COPL

CANADIAN OVERSEAS PETROLEUM LIMITED

ANNUAL INFORMATION FORM

For the year ended December 31, 2014

March 26, 2015

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ABBREVIATIONS

Crude Oils and Natural Gas Liquids		Natural Gas	
Bbl	barrel[1]	Mcf	thousand cubic feet
bbls	Barrels	MMcf	million cubic feet
bbls/d	barrels per day	Bcf	billion cubic feet
BOPD	barrels of oil per day		
BO	barrel of oil	Mcf/d	thousand cubic feet per day
Mbbls	thousands of barrels		
MMbbls	millions of barrels	MMcf/d	million cubic feet per day
Boe	barrels of oil equivalent[2]	Gj	gigajoules
boe/d	barrels of oil equivalent per day	Psi	pounds per square inch
Mboe	thousands of barrels of oil equivalent	Psia	pounds per square inch absolute
NGLs	natural gas liquids		
MMBTU	Million British thermal units		

Notes:

(1) Each barrel represents 34.972 Imperial gallons or 42 U.S. gallons.

(2) Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead

CONVERSIONS

The following table sets forth standard conversions from Standard Imperial Units to the International System of Units (or metric units).

To Convert From	To	Multiply By
boes	Mcfs	6.000
Mcf	Cubic metres ("m^3")	28.174
Cubic metres	Cubic feet	35.494
bbls	Cubic metres ("m^3")	0.159
Cubic metres ("m^3")	bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

GLOSSARY

In this annual information form, the following terms have the meanings set forth below:

"**African Petroleum**" means African Petroleum plc.

"**AIM**" means AIM, the junior market operated by the London Stock Exchange.

"**AIF**" or "**Annual Information Form**" means the annual information form of the Corporation for the year ended December 31, 2014, dated March 26, 2015.

"**Angola**" means the Republic of Angola.

"**Articles**" means the articles of incorporation of the Corporation.

"**Asset Purchase Agreement**" means the asset purchase agreement dated November 16, 2011 between COPL Bermuda and ExxonMobil Liberia, as amended on March 8, 2013.

"**Audit Committee**" means the audit committee of the Corporation.

"**BG Group**" means, collectively, BG Group plc. and its subsidiaries.

"**Block LB-13**" means Block LB-13 in the Liberian Basin offshore Liberia.

"**Block LB-13 JOA**" means the joint operating agreement dated March 8, 2013 entered into between COPL Bermuda and ExxonMobil Liberia.

"**Board**" means the board of directors of the Corporation.

"**Brent Crude**" means a major trading classification of sweet, light crude oil that is predominantly used in the United Kingdom and elsewhere in the world.

"**Chevron**" means Chevron Liberia Limited.

"**Common Share**" or "**Common Shares**" means, respectively, one or more common shares in the capital of COPL.

"**COPL**" or the "**Corporation**" means Canadian Overseas Petroleum Limited.

"**COPL Bermuda**" means Canadian Overseas Petroleum (Bermuda) Limited.

"**COPL Nigeria**" means Canadian Overseas Petroleum (Nigeria) Limited.

"**COPL NZ**" means COPL New Zealand Limited.

"**COPL Technical**" means COPL Technical Services Limited.

"**COPL (UK)**" means Canadian Overseas Petroleum (UK) Limited.

"**Cote d'Ivoire**" means the Republic of Cote d'Ivoire.

"**CRA**" means the Canada Revenue Agency.

"**D&M**" means DeGolyer and MacNaughton, independent reserves evaluator.

"**D&M Report**" means the report as of September 1, 2014 on the "Prospective Resources attributable to Various Oil Prospects owned by Canadian Overseas Petroleum Bermuda Limited Liberia NI 51-101".

"**Directors**" means the directors of the Corporation.

"**EITI**" means the Extractive Industries Transparency Initiative.

"**ExxonMobil Liberia**" means ExxonMobil Exploration and Production Liberia Limited.

"**FPSO**" means floating production, storage and offloading vessel.

"**GAAP**" means Canadian generally accepted accounting principles, consistently applied.

"**GDP**" means gross domestic product.

"**Ghana**" means the ~~Repulie~~Republic of Ghana.

"**the Group**" means COPL, or the Corporation, and its subsidiaries taken as a whole.

"**Guinea**" Republic of Guinea.

"**IFRS**" means International Financial Reporting Standards.

"**IMF**" means International Monetary Fund.

"**Liberia**" means the Republic of Liberia.

"**Liberian Petroleum Law**" means the 2002 Petroleum Act of Liberia.

"**Liberian PSC**" means the restated and amended production sharing contract dated March 8, 2013 in relation to Block LB-13.

"**LSE**" or "**London Stock Exchange**" means the London Stock Exchange plc.

"**Namibia**" means the Republic of Namibia.

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators.

"**NOCAL**" means the National Oil Company of Liberia.

"**NYSE**" means New York Stock Exchange.

"**Oilexco**" means Oilexco Inc.

"**OPL 2010**" means the non-binding agreement-in-principle with GPDC, a Nigerian oil and gas company, to enter into an option agreement concerning GPDC's prospecting licence.

"**Option**" means an option to purchase a Common Share granted under the Corporation's Stock Option Plan.

"**PEP 53806**" means Petroleum Exploration Permit 53806 in New Zealand.

"**Peppercoast**" means Peppercoast Petroleum plc.

"**Preferred Shares**" means preferred shares in the capital of the Corporation.

"**Pounds Sterling**" or "**£**" means pounds sterling, being the lawful currency of the United Kingdom.

"**PSC**" means production sharing contract.

"**Sale and Purchase Agreement**" means the sale and purchase agreement dated May 18, 2011, among Peppercoast, COPL Bermuda and COPL as amended March 8, 2013.

"**Shareholder**" means a holder of Common Shares from time to time.

"**ShoreCan**" means Shoreline CanOverseas Petroleum Development Corporation Limited, the joint venture partnership in which COPL and Shoreline each hold a 50 percent interest.

"**Shoreline**" means Shoreline Energy International Limited, a corporation that has entered into a joint venture partnership with COPL.

"**Sierra Leone**" means the Republic of Sierra Leone.

"**Stock Option Plan**" means the stock option plan of the Corporation.

"**Tanzania**" means the United Republic of Tanzania.

"**Transform Margin**" or "**West African Transform Margin**" means the emerging formation for offshore oil and gas exploration located offshore West Africa.

"**TSX**" means the Toronto Stock Exchange.

"**TSXV**" means the TSX Venture Exchange.

"**UK**" or "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

"**US**" or "**United States**" means the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia.

"**USD**" or "**US dollars**" means United States dollars, being the lawful currency of the United States.

"**Warrants**" means Common Share purchase warrants of the Corporation, each such Warrant entitling the holder thereof to purchase one Common Share at a specified exercise price prior to the specified expiry date.

Words importing the singular number include the plural, and vice versa, and words importing any gender include all genders.

All dollar amounts set forth in this AIF are in Canadian dollars, except where otherwise indicated.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this AIF constitute forward-looking information and statements. Forward-looking information and statements are often, but not always, identified by the use of words such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "predict", "project", "should", "target", "will", or similar words suggesting future outcomes or language suggesting an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Directors believe the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon.

In particular, this AIF contains forward-looking information and statements pertaining to the following:

- business strategy, strength and focus;
- expanding operations into other jurisdictions;
- the dividend policy of the Corporation;
- cost sharing arrangements with joint operators;
- the performance characteristics of the oil and natural gas properties to be acquired by the Corporation;
- oil and natural gas production levels;
- anticipated forthcoming activity in the oil and natural gas industry in the fields in which the Corporation operates;
- the size of the oil, natural gas and natural gas liquids reserves and the ability to commercially exploit them;
- drilling and exploitation timelines;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;
- treatment under governmental regulatory regimes and tax laws, including environmental regulation;
- tax horizon and future income taxes;
- capital expenditure programs; and
- abandonment and reclamation costs.

Currently the Group has no oil and gas reserves. Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Forward-looking information and statements are based on the Corporation's current beliefs as well as assumptions made by, and information currently available to, the Corporation concerning future oil and natural gas production levels, future commodity prices, the ability to add oil and natural gas reserves through farm-in, acquisition and/or drilling at competitive prices, future exchange rates, the cost and availability of equipment and services in the field, the impact of increasing competition and the ability to obtain financing on acceptable terms.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this AIF:

- possible failure to realize anticipated benefits of acquisitions;
- negative operating cash flow;
- outbreak of certain contagious diseases in the areas where the Group operates that may impact operations;
- "resources" vs "reserves", as discussed further under "*Risk Factors*" – "*Resources*" *vs* "*Reserves*";
- estimates of resources;
- volatility of crude oil and natural gas prices;
- status and stage of development;
- operational dependence;
- reliance on key individuals;
- availability of capital to fund future operations;
- insurance;
- marketability of crude oil and natural gas;
- availability of equipment and access restrictions;
- nature of reserves and additional funding requirements;
- operatorship;
- project risks;
- third party credit risk;
- operating hazards and other uncertainties;
- competition;
- joint property ownership;
- access to production facilities;
- global financial instability;
- alternatives to, and changing demand for, petroleum products;
- interest rate cash flow risk;
- geo-political change;
- foreign operations;
- operations in African countries;
- the Group does business in Liberia, Tanzania and Namibia and plans to do business in other foreign jurisdictions, with inherit risks relating to fraud, bribery and corruption;
- changes in government policy could have a negative impact on the Group's business;
- permits, licenses, approvals and authorisations;
- the Group is exposed to the risk of changes in laws in the jurisdictions where it operates;
- working with local communities and indigenous peoples on property onshore;
- corporate tax regime;
- tax regimes in the jurisdictions in which the Group operates are subject to differing interpretations and are subject to change;
- foreign currency exchange risk;
- governmental regulation;
- environmental regulations;
- climate change;
- country-specific political risk—Liberia, Tanzania and Namibia;
- share price volatility;
- liquidity of the Common Shares and realisation of investment in Common Shares;
- dividends; and
- dilution and further sales.

With respect to forward looking statements contained in this Annual Information Form, COPL has also made assumptions regarding, among other things, the willingness of operators to conduct operations on certain properties in foreign jurisdictions; future oil and gas prices or cost of products sold; ability to obtain required capital to finance exploration, development and operations; the timely receipt of any required regulatory approvals; ability to obtain drilling success consistent with expectations; the ability of COPL to secure adequate product transportation; no material variations in the current tax and regulatory environments; and the ability to obtain equipment, services, supplies and personnel in a timely manner to carry out its activities. Forward-looking statements and other information contained herein concerning the oil and gas industry and COPL's general expectations concerning this industry are based on estimates prepared by management of COPL, using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry, which COPL believes to be reasonable. Although this data is generally indicative of relative market positions, market shares and performance characteristics, it is inherently imprecise. While COPL is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

The above summary of major risks and assumptions, related to forward-looking statements included or incorporated by reference in this AIF has been provided for readers to gain a more complete perspective on COPL's future operations. However, readers should be cautioned that the above 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 AIF are valid only as at the date of this AIF, and the Corporation 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 AIF are expressly qualified by this cautionary statement.

THE CORPORATION

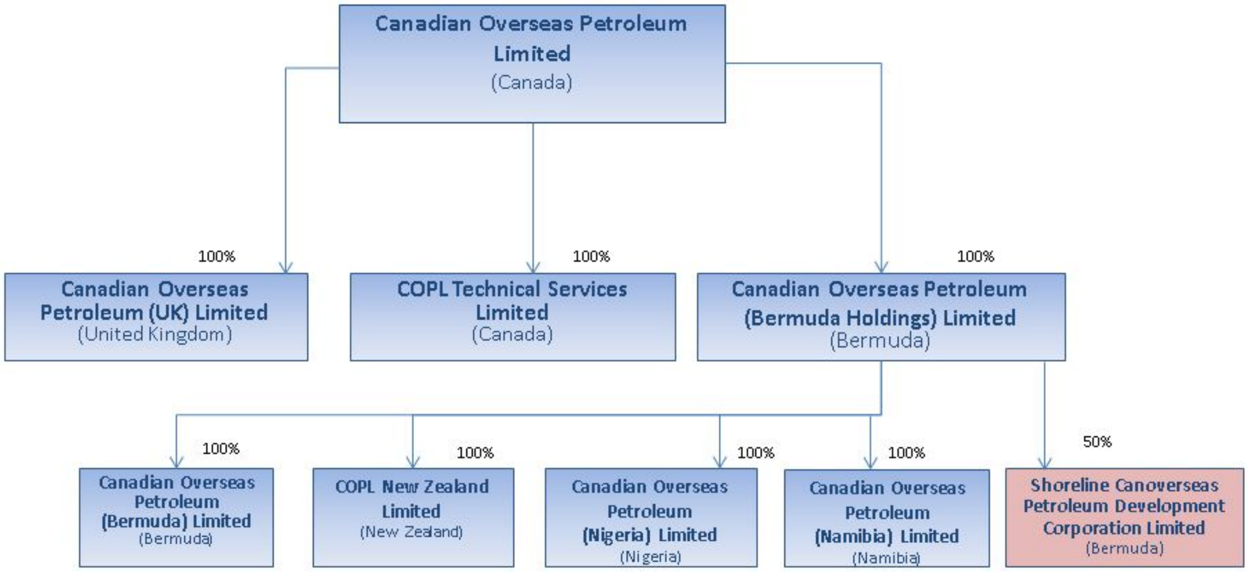
Name, Incorporation and Address

Canadian Overseas Petroleum Limited was incorporated under the *Canada Business Corporations Act* on July 8, 2004 under the name Aureus Ventures Inc. The Corporation changed its name to Velo Energy Inc. on July 5, 2006, and to Canadian Overseas Petroleum Limited on July 22, 2010. The Common Shares were consolidated on July 23, 2010 on the basis of one post-consolidation Common Share for every four pre-consolidation Common Shares. COPL's head office is located at Suite 3200, 715 – 5th Avenue S.W. Calgary, Alberta T2P 2X6 and its registered office is located at Suite 400, 604 – 1st Street, S.W., Calgary, Alberta T2P 1M7.

COPL is an international oil and gas exploration and development company currently active in offshore sub-Saharan 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. Drilling oversight and some geological and UK accounting functions are provided by COPL (UK). COPL Bermuda was incorporated in May 2011 in anticipation of operations offshore in Liberia.

Intercorporate Relationships

The following diagram sets forth the names of COPL's subsidiaries, their jurisdiction of incorporation and the percentage ownership held by COPL in each subsidiary. As of December 31, 2014, COPL had seven wholly-owned subsidiaries: (i) COPL Technical, incorporated under the *Business Corporations Act* (Alberta); (ii) COPL (UK), which is registered under the laws of England and Wales; (iii) Canadian Overseas Petroleum (Bermuda Holdings) Limited, which is registered under the laws of Bermuda; (iv) COPL Bermuda, which is registered under the laws of Bermuda; (v) COPL NZ, which is registered under the laws of New Zealand; (vi) COPL Nigeria, which is registered under the laws of Nigeria; and (vii) Canadian Overseas Petroleum (Namibia) Limited, which is registered under the laws of Namibia. The Corporation also holds a 50% interest in Shoreline Canoverseas Petroleum Development Corporation Limited, which is registered under the laws of Bermuda, through its wholly-owned subsidiary Canadian Overseas Petroleum (Bermuda Holdings) Ltd. On February 17, 2015, COPL Nigeria was dissolved. On February 23, 2015, the Corporation resolved to remove COPL NZ from the New Zealand Register of Companies.



DESCRIPTION OF THE BUSINESS

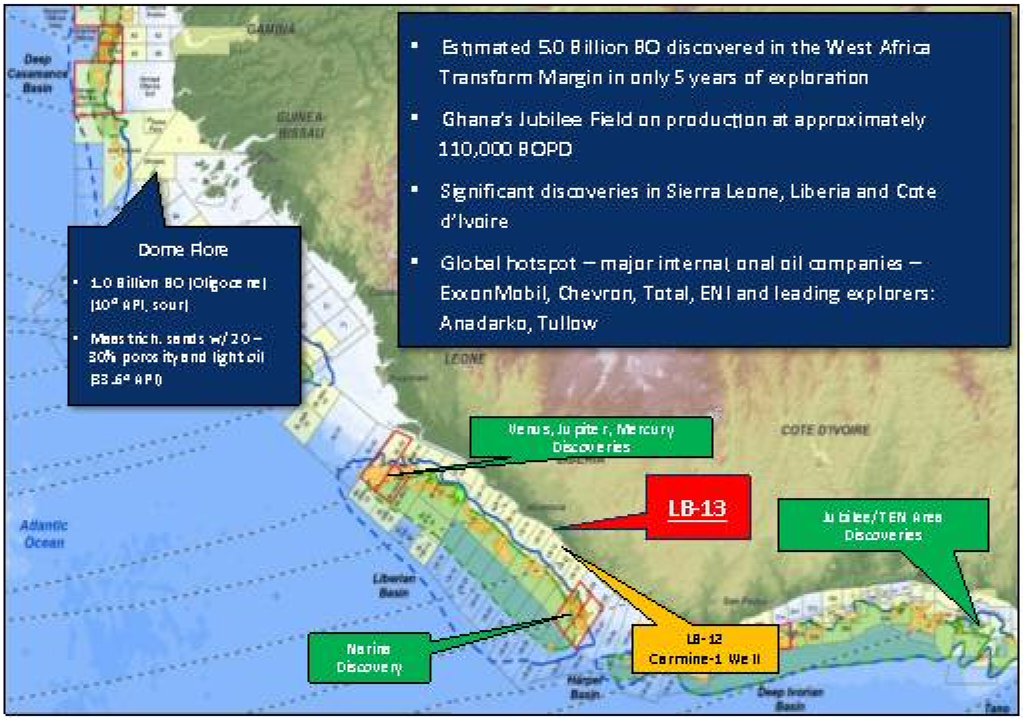
Business Objectives and Strategy

The Corporation's strategy is to use the expertise and experience of its senior management team to grow its international oil and gas business offshore sub-Saharan Africa and elsewhere in the world. For its sub-Saharan Africa strategy, the Corporation currently holds a 17 percent interest in the Liberian PSC for Block LB-13 offshore Liberia. ExxonMobil Liberia holds the remaining 83 percent of the Liberian PSC and is the operator.

In order to execute this strategy the Corporation plans to:

- exploit management's experience at finding and investing in high return exploration, appraisal or development opportunities focused primarily on oil;
- continue to evaluate opportunities on the West African continental margin, similar to Block LB-13, that are focused on oil trapped in Late Cretaceous turbidite stratigraphic channel traps analogous to the Jubilee discovery offshore Ghana. While some parts of West Africa are relatively lightly explored for exploration drilling, it has the potential to offer high reward for large, undiscovered oil and gas deposits;
- partner with sub-Saharan Africa operators to explore for, appraise and/or develop properties, in particular onshore and offshore Nigeria;
- enter into joint ventures, with entities such as Shoreline, in an effort to diversify and balance its asset portfolio; and
- target desirable exploration and development prospects that contain similar seismic and geological characteristics of nearby existing discoveries or producing fields.

Offshore West Africa; The West African Transform Margin, Energy Industry Environment



Overview

The Transform Margin, offshore West Africa is an emerging region for offshore oil and gas exploration, and greater political stability in recent years in a number of the countries that comprise the region have encouraged oil and gas companies to engage in drilling activities there.

The countries of Sierra Leone, Liberia, Côte d'Ivoire and Ghana have long been thought to contain significant offshore oil targets but only recently, because of increased political stability, have been the sites of new exploration drilling.

The primary geological targets offshore West Africa are Cretaceous-aged turbidite fan systems that have high quality sands.

While the governments in the region are relatively young democracies, the United Nations, foreign governments such as the United States, Japan and China, and other not-for-profit agencies have provided considerable assistance to these countries to help develop good governance practices and enhanced legal and accounting processes and technology systems to provide a stable working environment within the countries.

Status of exploration and development activity offshore Sub-Saharan Africa

The Directors estimate that approximately 5.0 billion BO have been discovered in the West Africa Transform Margin in only five years of exploration. According to the U.S. Geological Survey, the *Agence de Gestion et de Coopération entre le Senegal et le Guinée Bissau* and Petrosen, the Dome Flore system is estimated to contain as much as 1.0 billion BO (Oligocene, 10° API, sour), and contains Maastricht sands with up to 30 percent ~~porocity~~porosity and light oil (33.6° API).

Some of the recent and anticipated forthcoming activity offshore sub-Saharan Africa includes the following:

Senegal
In relation to offshore Senegal, Africa Fortesa Corporation has announced a Turonian gas condensate discovery, and Cairn Energy plc has drilled two exploration wells in 2014 with its partners ConocoPhillips Company and FAR Limited that were classified as oil discoveries.

Sierra Leone
In relation to offshore Sierra Leone, a total of six deep-water wells have been drilled to date, and although the recent Mercury appraisal was disappointing, OAO Lukoil has recently made a discovery.

Guinea
In relation to offshore Guinea, Hyperdynamics Corporation has recently drilled the Sabu-1 well which had oil shows, and is anticipated to drill a further well with Tullow Oil plc.

Liberia
In addition to the matters described below, in relation to offshore Liberia, a total of six deep-water wells have been drilled to date. The Corporation understands that Anadarko Petroleum Corporation drilled two wells on Block LB-10 during the course of 2014 and that Chevron drilled a well on adjacent LB-012 in April 2014. These wells remain confidential.

Côte d'Ivoire
In relation to offshore Côte d'Ivoire, a total of eight deep-water wells have been drilled to date, with a total of five discoveries.

Ghana
In relation to offshore Ghana, a total of 10 deep-water wells have been drilled in recent years; and there have been a total of 11 discoveries, including the Tweneboa, Enyenra and Ntomme fields, and the Teak field, which is under development. The Jubilee field was discovered in 2007 and current production is approximately 110,000 bopd via FPSO.

Competitive Environment

The sub-Saharan Africa offshore energy industry has an active group of international companies that are participants. They include independent oil companies such as Kosmos Energy Ltd., Cobalt International Energy, Inc., Tullow Oil plc, Afren plc and OAO Lukoil. The larger independents in the US including Hess, Anadarko and Noble Energy have all made this area part of their portfolios along with European majors such as ENI, Statoil, Repsol and BG Group. The super majors are active in sub-Saharan Africa and include Exxonmobil Corp., Chevron Corporation, Royal Dutch Shell, and Total S.A. Many larger companies have recently entered the West African Transform Margin through the purchase of exploration rights via farm-in agreements over the last two to three years from other companies.

Liberia Energy Industry Environment

History

Liberia was established in 1847 when African-American settlers, who had come to sub-Saharan Africa from the United States of America, issued a Declaration of Independence and promulgated a Constitution, based on the principles set out in the US Constitution. Liberia began to modernise during the middle of the 20th Century, especially under the presidency of William Tubman (1944-71), who encouraged foreign investment and sought to bridge the economic and social gaps within the population. In 1980, a military coup led by Samuel Doe resulted in nearly a decade of authoritarian rule until a rebellion against Doe's regime, which was launched in 1989 and led by Charles Taylor, brought about the downfall of Doe's government. This rebellion, and the infighting which existed amongst the various rebel factions, resulted in a civil war which lasted from 1989 until 1996. A peace deal in 1996 allowed for elections which brought Charles Taylor to power. During Taylor's time in power, Liberia was widely regarded as a pariah state as a result of Taylor's use of blood diamonds and illegal timber exports to fund the then civil war in Sierra Leone. Major fighting started again in 2000, which lasted until 2003, at which time a peace agreement ended the war, and Taylor resigned and went into exile in Nigeria. After two years of a transitional government, democratic elections were held in 2005 which brought current President Ellen Johnson Sirleaf to power. She was re-elected in 2011.

President Sirleaf, who was educated at Harvard, has taken steps to reduce corruption in the country, build support from international donors, and encourage private investment. According to Transparency International's Corruption Perception Index 2012, Liberia was ranked 75th, which although low compares favourably to many other countries in the region (for example, neighbouring Sierra Leone and Côte d'Ivoire were ranked at 123rd and 130th respectively).

Overview of the oil industry in Liberia

Development of the oil industry in Liberia

Petroleum exploration initially commenced as early as 1948 and ceased in 1972 with four wells drilled. During this period, Union Carbide drilled two wells, and Chevron and Cestos each drilled one well. In 1948 Cities Services reportedly conducted surface geological studies in Liberia. This fieldwork appears to have led to no additional or extensive drilling.

In 1958 an exploration license was awarded to the Liberian American Exploration Corporation ("**LAEC**"), which led to geological fieldwork in 1959. It is understood that LAEC did not conduct any further activity. Exploration activity did not start again until 1968 when the government commissioned an onshore/offshore aeromagnetic survey. The survey indicated the presence of a thick sedimentary section. This was in contrast to the thin sedimentary interpretation suggested by the Tennessee Gas Transmission Company, which was conducting exploration work in neighbouring Sierra Leone. Also in 1968, Conoco and Chevron acquired certain magnetic, seismic and gravity data from the government and Union Carbide also acquired some offshore and onshore gravity data.

In 1969 a *Petroleum Code* was promulgated by the government of Liberia. Accordingly, three offshore blocks were awarded to Union Carbide (Block A), Frontier (Block B) and Chevron (Block C). Chevron Oil Company of Liberia drilled Chevron well No.1 (IIB-l), 25 miles southwest of Monrovia, to a depth of 9,504 feet. Union Carbide Company of Liberia drilled Union Carbide well No.1 (Al-l) 23 miles to the north of the mouth of the Lofa River, to a depth of 5,405 feet and well No.2 (A2-1) to 10,320 feet in the vicinity of Chevron well No.1.

Frontier Oil Company of Liberia drilled Frontier Oil well No.1 (Cestos-l) some 25 miles south of the mouth of the Cestos River, to a depth of 5,600 feet. Although shows were encountered in all four wells, no hydrocarbons were tested and the wells were plugged and abandoned as dry holes in 1972. This program lagged until a few years later, when it became clear that the rapid increase in the cost of oil imports to Liberia was seriously affecting the operation of major industries, for example, the iron ore mines and other vital areas of the economy.

The petroleum exploration program was accordingly reviewed, new objectives were defined, and in 1979 the government launched the Petroleum Project, with the assistance of the World Bank. In the early 1980's, The Ministry of Land, Mines and Energy commissioned J.C. Ferrand and Associates, a consulting firm, based in Houston, Texas, to conduct the assessment of hydrocarbon potential in Liberia and to assist the government throughout the various phases of the Petroleum Project.

With the successful completion of the assessment study, AMOCO Liberia Exploration Company ("**AMOCO**") in 1983 was awarded four offshore permits (H1, H4, S1 and S4) for petroleum exploration. AMOCO conducted an extensive seismic survey and drilled three exploratory wells offshore during 1983 and 1984. Well S/3-1 was drilled to a depth of 13,529 feet. Well S/3-1 was situated offshore of the mouth of the Cestos River, near the Cestos-1 site, and was drilled to an absolute depth of 9,926 feet. Well H/3-1 was drilled to a depth of 11,400 feet. Shows were also encountered in these wells. No hydrocarbons were tested.

According to AMOCO's analyses, S/1-1 had good reservoir qualities (average porosity of 23 percent and permeability of 37 md) in marine sandstones of lower Cretaceous age. Source potential was believed to be good at the top of the Lower Cretaceous, Upper Cretaceous and Tertiary, but generally the play was found to be immature. No commercial deposits were discovered. Oil shows, good reservoirs and source rocks identified in the wells indicate the possible existence of hydrocarbon accumulation. In June 1986 AMOCO pulled out of all its acreage and in March 1989 relinquished all blocks.

During one of the intermittent periods of Liberia's civil wars on August 30, 2000, TGS-NOPEC Geophysical Company ("**TGS**"), under the auspices of the then newly formed NOCAL, began the acquisition of seismic data offshore Liberia. With a transitional government installed on October 15, 2003, NOCAL set out to proceed with a planned licensing round – inviting international petroleum exploration companies to apply for permits to explore one of the few remaining frontier areas offshore sub-Saharan Africa. It would follow the model of the Sierra Leone licensing round, which concluded in August 2003 with the awarding of four offshore blocks adjacent to Liberia to three separate companies. TGS had acquired and processed seismic data consisting of 9,382 kilometres covering a large portion of the offshore Liberian shelf and slope area from 200 metres to 3,000 metres of water (as summarised below). This recent history has resulted in the current delineation of 17 oil blocks, with 12 blocks auctioned or negotiated and five blocks remaining.

Recent advances in deep-water technology have opened up the region to a new phase of exploration. In offshore Sierra Leone, the Venus B-1 discovery well (2009), drilled in 1,800 m (5,905 ft) water depth, found 14 m (46 ft) net of hydrocarbon pay in upper Cretaceous deep-water fan sands. This was followed by the Mercury-1 discovery in 2010. Mercury-1 was drilled in 1,600 m (5,245 ft) water depth and encountered 41 m (135 ft) net of oil pay within the same play.

In 2011, two exploration wells were drilled offshore Liberia, Apalis-1 and Montserrado-1. Apalis-1 found upper Cretaceous source and reservoir rock with oil shows. Montserrado-1 was drilled to a depth of 5,400 m (17,720 ft) and made a non-commercial oil discovery in late Cretaceous reservoir sands. The well encountered good-quality, water-bearing sands in the main objective. In a deeper secondary target, 8 m (26 ft) of hydrocarbon pay was intersected, and a sample of light oil was recovered.

Geology

The Liberian basin is found offshore both Liberia and Sierra Leone. Historically, prospectivity and the regional structure of this margin were not well understood for a variety of reasons.

In 2000-2001, TGS acquired 9,382 line km (5,715 line miles) of regional 2D seismic data, and an interpretation report was released in 2007 and revised in 2010. Between 2007 and 2011, a series of 3D seismic surveys was acquired by TGS over several blocks in the Liberian basin. TGS has reported that all of these datasets have provided better understanding of the regional structure and petroleum prospectivity of this frontier margin. A summary of the findings of TGS, which were reported by TGS in E&P Magazine in April 2012, is set out in the paragraphs which follow.

> "In 2009-2010, a new long-offset seismic survey was performed by TGS in Liberian ultra-deep waters to evaluate its hydrocarbon prospectivity and provide an extension of existing seismic data into ultra-deep waters.
>
> *Geological background*
>
> The evolution of the Liberian basin on a geological level relates to the opening of the Atlantic Ocean. The offshore Liberia margin is bound in the South by the St. Paul transform system and in the North by the Sierra Leone transform system. Transpressional and transtensional systems associated with these major fault zones means that the area is structurally complex. Deposition of thick deep-water shales and turbidite sands has been enabled by upper Cretaceous depositional environments which were less affected by major faulting between the major fracture zones.
>
> *Petroleum systems evaluation*
>
> There are two petroleum systems in the offshore Liberian basin, being early Cretaceous and late Cretaceous. A number of exploration wells which have been drilled demonstrates that that the early Cretaceous contains at least three oil-prone marine and lacustrine (Type II/III) source rock intervals, and that these extend in age from the Aptian to the Albian.
>
> There are potential targets within the lower Cretaceous system in the form of abundant structural traps. These are mainly fault blocks and fault-associated structural closures related to transtensional regimes during the mid-Cretaceous rifting event. Where found as transpressional pop-ups, these structures can be associated with strike-slip motions. Fault blocks were the main exploration targets in wells drilled by TGS on the shelf. They also exist in ultra-deep water, and here they could be potential exploration targets.
>
> TGS considers the late Cretaceous system to be the most important. Source rocks are formed by late Cenomanian to Turonian organic-rich (Type II) marine shales deposited throughout the central and southern Atlantic during a global

anoxic event. Within this system, significant recent discoveries have been made offshore Ghana, Liberia, and Sierra Leone. Multiple sandstone reservoir targets overlie the potential source rock interval.

Following recent discoveries, stratigraphic traps are now seen by TGS as the most prospective play type in the offshore Liberian basin, and throughout the West African Transform Margin. Deepwater fan and lobe structures occur throughout the mid-to upper-Cretaceous sequence, providing potentially attractive opportunities. A regional channel/fan complex has been identified and mapped across from the slope extending into the deep basinal areas between intra-Campanian and top Cretaceous. Seismic imaging allowed delineation of multiple fans within this thick complex.

Basin modeling

Shelf wells were used by TGS to constrain a regional crustal model, which was used as the starting point for stretching-based thermo-tectonic geo-history modelling. In addition to the shelf wells, pseudowells were modelled by TGS at various selected deep-water locations to understand sediment paleo-temperatures within the study area. Extreme crustal stretching associated with early Cretaceous Atlantic rifting resulted in rapid subsidence to bathyal conditions in the late Albian.

Two main source rock intervals (Turonian-Cenomanian and late Albian) were modeled by TGS for hydrocarbon expulsion. This modelling indicated that:

- burial and temperature conditions in Liberia ultra-deep water are such that the Cretaceous source rocks expelled hydrocarbons during the late Cretaceous to present; and
- early Cretaceous source rocks would have undergone peak expulsion within the late Cretaceous.

The major phase of expulsion of Turonian-Cenomanian source rocks occurred throughout the late Cretaceous to early Paleogene. In summary, the study carried out by TGS indicated several aspects of Liberian basin geology:

- the study area is structurally complex in parts. Its evolution and architecture are controlled by ocean spreading and transform movements. It is bounded by the Sierra Leone and the St. Paul transform zones;
- extensive thick channel/stacked fan complexes (within late Albian-top Cretaceous) have been identified extending from mid-shelf across to the ultra-deep basin;
- Upper Cretaceous stratigraphic and Lower Cretaceous structural play types (tilted fault blocks) have been identified and evaluated;
- an Albian lacustrine shale and a regional Turonian-Cenomanian marine shale are the two main source rocks in the study area. Thermal modeling indicates that these source rocks are mature, with peak expulsion throughout the late Cretaceous to early Paleogene; and
- numerous potential hydrocarbon indicators (bright/dim amplitudes, gas chimneys) have been identified, suggesting working hydrocarbon systems that have been proven by recent drilling results. "

Recent oil industry activity in Liberia

A number of other international oil companies are currently active offshore Liberia, including those whose recent activities are set out below.

Chevron

Chevron is the operator of and has a 45 percent interest in blocks LB-11, LB-12 and LB-14 offshore Liberia (ENI farmed into these Blocks in 2012). The three blocks are between 12 and 110 miles (20 to 180 km) south of Monrovia and cover an area of about 2 million acres (8,100 sq. km). Deepwater exploration wells were drilled by Chevron in the LB-11 block and in the LB-12 block during 2012 (the Carmine-1 well). Results from that drilling and 3D seismic data are being studied by Chevron. The wells, drilled with the support of several Liberian companies, were Chevron's first deep-water exploration wells in the country.

On August 1, 2013, it was reported that Chevron had officially opened a storage compound in Grand Bassa County for its equipment. It was further reported that the "lay down yard" would allow Chevron to store certain of its drilling equipment, thus reducing transit time to the rig.

In addition to the above, the Corporation understands that Chevron is anticipating drilling a well on Block LB-12, which may benefit from read-across to Block LB-13.

African Petroleum

African Petroleum has a 100 percent interest in blocks LB-08 and LB-09 offshore Liberia. African Petroleum drilled the first deep-water well offshore Liberia (Apalis-1) in August 2011. The well confirmed that African Petroleum's blocks are located in a prospective oil basin. In February 2012, African Petroleum announced that it had made a discovery in block LB-09. The Narina-1 well was drilled to a total depth of 4,850 metres (15,912 feet). The well encountered a total of 32 metres (105 feet) of net oil pay in two zones: 21 metres (69 feet) in the Turonian; and 11 metres (36 feet) in the Albian. Oil was found in a Turonian submarine fan system that extends across a prospective area of 250 sq. km.

African Petroleum spudded its third well, Bee Eater-1, on January 4, 2013. On February 20, 2013, African Petroleum announced a discovery at the Bee Eater-1 well. 48 metres of oil bearing Turonian sandstone was found, however, reservoir permeabilities over the hydrocarbon bearing section of the well were lower than anticipated and African Petroleum announced that it was carrying out further investigations. Bee Eater-1 was additionally designed to target the potential of two deeper prospective zones in the Cenomanian and the Albian. Oil bearing sandstone was encountered in both zones, and no oil water contacts or water bearing sands were found.

African Petroleum has also announced that it will incorporate the well results into the prospect portfolio for the Liberia licence blocks, and prepare follow-on drilling locations.

Anadarko Petroleum Corporation

Anadarko Petroleum Company's wholly owned subsidiary, Anadarko Liberia Company, is the operator of block LB-15 offshore Liberia and holds a 47.5 percent working interest. Co-owners in the block include Repsol Exploracion S.A. (27.5 percent working interest) and Tullow Liberia B.V. (25 percent working interest).

On November 9, 2011 Anadarko announced, "Offshore Liberia in block LB-15, the Montserrado exploration well was drilled to a total depth of approximately 17,720 feet (5,400 meters). The well encountered good-quality, water-bearing sands in the main objective and 27 net feet (8 meters) of pay in a secondary objective. The well was plugged and abandoned, and the results are being incorporated into the company's geologic data for future exploration in the Liberian Basin".

Legal framework and process in Liberia

Regulation of the oil industry

The state oil company NOCAL, by means of various Acts of the Liberian government, regulates the oil industry in Liberia. Its mandate is as set out below:

The Petroleum Law

The Liberian Petroleum Law mandates NOCAL to delineate, establish, and issue licenses for particular areas, fields, and blocks, as the case maybe, on such terms and conditions as shall be deemed appropriate, subject to the approval of the board of directors of NOCAL and final ratification by the President of Liberia. It is against this backdrop that Chapter II, sub section 2.1, of the *Act Adopting the New Petroleum Law of the Republic of Liberia*, stipulates that "all Petroleum contracts shall be negotiated by NOCAL on behalf of the State."

The Liberian Petroleum Law further gives NOCAL the mandate to undertake and/or facilitate the exploration and establishment of Liberia's liquid and gaseous hydrocarbons deposits, both on land and in its sovereign waters. All agreements and arrangements entered into by NOCAL require the final approval of the President of Liberia.

NOCAL's Activities

NOCAL has embarked upon a vigorous seismic data promotion and marketing campaign to encourage new exploration and to ensure that companies now holding oil exploration blocks get on with their respective work programs as quickly as possible. This program includes data studies followed by detailed 3D seismic, which lead to the identification of drillable structures and the exploratory drilling program.

NOCAL's mandate also means the company will actively address Liberia's capacity and sustainability issues. An integrated approach with a focused technical program and structure is at the core of NOCAL's institutional reform agenda and the realization of its founding vision and mission.

National Petroleum Policy

The *National Petroleum Policy* is the vehicle through which NOCAL's strategy for the governance of the oil and gas sector will be implemented. This policy will speak to issues related to reconnaissance, exploration, development, production, transportation of non-refined petroleum and decommissioning, as well as provisions for the management of revenues generated by upstream petroleum.

The *National Petroleum Policy* is expected to manage the reforms of the following existing instruments in Liberia: the *National Oil Company Act of 2000*, the Liberian Petroleum Law, the oil revenue framework, and the model Production Sharing Contract.

Memberships of supranational organisations/international initiatives

EITI

Liberia is a member of the EITI and has been a compliant member since 14 October 2009. The Liberia Extractive Industries Transparency Initiative ("**LEITI**") is led by a governing board called the LEITI multi-stakeholders Steering Group. Membership in the Steering Group includes:

- the government of Liberia, represented by the Minister of Finance, the Minister of Lands, Mines, and Energy, the Minister of Internal Affairs, and other agencies;
- civil society, represented by Publish What You Pay, the Liberia National Bar Association, and the National Council of Chiefs and Traditional Leaders; and
- the private sector, represented by Arcelor Mittal Liberia, Amlib, Liberia Timbers Association, and the Miners and Brokers Association.

The Steering Group is chaired by the Minister of Finance, who is also the LEITI champion. The Minister of Lands, Mines and Energy is the co-chairperson of the Steering Group. The LEITI also has a distinct Secretariat that is established, staffed and supported by the Steering Group.

International Initiatives

A series of proposed international initiatives, including the United States Energy Governance and Capacity Initiative and a program with the Norwegian government are guiding NOCAL's strategic vision and mission and providing useful opportunities for planning, programming and implementing critical interventions for increased capacity building and improved organizational effectiveness.

Geopolitical information

Liberia has a population of approximately 3.9 million inhabitants, and a population growth rate of 2.56 percent. 48.2 percent of the population lives in urban areas. The life expectancy for the general population at birth is 57.81 years (56.2 for men, and 59.47 for women). English is the official language of Liberia, although some 20 ethnic group languages are used (few of which can be written or used in correspondence). Literacy (defined as those aged 15 or over who can read and write) is 64.8 percent for men and 56.8 percent for women. According to a 2008 census, 85.6 percent of the population is Christian, 12.2 percent is Muslim, with the remainder of the population belonging to a traditional or other religion, or having no religion.

Based on the most recent United Nations Human Development Report, Liberia's Human Development Index ("**HDI**"), a measure of health, education and income, was 0.388, giving it a ranking of 174 out of 186 countries with comparable data. The HDI for sub-Saharan Africa as a whole was 0.475, placing Liberia below the regional average.

Liberia's GDP per capita for 2012 was estimated at USD $700, on a purchasing power parity basis. However, following an IMF mission to Liberia in March 2013, the IMF mission head stated: "Liberia's economic growth is on an upward trajectory and economic prospects over the medium term remain favourable. Real gross domestic product growth is estimated at about 8.3 percent in 2012 and 7.5 percent in 2013".

In March 2014 an outbreak of Ebola Haemorrhagic Fever was reported in Liberia, the disease having crossed from its initial source in adjacent Guinea. It quickly spread in various parts of Liberia and was prevalent in the capital Monrovia and constituted a major health matter. The WHO described it as an International Public Health Emergency. In all 4283 people were reported as having died from Ebola. Commerce and daily life were heavily impacted and international companies removed personnel and suspended business operations.

At the height of the outbreak the Liberian Government declared a State of Emergency and amongst other things entered into a letter of agreement with ExxonMobil Liberia in respect of LB13 such that the time limits set out in the PSC were to be suspended pending a resumption of normal operations. This letter remains in force. In recent months there has been a marked improvement in the situation with deaths and diagnosis of infection falling dramatically. ~~There has been only one reported case of Ebola.~~ However, adjacent countries remain impacted by the health crisis and there remains a regional threat given the nature of the spread of the disease.

Overview of the oil and gas industry in Tanzania

Development of the oil industry in Tanzania

Petroleum exploration initially commenced as early as 1952 when BP and Shell were awarded concessions along the coast in Tanganyika. These concessions included the islands of Mafia, Pemba, and Zanzibar. Drilling of wells between 1952 and 1964 did not result in the discovery of commercially viable hydrocarbons.

The second phase of exploration in Tanzania was characterized by the establishment of the Tanzania Petroleum Development Corporation ("**TPDC**") in 1969 and the first significant gas discovery offshore on Songo Songo island in 1974 by AGIP and AMOCO.

In the 1980s, gas was discovered in Mnazi Bay. TPDC made a significant contribution to exploration with seismic programs conducted onshore in the Ruvu, Kimbiji, Pemba, Mafia, and Ruvuma areas as well as offshore areas such as about Songo Songo and Zanzibar. In 1982-1983, TPDC drilled both the Kimbiji East-1 and Kimbiji Main-1 wells. TDPC also carried out an appraisal drilling program on the Songo Songo gas discovery by drilling a total of 7 wells.

In the 1990s, Tanzania offered acreage up for foreign investment. By the end of this decade, Western Geophysical signed an agreement to acquire deep sea speculative 2-D seismic surveys. Phase II of this speculative seismic survey work continued in the offshore Pemba Basin into the year 2000. This data needed to be available in time for the licensing round that had been planned for the fourth quarter of 2000 as the offshore area was divided into license blocks.

This licensing round saw several companies receive exploration blocks including BG, Statoil, and Petrobras. A new round of exploration drilling resulted in new discoveries of significant gas finds at Mzia, Jodari, Papa, and Chewa/Pwezi. In March 2012, Statoil and Exxon Mobil made the biggest offshore discovery of gas in the Zafarani Field. Songo Songo and Mnazi Bay went into full commercial operations in 2004 and 2006, respectively. Songo Songo was Tanzania's first significant hydrocarbon discovery where gas from Lower Cretaceous sands flowed up to 23 million cubic feet of gas per day with minor volumes of high API oil/condensate. Oil shows and oil seeps in this area suggest that significant oil fields may also be discovered in Tanzania with additional exploration drilling.

In 2012, the Tanzanian government initiated the "National Natural Gas Policy" that highlighted key challenges associated with management of natural gas in the mid-stream and down-stream activities in Tanzania. Previously, petroleum exploration and production had been guided by the *Petroleum (Exploration and Production) Act of 1980*.

Recent advances in deep-water technology have opened up the region to a new phase of exploration. As of February 2013, a total of 21,632 square kilometres of 3D seismic data had been acquired from the deeper offshore areas. A total of 67 wells for both exploration and development have been drilled between 1952 and 2013. A total of 53 wells have been drilled in onshore basins and 14 wells have been drilled in offshore basins. As of June 2013, natural gas discoveries of 42.7 trillion cubic feet have been made from both onshore and offshore basins.

Geological background

The evolution of the Tanzanian basins on a geological level relates to the breakup of the eastern portion of Gondwanaland. Before the early breakup of the eastern portion of Gondwanaland, Tanzania was linked with the Madagascar/Seychelles/India block directly to the east. The India portion of the block was fused with East Antarctica. During the early breakup of this portion of Gondwanaland, a series of grabens and half grabens were formed during the Karoo rifting phase of the Permian-Triassic periods. The Karoo rifting phase created a zone of weakness that led to the fragmentation of the Gondwana supercontinent.

A drift phase began in the Jurassic with the deposition of Late Jurassic reefs and platform limestones and continued into the Paleogene as Madagascar/Seychelles/India rifted away. The Lower Cretaceous and Upper Cretaceous was dominated by mud deposition within the passive margin basins. During periods of relative sea level fall, sands were introduced into the muddy environment by submarine turbidite processes. Offshore Tanzania is characterized by reservoirs that are associated with rotated fault blocks within the continental shelf, deep water fans, turbidite channels, as well as slope truncations of sands along the paleoshelf and current shelf edges. The primary seals are the Mesozoic and Cenozoic mudstones and shales.

Petroleum systems evaluation

According to the United States Geological Society ("USGS"), there are four petroleum systems in the offshore Tanzanian basins that included Mesozoic to Paleocene source rocks. The Permian to Triassic fluvial to lacustrine source rocks contain 1.0 to 6.7% total organic carbon ("TOC"). The Jurassic contains marine and deltaic Type II and III source rocks with 2.0 to 4.3% TOC. The Cretaceous Aptian source rocks contain 2.0 to 4.3% TOC. The source rocks formed by late Cenomanian to Turonian organic-rich (Type II) marine shales deposited along the East Africa margin during a global anoxic event contain kerogen ranging from 1.0 to 3.0% TOC.

According to the USGS, traps are mostly structural within the "syn-rift" rock units and both structural and stratigraphic in the "post-rift" rock units. Most of the recent discoveries in the offshore realm of Tanzania are in mid-Cretaceous sands with a secondary zone in the Upper Jurassic limestones. The primary targets are trapped in both structural and stratigraphic settings and mapped seismic amplitude events show positive characteristics of "amplitude versus offset" (AVO).

Legal framework and process in Tanzania

Regulation of the oil industry

The state oil company TPDC, by means of various acts of the Tanzanian government, regulates the oil industry in Tanzania. Its mandate is as set out below:

Oil & Gas Law

Petroleum exploration and development in Tanzania is governed by the *Petroleum (Exploration and Production) Act 1980* (the "**Petroleum Act 1980**"). This act vests title to petroleum deposits within Tanzania in the state and is designed to create a favorable legal environment for exploration by oil companies.

The Petroleum Act 1980 expressly permits the government to enter into a petroleum agreement under which an oil company may be granted exclusive rights to explore for and produce petroleum. Under the Production Sharing Agreement ("**PSA**") arrangements currently in place in Tanzania, TPDC is granted licenses under the Petroleum Act 1980 with the government and TPDC entering into PSAs with the oil companies. The terms of the PSAs form the basis of the licenses and are negotiable. The legislative framework offers considerable flexibility to the government in negotiating acceptable terms with oil companies.

Natural Gas Policy

The "National Natural Gas Policy" focuses on mid-stream and down-stream segments in the natural gas industry. This policy provides guidelines for the development of the natural gas industry to ensure optimal benefits to Tanzanians and the national economy in the short, medium, and long term. The formulation of this Policy was aligned with the "National Energy Policy of 2003".

EITI

Tanzania is a member of the EITI and has been a compliant member since 16 February 2009. The Tanzania Extractive Industries Transparency Initiative ("**TEITI**") is led by a governing board called the TEITI multi-stakeholders Steering Group.

Tanzania has undergone a significant transformation since independence. Now a multi-party democracy with strong economic growth, the government has taken a variety of steps towards good governance and anti-corruption through its "National Anti-Corruption Strategy and Action Plan". While there is an established media and civil society presence, the government's restrictions on freedom of press and association limit the role these stakeholders can play in the fight against corruption. Against this backdrop, corruption can still occur and is an issue of particular concern in the context of the country's growing extractives industry.

Geopolitical information

Tanzania has a population of approximately 49.25 million inhabitants, and a population growth rate of 2.8 percent. 27.6 percent of the population lives in urban areas. The life expectancy for the general population at birth is 61.24 years (59.91 for men, and 62.62 for women). English is the official language of Tanzania, although Kiswahili (Swahili) and Arabic are also used. Literacy (defined as those aged 15 or over who can read and write) is 75.5 percent for men and 60.8 percent for women. According to a 2014 study, 30.0 percent of the population is Christian, 35.0 percent is Muslim, with the remainder of the population belonging to a traditional or other religion, or having no religion. The island of Zanzibar is over 99% Muslim.

Based on the most recent United Nations Human Development Report, Tanzania's Human Development Index ("**HDI**"), a measure of health, education and income, was 0.488, giving it a ranking of 159 out of 186 countries with comparable data. The HDI for sub-Saharan Africa as a whole was 0.475, placing Tanzania slightly below the regional average.

Tanzania's GDP per capita for 2013 was estimated at USD $1700, on a purchasing power parity basis. Real gross domestic product growth is estimated at about 7.0 percent in 2013 and 6.9 percent in 2012.

Overview of the oil and gas industry in Namibia

Development of the oil industry in Namibia

The initial offshore exploration phase took place from the late 1960s to the early 1970s and one well was drilled during this time, Kudu 9A-1, which was the discovery well for the giant Kudu gas field. No further exploration for hydrocarbons was done by international operators until after Namibia became independent in 1990. In 1987-1988 Swakor, the predecessor company of the present National Petroleum Corporation of Namibia ("**NAMCOR**"), drilled a further 2 wells in the Kudu field. The Kudu-2 well was not tested but Kudu-3 proved the existence of a major gas field. The proven hydrocarbons were an asset in Namibia's first licensing round.

The first exploration licensing round was held in 1991-1992 with five licenses being awarded at this time, the operators of these being Norsk Hydro, Ranger, Sasol, Chevron and Shell. The second round in 1995 resulted in 2 new licences being awarded, both to Shell. One of these was an extension to the existing license that Shell had over the Kudu field. As a result of these licence awards over 28,000 kilometres of 2D seismic was acquired in addition to the 60,000 km of multi-client data, which is available. The third licensing round in 1998-99 resulted in no applications being received, partly because of the low oil price at the time as well as the numerous international company mergers that were ongoing. The mini-4th round in 2004 eventually resulted in the award of 2 blocks to BHP-Billiton west and south of Kudu.

To date, 16 wells have been drilled offshore Namibia, including 8 in the Kudu gas field, which have proven reserves of 1.45 TCF. In 2002, Shell withdrew from the Kudu Block and the license was taken over by ChevronTexaco and Energy Africa and eventually by Tullow Oil. Recently, many other licenses have been awarded for exploration both onshore and offshore Namibia. These exploration activities have resulted in an increase of the Namibian database both onshore and offshore. The database consists of data from both onshore and offshore wells; and more than 85,000 km of 2D seismic as well as about 15,000 square kilometres of 3D seismic data. Recent advances in deep-water technology have opened up the region to a new phase of exploration. As of February 2013, a total of 21,632 square kilometres of 3D seismic data had been acquired from the deeper offshore areas. A total of 67 wells for both exploration and development have been drilled between 1952 and 2013. A total of 53 wells have been drilled in onshore basins and 14 wells have been drilled in offshore basins. As of June 2013, natural gas discoveries of 42.7 trillion cubic feet have been made from both onshore and offshore basins.

Geology

Namibia is situated along the southern reach of the West African Transform Margin and has a series of geological basins that have developed between major transform shear zones. From north to south, the Namibe, Walvis, Luderitz, and Orange basins have been only lightly explored.

About 18 wells drilled in the past decade have failed to produce commercial oil deposits in Namibia. However, the Kudu gas field was discovered in the Orange basin by Chevron in 1974. The Kudu Field has 1.3 trillion cubic feet of proven natural gas reserves and nine trillion cubic feet of possible reserves, however, this field is not yet under production.

There have been oil-rich source rocks intersected in all Namibian basins and significant oil seeps reported from much of the offshore Namibia area. Some of the wells drilled in Namibia have encountered source rocks capable of generating oil. Additionally, oil seeps and oil slicks have been mapped in all the basins – that suggests the current generation of oil that is leaking in submarine settings due to lack of updip trapping in some settings.

Geological background

The evolution of the Namibian basins on a geological level relates to the breakup of the western portion of Gondwanaland. Before the breakup of the western portion of Gondwanaland, Namibia was linked with the southeastern portion of South America directly to the west. During the early rifting of this portion of Gondwanaland from Late Jurassic to Early Cretaceous, a series of grabens and half grabens were formed creating the precursors of numerous depositional basins. There is evidence that rich lacustrine source rocks were preserved in these basins during this time period.

It has been suggested that the Namibe Basin that is north of the Walvis Ridge (Rio Grande Transform system) is different from the West African Transform Margin basins to the south – since deposition of the organic muds might have been oxidized (not reduced) in the oxygenated open marine setting (south of the Walvis Ridge). Oil source rocks, however, and oil seeps and oil slicks attest to the likelihood of oil-prone source rocks being present in all four basins of Namibia. For example, the Wingat-1 well in the Walvis Basin, drilled by HRT Participacoes em Petroleo SA in 2013 ("HRT"), encountered oil source rocks. According to HRT, they identified "two well-developed source rocks, which are rich in organic carbon and both are within the oil-generating window. Also, the well encountered several thin-bedded-sandy reservoirs that are saturated by oil. HRT collected four samples of this oil, each of 450 cc, and the analysis of these samples indicated the presence of light oil, 38° to 42° API, with minimal contamination…" HRT stated that, "The fact that the source rock is in the oil window and generating liquid hydrocarbons of excellent quality confirms the source potential of the basin." This is significant since the Walvis Basin is south of the Walvis Ridge that created an Aptian-aged "yoked basin" to the north in the Namibe Basin.

The northernmost Namibe Basin (where ShoreCan holds three deep water licenses) lies offshore from the Skeleton Coast and extends north into southern Angola. The 80,000-square kilometer basin appears to be conjugate to Brazil's Santos Basin. The Namibe Basin extends northward into Angola. Both the Namibe Basin and opposing Brazilian conjugate offshore basins are part of the Aptian salt basin of the South Atlantic that extends from the southern edge of the Niger Delta to the Walvis Ridge.

A series of rift basins within the overall Aptian salt basin resulted in thick, lacustrine petroleum-rich source rocks deposited and preserved within the Namibe Basin. Very few wells have been drilled in the Namibe Basin. The first offshore well – the Kunene-1 well, encountered "gas shows" and the Tapir South (1811/5-1) well (drilled by Chariot Oil & Gas in 2012) in block 1811A encountered mature oil shale source rocks and good quality reservoirs (sandstone and carbonate) with oil shows. This well was drilled by the Maersk Deliverer drillship in 2,134 metres of water. Well logging results indicated 173 metres of Cretaceous-aged net reservoir sand with average porosities of 24% and good permeabilities as well as net porous carbonates with an average porosity of 18%. This basin remains, for the most part, unexplored. Due to its location north of the Walvis Ridge, the Namibe Basin would be an Aptian "yoked basin" that contains salt – similar to the Kwanza Basin to the north in Angola. Recently, Sonangol has announced that an offshore licensing round would extend to the southern reaches of the Kwanza Basin in Angola.

From north to south, the other basins within Namibia include the Walvis, Luderitz, and Orange basins have been only lightly explored

Petroleum systems evaluation

According to the United States Geological Society (USGS), there are two petroleum system in the offshore Namibian basins that include an Albian to Cenomanian (marine) petroleum system that is present in the Campos, Santos, and Espirito Santo basins of offshore Brazil, and in their African conjugate Kwanza and Congo Basins in offshore Angola and the Namibe, Walvis, Ludderitz, and Orange Basins of offshore Namibia. These source rocks contain Type II kerogen with an average Total Organic Carbon ("TOC") content of 2%.

The second petroleum systems is the Aptian to Barremian lacustrine (saline) system that is also present in the Campos, Santos, and Espirito Santo basins of offshore Brazil and in the conjugate Congo and Kwanza basins in Angola and only the Namibe Basin in Namibia. These source rocks contain Type II kerogen with an average TOC of 5%. In Brazil and Angola, this system is "overcharged" and represents more than 40 billion barrels of hydrocarbon reserves. Giant oil fields such as Tupi have been found in the conjugate transform basins in Brazil. The Tupi field was discovered in October 2006 by BG Group. It is the largest such discovery ever made in the region. The Tupi field lies under salt beds that are up to 2,000 metres in thickness. The Tupi area is estimated to have five to eight billion barrels of recoverable light oil and natural gas in the pre-salt reservoirs.

According to the USGS, the petroleum systems concepts suggests that within the Namibe Basin that is north of the Walvis Ridge (Rio Grande Fault Zone), the Namibian source rock systems are similar to those that have sourced more than 90% of the oil discovered in the Brazil and Angolan marginal basins and might be large enough to charge giant to supergiant oil and gas accumulations. The primary targets are trapped in both structural and stratigraphic settings and mapped seismic amplitude events are assumed to show positive characteristics of "amplitude versus offset" (AVO).

Legal framework and process in Namibia

Regulation of the oil industry

The legal framework governing the upstream petroleum industry in Namibia is set out in the *Petroleum Act*, the *Petroleum (Taxation) Act 1991* and the *Model Petroleum Agreement (1998).* The Ministry of Mines and Energy is the government entity that regulates the Namibian oil and gas industry – principally through issuing petroleum licenses under the *Petroleum Act.* NAMCOR is a company that is wholly owned by the government of the Republic of Namibia.

Oil & Gas Law

Petroleum exploration and development in Namibia is governed by the *Petroleum (Exploration and Production) Act 1980*. Reconnaissance, exploration or production operations can be conducted in Namibia only under the authority of an appropriate license issued under the *Petroleum Act*. Applications for these licenses have to conform with the requirements of that act. The Minister, in granting a license, does so subject to conditions. Such conditions are in practice contained in the *Model Petroleum Agreement (1998)*. There are also a few mandatory statutory conditions which are set out in section 14 of the *Petroleum Act*. These relate to the licensee giving preference to qualified Namibian citizens in its recruitment of employees, etc.

EITI

Namibia is a member of the EITI and has been a compliant member since 2006.

Namibia is characterized as a stable country that "The Economist" has given a BBB Country Risk Profile that encourages foreign investment and has significantly low political risk. Namibia, a former German colony, is the world's fourth-largest uranium producer, and its diamond mines operated by De Beers produce the highest-quality gems.

Geopolitical information

Namibia has a population of approximately 2.303 million inhabitants, and a population growth rate of 1.9 percent. 38.0 percent of the population lives in urban areas. The life expectancy for the general population at birth is 63.88 years. English is the official language of Namibia, although Oshlwambo dialects and Kwangali language is spoken by a significant portion of the population. Literacy (defined as those aged 15 or over who can read and write) is 89.0 percent for men and 89.0 percent for women. According to a 2014 study, 85.0 percent of the population is Christian (predominantly Lutheran), with the remainder of the population belonging to a traditional or other religions, or having no religion.

Based on the most recent United Nations Human Development Report, Namibia's Human Development Index ("**HDI**"), a measure of health, education and income, was 0.624 in 2013, giving it a ranking of 127 out of 187 countries with comparable data. The HDI for sub-Saharan Africa as a whole was 0.475, placing Namibia considerably above the regional average.

Namibia's GDP per capita for 2013 was estimated at USD $4581.75, on a purchasing power parity basis. Real gross domestic product growth is estimated at about 4.3 percent in 2014 and 4.2 percent in 2013.

Economic Dependence

Liberian PSC between the Republic of Liberia by and through NOCAL, ExxonMobil Liberia and COPL Bermuda relating to Block LB-13

The following is a summary of the Liberian PSC, a contract upon which the business of COPL is substantially dependent. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Liberian PSC, which has been filed with the applicable Canadian securities regulatory authorities and is available under COPL's profile on www.sedar.com.

The Republic of Liberia, through NOCAL, ExxonMobil Liberia and COPL Bermuda are parties to the Liberian PSC. The Liberian PSC was approved by the Liberian legislature, signed into law by the President of Liberia and became effective on April 1, 2013. The Liberian PSC is governed by the laws of Liberia. Pursuant to the terms and conditions of the Liberian PSC and commercial agreement within ExxonMobil Liberia, COPL Bermuda holds 17 percent of the participating interest in Block LB-13 and the remaining 83 percent is held by ExxonMobil Liberia. Through NOCAL, the Liberian state has the right to assume a 10 percent participating interest in Block LB-13 on the start of commercial production. This participating interest will be taken from ExxonMobil Liberia and COPL Bermuda (and any other participant at the time which is not a Liberian state-owned entity) in proportion to their respective participating interest shares. Through NOCAL, the Liberian state has the right to assume a further 5 percent participating interest in Block LB-13 on the start of commercial production to be allocated to Liberian citizens. This participating interest will be taken from ExxonMobil Liberia and COPL Bermuda (and any other participant at the time which is not a Liberian state-owned entity) in proportion to their respective participating interest shares.

The Liberian PSC grants an exclusive exploration authorization to the contractor (as defined under the Liberian PSC, being ExxonMobil Liberia and COPL Bermuda) for a period of three years from April 1, 2013, which may be renewed for a further two years if all work obligations have been fulfilled and 33 percent of the surface of the block is relinquished. During the three years from April 1, 2013, ExxonMobil Liberia and COPL Bermuda have committed to carry out a minimum work program consisting of the analysis of 3D seismic at a cost of no less than USD $10 million and the drilling of one exploration well.

The Liberian PSC contemplates that upon the discovery of oil or gas, an exclusive appraisal period of two years may be granted following approval of a work program and budget for the appraisal. If the discovery is deemed to be commercial, an exclusive exploitation period of 25 years, which may be renewed for a further 10 years, may be granted. During the exploitation phase, NOCAL is to receive a share of the oil produced of 40 to 60 percent (depending on the level of daily production) of the volumes after deduction of the cost recovery volumes, and 35 percent of the gas volumes after deduction of cost recovery volumes; this share may be taken in cash or kind, at NOCAL's option. The royalty payable on volumes produced will be either five (5) or ten (10) percent, depending on the water depth of the well head. Bonus payments of USD $2 million, USD $3 million and USD $5 million will be payable when production reaches 30,000, 50,000 and 100,000 barrels (respectively) in a continuous 30 day period. Up to ten (10) percent of the production from Block LB-13 is to be sold to NOCAL for the domestic market, at the market price determined in accordance with the Liberian PSC.

A parent company guarantee was required from COPL under the Liberian PSC; the guaranteed amount is COPL Bermuda's pro rata participating interest share of the minimum work program required under the Liberian PSC, which amounts to USD $8,500,000 prior to the grant of the initial exclusive exploitation authorization under the Liberian PSC, and USD $17,000,000 following the grant of the initial exclusive exploitation authorization until the first commercial production of any field.

NOCAL and ExxonMobil Liberia, the operator, continue to meet regularly to discuss Corporate Social Responsibility activities and the fulfillment of the Block LB-13 work program. As part of that interaction process, the government of Liberia has provided its assurances that it will act under the terms of the Liberian PSC to provide NOCAL and ExxonMobil Liberia sufficient time to complete its work program, extending the current exploration period if necessary.

Tanzanian Option Agreement

On March 6, 2015, ShoreCan entered into an option agreement with Petrodel Resources (Nevis) Limited granting ShoreCan the right to acquire a 60% interest in 2 blocks – Kimbiji and Latham. The option consideration is the payment by ShoreCan of $331,125 in respect of 2014 Licence and Training Fees for both blocks and a consideration of $20,000 per calendar month to Petrodel Resources (Nevis) Limited. The option is exercisable at any time before 31st December 2015. On exercise ShoreCan will assume 100% of the Explorations Operations (to include one well) and will become operator. On exercise of the option ShoreCan has agreed to increase its monthly payment to Petrodel to $26,000 to cover overhead and in-country costs to be deployed. On expiry of the exploration period, the parties shall fund petroleum operations in proportion to their equity interests. The option agreement is based on a standard AIPN Farm In Agreement style on standard terms (including numerous warranties granted by Petrodel, all subject to a limitation of liability of $500,000 US). The agreement is governed by English law. The parties have agreed to negotiate an AIPN standard Joint Operating Agreement. ShoreCan may terminate the option at any time before 31st December 2015 with no further liability to Petrodel.

Namibian Farm-Out Agreement

On or around 31st December 2014 ShoreCan entered into a Farm Out Agreement with Camelot Investment Group (Pty) Ltd ("**Camelot**"), a Namibian registered company, whereby ShoreCan acquired an 80% working interest in Block 1708, 1709, 1808 offshore Namibia deepwater blocks. ShoreCan is to be the Operator of the blocks. Camelot retains a 10% carried interest and the Namibian National Oil Company, NAMCOR, also has a 10% carried interest. ShoreCan paid a signature bonus to Camelot of $150,000 US Dollars and licence rental fees of Namibian Dollars 1,367,644.80 and training fees of $49,000 US Dollars. ShoreCan will meet 100% of the exploration costs (the "carried costs") and such costs will be adjusted by inflation and recoverable by ShoreCan from any Cost Oil as defined in the Farm Out Agreement. The Farm Out Agreement was amended on 4th February 2015 to clarify that Camelot would be entitled to 40% of the net gain to ShoreCan on disposal of the assets or any company holding such assets. In the event of a corporate disposal, the Namibian assets would be independently valued and such value ascribed to them for the purposes of determining any sum due to Camelot. The assignation of the interest and re-issuance of the Petroleum Exploration Licence to include ShoreCan was signed by the Minister of Mines and Energy on the 20th February 2015. The Parties have agreed to negotiate an AIPN standard Joint Operating Agreement

Specialized Skill and Knowledge

Operations in the oil and natural gas industry mean that the Corporation requires professionals with skills and knowledge in diverse fields of expertise. In the course of its exploration and operation, the Corporation utilizes the expertise of geophysicists, geologists, petroleum engineers and landmen. Domestically COPL is based in Calgary, Alberta, which is the center of Canada's energy industry and, as such, is a costly labor market. The Group's operations are based in sub-Saharan Africa, an area in which international competitors include major integrated oil and gas companies and numerous other independent oil and gas companies. The Group competes with these major competitors for skilled industry personnel and the Group's competitors include companies that have greater financial and personnel resources available to them. As a result, COPL faces the challenge of attracting and retaining sufficient employees to meet its needs, both in Alberta and sub-Saharan Africa. See "*Risk Factors*".

Environmental Protection and Regulation

Offshore oil and gas operations such as those with which the Group is involved in Liberia, and which the Group may in the future be involved with in other foreign jurisdictions, such as Tanzania and Namibia, are subject to certain environmental laws and regulations and the federal, provincial/state and local levels. These laws and regulations generally require the Group to limit, remove or remedy the effect of its activities on the environment at present and former operating sites, including limiting emissions to the environment, dismantling wells, pipelines and production facilities, decommissioning and remediating damage caused by the disposal or release of specified substances, and reclaiming former sites. Compliance with such legislation can require significant expenditures. A breach of such legislation may result in the imposition of material fines and penalties, the suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage or the issuance of clean-up orders. The Group intends to operate in a manner intended to ensure that the Group's projects meet appropriate environmental standards. The Group did not incur any material expenditure in the past year as a result of environmental protection requirements, nor does it anticipate environmental protection requirements to have any material financial or operational effects on the capital expenditures, earnings or competitive position of the Group in 2015. See "*Risk Factors*".

Industry Conditions

In addition to the risk factors mentioned in the "*Risk Factors*" section of this AIF, there are other risks inherent to the oil and natural gas industry, which is subject to extensive controls and regulations imposed by various levels of government in the regions in which the Group operates and may operate in the future. Outlined herein are some aspects of the legislation, regulations and agreements governing the oil and natural gas industry in sub-Saharan Africa but other legislation and regulations may be applicable in other regions in which the Group may operate in the future. All current legislation is a matter of public record and the Group is unable to predict what additional legislation or amendments may be enacted.

Sub-Saharan Africa Government Regulation

The oil and natural gas industry is subject to extensive controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of the Group in a manner materially different than they would affect other oil and natural gas companies of a similar size operating in the geographic areas in which the Group operates.

Pricing and Marketing of Oil

In sub-Saharan Africa, producers of oil negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. The price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products, the supply/demand balance and other contractual terms, as well as the world price of oil.

Employees

As at December 31, 2014, COPL and its subsidiaries had a combined total of 13 full-time employees and 2 consultants.

GENERAL DEVELOPMENT OF THE BUSINESS

COPL is an international oil and gas exploration and development company that focuses in sub-Saharan Africa. The following describes COPL's recent developments and developments during the past three years.

Recent Developments

On February 12, 2015, COPL Nigeria was dissolved and removed from the Register of Companies in Bermuda, as the company ceased to carry on business, had discharged in full the liabilities to all its known creditors, and distributed its surplus assets in accordance with the *Companies Act* 1981.

On February 23, 2015, the Corporation resolved to remove COPL NZ from the New Zealand Register of Companies as the company ceased to carry on business, had discharged in full the liabilities to all its known creditors, and distributed its surplus assets in accordance with its constitution and section 318(1)(d)(i) of the *Companies Act* 1993.

On February 26, 2015, COPL announced details of the joint venture partnership it entered into with Shoreline, a conglomerate with interests across sub-Saharan Africa including interests in oil and gas and power generation. In line with COPL's stated strategy to diversify and balance its asset portfolio, the joint venture partnership with Shoreline is focused on acquiring upstream oil and gas exploration, development and producing assets in sub-Saharan Africa. Assets acquired through this joint venture partnership will be held in a special purpose vehicle registered in Bermuda, called ShoreCan. ShoreCan is currently building a portfolio of exploration and development assets in sub-Saharan Africa. To date, ShoreCan has taken positions in Tanzania and Namibia, and continues to evaluate a variety of assets in Nigeria, Ghana, and the Republic of Mozambique.

On February 26, 2015, COPL announced that the ShoreCan partnership had entered into an option agreement to acquire a 60% working interest in two offshore blocks. Identified as the Latham License Area (5056 km^2) and the Kimbiji License Area (4298 km^2) that extend from the shore to offshore depths of approximately 500 to 1000 metres. On exercise of the option and receipt of approval from the Tanzanian authorities, ShoreCan will assume operatorship of the offshore blocks. Currently, ShoreCan is evaluating the historic 2D seismic and regional information.

On February 26, 2015, COPL announced that ShoreCan had enetered into a commercial acquisition, ratified by the Ministry of Energy in Namibia, of an 80% interest in three blocks offshore Namibia. The blocks are defined as blocks 1708, 1808, and 1709. These blocks are situated north of the Walvis Ridge on the Namibian/Angola border within the Namibe Basin.

Three Year History

Year-Ended December 31, 2014

On February 12, 2014, COPL was recognized as one of the "TSX Venture 50" for 2014, which identifies the top 50 performing companies in the sectors of Clean Technology, Diversified Industries, Mining, Oil & Gas and Technology & Life Sciences on the TSXV. The rankings are made based on the criteria of market capitalization growth, share price appreciation, trading volume and analyst coverage.

On March 31, 2014, COPL 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 LSE. The Corporation issued 17,777,777 Common Shares at a price of £0.135 per Common Share for gross proceeds of £2,400,000. The Corporation also announced that it had reached a non-binding agreement-in-principle for the potential acquisition of an interest in OPL 2010 in the Niger Delta in Nigeria (the "**Option**").

On April 4, 2014, COPL began its first day of trading on the main market of the London Stock Exchange.

On July 23, 2014, COPL announced that the drilling program in Liberia had been delayed due to the Ebola outbreak in the region. The Corporation also announced that the Option on OPL 2010 had expired.

On July 29, 2014, COPL filed a preliminary short form prospectus to issue Common Shares in an offering in certain provinces of Canada and on a private placement basis in the United States, the United Kingdom and Europe (the "**2014 Offering**"). On August 21, 2014, COPL closed the 2014 Offering. The Corporation raised $10.1 million aggregate gross proceeds by issuing 50,555,000 Common Shares at $0.20 per Common Share.

On September 16, 2014, COPL announced that it appointed Dr. Richard Mays Vice President, Business Development and General Council.

On November 27, 2014, COPL announced that it and its partners remain committed to completing their work program and obligations under the Liberian PSC, when the situation in Liberia improves. The Corporation announced that the government of Liberia has provided its assurances that it will act under the terms of the Liberian PSC to provide them with sufficient time to complete the work program, extending the current exploration period if necessary.

Year-Ended December 31, 2013

On March 7, 2013, COPL announced that the Corporation was aware of certain statements made by the Chief Executive Officer of NOCAL made March 7, 2013 in Liberia in relation to the proposed acquisition of a significant interest in offshore

Liberia Block LB-13 by a wholly-owned subsidiary of the Corporation. COPL issued the news release as a result of unusual trading in its Common Shares on the morning of Thursday, March 7, 2013, in consultation with the Investment Industry Regulatory Organization of Canada.

On March 8, 2013, COPL announced that the Liberian PSC for Block LB-13 offshore Liberia had been agreed with ExxonMobil Liberia and NOCAL.

In addition, certain terms of the purchase agreements between COPL, COPL Bermuda, and Peppercoast and between COPL Bermuda and ExxonMobil Liberia were amended. COPL Bermuda and ExxonMobil Liberia amended the Asset Purchase Agreement announced November 16, 2011, such that COPL Bermuda has a 20% working interest in Block LB-13 and ExxonMobil Liberia as operator has an 80% working interest. ExxonMobil Liberia has continued to pay COPL Bermuda's working interest portion of drilling expenses for the first $120 million of gross drilling costs committed under the Liberian PSC, and COPL Bermuda's share of joint venture costs up to the completion of those operations. As part of the new arrangements, the payment terms as between COPL Bermuda and Peppercoast also changed from the agreement announced in May 2011.

As a result of these changes, COPL did not issue any shares to Peppercoast to complete the transaction. Further, other than legal costs, usual closing costs and on-going fees under the Liberian PSC, COPL and COPL Bermuda had no net cash outlay or cost in connection with the closings other than forgiveness of accounts receivable related to the $15 million 3D seismic license fee owing by Peppercoast to COPL and other inter-company amounts and $7 million of fees payable to the government of Liberia.

On March 27, 2013, COPL announced that the Liberian legislature, consisting of the Senate and the House of Representatives, voted in favour of ratifying the Restated and Amended Production Sharing Contract for offshore Block LB-13.

On March 28, 2013, Viscount William Astor was appointed to COPL's Board. He is an independent business man and politician who sits as an elected hereditary peer in the House of Lords.

On April 5, 2013, COPL Bermuda closed all the transactions with Peppercoast and ExxonMobil Liberia related to Block LB-13 in Liberia.

On April 9, 2013, COPL appointed Christopher McLean to the position of Chief Financial Officer and Aleksandra Owad to Chief Accounting Officer.

On April 15, 2013, COPL filed a preliminary short form prospectus to issue Common Shares to fund its activities in Liberia and for general corporate purposes (the "**2013 Offering**"). On July 25, 2013, COPL closed the 2013 Offering. The Corporation raised $6.0 million aggregate gross proceeds by issuing 30,000,000 Common Shares at $0.20 per Common Share.

On August 12, 2013, COPL issued its second quarter results, which included the information that COPL Bermuda did not make a $7.2 million payment to ExxonMobil Liberia within 75 days of the closing of Block LB-13. As such, COPL Bermuda's equity interest in LB-13 became 17% and ExxonMobil Liberia's equity interest became 83%.

On August 28, 2013, COPL announced a second tranche closing of its Common Share offering. The Corporation issued an aggregate of 12,311,000 Common Shares at a price of $0.20 per Common Share for aggregate gross proceeds of $2,462,200.

On October 18, 2013 COPL announced that its Chief Accounting Officer, Aleksandra Owad, had departed the Corporation.

On November 1, 2013, COPL entered into a shares for debt agreement with a service provider/creditor to issue to the creditor an aggregate of 7,389,781 Common Shares in the capital of the Corporation at a deemed price of $0.245 per Common Share. The total amount to be settled by the agreement is $1,810,496.44 at the date of the agreement.

On November 19, 2013, COPL granted 11,025,000 options under its stock option plan to purchase Common Shares at an exercise price of $0.23 per Common Share. The options are for a five year term and were awarded to directors, officers and employees.

On December 3, 2013, COPL issued an aggregate of 7,389,781 Common Shares at a price of $0.245 per Common Share which settled a debt of $1,810,496.44 with a service provider/creditor.

On December 20, 2013, COPL provided an operational update about its plans for Block LB-13 in Liberia and PEP 53806 in New Zealand, and opportunities the Corporation was exploring in Nigeria.

Year-Ended December 31, 2012

In February 2012, COPL announced that its sale and purchase agreement, dated June 7, 2011, with BG Group pertaining to License P.089, relating to Block 22/15, and License P.101, relating to Block 23/21, rest of block was terminated.

In March 2012, COPL announced drilling in the Bluebell exploration prospect that spans Blocks 15/24c and 15/25f in the UK Central North Sea did not encounter any commercial volumes of hydrocarbons, and that the well was plugged and abandoned.

In April 2012, COPL announced that NOCAL had written to advise its acceptance, in-principle, of the proposed joint venture arrangement with ExxonMobil Liberia in the Liberian PSC governing Block LB-13.

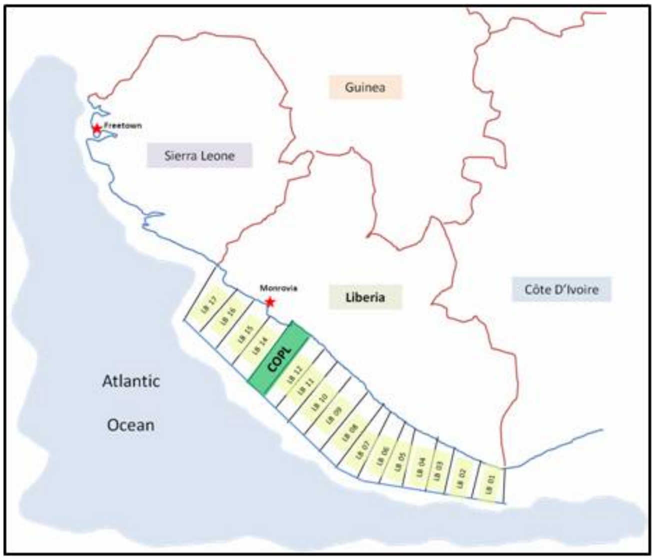
In October 2012, COPL announced that the High Court of Justice in England directed JPMorgan Chase Bank, as escrow agent, to release approximately $16.1 million of escrowed funds to BG Group pending resolution of the underlying dispute between the parties.

Also in October 2012, the operator of Block 206/5a and 206/10a, known as the Fulla and Freya targets, informed the Corporation that it intended to relinquish the license for Fulla/Freya on the basis that a development of the existing discoveries was not commercially viable, and that there was insufficient prospectivity to conduct further exploration/appraisal work. A well had been drilled into Block 206/5a in August 2011 and encountered a gross oil column of 133 ft. in the Cretaceous-aged Whiting Sands, of which there was a total of 45 feet of net oil pay. However, a post-well analysis determined that there was sufficient risk in the project such that a further appraisal well was not viable given the likely economics and remaining uncertainties.

In November 2012, COPL announced that its partner, Marauder Resources East Coast (NZ) Limited, which has recently changed its name to Endeavour Energy (NZ) Limited, had been awarded PEP 53806 in the East Coast Basin offshore New Zealand. The agreement between COPL NZ and its partner provides for each company to hold a 50% working interest in the license. The permit covers 965 square kilometres and has an initial term of 5 years. The East Coast Basin onshore New Zealand contains a number of large oil and gas accumulation targets focusing on unconventional resource plays within the Paleocene to Cretaceous aged Whangai and Waipawa shales. These formations exhibit characteristics similar to the productive Bakken Formation in Saskatchewan and North Dakota.

OIL AND GAS PROPERTIES

Block LB-13, Offshore Liberia, 17% Equity Interest



Block LB-13 covers an area of approximately 2,540 square kilometers. The nature of the geology and geophysical signature of the drilling prospects identified to date on Block LB-13 is very familiar to the technical staff of the Corporation. The drilling targets the Corporation has identified on Block LB-13 are Cretaceous turbidite sand stratigraphic traps. The Corporation has identified a number of drilling prospects on Block LB-13 each having strong seismic amplitude versus offset anomalies and other direct hydrocarbon indicators which possibly suggest the presence of hydrocarbons.

The Corporation has a licence to 2,023 square kilometers of long offset 3D seismic data that was shot in 2010 to evaluate the oil potential of deep-water Cretaceous sands analogous to the recent deep-water oil discoveries offshore Ghana and Sierra Leone. Reviews of the seismic data conducted internally by the Corporation, and externally by D&M, have identified the potential for a number of Cretaceous turbidite sand stratigraphic traps on Block LB-13.

The D&M Report for Block LB-13

The Corporation engaged the services of D&M to evaluate the prospective resources of the exploration prospects in Block LB-13 in the Liberian Basin, Liberia. D&M's evaluation of the Corporation's prospective petroleum resources in Block LB-13 is contained in the D&M Report.

The prospective resources estimated in the D&M Report and presented in this AIF are those quantities of petroleum that are potentially recoverable from accumulations yet to be discovered.

Although the Corporation has identified prospective resources, there are numerous uncertainties inherent in estimating oil and gas resources, including many factors beyond the Corporation's control and no assurance can be given that the indicated level of resources or recovery of oil and gas will be realized. The resources reported herein and in the D&M Report are estimates only and there is no certainty that it will be economically or technically viable to produce any portion of the reported prospective resources. In general, estimates of recoverable oil and gas resources are based upon a number of factors and assumptions made as of the date on which the resources estimates were determined, such as geological and engineering estimates which have inherent uncertainties and the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain and classifications of resources are only attempts to define the degree of uncertainty involved. For these reasons, estimates of the recoverable oil and gas and the classification of such resources based on risk of recovery, when prepared by different engineers or by the same engineers at different times, may vary substantially.

Estimates of resources always involve uncertainty, and the degree of uncertainty can vary widely between accumulations/projects and over the life of a project. Consequently, estimates of resources should generally be quoted as a range according to the level of confidence associated with the estimates. An understanding of statistical concepts and terminology is essential to understanding the confidence associated with resources definitions and categories.

The range of uncertainty of estimated recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. Resources should be provided as low, best, and high estimates as follows:

- *Low Estimate* – The low estimate is the P_{90} quantity. P_{90} means there is a 90 percent chance that an estimated quantity, such as a prospective resources volume or associated quantity, will be equaled or exceeded.
- *Best (Median) Estimate* – The best (median) estimate is the P_{50} quantity. P_{50} means there is a 50 percent chance that an estimated quantity, such as a prospective resources volume or associated quantity, will be equaled or exceeded.
- *High Estimate* – The high estimate is the P_{10} quantity. P_{10} means there is a 10 percent chance that an estimated quantity, such as a prospective resources volume or associated quantity, will be equaled or exceeded.

This approach to describing uncertainty may be applied to reserves, contingent resources, and prospective resources. There may be significant risk that sub-commercial and undiscovered accumulations will not achieve commercial production. However, it is useful to consider and identify the range of potentially recoverable quantities independently of such risk.

Oil and Gas Resources

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from accumulations yet to be discovered, by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. The prospective resources included in the D&M Report indicate exploration opportunities and development potential in the event a petroleum discovery is made and should not be construed as reserves or contingent resources. D&M did not perform an economic analysis on these resources; as such the economic status of these resources is undetermined.

Prospective resources in the 13 oil prospects in Block LB-13 have been identified in the Liberian Basin, Liberia. The prospective resources presented below are based on the statistical aggregation method.

Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply resources definitions.

In this section, the following terms have the meanings set forth below:

"**P_g**" means the probability of discovering reservoirs that flow petroleum at a measurable rate. P_g is estimated by quantifying the probability of each of the following individual geologic factors: trap, source, reservoir, and migration. The product of these four probabilities or chance factors is computed as P_g.

"**prospect**" means a potential accumulation that is sufficiently well defined to be a viable drilling target. For a prospect, sufficient data and analyses exist to identify and quantify the technical uncertainties, to determine reasonable ranges of geologic chance factors and engineering and petrophysical parameters, and to estimate prospective resources. In addition, a viable drilling target requires that 70 percent of the median potential production area be located within the block or license area of interest.

"**prospective resources**" means those quantities of petroleum estimated, as at a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.

"**resources**" is a general term that may refer to all or a portion of total resources.

Prospective Resources

The following tables set forth summary information relating to the Corporation's prospective resources broken down by commodity type and in the aggregate, as evaluated in the D&M Report.

Estimate of the Gross Prospective Oil Resources as of September 1, 2014
For Canadian Overseas Petroleum (Bermuda) Limited in Certain Oil Prospects
Liberia-Sierra Leone Basin, Liberia

				Gross Prospective Oil Resources Summary					
Prospect	**Country**	**Area/Basin**	**License/Block**	**Low Estimate (Mbbls)**	**Best Estimate (Mbbls)**	**High Estimate (Mbbls)**	**Mean Estimate (Mbbls)**	**Probability of Geologic Success, P_g (decimal)**	**P_g Adjusted Mean Estimate (Mbbls)**
Location A	Liberia	Liberia-Sierra Leone	13	110,155	265,559	659,517	343,544	0.212	72,816
Location B	Liberia	Liberia-Sierra Leone	13	73,166	180,811	430,554	225,040	0.190	42,844
Location C	Liberia	Liberia-Sierra Leone	13	96,366	192,727	368,975	213,754	0.127	27,232
Location E	Liberia	Liberia-Sierra Leone	13	16,200	53,880	152,608	75,733	0.256	19,383
Location F	Liberia	Liberia-Sierra Leone	13	51,942	130,447	288,833	151,891	0.167	25,417
Location G	Liberia	Liberia-Sierra Leone	13	11,282	36,262	103,957	49,914	0.222	11,072
Location H	Liberia	Liberia-Sierra Leone	13	5,202	17,345	47,121	23,146	0.137	3,159
Tuba	Liberia	Liberia-Sierra Leone	13	13,708	38,657	98,017	49,027	0.332	16,253
Ganta	Liberia	Liberia-Sierra Leone	13	8,482	25,875	65,806	33,405	0.287	9,597
Seta	Liberia	Liberia-Sierra Leone	13	14,407	55,526	180,353	85,201	0.215	18,359
Fali Lobe	Liberia	Liberia-Sierra Leone	13	57,151	218,799	667,021	309,503	0.232	71,820
Fali Channel	Liberia	Liberia-Sierra Leone	13	136,126	483,426	1,571,820	698,582	0.221	154,387
Bene	Liberia	Liberia-Sierra Leone	13	106,224	414,768	1,309,837	592,222	0.286	169,139
Statistical Aggregate				**1,797,816**	**2,643,648**	**4,238,596**	**2,850,961**	**0.225**	**641,477**
Arithmetic Summation				700,412	2,114,080	5,944,418	2,850,961	0.225	641,477

Notes:

(1) Low, best, high, and mean estimates follow the NI 51-101 guidelines for prospective resources.
(2) Low, best, high, and mean estimates in this table are P_{90}, P_{50}, $P_{10,}$ and mean respectively.
(3) P_g is defined as the probability of discovering reservoirs which flow petroleum at a measurable rate.
(4) P_g has been rounded for presentation purposes. Multiplication using this presented P_g may yield imprecise results. Dividing the P_g adjusted mean estimate by the mean estimate yields the precise P_g.
(5) Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
(6) Recovery efficiency is applied to prospective resources in this table.
(7) Arithmetic summation of probabilistic estimates produces invalid results except for the mean estimate. Arithmetic summation of probabilistic estimates is presented in this table is in compliance with NI 51-101 guidelines.
(8) Summations may vary from those here due to rounding.
(9) There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

Estimate of the Gross Prospective Solution Gas Resources
as of September 1, 2014 for Canadian Overseas Petroleum (Bermuda) Limited
in Certain Oil Prospects Liberia-Sierra Leone Basin, Liberia

				Gross Prospective Solution Gas Resources Summary					
Prospect	**Country**	**Area/Basin**	**License/Block**	**Low Estimate (MMcf)**	**Best Estimate (MMcf)**	**High Estimate (MMcf)**	**Mean Estimate (MMcf)**	**Probability of Geologic Success, P_g (decimal)**	**P_g Adjusted Mean Estimate (MMcf)**
Location A	Liberia	Liberia-Sierra Leone	13	97,771	251,779	697,925	343,544	0.212	72,816
Location B	Liberia	Liberia-Sierra Leone	13	67,254	172,646	420,566	225,040	0.190	42,844
Location C	Liberia	Liberia-Sierra Leone	13	86,095	189,252	370,093	213,754	0.127	27,232

Location E	Liberia	Liberia-Sierra Leone	13	14,321	50,237	157,879	75,733	0.256	19,383
Location F	Liberia	Liberia-Sierra Leone	13	48,298	127,158	288,890	151,891	0.167	25,417
Location G	Liberia	Liberia-Sierra Leone	13	10,060	34,207	103,429	49,914	0.222	11,072
Location H	Liberia	Liberia-Sierra Leone	13	4,566	16,438	48,010	23,146	0.137	3,159
Tuba	Liberia	Liberia-Sierra Leone	13	11,832	35,623	103,381	49,027	0.332	16,253
Ganta	Liberia	Liberia-Sierra Leone	13	7,701	24,572	69,552	33,405	0.287	9,597
Seta	Liberia	Liberia-Sierra Leone	13	12,667	53,865	187,230	85,201	0.215	18,359
Fali Lobe	Liberia	Liberia-Sierra Leone	13	52,442	211,237	676,815	309,503	0.232	71,820
Fali Channel	Liberia	Liberia-Sierra Leone	13	117,982	470,045	1,572,209	698,582	0.221	154,387
Bene	Liberia	Liberia-Sierra Leone	13	98,666	400,648	1,245,180	592,222	0.286	169,139
Statistical Aggregate				**1,680,334**	**2,664,905**	**4,143,779**	**2,850,961**	**0.225**	**641,477**
Arithmetic Summation				629,654	2,037,707	5,941,158	2,850,961	0.225	641,477

Notes:

(1) Low, best, high, and mean estimates follow the NI 51-101 guidelines for prospective resources.
(2) Low, best, high, and mean estimates in this table are P_{90}, P_{50}, $P_{10,}$ and mean respectively.
(3) P_g is defined as the probability of discovering reservoirs which flow petroleum at a measurable rate.
(4) P_g has been rounded for presentation purposes. Multiplication using this presented P_g may yield imprecise results. Dividing the P_g adjusted mean estimate by the mean estimate yields the precise P_g.
(5) Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
(6) Recovery efficiency is applied to prospective resources in this table.
(7) Arithmetic summation of probabilistic estimates produces invalid results except for the mean estimate. Arithmetic summation of probabilistic estimates is presented in this table is in compliance with NI 51-101 guidelines.
(8) Summations may vary from those here due to rounding.
(9) There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

Estimate of Gross Prospective Resources (statistical aggregate)

	Low Estimate	Best Estimate	High Estimate	Mean Estimate
Gross Prospective Oil Resources (Mbbls)	1,797,816	2,643,648	4,238,596	2,850,961
Gross Prospective Solution Gas Resources (MMcf)	1,680,334	2,664,905	4,143,779	2,850,961

Notes:

(1) P_g has not been applied to the volume in this table.
(2) Low, best, high, and mean estimates follow the PRMS guidelines for prospective resources.
(3) Low, best, high, and mean estimates in this table are P_{90}, P_{50}, P_{10}, and mean respectively.
(4) Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
(5) Recovery efficiency is applied to prospective resources in this table.
(6) Arithmetic summation of probabilistic estimates produces invalid results except for the mean estimate. Arithmetic summation of probabilistic estimates as presented in this table is in compliance with PRMS guidelines.
(7) Summations may vary from those here due to rounding.
(8) There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

History of the Corporation's interest in Block LB-13

On May 18, 2011 COPL Bermuda and the Corporation (as guarantor only) entered into an agreement with Peppercoast in respect of the acquisition by COPL Bermuda of the whole of Peppercoast's 100 percent participating interest share in Block LB-13; this transaction did not complete as the consent of the Liberian authorities to the transfer of interests could not be obtained. On November 16, 2011, COPL Bermuda entered into an agreement to sell 70 percent (later increased to 80 percent) of COPL Bermuda's rights in the Block LB-13 to ExxonMobil Liberia, subject to the completion of the transfer from Peppercoast to COPL Bermuda. ExxonMobil Liberia and COPL Bermuda then entered into negotiations with NOCAL for the amendment of the production sharing contract applicable to Block LB-13.

On March 8, 2013, COPL Bermuda entered into an amended and restated asset purchase agreements in relation to (a) the acquisition of 100 percent of the participating interest in Block LB-13 from Peppercoast and (b) the sale of 80 percent of such interest to ExxonMobil Liberia. Also on March 8, 2013, COPL Bermuda and ExxonMobil Liberia entered into the Liberian PSC with the Republic of Liberia (represented by NOCAL); the Liberian PSC was ratified by the Liberian legislature and signed into law by the President of Liberia on March 26, 2013. The two restated asset purchase agreements were completed on April 5, 2013, at which date COPL Bermuda acquired a 100 percent interest in Block LB-13 and simultaneously transferred an 80 percent interest in Block LB-13 to ExxonMobil Liberia.

The Group and ExxonMobil Liberia have executed an assumption of rights and obligations agreement dated October 25, 2013, with an effective date of June 22, 2013, which transferred an additional 3 percent gross interest in Block LB-13 to ExxonMobil Liberia in lieu of making a cash payment of USD $7.2 million in respect of closing payments made by ExxonMobil Liberia to the Government of Liberia under the Liberian PSC, which transfer was subsequently approved by NOCAL. Therefore, the Group holds a 17 percent interest in Block LB-13 as at the date of this AIF.

Joint Operating Agreement with ExxonMobil Liberia

The Block LB-13 joint operating agreement (the "**JOA**")provides, amongst other things, that ExxonMobil Liberia will pay COPL Bermuda's participating interest share of the costs, expenses and liabilities charged to the joint account under the Block LB-13 JOA of drilling the first exploration well up to the first USD $120 million of gross drilling costs committed under the Liberian PSC (which may be carried over to further costs, expenses and liabilities charged to the joint account under the Block LB-13 JOA to the extent that the first exploration well costs less than USD $120 million), and, save for certain ongoing payments under the Liberian PSC, COPL Bermuda's costs, expenses and liabilities charged to the joint account under the Block LB-13 JOA up to release of the rig for the first exploration well as well as costs, expenses and liabilities charged to the joint account under the Block LB-13 JOA thereafter (up to USD $1 million).

Although the Corporation has not yet received ExxonMobil Liberia's estimated costs for the drilling of the first exploration well on Block LB-13, the Corporation anticipates that ExxonMobil Liberia'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 JOA 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).

Work program

ExxonMobil Liberia and COPL Bermuda have certain work obligations under the Liberian PSC, relating to the analysis of seismic data and the drilling of a well. ExxonMobil Liberia is the operator of Block LB-13 and the Corporation anticipates that the first exploration well is to be drilled no earlier than Q4 of 2015.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

As of December 31, 2014 COPL had no reserves. Consequently, no reserves data is reported for "Disclosure of Reserves Data" on the annual reporting of NI 51-101F1.

DIVIDENDS

The Corporation has not declared or paid any dividends on its outstanding Common Shares. The Directors do not anticipate paying dividends in the near future. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of the Corporation, the need for funds to finance ongoing operations and other considerations as the Board considers relevant.

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares. As at December 31, 2014, there were 402,050,497 Common Shares outstanding. As at the date of this AIF, there were 402,050,497 Common Shares outstanding. There were no Preferred Shares outstanding as at December 31, 2014 or at the date of this AIF.

Common Shares

The holders of Common Shares are entitled to notice of and to vote at all meetings of Shareholders (except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per Common Share. Subject to the preferences accorded to holders of preferred shares and any other shares of the Corporation ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares are entitled to receive, if, as and when declared by the Board, such dividends as may be declared thereon by the Board from time to time. In the event of the liquidation, dissolution or winding-up of the Corporation, or any other distribution of assets among its Shareholders for the purpose of winding-up its affairs (such event referred to herein as a "**Distribution**"), holders of Common Shares, subject to the preferences accorded to holders of preferred shares and any other shares of the Corporation ranking senior to the Common Shares from time to time with respect to payment on a Distribution, are entitled to share equally, share for share, in the remaining property.

Preferred Shares

In respect of the Preferred Shares, such shares are issuable in series and the Board may fix the number of such Preferred Shares in each series and the designation, rights, privileges, restrictions and conditions attached to each such series. As at the date of this AIF, there are no Preferred Shares issued and outstanding.

RISK FACTORS

The risks and uncertainties discussed below are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation or which the Corporation currently considers immaterial may also impair the business and operations of the Corporation and cause the value of the securities of the Corporation to decline. If any of the following risks actually occur, the Corporation's business may be harmed and the financial condition and results of operation of the Corporation may suffer significantly. In that event, the trading price of the Corporation's Common Shares could decline and shareholders may lose all or part of their investment. Prospective investors should review the risks with their legal and financial advisors and should consider, in addition to the matters set forth elsewhere in this AIF, the following risks. An investment in the securities of the Corporation is suitable only for purchasers who are aware of such risks and who have the ability and willingness to accept the risk of total loss of their invested capital.

An investment in COPL should be considered speculative due to the nature of its activities and the present stage of its development. Investors should carefully consider the risk factors set forth below.

Risk Related to the Group's Business

Possible Failure to Realise Anticipated Benefits of Acquisitions

Previously, the Group completed an acquisition of a 17 percent interest in Block LB-13 offshore Liberia and may complete other acquisitions in the future with a view to strengthening its position in the oil and natural gas industry and to create the opportunity to realise certain benefits. Achieving the benefits of these acquisitions depends in part on factors outside of the Group's control.

The consideration and rationale for acquisitions is based in large part on engineering, environmental and economic assessments made by the Group, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which may be imposed. Many of these factors are subject to change and are beyond the control of the Group. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Although title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Group's title to certain assets or that environmental defects or deficiencies do not exist. Such deficiencies or defects could result in a reduction of the value of an investment in the Corporation.

Negative Operating Cash Flow

The Group has had negative operating cash flow in prior financial periods before the date of this AIF and will have negative operating cash flow until such time that sufficient cash flows from operating activities are generated based on the Group's success in developing producing assets. The Group's current general and administrative expenses total approximately $600,000 per month. It is anticipated that the Group's general and administrative expenses will remain approximately at this level for the foreseeable future, not including project costs relating to specific projects. In order to fund future capital, general, administrative and other expenditures in the period after the 12 months following the date of this AIF, the Group will need to obtain additional capital, including through equity financing, or the disposition of assets including the possible disposition of a portion of the Group's interest in Block LB-13 or other assets or such other means of financing as may be available to the Group. There can be no assurance that the Group will be able to obtain adequate financing in the period after the 12 months following the date of this AIF or that such financing will be obtained on terms advantageous to the Group.

The Risk of Ebola

The Corporation is aware of the regional threat of the Ebola virus on its operations. The affected countries include Guinea, Liberia, Sierra Leone and Nigeria. On July 23, 2014, COPL announced that the drilling program in Liberia had been suspended due to the Ebola outbreak in the region. At this time, it is not known when the drilling program will be able to resume, if at all. As COPL is not the operator of Block LB-13, it will likely have limited control over the timing of a resumption of the drilling program. Any of the above events could delay or prevent the Corporation from exploring or developing its properties even if economic quantities of resources or reserves are found, and could have a material adverse impact upon the Corporation's foreign operations.

"Resources" vs. "Reserves"

The Group currently has no reserves. Throughout this AIF, the Group has attempted to provide an appreciation of the potential that the Group's asset base offers. In doing so, the Group often uses the terms "resource" or "resources". These terms refer to the estimated original resource size of a particular prospect and it should be distinguished from reserves. Reserves are the amount of hydrocarbons that are estimated to be economically recoverable from a particular resource base from a given date forward. Ultimate recoverable reserves can range widely depending on resource characteristics, available technologies and economic and contractual parameters.

Estimates of Resources

The resources estimates presented in the D&M Reports have been classified as prospective resources. The resources estimates in the D&M Reports are estimates only. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Investors are cautioned that the quantities presented are estimates only and should not be construed as being exact quantities. The Group's proposed exploration program must be considered as a high risk exploration play.

Volatility of Crude Oil and Natural Gas Prices

The Group's plan is to explore for and/or appraise oil and gas properties which could then lead to eventual development. Crude oil and natural gas are commodities that are sensitive to numerous worldwide factors, many of which are beyond the Group's control, and are generally sold at contract or posted prices. Changes in world crude oil and natural gas prices may significantly affect the Group's results of operations and cash generated from operating activities. Consequently, such prices may also affect the value of the Group's oil and gas properties and the level of spending for oil and natural gas exploration and development.

The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of the Group's reserves. The Group might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Group's net production revenue. All of the Group's expenditures are subject to the effects of inflation and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation.

Crude oil prices are influenced by various reference prices, primarily Brent Crude. Adjustments are made to the reference price to reflect quality differentials and transportation. Reference prices are affected by numerous and complex worldwide factors such as supply and demand fundamentals, economic outlooks, production quotas set by the Organization of the Petroleum Exporting Countries (OPEC) and political events. Quality differentials are affected by local supply and demand factors.

Status and Stage of Development

The Group has no production. There can be no assurance that any of the Group's properties will commence production, generate earnings, operate profitably or provide a return on investment in the future.

There is a risk that none of the proposed exploration, appraisal or development of the Group's assets will be completed on time or within the applicable capital cost estimates or at all. Additionally, there is a risk that proposed projects may experience delays, interruption of operations or increased costs due to many factors, including, without limitation:

- breakdown or failure of equipment or processes;
- construction performance falling below expected levels or disruptions or declines in productivity;
- design errors;
- contractor or operator errors;
- non-performance by third party contractors;
- labour disputes;
- disruptions or declines in productivity;
- increases in materials or labour costs;
- inability to attract sufficient numbers of qualified workers;
- delays in obtaining, or conditions imposed by, regulatory approvals;
- changes in project scope;
- violation of permit requirements;
- disruption in the supply of energy and other inputs, including natural gas and diluents; and
- catastrophic events such as fires, earthquakes, storms or explosions.

Numerous factors, many of which are beyond the Group's control, could impact the Group's ability to explore and develop these assets and the timing thereof, including the risk factors set forth elsewhere in this AIF.

Operational Dependence

In Liberia, ExxonMobil Liberia operates the asset in which the Group has an interest. As a result, the Group has limited ability to exercise influence over the operation of that asset or its associated costs, which could adversely affect the Group's financial performance. The Group's return on assets operated by others therefore depends upon a number of factors that may be outside of the Group's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Reliance on Key Individuals

Although the Group has experienced senior management and personnel, the Group is substantially dependent upon the services of a few key personnel. The loss of services of these individuals could have a material adverse effect on the business of the Group. Competition for qualified personnel in the oil and gas industry markets is intense, and the Group may be unable to attract or retain highly qualified individuals, or its key personnel, in the future. The rate of growth of the Group's operations and personnel may strain operating and control systems.

Insurance

Oil and gas operations will be subject to the risks normally associated with the operation and development of oil and natural gas properties and the drilling of offshore oil and natural gas wells, including encountering unexpected formations or pressures, blowouts, cratering and fires, all of which could result in personal injuries, loss of life and damage to the property of the Group and others. In accordance with customary industry practice, the Group may not be fully insured against all of these risks, nor are all such risks insurable. The Group intends to maintain an insurance program consistent with industry practice to protect against losses due to accidental destruction of assets, well blow-outs and destruction to the environment.

Marketability of Crude Oil and Natural Gas

The marketability and price of oil and natural gas will be affected by numerous factors beyond the control of the Group. The Group will be affected by the differential between the price paid by refiners for light quality oil and the medium grades of oil which may be produced by the Group. The ability of the Group to market its oil and natural gas may depend upon its ability to acquire access to production facilities and space on pipelines. The Group will also be subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of its reserves to pipeline and processing facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

Availability of Equipment and Access Restrictions

Oil and natural gas exploration and development activities are dependent on the availability of drilling equipment in the particular areas where such activities will be conducted as well as production equipment, such as pipe for pipelines, manifolds, valves, compressors and other equipment, which may be unavailable or subject to long lead times between order and delivery. Similarly, installation of production equipment and operation of drilling rigs offshore is highly dependent on a wide range of service providers, many of which are in limited supply. Demand for such limited equipment, access restrictions and availability of service providers may delay exploration, development and production activities.

Nature of Reserves and Additional Funding Requirements

Obtaining future production from proven undeveloped, probable and possible reserves, and the development of properties where oil is discovered, are each conditional on the availability of additional financing to fund the expenditures necessary to develop the reserves or develop the properties. Such additional financing may not be available in the period after the 12 months following the date of this AIF or, if available, may not be available on favourable terms. The ability of the Group to arrange such financing in the future will depend in part upon the prevailing capital market conditions. There can be no assurance that the Group will be successful in its efforts to arrange additional financing in the period after the 12 months following the date of this AIF. If adequate funds are not available, the Group may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Operatorship

The Group is not the designated operator for all of its properties. While it is common for companies to assume a non-operating role in offshore properties, such companies may be susceptible to disadvantages in regards to the operators who have ultimate responsibility for the drilling and operating of wells and the health, safety and environmental concerns on-site. As such, there may be times when the operator deems it necessary to engage in certain activities for its best interests that the non-operator may disagree with, and which may not be in the non-operator's best interests. Examples of these competing interests could include the timing of wells to be drilled and decisions made during drilling operations.

Project Risks

The Group may manage in the future a variety of prospective small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. The Group's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Group's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the supply of, and demand for, oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- changes in regulations;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Group could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

Third Party Credit Risk

The Group may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Group, such failures may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, poor conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Group's ongoing capital program, potentially delaying the program and the results of such program until the Group finds a suitable alternative partner.

Operating Hazards and Other Uncertainties

Acquiring, developing, exploring for and producing oil and natural gas involves many risks. These risks include encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents, craterings, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions and environmental risks. Should the Group be successful at acquiring properties, it will maintain insurance in accordance with customary industry practice, though the Group cannot fully insure against all of these risks. Losses resulting from the occurrence of these risks could have a material adverse impact on the Group's business, prospects, financial condition or results of operations.

Competition

The oil and gas industry is highly competitive, particularly as it pertains to the search for and development of, new sources of crude oil and natural gas reserves, the construction and operation of crude oil and natural gas pipelines and facilities, and the transportation and marketing of crude oil, natural gas, sulphur and other petroleum products. Competitors include major integrated oil and gas companies and numerous other independent oil and gas companies, many of which have greater financial and other resources than the Group. The oil and natural gas industry is intensely competitive and the Group must compete in all aspects of its operations with a substantial number of other companies which may have greater technical or financial resources.

The Group competes for the acquisition, exploration, production and development of oil and natural gas properties, for capital to finance such activities and for skilled industry personnel and the Group's competitors include companies that have greater financial and personnel resources available to them. The Group's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

The Group's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators, and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment. Hiring and retaining technical and administrative personnel continues to be a competitive process. To meet this challenge, the Group provides opportunities for existing and prospective consultants and employees to participate in the equity of the Group. The Group believes its competitive advantage is its scientific, integrated approach to successfully identify desirable drilling prospects.

Joint Property Ownership

It is common for more than one company to have an equity stake in a license, as is the case with the Corporation's interests in both Block LB-13. The Corporation has developed or intends to develop joint operating agreements to outline the rights, duties and understandings of the Corporation and its partners to govern the expectations for how the licenses will be worked. However, the Corporation and its partners may experience differences of opinion on such topics as geological interpretation, timing for actions, financial resources and commitments and preferred courses of action. Where there is such a lack of consensus, this could delay plans for such properties and thus increase the costs of and/or delay revenue generated by these properties.

Access to Production Facilities

Offshore sub-Saharan Africa is a large geographical area and with the exception of only a few countries, is only lightly explored. Liberia does not have any offshore oil and gas infrastructure, and as such, there is no development option for tie-ins to pipelines or production facilities. As such, it is likely that any exploration success achieved by the Group would likely require an FPSO development solution which would likely take a longer time period to procure and at an increased cost compared to a tie-in to an existing production facility and/or pipeline. In addition, offshore oil and gas developments are typically substantially more expensive than onshore developments because of the nature of weather offshore, transportation challenges, and the inherent difficulties of installing and servicing equipment on the ocean floor especially in deeper water areas. Severe weather conditions can result in delays and increased costs of the projects.

Global Financial Instability

In the autumn of 2007 and again in 2008, a severe crisis in some of the world's largest banks and other financial institutions led to sharp contractions in the availability of credit for debt financing in the years that followed. A number of banks and financial institutions around the world either failed or required massive government bailouts to continue operating, including several major banks in the United States and the United Kingdom. The crisis ushered in a severe recession across the globe that also led to a sharp drop in the price of oil. Similar shocks to the global financial system could again increase the volatility of commodity prices and adversely impact oil companies' revenues and ability to access debt and equity financing. Any such occurrence may have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. The Group cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

Interest Rate Cash-Flow Risk

Floating rate debt may be used to finance development activities, if it is available in the future. The floating rate debt obligations would expose the Group to changes in interest payments due to fluctuations in interest rates.

Geo-Political Change

The marketability and price of oil and natural gas that may be acquired or discovered by the Group is, and will continue to be, affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising in the Middle East, and other areas of the world, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of the Group's net production revenue.

In addition, the Group's oil and natural gas properties, future wells and facilities could be subject to a terrorist attack. If any of the Group's properties, wells or facilities are the subject of a terrorist attack it may have a material adverse effect on the Group's business, prospects, financial condition or results of operations. The Group will not have insurance to protect against the risk of terrorism.

Risks Related to the Group's Jurisdictions of Operation

Foreign Operations

The Group carries on its business in Liberia, and plans to carry on its business in other foreign countries, where exploration for and exploitation, production and sale of oil and gas are subject to extensive laws and regulations, including complex tax laws and environmental laws and regulations. As such, the Group's business, prospects, financial condition or results of operations could be significantly affected by risks over which it has no control. These risks may include risks related to economic, social or political instability or change, government intervention relating to the oil and gas industry, expropriation, actions by terrorist or insurgent groups, war, civil unrest, security issues, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership or foreign investors, interpretation or renegotiation of existing contracts, government participation, taxation policies, including royalty and tax increases and retroactive tax claims, and investment restrictions, working conditions, rates of exchange, exchange control, exploration licensing, petroleum and export licensing and export duties, government control over domestic oil and gas pricing, currency fluctuations, devaluation or other activities that limit or disrupt markets and restrict payments or the movement of funds, the possibility of being subject to exclusive jurisdiction of foreign courts in connection with legal disputes relating to licences to operate and concession rights in countries where the Group currently operates, and difficulties in enforcing the Group's rights against a governmental agency because of the doctrine of sovereign immunity and foreign sovereignty over international operations. Problems may also arise due to the quality or failure of locally obtained equipment or technical support, which could result in failure to achieve expected target dates for exploration operations or result in a requirement for greater expenditure.

Operating in African Countries

The Group carries on business principally in African countries such as Liberia and intends to carry on business in other African countries in the future, including, without limitation, Tanzania and Namibia. Social, political and economic conditions in Africa are in varying stages of development and are volatile. Volatility may be caused, without limitation, by the following:

- significant governmental influence over many aspects of local economies;
- unexpected or radical changes in legislation, regulatory requirements, labour conditions or other government policies, and changes in interpretations or enforcement of existing laws or regulations;
- governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or otherwise benefit residents of that country or region;
- changes in tax laws and conflicting national or local interpretations of tax laws;
- political, social and economic instability, terrorism, war and civil disturbances;
- damage to equipment or violence directed at employees, including kidnapping;
- lack of law enforcement;
- imposition of trade barriers;
- wage and price controls;
- foreign currency fluctuations and devaluation;
- restrictions on currency conversion and repatriation;
- renegotiation, nullification, or unilateral termination of concessions, licences, permits and agreements by government-owned entities;
- seizure, expropriation or nationalization of assets or industries;
- difficulty in collecting international accounts receivables;
- changing political conditions;
- solicitation by government officials for improper payments or other forms of corruption;
- regional economic downturns;
- inflation and adverse economic conditions stemming from governmental attempts to reduce inflation, such as the imposition of higher interest rates;
- the burden of complying with multiple and potentially conflicting laws; and
- other forms of governmental regulation and economic conditions that are beyond our control.

This volatility could create difficulty for the Group in executing its business strategy, which could have a material adverse effect on its business and financial performance. These factors may impact on the profitability and viability of the Group's business in these countries.

The Group does business in Liberia, and plans to do business in other foreign countries, with inherent risks relating to fraud, bribery and corruption

Fraud, bribery and corruption are more common in some jurisdictions than in others. The Group carries on business in Liberia, and plans to do business in other foreign countries, each of which have been allocated low scores on Transparency International's "Corruption Perceptions Index". Doing business in international developing markets brings with it inherent risks associated with enforcement of obligations, fraud, bribery and corruption. In addition, the oil and gas industries have historically been shown to be vulnerable to corrupt or unethical practices.

The Group uses its best efforts to prevent the occurrence of fraud, bribery and corruption, but it may not be possible for the Group to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which its employees, agents, sub-contractors or joint venture partners are located. The Group may therefore be subject to civil and criminal penalties and to reputational damage. Participation in corrupt practices, including the bribery of foreign public officials, by the Group, its subsidiaries or other predecessors in interest, whether directly or indirectly (through agents or other representatives or otherwise) may also have serious adverse consequences on the rights and interests of the Group, including but not limited to title to government contracts, licenses and concessions, including production sharing contracts.

Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which the Group operates, could have a material adverse effect on its business, prospects, financial condition or results of operations. In addition, as a result of the Group's anti-corruption training programs, codes of conduct and other safeguards, there is a risk that the Group could be at a commercial disadvantage and may fail to secure contracts within jurisdictions that have been allocated a low score on Transparency International's "Corruption Perceptions Index" to the benefit of other companies who may not have or comply with such anti-corruption safeguards.

Changes in government policy could have a negative impact on the Group's business

Governments of oil and gas producing jurisdictions typically exercise significant influence over their domestic oil and gas industries, as well as many other aspects of their respective economies. Government policy may change to discourage foreign investment or restrictions and requirements not currently foreseen may be implemented. There can be no assurance that the Group's assets and properties will not be subject to nationalisation, expropriation, requisition or confiscation, whether legitimate or not, by any authority or body. Similarly, the Group's operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property or environmental legislation. As an example, the Liberian government is currently in the process of amending its Petroleum Law, which may have an impact on the legal environment within which Block LB-13 exists. Any government action concerning the economy, including the oil and gas industry (such as a change in oil or gas pricing policy or taxation rules or practice, or renegotiation or nullification of existing concession contracts or oil and gas exploration policy, laws or practice), could have a material adverse effect on the Group. Sovereign or regional governments could also require the Group to grant to them larger shares of oil and gas or revenues than previously agreed to, or postpone or review projects, nationalise assets, or make changes to laws, rules, regulations or policies, in each case, which could adversely affect the Group's business, prospects, financial condition or results of operations.

Permits, Licences, Approvals and Authorisations

The operations of the Group require permits, licences, approvals and authorisations from various governmental and non-governmental authorities. Such permits, licences, approvals and authorisations are subject to the discretion of the applicable governmental and non-governmental authorities. The Group must comply with existing standards, laws and regulations, as applicable, that may entail greater or lesser costs and delays, depending on the nature of the activity to be permitted and the permitting authority. There can be no assurance that the Group will be able to obtain all necessary permits, licences, approvals or authorisations. Failure to obtain such licences, permits, approvals or authorisations may have a material adverse effect on the Group's business, prospects, financial condition or results of operations. The Group's intended activities will be dependent on such permits, licences, approvals and authorisations which, if obtained, could subsequently be withdrawn or made subject to limitations. There can be no guarantee as to the terms of any such permits, licences, approvals and authorisations that future permits, licences, approvals and authorisations will be renewed or, if so, on what terms when they come up for renewal. Properties in the jurisdiction in which the Group currently carries on business are subject to licence requirements, which generally include, inter alia, certain financial commitments which, if not fulfilled, could result in the suspension or ultimate forfeiture of the relevant licences. Government action, which could include non-renewal of licences, may result in any income receivable by the Group or licences held by the Group being adversely affected. In particular, changes in the application or interpretation of laws and/or taxation provisions in the regions in which it carries on business could adversely affect the value of the Group's interests.

The Group is exposed to the risk of changes in laws in the jurisdictions where it operates

The legal and regulatory framework under which the Group has entered into its various operations in different jurisdictions may be changed to the detriment of the Group. The Liberian legislature is currently in the process of amending its Petroleum Law, the main piece of legislation applicable to the oil and gas industry in Liberia. Liberia is not currently an oil-producing country; should it become oil-producing in the future, it may choose to reform the legal and regulatory framework applicable to the oil and gas sector, as other jurisdictions have done, and this may have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

Corporate Tax Regime

Development of reserves and rates of return are susceptible to changes in national fiscal policy. Liberia, in which the Group holds its biggest asset, is a developing democracy that does not have an established oil and gas industry, and so may be more likely to implement changes in fiscal policy which are detrimental to the interests of oil and gas companies operating there than a country with a more developed oil and gas industry. In addition, any changes to taxation laws in Liberia or other jurisdictions in which the Group operates may have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

Tax regimes in the jurisdictions in which the Group operates are subject to differing interpretations and are subject to change

Tax regimes in the jurisdictions in which the Group operates can be subject to differing interpretations and are often subject to legislative change and changes in administrative interpretation in those jurisdictions. The interpretation by the Corporation's relevant subsidiaries of relevant tax law as applied to their transactions and activities (including farm ins and farm outs) may not coincide with that of the relevant tax authorities. As a result, transactions may be challenged by tax authorities and any profits of the Corporation's subsidiaries from activities in those jurisdictions may be assessed to additional tax or additional transactional taxes (e.g. stamp duty or VAT), which, in each case, could result in significant additional taxes, penalties and interest, any of which could have a material adverse impact on the Group's business, prospects, financial condition or results of operations.

Foreign Currency Exchange Risk

A significant amount of the Group's proposed activities will be transacted in or referenced to various currencies including Canadian dollars, US dollars and Pounds Sterling. As a result, fluctuations in currencies could result in unanticipated fluctuations in financial results which are denominated in Canadian dollars. The Group will manage a portion of its exposure to fluctuations in exchange rates, however, there can be no assurance that such management will fully offset the fluctuations.

Governmental Regulation

The industry in which the Group operates is subject to regulation, intervention and certain approvals by governments in such matters as the awarding of exploration and production interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields (including restrictions on production) and possibly expropriation or cancellation of contract rights. As well, governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and gas industry could reduce demand for natural gas and crude oil, increase costs and may have a material adverse effect on the Group.

Environmental Regulations

Offshore oil and gas operations such as those with which the Group is involved in Liberia, and those which the Group may in the future be involved with in other foreign jurisdictions, are subject to stringent environmental laws and regulations. These laws and regulations generally require the Group to limit, remove or remedy the effect of its activities on the environment at present and former operating sites, including limiting emissions to the environment, dismantling production facilities, and decommissioning and remediating damage caused by the disposal or release of specified substances. The Directors intend to operate in a manner intended to ensure that the Group's projects meet appropriate environmental standards. There can be no assurance that application of existing environmental laws and regulations will not have a material adverse effect on future financial conditions or results of operations.

It is expected that other changes in environmental legislation may also require, among other things, reductions in emissions to the air from operations and could result in increased capital expenditures. Although the Group does not expect that future changes in environmental legislation will result in materially increased costs, such changes could occur and result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, which could have a material adverse effect on the Group's financial condition or results of operations.

Climate Change

Liberia is signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nationwide emissions of carbon dioxide, methane, nitrous oxide and other so-called "greenhouse gases". The Group's proposed exploration activities will emit greenhouse gases and require the Group to comply with greenhouse gas emissions legislation and policy. The direct or indirect costs of these regulations may have a material adverse effect on the Group's business, prospects, financial condition or results of operations. The future implementation or modification of greenhouse gases regulations, whether to meet the limits required by the Kyoto Protocol, the Copenhagen Accord or as otherwise determined, could have a material impact on the nature of oil and natural gas operations, including those of the Group. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Group and its operations and financial condition.

Country Specific Political Risk – Liberia

Liberia experienced two intermittent civil wars beginning in 1989 and ending in 2003. The wars wreaked havoc in the country economically, socially and politically, and destroyed key portions of the country's infrastructure.

Estimates put the total deaths in Liberia near 250,000 and approximately 15,000 United Nations peacekeepers remain in the country. After the civil wars, the country became mired in post war political turmoil and corruption was rampant. While the country has made significant progress since 2005, it is still a developing democracy with high unemployment and an estimated GDP per capita for 2012 of USD $700 (on a purchasing power parity basis). As such, Liberia struggles with a number of issues that could lead to political instability.

Risks related to the purchase of Common Shares

Share Price Volatility

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Group's control, including the following: (i) actual or anticipated fluctuations in the Group's quarterly results of operations; (ii) actual or anticipated changes in oil and natural gas prices; (iii) recommendations by securities research analysts; (iv) changes in the economic performance or market valuations of other companies that investors deem comparable to the Group; (v) addition or departure of the Group's executive officers and other key personnel; (vi) sales or perceived sales of additional Common Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Group or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Group's industry or target markets.

Financial markets have experienced significant price and volume fluctuations in the last several years that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Group's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

In addition, certain institutional investors may base their investment decisions on consideration of the Group's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Common Shares by those institutions, which could adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in the price and volume of publicly traded equity securities will not occur. If such increased levels of volatility and market turmoil continue, the Group's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

Liquidity of the Common Shares and Investment in the Common Shares

Investors and potential investors should be aware that the value of the Common Shares and income from the Common Shares can go down as well as up, and that there may not be a liquid market in the Common Shares.

An investment in the Common Shares may thus be difficult to realise. The ability of an investor to sell Common Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his/her investment in the Corporation and he/she may lose all his/her investment. In the event of a winding-up of the Corporation, the Common Shares will rank behind any liabilities of the Corporation and therefore any return for Shareholders will depend on the Group's assets being sufficient to meet prior entitlements of creditors.

Dividends

The Corporation has never declared or paid any cash dividends on its Common Shares. The Corporation currently intends to retain future earnings, if any, for future operations, expansion and/or debt repayment, if necessary (although the Corporation does not have any bank debt as at the date of this AIF). The Directors do not anticipate paying dividends in the near future. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the Corporation's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may consider relevant.

In addition to the foregoing, the Corporation's ability to institute and pay dividends now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the Group may incur in the future including the terms of any credit facilities the Group may enter into with third party lenders. It is not uncommon that credit facilities will prevent a borrower from declaring or paying any dividends (excluding stock dividends) to any of its shareholders or returning any capital (including by way of dividend) to any of its shareholders.

As a result of the foregoing factors, purchasers of Common Shares may not receive any return on an investment in Common Shares held by them unless they sell such Common Shares for a price greater than that which they paid for it.

Dilution and Further Sales

The Group may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Group which may be dilutive.

There will be no restrictions to the Corporation issuing or selling Common Shares (or Preferred Shares) other than those pursuant to applicable securities laws and stock exchange policies. The sale of a substantial number of the Common Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Common Shares and negatively impact the Corporation's ability to raise equity capital in the future.

MARKET FOR SECURITIES

The outstanding Common Shares are listed and posted for trading on the TSXV under the symbol "XOP", and on the LSE under the symbol "COPL".

Trading Price and Volume

The following table sets forth the price range and trading volume of the Common Shares as reported by the TSXV for the periods indicated:

	Common Shares		
Month	**High $**	**Low $**	**Volume**
2014			
January	0.355	0.26	8,250,484

February	0.395	0.265	8,006,094
March	0.37	0.27	11,768,954
April	0.31	0.27	7,469,284
May	0.285	0.215	6,603,227
June	0.27	0.20	6,871,856
July	0.29	0.185	8,044,027
August	0.20	0.16	14,925,030
September	0.175	0.125	6,478,372
October	0.155	0.09	7,322,399
November	0.11	0.09	6,808,220
December	0.105	0.055	13,000,932

Prior Sales

Outlined below is a summary of the securities that COPL issued during the financial year ended December 31, 2014, which are not listed or quoted on a marketplace.

Type of Security	Date Issued	Number of Securities	Conversion/Exercise Price
Warrants	April 3, 2014	888,889	$0.247
Warrants	August 21, 2014	50,555,000	$0.40

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material legal proceedings the Corporation is or was a party to, or that any of its property is or was the subject of, since the beginning of 2014, nor are any such legal proceedings known to the Corporation to be contemplated.

There have not been any penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority since the beginning of 2014, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, and the Corporation has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority since the beginning of 2014.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Directors and officers of COPL, none of the Directors or executive officers of COPL beneficially owns, or controls or directs, directly or indirectly, more than ten percent (10%) of the outstanding voting securities of COPL, or any of their respective associates or affiliates, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect COPL.

Based upon public filings, as of the date of this AIF, the following beneficially owns, directly or indirectly, or exercises control or direction over more than ten percent (10%) of the issued and outstanding Common Shares:

Name of Shareholder	Number of Common Shares Beneficially Owned	Percentage of Outstanding Common Shares Beneficially Owned or Controlled
Columbia Wanger Asset Management, LLC	47,255,000	11.75%

Based upon public filings, to the knowledge of the Corporation's Directors and executive officers, no other person or company beneficially owns, directly or indirectly, or exercises control or direction over more than ten percent (10%) of the Common Shares.

DIRECTORS AND OFFICERS

The names, location of residence, positions with the Corporation and the principal occupations of the directors and officers of the Corporation for the past five years are set out in the following table.

Name and Municipality of Residence	Current Positions & Offices Held	Director Since	Principal Occupations During Past Five Years
Arthur S. Millholland P. Geol(2) Alberta, Canada	Director, President and Chief Executive Officer	August 14, 2009	The President and CEO of COPL since August 2009. Prior thereto, Mr. Millholland was a director and the President and CEO of Oilexco Incorporated from 1994 until July 2009. Mr. Millholland has been a

Name and Municipality of Residence	Current Positions & Offices Held	Director Since	Principal Occupations During Past Five Years
			professional geologist for 30 years. Mr. Millholland has worked in a variety of regions including the UK North Sea, Canada, the Gulf of Mexico, the United States, South America, and West and North Africa. He is a member of the Association of Professional Engineers Geologists and Geophysicists, and the American Association of Petroleum Geologists. He is a graduate of the University of Waterloo where he obtained an Honours Bachelor of Science degree in Earth Science.
Massimo C. Carello(1) (3) (4) London, United Kingdom	Director	September 29, 2009	Mr. Carello is an independent business man who has performed consulting services and managed his own investment portfolio during the past five years. Mr. Carello was a Director of Uranium One Inc. from June 2007 to December 2010. He has been a Director of Orsu Metals Corporation since September 2008 and a Director of Canaccord Genuity Group Inc. (formerly: Canaccord Financial Inc.) since August 2008. Prior thereto, Mr. Carello served as a Director of Urasia Energy Ltd. from November 2005 to April 2007, and a non-executive director of Anker plc from 2004 to 2005. From June 2001 to June 2004, Mr. Carello served as President and CEO of Diners UK Ltd. Mr. Carello started his career in 1972 in Pan-European automotive manufacturing with Lucas Industries PLC in the United Kingdom. From 1980 to 1990, Mr. Carello was the Managing Director of Carello Group SpA. The company became the third largest European headlamp producer before being sold to the Fiat Group. After the sale to Fiat he was appointed Chairman and CEO of Fiat UK from 1990 to 2001. He currently lives in London, England, and is a Knight Commander of the Royal Order of Francis I of the Two Sicilies. Mr. Carello has a degree in Political Science from the University of Turin.
Harald H. Ludwig(1) (3) (4) British Columbia, Canada	Director and Chairman of the Board	September 29, 2009	Currently the President of Macluan Capital Corporation, a diversified private equity investment company and as a member of the Board of Directors of Lions Gate Entertainment Corp. (NYSE). He is also a Director of West Fraser Timber Co. Limited (TSX) and is Chairman of its Compensation Committee, a member of its Governance and Nominating Committee and former Chairman of its Audit Committee, and is a Director of Seaspan Corporation (NYSE) and a member of its Conflicts Committee. He is a founding partner or private equity investor in a number of North American and international private equity firms, hedge funds, mezzanine lenders, growth capital providers, distressed investment firms and real estate investment vehicles. Mr. Ludwig also serves as a member of the advisory board of Tennenbaum Capital Partners, LLC.
J. Christopher McLean(2) Alberta, Canada	Director	March 29, 2010	Mr. McLean has been Chief Financial Officer of COPL since April 2013. Mr. McLean is the founder of Stonechair Capital Company and has been an active participant in venture capital projects for the last ten years. Prior thereto, Mr. McLean was the head of

Name and Municipality of Residence	Current Positions & Offices Held	Director Since	Principal Occupations During Past Five Years
			Capital Markets and Investment Banking of Wolverton Securities Ltd., a resource focused boutique investment dealer, from November 2007 to March 2009, the Vice President of International Opportunities at Research Capital Corporation, a national investment banking firm. Mr. McLean currently serves as Chairman and a Director of Octant Energy Corp. Mr. McLean received a Bachelor of Music from the University of Alberta and a Master of Fine Art degree from Brandeis University.
Richard H. Schmitt[1][2][4] Alberta, Canada	Director	October 2, 2009	President of Propel Energy Corp. since June 2011 and President and Chief Executive Officer of Octant Energy Corp. since March 9, 2012. Prior thereto, Mr. Schmitt was Chief Executive Officer of Wentworth Resources Limited from April 1, 2011 to August 31, 2011. He was Chief Executive Officer of Afren East Africa Exploration from October 2010 to January 31, 2011. Prior thereto, he was President and CEO of Black Marlin Energy Holdings Limited and its predecessor company from October 2009 to October 2010, and President and Chief Executive Officer of Africa Oil Corp. (formerly Canmex Mineral Corporation) from October 2006 to October 2009. Mr. Schmitt holds a B.Sc. in Geological Sciences from the University of Aston in Birmingham England. Mr. Schmitt has over 37 years of diverse international experience in the upstream oil and gas industry with expertise in exploration, exploitation, operations and new ventures.
Viscount William Astor[1][2][3][4] Oxfordshire United Kingdom	Director	March 28, 2013	Independent business man and politician who sits as an elected hereditary peer in the House of Lords. Viscount Astor is presently a director of Networkers Plc, a global recruitment consultancy listed on AIM, specialising in telecommunications, information technology, financial markets, energy & engineering, ERP and managed services & projects (since 2007). Viscount Astor is a director of a number of private companies in the United Kingdom and is currently deputy chairman of Silvergate Media Ltd. (since 2011). Prior to that, Viscount Astor was Deputy Chairman of Chorion Plc, a media company, which owned, managed, and developed family entertainment brands in the United Kingdom (from 1977 to 2011).
Rod Christensen Alberta, Canada	Vice President Exploration and Exploitation Officer	N/A	Currently Vice President, Exploration and Exploitation since December 2011. Manager Exploration and Development from November 2010 to December 2011. Consulting Professional Geologist to COPL and other clients from August 2009 to October 2010. Senior Vice President Exploration and Development at Oilexco Incorporated from November 2007 to July 2009. Mr. Christensen graduated from the University of Washington with a Bachelor of Geological Sciences Degree. He has over 35 years of experience working in the natural resource industry in Western Canada, the

Name and Municipality of Residence	Current Positions & Offices Held	Director Since	Principal Occupations During Past Five Years
			UKCS and throughout the world, and held key positions with Canadian Hunter Exploration, Cuesta Energy, and Oilexco Incorporated.
Richard Mays Angus, United Kingdom	Vice President, Business Development and General Counsel	N/A	Currently Vice President, Business Development and General Counsel since September 1, 2014. Director of Sallork Limited, a consultancy company, from August 2009 to September 2014. Executive Chairman of Black Star Petroleum plc from November 2012 to January 2014. Executive Chairman of Peppercoast Petroleum plc from March 2010 to April 2013.

Notes:

(1) Member of the Audit Committee.
(2) Member of the Reserve Committee.
(3) Member of the Compensation Committee.
(4) Member of the Corporate Governance and Nominating Committee.
(5) This number includes the 250,000 Common Shares which are held (in aggregate) by five different members of Mr. Ludwig's family.

Each Director of COPL will hold office until the close of the next annual meeting of the Shareholders or until his or her successor is duly elected or appointed or his or her office is earlier vacated in accordance with the *Canada Business Corporations Act* and the Articles and by-laws of COPL. The Board is comprised of a majority of independent directors.

The Board currently has four committees: the Reserves Committee; the Audit Committee; the Compensation Committee; and the Corporate Governance and Nominating Committee. The Audit Committee and Compensation Committee are comprised of independent directors.

The Directors and executive officers of COPL as a group beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 6,013,609 Common Shares, approximately 1.5% of the issued and outstanding Common Shares.

Messrs. Millholland, McLean, Christensen and Mays devote their full time and attention to the business and affairs of the Corporation. The Directors of COPL, with the exception of Messrs. Millholland and McLean, who devote their full time to COPL, devote their time and attention to the affairs of COPL as required.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as set forth herein, no Director or executive officer of COPL is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any corporation that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

Except as set forth herein, no Director or executive officer of COPL: (a) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of a corporation that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Except as set forth herein, no Director or executive officer of the Corporation has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Arthur Millholland

Mr. Millholland was a director of Oilexco North Sea Ltd., the wholly-owned operating subsidiary of Oilexco Incorporated, when it was the subject of an order by the UK court for Administration under the provisions of paragraph 22 of Schedule B1 to the *Insolvency Act of 1986* (UK) on January 7, 2009. Mr. Millholland was a director and officer of Oilexco Incorporated when it obtained a court order for protection under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") on February 5, 2009. He served in the same capacity when Oilexco Incorporated was the subject of a liquidation order from the Alberta Court of Queen's Bench on July 16, 2009.

On December 9, 2009 Mr. Millholland was reprimanded by the TSXV for failing to ensure that Oilexco Incorporated maintained a transfer agent and for failing to ensure that Oilexco Incorporated issued press releases or otherwise provided the market place with timely disclosure of the process of the CCAA proceedings in September 2009, notwithstanding that Oilexco Incorporated had no funds at such time.

Rod Christensen

Mr. Christensen was the Senior Vice President Exploration and Development and an Officer of Oilexco Incorporated when it obtained a court order for protection under CCAA on February 5, 2009, and served in the same capacity when Oilexco Incorporated was the subject of a liquidation order from the Alberta Court of Queen's Bench on July 16, 2009.

Richard Mays

Mr. Mays was the Vice President (Commercial Operations) and an Officer of Oilexco Incorporated as well as an Officer of Oilexco's operational subsidiary Oilexco North Sea Limited, when Oilexco North Sea Limited was placed in administration by an order of the English High Court on January 7, 2009. Oilexco obtained a court order for protection under CCAA on February 5, 2009, and was the subject of a liquidation order from the Alberta Court of Queen's Bench on July 16, 2009.

Conflicts of Interest

Certain directors and executive officers of COPL are, and may continue to be, also directors, officers or shareholders of other oil and gas companies whose operations may, from time to time, be in direct competition with those of COPL or with entities which may, from time to time, provide financing to, or make equity investments in competitors of COPL. In accordance with the *Canada Business Corporations Act*, such directors and executive officers will be required to disclose all conflicts of interest as such conflicts arise. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

AUDIT COMMITTEE

Audit Committee

Messrs. Schmitt, Carello, Ludwig and Viscount William Astor are the members of the Audit Committee. Mr. Schmitt is the Chair of the Audit Committee. The Audit Committee is comprised of independent Directors and constituted in accordance with applicable securities laws and the policies of the TSXV.

Independence of Audit Committee

NI 52-110 provides that a member of an audit committee is independent if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of the member's independent judgment. Each of the members of the Audit Committee, in the view of the Board, is "independent" as that term is defined in NI 52-110.

Financial Literacy of Audit Committee

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. All of the Audit Committee members are financially literate as that term is defined in NI 52-110.

Relevant Education and Experience

Rick Schmitt

Mr. Schmitt holds a B.Sc. in Geological Sciences from the University of Aston. He has over 36 years of diverse international experience in the upstream oil and gas industry with expertise in exploration, exploitation, operations and new ventures. A significant part of his career has been spent managing and developing projects in Yemen, culminating in five years as Occidental Petroleum's President and General Manager in that country. Mr. Schmitt was the President and Chief Executive Officer of Africa Oil Corp. from October 2006 to October 2009 and was the President & Chief Executive Officer of Black Marlin Energy Holdings Limited and its predecessor company until October 2010. He also served as CEO of Afren East Africa Exploration, the East African subsidiary of Afren plc, and CEO of Wentworth Resources Limited before being appointed as CEO of Propel Energy Corp. in June 2011 and President and CEO of Octant Energy Corp. in March 2012. Mr. Schmitt is also a director of Tyner Resources Ltd.

Harald Ludwig

Mr. Ludwig has over 30 years of extensive business and investment experience, including as President of Macluan Capital Corp. (a diversified private equity investment company) and as a member of the Board of Directors of Lions Gate Entertainment Corp. (NYSE). He is also a Director of West Fraser Timber Co. Ltd. (TSX) and is Chairman of its Compensation Committee, a member of its Governance and Nominating Committee and former Chairman of its Audit Committee, and is a Director of Seaspan Corp. (NYSE). He is a founding partner or private equity investor in a number of North American and international private equity firms, hedge funds, mezzanine lenders, growth capital providers, distressed investment firms and real estate investment vehicles. Mr. Ludwig also serves as a member of the advisory board of Tennenbaum Capital Partners, LLC.

Massimo Carello

Mr. Carello has over 30 years of international senior management and board level experience, who in the past five years has served as an independent businessman working as a consultant and managing his own investment portfolio. He was a director of Uranium One Inc. from June 2007 to December 2010. Mr. Carello has been a director of Orsu Metals Corp. since September 2008, and a director of Canaccord Financial Inc. since August 2008. Prior thereto, Mr. Carello served as a director of Urasia Energy Ltd. from November 2005 to April 2007, and a non-executive director of Anker plc from 2004 to 2005. From June 2001 to June 2004, Mr. Carello served as President and CEO of Diners UK Ltd. Prior to this, Mr. Carello started his career in 1972 in pan-European automotive manufacturing with Lucas Industries PLC. From 1980 to 1990, Mr. Carello was the Managing Director of Carello Group SpA. The company became the third largest European headlamp producer before being sold to the Fiat Group. After the sale to Fiat he was appointed Chairman and CEO of Fiat UK from 1990 to 2001. Mr. Carello is a Knight Commander of the Royal Order of Francis I of the Two Sicilies, and has a degree in Political Science from the University of Turin.

Viscount William Astor

Viscount Astor has been a member of the audit committee of Networkers Plc since 2006 and Silvergate Media Ltd. since 2010.

Audit Committee Oversight

Since the commencement of COPL's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee Charter attached as Appendix D sets forth the specific policies and procedures that the Audit Committee has adopted for the engagement of non-audit services.

External Auditor Service Fees

The fees paid to the Corporation's external auditor in the last two fiscal years are set out in the table below. Audit fees were incurred in connection with annual financial statements, statutory filings, quarterly reviews of financial information and services rendered for prospectuses.

	2013	2014
Audit fees [(1)]	$157,100	$144,810
Tax related fees [(2)]	70,400	63,617
Total	**$227,500**	**$208,427**

Notes:

(1) Audit fees were paid for professional services rendered by the auditor for the audit of the Corporation's annual financial statements, services provided in connection with statutory and regulatory filings, prospectuses and quarterly reviews of financial information.

(2) Tax fees were paid for preparation of income tax returns and advice with respect to tax compliance and international tax compliance.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares and Warrants is Computershare Trust Company of Canada at its principal office in Calgary, Alberta and sub-agency office in Toronto, Ontario.

MATERIAL CONTRACTS

On the Liberia Block LB-13 transaction, an amended and restated Asset Purchase Agreement and an amended and restated Sale and Purchase Agreement were entered into on March 8, 2013.

INTERESTS OF EXPERTS

COPL's auditor is Deloitte LLP, Chartered Accountants in Calgary, Canada. Deloitte LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

As at the date hereof, the designated professionals of D&M beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

ADDITIONAL INFORMATION

Additional information relating to COPL, including directors' and officers' remuneration and indebtedness, principal holders of COPL's securities and securities authorized for issuance under COPL's Stock Option Plan, is contained in the Corporation's Information Circular for its most recent meeting of securityholders that involved the election of directors relating to the Annual and Special Meeting of Shareholders to be held on May 13, 2015, and in documents filed on SEDAR at www.sedar.com.

Additional financial information is provided in COPL's audited consolidated comparative financial statements and management's discussion and analysis for its most recently completed financial year, and which are filed on SEDAR at www.sedar.com. Documents can also be retrieved from the Corporation's website at www.canoverseas.com.

APPENDIX A
FORM NI 51-101F1—STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

CANADIAN OVERSEAS PETROLEUM LIMITED
The "Reporting Issuer" or "the Corporation"

For fiscal Year Ended December 31, 2014

This is the form referred to in item 1 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"). Terms for which a meaning is given in NI 51-101 have the same meaning in this Form 51-101F1.

TABLE OF CONTENTS

Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor

Form 51-101F3 Report by Management and Directors on Oil and Gas Disclosure

PART 1 DATE OF STATEMENT

Item 1.1 Relevant Dates

1. The date of this report and statement is: March ~~[26],~~26, 2015.
2. The effective date of information provided in this statement is as of the Corporation's most recently completed fiscal year ended: December 31, 2014.
3. The date of preparation of the information provided herein is: ~~September 1, 2014.~~March 26, 2015.

PARTS 2-5 DISCLOSURE OF RESERVES DATA

As of December 31, 2014, COPL had no oil and gas reserves. Consequently, no reserves data is enclosed on this statement for Parts 2 through 5 of NI 51-101 F1.

PART 6 OTHER OIL AND GAS INFORMATION

Item 6.1 Oil and Gas Properties

Block	Current Land Holdings	Current Land Holdings

	(Gross Hectares)	(Net Hectares)
LB-13 (Liberia – 17% equity interest)	254,000 ha	43,180 ha

For a description of COPL's property in Block LB-13, Offshore Liberia, please see "*Oil and Gas Properties*" of the Annual Information Form dated March ~~[26],~~26, 2015 to which this Form 51-101 F1 is appended.

Item 6.2 Properties with No Attributed Reserves

There are no attributable reserves to Block LB-13.

Form 51–101F2

The companion Form 51–101F2 "Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor" to this Form 51–101F1 filed concurrently is nil and blank because the Corporation is an exploration stage company and has no reserves to report.

Form 51–101F3

The companion Form 51–101F3 "Report of Management and Directors on Oil and Gas Disclosure" pertaining to this Form 51-101 F1 is filed concurrently with this Form 51-101F1.

APPENDIX B
FORM 51-101F2

REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

*This is the form referred to in item 2 of section 2.1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**"). Terms to which a meaning is ascribed in Nl 51-101 have the some meaning in this form.*

Report on Reserves Data

This Form 51-101F2 report is filed concurrently with Forms 51-101F1 and 51-101F3. This is a nil and blank report because the Corporation is an exploration stage company and has no oil or gas reserves to report.

Dated effective December 31, 2014

APPENDIX C
FORM 51-101F3

REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

Management of COPL are responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2014, estimated using forecast prices and costs.

The board of directors of the Corporation has determined that, as of the last day of the Corporation's most recently completed financial year, the Corporation had no reserves.

An independent qualified reserves evaluator has not been retained to evaluate the Corporation's reserves data as the Corporation has no reserves as of the last day of the Corporation's most recently completed financial year and no report of an independent qualified reserves evaluator will be disclosed by the Corporation for the period from January 1, 2014 to December 31, 2014.

The Reserves Committee of the board of directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management of the Corporation. The board of directors has, on the recommendation of the Reserves Committee, approved

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
(b) the filing of form 51-101F2, which discloses that there is no report of the independent qualified reserves evaluator on reserves data, because the Corporation has no reserves; and
(c) the content and filing of this report.

(signed) "*Richard Schmitt*"
Director (Chair of Reserves Committee)

(signed) "*Arthur Millholland*"
Director and Chief Executive Officer

(signed) "*Christopher McLean"*
Director and Chief Financial Officer

(signed) "*Rod Christensen"*
Officer

~~**Note:**~~

~~(1) For the convenience of reader, CSA Staff Notice 51-324 Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities set out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in NI 51-101, Form 51-101F1, Form 51-101F2 or Companion Policy 51-101CP.~~

~~1.~~

APPENDIX D
AUDIT COMMITTEE CHARTER

1. PURPOSE

The Audit Committee (the "**Committee**") of Canadian Overseas Petroleum Limited ("**COPL**") is a committee of the Board of Directors with the responsibility under the governing legislation of COPL to review the financial statements, accounting policies and reporting procedures of COPL.

The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by COPL to any governmental body or the public, the systems of internal controls of COPL regarding finance, accounting and legal compliance that management and the Board have established, and the auditing, accounting and financial reporting processes of COPL generally. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the policies, procedures and practices at all levels of COPL.

The primary duties and responsibilities of the Committee are to:

- Serve as an independent and objective party to monitor the financial reporting process and the system of internal controls of COPL.

- Monitor the independence and performance of the auditor of COPL (the "**Auditor**") and the internal audit function of COPL.

- To communicate directly with the internal and external auditors and provide an open avenue of communication among the Auditor, financial and senior management and the Board of Directors.

The Committee will primarily fulfill these responsibilities by carrying out the activities set out in Section 4 of this Charter.

2. COMPOSITION

- The Committee shall be comprised of three or more directors as determined by the Board of Directors. The composition of the Committee shall adhere to all applicable corporate and securities laws and all requirements of the stock exchanges on which shares of COPL are listed.

- All members of the Committee shall have a working familiarity with basic finance and accounting practices, and be "financially literate" in accordance with applicable laws and all requirements of the stock exchanges on which shares of COPL are listed or become financially literate within a reasonable period of time following his or her appointment.

- Members of the Committee shall be elected by the Board at the meeting of the Board held immediately after the annual meeting of shareholders or such other times as shall be determined by the Board and shall serve until the next such meeting or until their successors shall be duly elected and qualified.

- Any member of the Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Committee as soon as such member ceases to be a director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders after his or her election as a member of the Committee.

- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may from time to time determine.

3. MEETINGS

- The Committee may appoint one of its members to act as Chairman of the Committee. The Chairman will appoint a secretary who will keep minutes of all meetings (the "**Secretary**"). The Secretary does not have to be a member of the Committee or a director and can be changed by written notice from the Chairman.

- No business may be transacted by the Committee except at a meeting at which a quorum of the Committee is present or by a consent resolution in writing signed by all members of the Committee. A majority of the members of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one half of the number of members plus one shall constitute a quorum.

- The Committee will meet as many times as is necessary to carry out its responsibilities, but at least quarterly to review the financial statements of COPL. The Committee will meet with management and the Auditor in separate executive sessions to discuss any matters that the Committee or these parties believe should be discussed privately.

- The time at which, and the place where, the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meetings shall be determined by the Chairman, unless otherwise provided for in the By-Laws of COPL or otherwise determined by resolution of the Board of Directors.

- The Committee may invite to, or require the attendance at, any meeting of the Committee, such officers and employees of COPL, legal counsel or other persons as it deems necessary in order to perform its duties and responsibilities

- Subject to the provisions of the governing legislation of COPL and applicable regulations the Chairman of the Committee may exercise the powers of the Committee in between meetings of the Committee. In such event, the Chairman shall immediately report to the members of the Committee and the actions or decisions taken in the name of the Committee shall be recorded in the proceedings of the Committee.

4. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Committee shall:

Documents/Reports Review

- Review and recommend for approval to the Board of Directors of COPL any revisions or updates to this Charter. This review should be done at least annually.

- Review the interim unaudited quarterly financial statements and the annual audited financial statements and accompanying MD&A, and the related press releases of COPL and report on them to the Board of Directors.

- Satisfy itself, on behalf of the Board of Directors, that the unaudited quarterly financial statements and annual audited financial statements of COPL are fairly presented both in accordance with generally accepted accounting principles and otherwise, and recommend to the Board of Directors whether the quarterly and annual financial statements should be approved.

- Satisfy itself, on behalf of the Board of Directors, that the information contained in the quarterly financial statements of COPL, annual report to shareholders and similar documentation does not contain any untrue statement of any material fact or omit to state a material fact that is required or necessary to make a statement not misleading, in light of the circumstances under which it was made.

- Review any reports or other financial information of COPL submitted to any governmental body, or the public, including any certification, report, opinion or review rendered by the Auditor.

- Review, and if deemed advisable, approve any related party transactions.

- Have the right, for the purpose of performing their duties: (i) to inspect all the books and records of COPL; (ii) to discuss such accounts and records and any matters relating to the financial position of COPL with the officers and auditors of COPL and the Auditor; (iii) to commission reports or supplemental information relating to the financial information; (iv) to require the Auditor to attend any or every meeting of the Committee; and (v) to engage such independent counsel and other advisors as are necessary in the determination of the Committee.

- Permit the Board of Directors to refer to the Committee such matters and questions relating to the financial position of COPL and its affiliates or the reporting related to it as the Board of Directors may from time to time see fit.

Independent Auditor

- Be directly and solely responsible for the appointment, compensation, and oversight of the work of the Auditor of COPL upon shareholder approval of the appointment, with such Auditor being ultimately accountable to the shareholders, the Board and the Committee.

- Act as the Auditor's channel of direct communication to COPL. In this regard, the Committee shall, among other things, receive all reports from the Auditor of COPL, including timely reports of:

  (a) all critical accounting policies and practices to be used;
  (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the management of COPL, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Auditor of COPL; and
  (c) other material written communications between the Auditor and the management of COPL, including, but not limited to, any management letter or schedule of unadjusted differences.

- Satisfy itself, on behalf of the Board of Directors that the Auditor is "independent" of management, within the meaning given to such term in the rules and pronouncements of the applicable regulatory authorities and professional governing bodies. In furtherance of the foregoing, the Committee shall request that the Auditor at least annually provide a formal written statement delineating all relationships between the Auditor and COPL, and request information from the Auditor and management to determine the presence or absence of a conflict of interest. The Committee shall actively engage the Auditor in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditor. The Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the Auditor.

- Be responsible for pre-approving all audit and non-audit services provided by the Auditor; provided, however, that the Committee shall have the authority to delegate such responsibility to one or more of its members to the extent permitted under applicable law and stock exchange rules.

- Review the performance of the Auditor and make recommendations to the Board of Directors as to whether or not to continue to engage the Auditor.

- Determine and review the remuneration of the Auditor and any independent advisors (including independent counsel) to the Committee.

- Satisfy itself, on behalf of the Board of Directors, that any matter which the Auditor wishes to bring to the attention of the Board of Directors has been addressed and that there are no "unresolved differences" with the Auditor.

Financial Reporting Process and Risk Management

- Review the audit plan of the Auditor for the current year and review advice from the Auditor relating to management and internal controls and the responses of COPL to the suggestions made put forth.

- Monitor the internal accounting controls, informational gathering systems and management reporting on internal controls of COPL.

- Review with management and the Auditor the relevance and appropriateness of the accounting policies of COPL and review and approve all significant changes to such policies.

- Satisfy itself, on behalf of the Board of Directors, that COPL has implemented appropriate systems of internal control over financial reporting and the safeguarding of the assets of COPL and other "risk management" functions (including the identification of significant risks and the establishment of appropriate procedures to manage those risks and the monitoring of corporate performance in light of applicable risks) affecting the assets of COPL, management, financial and business operations and the health and safety of employees and that these systems are operating effectively.

- Review and approve the investment and treasury policies of COPL and monitor compliance with such policies.

- Establish procedures for the receipt and treatment of (i) complaints received by COPL regarding accounting, controls, or auditing matters and (ii) confidential, anonymous submissions by employees of COPL as to concerns regarding questionable accounting or auditing.

Legal and Regulatory Compliance

- Satisfy itself, on behalf of the Board of Directors, that all material statutory deductions have been withheld by COPL and remitted to the appropriate authorities.

- Without limiting its rights to engage independent counsel and other advisors as it determines necessary to carry out its duties generally, review, with the principal legal external counsel of COPL, any legal matter that could have a significant impact on the financial statements of COPL.

- Satisfy itself, on behalf of the Board of Directors, that all regulatory compliance issues have been identified and addressed.

Budgets

- Assist the Board of Directors in the review and approval of operational, capital and other budgets proposed by management.

General

- Perform any other activities consistent with this Charter, the Articles of COPL and governing law, as the Committee or the Board of Directors deem necessary or appropriate.

- The audit committee must review and approve COPL's hiring policies regarding partners, employees and former partners or employees of the present or former external auditor of COPL.

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