102, additional disclosure on material costs is presented below.

($ 000's)	2013	2012
Administrative:		
Payroll and related costs	**$ 3,408**	$ 2,720
External directors' fees and related costs	**748**	722
Consulting services	**436**	962
Professional services	**2,150**	3,030
Travel expenses	**638**	563
Office expenses	**975**	945
Stock exchange and transfer agent fees	**72**	53
Other general and administrative	**496**	473
Costs allocated to exploration Projects	**(1,065)**	(643)
Total administrative	**$ 7,858**	$ 8,825
Capitalized exploration and evaluation costs	**$ 16,792**	$ -
Net effect of foreign exchange	**710**	-
Total Capitalized exploration and evaluation costs	**$ 17,502**	$ -

LOSS ON UK CONTRACTS AND DERECOGNITION OF CASH HELD IN ESCROW

In 2012, the Company recognized a loss on UK contracts of approximately $0.2 million related to a Sale and Purchase Agreement ("SPA") with BG International Limited ("BG") in respect of Block 23/21 Rest of Block Shallow (Newt, Lower Toad, West Columbus and Upper Toad prospects) and Block 22/15 (the Esperanza prospect and Banks discovery). In addition in 2012, the Company had written-off cash held in escrow with BG (as part of the SPA with BG) of approximately $16.1 million, further to the UK High Court of Justice ruling for the escrow agent to release the funds to BG.

During the third quarter of 2013, the Company and BG signed a Settlement Deed and Release agreement which confirmed that the parties had reached a full and final settlement of the dispute and agreed to dismiss legal proceedings. As a result, the Company has no further costs/losses to be recognized in respect of the dispute with BG, other than the Company's legal expenses related to the dispute and the settlements, which are included in general and administrative costs for the period ended December 31, 2013.

EXPLORATION EXPENSES

Costs of $8.5 million in 2012 and a recovery of $72,000 in 2013 related to the UK Bluebell prospect were recorded as exploration expenses as the well drilled in March 2012 was not successful.

E&E WRITE OFF

In 2012, the Company wrote off exploration and evaluation assets of $21.0 million related to the UK Fulla exploration project of Block 206/5a in the UK North Sea. Although the Fulla exploration well drilled in late 2011 encountered an oil column, further analysis revealed that a development of the existing discoveries is not commercially viable and that there is insufficient upside potential to conduct further exploration/appraisal work. In October 2012, the operator confirmed its intent to relinquish the license.

PRE-LICENSE COSTS

Pre-licence costs include $0.5 million for the year ended December 31, 2013 ($2.2 million for the same period in 2012) relating to the Liberia project, for which transactions were completed in April of 2013 (discussed in "Liberia" section).

ADMINISTRATIVE EXPENSES

Administrative expenses amounted to $7.9 million for the year ended December 31, 2013 compared to $8.8 million for the year ended December 31, 2012 and are presented net of costs allocated to exploration projects which amounted to $1.1 million in 2013 and $0.6 million in 2012. The actual decrease in total (i.e. before allocation) administrative expenses of $0.4 million relates mainly due to reduced consulting and professional services as compared to 2012.

INTEREST INCOME AND FINANCING CHARGES

Interest income of $25,000 for the year ended December 31, 2013 related to interest earned on cash held at banks. The interest income for the comparable period ended December 31, 2012 of $57,000 related to interest earned on cash held at banks as well as $29,000 of interest on cash held in escrow with BG and included in cash transferred to BG (discussed in "Loss on UK Contracts and Derecognition of Cash Held in Escrow" section).

Interest and financing charges recognized in the consolidated statement of comprehensive loss of $nil for the year ended December 31, 2013, compared to $11,000 for the same period in 2012, related to financing fees charged by joint venture partners in the UK in the normal course of operations.

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 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.

During 2013, the Company granted to its directors, officers, employees and consultants the following stock options, which vest immediately and expire five years from date of grant:

- On November 19, 2013 – 11,025,000 stock options to acquire common shares at an exercise price of $0.23. The related stock-based compensation expense of $1.5 million has been recognized in the statement of comprehensive loss.

The fair value of each option granted is 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 audited consolidated financial statements as at and for the years ended December 31, 2013 and 2012). Stock-based compensation expense of $1.5 million was recognized for the year ended December 31, 2013 (December 31, 2012 - $nil).

Further to the provisions of the Company's stock option plan, 270,000 stock options forfeited in 2013 and 1,500,000 stock options forfeited in 2012 as they were granted to employees no longer providing services to the Company.

No stock options were exercised during the years ended December 31, 2013 and 2012.

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FOREIGN EXCHANGE GAIN

A foreign exchange gain of $0.8 million was recognized for the year ended December 31, 2013 (compared to a $0.1 million foreign exchange loss in 2012), and related mainly to gains on translation of cash and cash equivalents kept in currencies other than Canadian dollars.

TRANSACTIONS WITH RELATED PARTIES

a) Transactions with Directors and Officers

Transactions with the Company's directors and officers in the form of consulting services occurred in the normal course of business and have been recorded at exchange amounts based on commercial rates and terms agreed to in the related consulting contracts. The expense, receivables and payables related to consulting services provided by directors and officers during the year ended December 31 are as follows:

In $ 000's	**2013**	2012
Consulting fees	**$ 29**	$ 119

As at December 31, 2013, accounts due from related parties amounted to $35,000 (December 31, 2012 - $26,000), which represented travel advances, with $3,000 payable to related parties (December 31, 2012 - $nil) for outstanding travel expenses.

b) Remuneration of Directors and Other Key Management Personnel

The key management personnel of the Company are comprised of executives of the Company and members of its board of directors. The remuneration of directors and key management personnel during the year ended December 31 is as follows:

In $ 000's	**2013**	2012
Short-term benefits	**$ 2,453**	$ 1,812
Stock-based compensation	**1,191**	-
	$ 3,644	$ 1,812

Short-term benefits include annual salaries, directors' fees and health and other taxable benefits.

Stock-based compensation relates to stock options granted during the year and represent the fair value of options granted using a Black-Scholes option pricing model as at the date of grant (discussed in Note 9 to the Company's consolidated financial statements as at and for the year ended December 31, 2013).

c) Loan to Key Management Personnel

During the year ended December 31, 2013 the Company provided a non-recourse interest bearing loan to a member of key management personnel. The balance receivable at December 31 is as follows:

($ **000's**)	**2013**	2012
Loan receivable	**$ 24**	$ -

The loan receivable is payable in twenty four equal monthly instalments bearing interest at the prescribed Canada Revenue Agency rates, which ranged from 1% to 2% during the year ended December 31, 2013.

FINANCIAL INSTRUMENTS*

The Company's financial instruments consist of cash, short-term deposits, bankers' acceptances, credit card and other deposits, loans, accounts receivable, as well as accounts payable and accrued liabilities. 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.

As the Company's current activities are carried out in Liberia, New Zealand and the UK, significant amounts are transacted in or referenced to currencies other than the Canadian dollar, including the British Pound, U.S. dollar and NZ dollar. As a result, fluctuations in the exchange rates between the Canadian dollar, British Pound, U.S. dollar and NZ dollar can have a significant effect on the Company's financial position and its reported results. To mitigate a portion of its exposure and to the extent it is feasible, the Company keeps its funds in currencies applicable to its known short-tem commitments. No assurance can be given that such management of risk exposure will offset and/or eliminate the foreign exchange fluctuations.

**** 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.***

SHARE CAPITAL

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

As at December 31, 2013, there were 333,717,720 common shares issued and outstanding.

As at December 31, 2013, the Company also had the following outstanding securities other than common shares:

- 31,320,000 stock options issued and outstanding to purchase common shares with an average exercise price of $0.51 per share and a remaining contractual life of one to five years.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS*

As at December 31, 2013, 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**
NZ exploration commitments	**$ 1,700**	$ 1,700	$ -	$ -	$ -
Office lease	**3,372**	577	1,137	1,137	521
	$ 5,072	$ 2,277	$ 1,137	$ 1,137	$ 521

NZ exploration commitments of $1.7 million as at December 31, 2013 relate to a minimum work programme to be carried out under the 50% exploration license in New Zealand. In addition, the Company acts as a guarantor of its partner's commitments (the remaining 50%) in this New Zealand license.

The Company is committed under an operating lease agreement for the rental of office space in Calgary and Aberdeen, UK. The approximate lease payments total $3.4 million and are payable over the next six years.

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LIQUIDITY AND CAPITAL RESOURCES *

As of December 31, 2013, the Company had a working capital of approximately $0.9 million, shareholders' equity of $18.7 million and cash of $2.4 million.

For the year ended December 31, 2013, the Company's cash used in operating activities amounted to $8.0 million, and related mainly to administrative costs.

On July 25, 2013, the Company closed a short form prospectus offering of 30,000,000 common shares issued at $0.20 per share for gross proceeds of $6.0 million. The agents' commission was 6.5% of the gross proceeds of the offering. Other expenses related to the offering are estimated at $0.3 million. The net proceeds of approximately $5.3 million will be used mainly to finance the Company's general and administrative costs.

On August 28, 2013, the Company closed a short form prospectus offering of 12,311,000 common shares issued at $0.20 per share for gross proceeds of approximately $2.5 million. The agents' commission was 6.5% of the gross proceeds of the offering. Other expenses related to the offering are estimated at $0.1 million. The net proceeds of approximately $2.2 million will also be used mainly to finance the Company's general and administrative costs.

On December 3, 2013 the Company entered into a shares for debt agreement (the "Agreement") with a service provider/creditor (the "Creditor"). Pursuant to the Agreement the Company issued to the Creditor an aggregate of 7,389,781 common shares at a deemed price of $0.245 per common share. The total amount to be settled by the Agreement is approximately $1.8 million, which included the outstanding balance due to the Creditor in accounts payable as at September 30, 2013 of approximately $1.5 million. The Company decided to satisfy this outstanding indebtedness with common shares to preserve its cash for operations. Common shares issued to the Creditor are subject to a four-month hold period from the settlement date.

Subsequent to year end, on March 31, 2014, the Company received approval from the UK Listing Authority for the publication of a prospectus relating to its admission to the standard listing segment of the Official List, and to trading on the main market for listed securities of the London Stock Exchange. The Company issued 17,777,777 Common Shares at a price of GBP 0.135 ($0.249) for gross proceeds of GBP 2.4 million ($4.4 million). The agents were paid cash commission of GBP $0.1 million ($0.2 million) representing 5.0% of the gross proceeds of the public offering. The Company also issued 888,889 share purchase warrants to its agent as compensation warrants in an amount equal to 5.0% of the aggregate number of common shares issued pursuant to the offering. Each agent's warrant entitles the holder to purchase one common share of COPL for the period until April 4, 2016 at an exercise price of GBP 0.135 ($0.249). Other expenses related to the public offering amounted to approximately GBP 0.2 million ($0.4 million). Proceeds from this fundraising will be used for general working capital purposes.

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 continued successful operations are dependent on its ability to obtain additional financing. No assurance can be provided that the Company will raise the required levels of financing.

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SELECTED QUARTERLY INFORMATION

Eight Most Recent Quarters:

($ 000's)	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Revenue	13	5	2	5
Loss	(3,787)	(1,606)	(1,641)	(2,039)
Loss per share - basic & diluted	(0.01)	(0.01)	(0.01)	(0.01)

($ 000's)	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Revenue	10	34	76	66
Loss	(3,562)	(39,737)	(3,131)	(10,208)
Loss per share - basic & diluted	(0.01)	(0.14)	(0.01)	(0.04)

The 2013 quarterly losses mainly represent the Company's administrative and pre-license costs. In addition, during the fourth quarter of 2013, $1.5 million of stock-based compensation expense was recognized in relation to stock options granted to the Company's directors, officers, employees and consultants (see "Share Capital" Section).

The 2012 quarterly losses mainly represent the Company's administrative costs, exploration expenses and pre-license costs. In addition, in the first quarter of 2012, $8.2 million of the UK Bluebell exploration expenses were written off. In the third quarter of 2012, $16.1 million of funds held in escrow and in dispute with BG were derecognized and exploration and evaluation assets of $20.9 million relating to the UK Fulla exploration project were written off.

ACCOUNTING PRONOUNCEMENTS

Future Accounting Changes

IFRS 9, "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement", which replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classifications: amortized cost and fair value. In November 2013, the IASB amended IFRS 9 to include the new general hedge accounting model which remains optional and allows more opportunities to apply hedge accounting. The full impact from adoption will not be known until completion of the standard and may have an impact on the Company's accounting for financial assets and liabilities. This standard has an effective date of January 1, 2018.

IAS 32 "Financial Instruments: Presentation" has been amended to clarify certain requirements for offsetting financial assets and liabilities. IAS 32 relates to presentation and disclosure and is not expected to have a material impact on the Company's consolidated financial statements.

Critical Accounting Estimates

Management is required to make judgements, assumptions and estimates in applying the Company's accounting policies and practices, which may have a significant impact on the financial results reported by the Company. The amounts recorded in respect of stock options and share purchase warrants granted are based on the Company's estimation of their fair value, calculated using assumptions regarding the life of the option/warrant, interest rates and volatility. By their nature, these estimates and assumptions are subject to uncertainty, and the actual fair value of option/warrant may differ at any time.

DIRECTORS

Arthur S. Millholland - President and Chief Executive Officer
Christopher McLean - Chief Financial Officer
Harald Ludwig
Massimo Carello
Richard Schmitt
Viscount William Astor

OFFICERS

Arthur S. Millholland, P.Geol. - President and Chief Executive Officer
Christopher McLean - Chief Financial Officer
Rod Christensen, P.Geol. - Vice President, Exploration and Exploitation

Faralee A. Chanin, LL.B., M.B.A. - Corporate Secretary