CANADIAN OVERSEAS PETROLEUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

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

All amounts are presented in United States dollars ("USD") unless otherwise noted. Please see the "Significant Accounting Policy Changes" section that outlines the change in both functional and presentation currency to United States dollars from Canadian dollars ("CAD").

BUSINESS OF THE COMPANY – MANAGEMENT

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

COPL is an international oil and gas exploration and development company focused on sub-Saharan offshore Africa. The Company holds a 17% working interest in Block LB-13, offshore Liberia, with ExxonMobil Exploration and Production Liberia Limited ("ExxonMobil"), the operator, holding an 83% working interest. The Company also formed a joint venture company with Shoreline Energy International Limited ("Shoreline"), in line with the Company's strategy to diversify and balance its asset portfolio to generate stable cash flow from secure assets. Both partners hold a 50% interest in the jointly controlled company, which is focused on acquiring upstream oil and gas exploration, development and producing assets in sub-Saharan Africa, and has taken a position in Namibia while it continues to evaluate a variety of assets in Nigeria, Equatorial Guinea and Mozambique.

Senior management and strategic corporate functions are performed by COPL's head office in Calgary, and geological, geophysical, engineering, accounting and administrative functions are performed by COPL Technical Services Limited. Drilling oversight and some geological functions are provided by COPL UK. COPL Bermuda Holdings and COPL Bermuda were incorporated for operations offshore Liberia and elsewhere. On November 8, 2012, COPL New Zealand was incorporated to participate in an exploration licence in New Zealand. COPL Nigeria was incorporated October 16, 2013 for the future participation in Nigerian opportunities. COPL Namibia was incorporated on October 24, 2014 for future participation in Namibian opportunities. Shoreline Canoverseas Petroleum Development Corporation Limited ("ShoreCan") was incorporated on October 24, 2014 with Shoreline.

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 (Bermuda).

On October 5, 2015, COPL New Zealand was dissolved and removed 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.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This MD&A contains forward-looking statements relating to future events or future performance. In some cases, forward-looking information and forward-looking statements can be identified by terminology such as "may", "will", "should", "expects", "projects", "plans", "anticipates", "potential", "intend", "believe" and similar expressions. These statements represent management's expectations or beliefs concerning, among other things, future operating results and various components thereof and the economic performance of COPL. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties, including the business risks discussed in this MD&A as at and for the twelve months ended December 31, 2015, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Operating conditions and weather can have a significant effect on the timing of events. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

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

- the Company's current strategy to establish and grow an oil and gas business (the "Overview and Overall Performance", "Outlook", and "Liquidity and Capital Resources" sections);
- the Company's ability to raise capital and obtain the financing necessary to develop profitable oil operations (the "Overview and Overall Performance", "Outlook" and "Liquidity and Capital Resources" sections);
- the Company's assumptions in respect of the calculation of stock-based compensation and valuation of Warrants (as defined herein) (the "Stock-Based Compensation Expense" section);
- the Company's ability to manage its financial and operational risks (the "Overview and Overall Performance", "Financial Instruments", "Commitments and Contractual Obligations" and "Liquidity and Capital Resources" sections); and
- the Company's expectations regarding changes in accounting policies and the impact on the Company and its financial statements ("Significant Accounting Policy Changes").

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

OVERVIEW AND OVERALL PERFORMANCE *

In 2015, the Company continued to identify, evaluate and pursue exploration and development opportunities in Tanzania, Namibia, Nigeria, Equatorial Guinea and Mozambique. The Company is focused on offshore opportunities that its seasoned technical team has strength in evaluating and developing.

Liberia

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

The Company and ExxonMobil remain committed to completing the work program and obligations for the Block LB-13 project. Drilling on Block LB-13 has been delayed due to the Ebola virus outbreak in the region, resulting in a reduced presence of expatriates in the country. The Company is aware of the continued regional threat of the Ebola virus on its operations. On July 23, 2014, the Company announced that the drilling program in Liberia had been suspended due to the Ebola outbreak in the region. On May 9, 2015, the World Health Organization declared Liberia Ebola-free. On September 23, 2015, the Company announced it had received a work program and budget for 2016 from ExxonMobil of its best estimate as to the timing of key activities. The well to be drilled under the Second Exploration Phase, Mesurado-1, is planned to spud no earlier than the fourth quarter of 2016.

On February 23, 2016, ExxonMobil informed the Company that the length of the extension period granted by the National Oil Company of Liberia ("NOCAL") has been set at a total of 619 days and that the second exploration period timeframe has been extended until September 25, 2017. This extension was a result of the "State of Emergency Agreement" between NOCAL and ExxonMobil due to the Ebola crisis in Liberia. The exact timing of the well will be dependent on rig availability and when ExxonMobil can confirm third party contractors' capability to operate in Liberia. The Company will provide further information as future events may arise.

Expansion of sub-Saharan African Portfolio

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

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

On February 20, 2015, ShoreCan entered into a commercial acquisition, ratified by the Ministry of Energy in Namibia, of an 80% interest in three blocks offshore Namibia. ShoreCan is to be the operator and will meet 100% of the exploration costs for the blocks 1708, 1709 and 1808 in the Namibe Basin. Situated north of the Walvis ridge on the Namibian/Angolan border, they are deepwater blocks on which ShoreCan will commence geological and geophysical evaluations on these blocks (the "Namibia project").

OVERVIEW AND OVERALL PERFORMANCE* (CONTINUED)

Expansion of sub-Saharan African Portfolio (continued)

On March 4, 2015, ShoreCan entered into a farm-in option agreement to acquire a 60% participating interest in the Petroleum Exploration License and Petroleum Agreement with respect to the Kimbiji and Latham offshore Blocks in Tanzania. On August 11, 2015, ShoreCan dropped its option on the Kimbiji Block and retained its option on the Latham Block while seeking a partner for potential 3D seismic evaluation on leads and trends identified by its seismic and geological analysis. The option was exercisable at any time before December 31, 2015. After detailed technical review and a short marketing exercise, ShoreCan determined not to continue with the option during the fourth quarter of 2015, and terminated the option on the Latham Block.

On May 27, 2015, ShoreCan signed a memorandum of understanding ("MOU") on Equatorial Guinea Block EG-18 with the Minister of Mines, Industry and Energy (“MMIE”) in Malabo, Equatorial Guinea. A meeting to discuss the terms of a production sharing contract with the MMIE was held on February 10, 2016. The Company will provide further information as future events may arise.

On August 17, 2015, ShoreCan agreed to an acquisition in Nigeria, subject to the approvals of the Nigerian regulatory authorities, to acquire 80% of the issued share capital of a Nigerian oil company which holds 100% of the equity and titled interest of an oil appraisal and development project offering near term oil production, located in the Niger Delta province, offshore Nigeria. The transaction also provides that ShoreCan will take over management and operatorship of the asset. A nominal consideration to this company of $250,000 is being held in escrow until completion of certain conditions. The Company expects resolution of these conditions very shortly and the deal to proceed to final closing.

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

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

FINANCIAL SUMMARY

The Company incurred pre-licence costs of approximately $114,000 for the year ended December 31, 2015, compared to $0.6 million for year ended December 31, 2014.

General and administrative costs were $6.4 million for the year ended December 31, 2015 (net of $0.2 million of costs allocated to exploration projects), compared to $6.5 million for the year ended December 31, 2014 (net of $0.6 million of costs allocated to exploration projects). The Company recognized interest income of approximately $41,000 for the year ended December 31, 2015, compared to $28,000 for the year ended December 31, 2014. A foreign exchange loss of $0.5 million was recognized for the year ended December 31, 2015, compared to foreign exchange gain of $1.1 million in 2014. The Company recognized a gain on derivative of $1.1 million for the year ended December 31, 2015, compared to a gain of $27,000 for the year ended December 31, 2014. The loss recognized on the Company's investment in ShoreCan was $0.7 million for the year ended December 31, 2015, compared to $nil for the year ended December 31, 2014. As a result, the Company's loss amounted to $6.7 million for the year ended December 31, 2015, compared to losses of $6.6 million in 2014.

As at December 31, 2015, the Company's cash and cash equivalents amounted to $2.0 million. Cash used in investing activities amounted $0.9 million for the year ended December 31, 2015, compared to $0.6 million for the year ended December 31, 2014. Cash used in operating activities amounted to $6.3 million for the year ended December 31, 2015 compared to $7.5 million for the same period in 2014. Cash provided by financing activities amounts to $5.0 million for the year ended December 31, 2015, compared to $10.8 million for the year ended December 31, 2014.

OUTLOOK *

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

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

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

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

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

SELECTED ANNUAL INFORMATION

DISCUSSION OF OPERATIONS

The Company has not had significant revenue from operations in any of its last three financial years. The following table summarizes the Company's financial results for the years ended December 31 2015, 2014 and 2013:

($ 000's) except per share	2015	2014	2013
Exploration recovery	**$ -**	$ (1)	$ (70)
Pre-license costs	**114**	551	521
Derecognition of exploration and evaluation assets	**-**	594	-
Administrative expenses	**6,391**	6,541	7,647
Stock-based compensation	**-**	-	1,433
Interest income	**(41)**	(28)	(25)
Derivative gain	**(1,097)**	(27)	-
Foreign exchange loss / (gain)	**530**	(1,138)	(756)
Loss on investment in joint venture	**729**	-	-
Net loss	**6,685**	6,554	8,811
Per share loss (basic and diluted)	**$ 0.01**	$ 0.02	$ 0.03
Outstanding common shares at December 31	***482,339,196***	***402,050,497***	*333,717,720*
Weighted average common shares - basic	***440,545,079***	***365,248,721***	*301,868,415*
Cash used in operating activities	**$ 6,255**	$ 7,515	$ 7,840

Exploration Expenses

For the year ended December 31, 2015, exploration costs were $nil, a recovery of $ $1,000 in 2014 and $70,000 in 2013 related to the UK Bluebell prospect for which an exploration well was drilled in March 2012 and commercial reserves were not discovered.

Derecognition of Exploration and Evaluation Assets

During the year ended December 31, 2014, the balance of previously capitalized evaluation and exploration assets of $594,000 were written off against the project of COPL New Zealand (as previously discussed), as the minimum work commitments on the exploration asset had not been met by the Company or its partner. There are no further financial penalties or commitments relative to this asset after that date.

Pre-Licence Costs

For the year ended December 31, 2015, the $0.1 million net pre-licence costs related to sub-Saharan Africa (discussed in the "Expansion of sub-Saharan African Portfolio" section). For the year ended, December 31, 2014, pre-license costs of $0.6 million related to $0.3 million for areas in West Africa, and $0.3 million for the Liberia project. Pre-licence costs of $0.5 million for the year ended December 31, 2013, related to the project in Liberia for which transactions were completed in April of 2013 (discussed in the "Liberia" section).

DISCUSSION OF OPERATIONS (CONTINUED)

Administrative Expenses

A breakdown of administrative expenses are as follows:

($ 000's)	2015	2014
Administrative:		
Payroll and related costs	**$ 2,363**	$ 2,548
External directors' fees and related costs	**532**	617
Consulting services	**797**	945
Professional services	**739**	581
Travel expenses	**661**	753
Office expenses	**758**	846
Stock exchange and transfer agent fees	**86**	132
Other general and administrative	**605**	675
Costs allocated to exploration projects	**(150)**	(556)
Total administrative	**$ 6,391**	$ 6,541

Administrative expenses amounted to $6.4 million for the year ended December 31, 2015, compared to $6.5 million for the year ended December 31, 2014, and are presented net of costs allocated to exploration projects which amounted to $0.2 million in 2015 and $0.6 million in 2014.

The decrease in administration expenses of approximately $0.2 million compared to the year ended December 31, 2014, is due to a reduction in expenses related to external directors' costs, consulting services, travel and other general and administrative costs. In addition, payroll and related costs as well as travel expenses were lower due to the resignation of the CFO in August of 2015. This decrease in administrative expenses was offset by the increase in professional service fees during 2015 compared to 2014. The decrease in administrative costs allocated to exploration projects for the year ended December 31, 2015, compared to the same period in 2014, was a result of less time allocated to the projects in Liberia and New Zealand.

*Stock-Based Compensation Expense**

The Company has a stock option plan where the number of common shares of the Company (the "Common Shares") reserved under the plan shall not exceed 10% of issued and outstanding Common Shares and the number reserved for any one individual may not exceed 5% of the issued and outstanding shares. The board of directors approved a Performance Share Unit Plan on April 15, 2014 ("the PSU Plan"), whereby a maximum of 5,000,000 Common Shares may be issuable to officers, employees and consultants of the Company and its subsidiaries similar restrictions as the stock option plan.

Exercise prices for stock options granted are determined by the closing market price on the day before the date of grant. The fair value of each option granted is estimated on the date of grant using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's audited consolidated financial statements for the years ended December 31, 2015 and 2014).

There were no stock options or Common Shares under the PSU Plan issued during the years ended December 31, 2015 and 2014, and no stock options were exercised during the years ended December 31, 2015 or 2014. There were 6,950,000 stock options that expired unexercised and 1,800,000 stock options forfeited for the year ended December 31, 2015.

Stock-based compensation expense of $nil was recognized for the year ended December 31, 2015 and 2014.

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

DISCUSSION OF OPERATIONS (CONTINUED)

Interest Income

Interest income earned was $41,000 for the year ended December 31, 2015, compared to $28,000 for year ended December 31, 2014. The interest income relates to interest earned on cash held at banks.

*Derivative Gain**

On April 3, 2014, the Company issued 888,889 Common Share purchase warrants to its agents, which entitle the holder to purchase one Common Share of Canadian Overseas Petroleum Limited until April 4, 2016, at an exercise price of Great British Pounds ("GBP") 0.135 ($0.224).

On July 9, 2015, the Company issued 80,288,699 Common Share purchase warrants, which entitle the holder to purchase one Common Share until July 9, 2017, at an exercise price of CAD $0.12 ($0.09).

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

A derivative liability was recognized in relation to the warrants issued. The warrants' exercise price is in GBP or CAD, the stock is traded in CAD and the Company's functional currency is USD. As there is variability in these exchange rates the warrants are classified as derivative financial instruments.

As at December 31, 2015, the total derivative liabilities were revalued and a derivative gain of $1.1 million was recognized for the year ended December 31, 2015, compared to $27,000 for the year ended December 31, 2014. The estimated derivative liability as at December 31, 2015, is valued at $0.4 million (December 31, 2014 - $57,000, January 1, 2014 - $nil) using a Black-Scholes option pricing model.

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Foreign Exchange Gain

A foreign exchange loss of $0.5 million was recognized for the year ended December 31, 2015 (2014 - $1.1 million gain, 2013 - $0.7 million gain), and related mainly to the translation of cash and cash equivalents denominated in currencies other than USD compared to gains on translation of capitalized exploration and evaluation costs in 2014 and 2013.

Loss on investment in joint venture

The Company currently holds a 50% interest in a jointly controlled entity, ShoreCan, as part of the Company's stated strategy to expand its interests and to generate stable cash flow from secure assets. For the year ended December 31, 2015 (December 31, 2014 and January 1, 2014 - $nil), the Company charged ShoreCan $2.6 million of management and technical services which were included in ShoreCan's general and administration expenses for the same period. This $2.6 million of revenue was reversed from the Company's revenue and investment in joint venture.

As at December 31, 2015, the Company's share of losses of $3.1 million (December 31, 2014 and January 1, 2014 - $nil) in ShoreCan exceeded the company's net investment of $0.7million (December 31, 2014 and January 1, 2014 - $nil) in the jointly controlled entity. Accordingly, under the equity method, the Company did not recognize its current period losses of $2.4 million for the period ended December 31, 2015 (December 31, 2014 - $nil). Unrecognized accumulated losses on the investment as of December 31, 2015 are $2.4 million (December 31, 2014 - $nil).

COMPARATIVE FINANCIAL POSITION ITEMS

The following table summarizes the Company's financial position as at December 31, 2015, December 31, 2014 and January 1, 2014:

($ 000's) except per share	December 31, 2015	December 31, 2014	January 1, 2014
Cash and cash equivalents	**$ 2,015**	$ 4,705	$ 2,241
Exploration and evaluation assets	**16,455**	16,305	16,456
Total assets	**18,998**	21,705	19,292
Non-current financial liabilities	**367**	57	-
Share capital	**(120,730)**	(117,247)	(109,101)
Shareholders' equity	**$ (17,207)**	$ (20,268)	$ (17,545)

Economic and industry factors and their respective impact on the Company for the year ended December 31, 2015, are substantially unchanged since the year ended December 31, 2014.

Cash and Cash Equivalents

The decrease in cash and cash equivalents of $2.7 million during 2015 relates mainly to administrative costs, as well as amounts paid for the investment in the ShoreCan joint venture.

Investment in joint venture

The Company's share of ShoreCan's net assets and liabilities, or investment in joint venture, represents the 50% share of the jointly controlled entity ShoreCan's non-current assets, exploration and evaluation assets which relate to the Namibia project (as discussed in the "Expansion of sub-Saharan African Portfolio" section), offset by current and non-current liabilities of ShoreCan. As the Company's share of the net liabilities in ShoreCan exceeded the Company's interest. as at December 31, 2015, under the equity method, the Company discontinued recognizing its share of future losses and the carrying amount of the investment in the jointly controlled entity was nil.

Exploration and Evaluation Assets

Exploration and evaluation assets ("E&E Assets") of $16.4 million relate to the project in Liberia as at December 31, 2015, compared to $16.3 million as at December 31, 2014. The increase in E&E Assets for the year ended December 31, 2015 relates to capitalized geological evaluation work in respect of its project in Liberia.

($ 000's)	December 31, 2015	December 31, 2014	January 1, 2014
Capitalized exploration and evaluation costs	**$ 16,455**	$ 16,942	$ 16,456
Net effect of foreign exchange	**-**	(43)	-
Exploration and evaluation written off	**-**	(594)	-
Total capitalized exploration and evaluation costs	**$ 16,455**	$ 16,305	$ 16,456

Total Assets

Total assets decreased by $2.7 million from $21.7 million as at December 31, 2014, to $19.0 million as at December 31, 2015. This decrease is a result of the $2.7 million decrease in cash and cash equivalents and prepaids, while partially offset by the increases in the value of the capitalized E&E Assets and accounts receivables.

Share Capital and Shareholders' Equity

The decrease in shareholders' equity of $3.1 million from December 31, 2014, relates to the net loss for the year ended December 31, 2015, offset by the issuance of common shares net of share issue costs during the year ended December 31, 2015. As at March 28, 2016, the Company had 482,339,196 Common Shares outstanding.

SUMMARY OF QUARTERLY RESULTS

Eight most recent quarters:

($ 000's)	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Revenue	21	9	3	8
Loss	(1,943)	(980)	(1,629)	(2,132)
Loss per share - basic & diluted	(0.00)	(0.00)	(0.00)	(0.01)

($ 000's)	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Revenue	16	6	1	5
Loss	(1,848)	(2,017)	(1,777)	(912)
Loss per share - basic & diluted	(0.00)	(0.01)	(0.01)	(0.00)

The revenue in all quarters consists of interest income earned on cash balances. The 2015 quarterly losses mainly represent the Company's administrative costs, depreciation, pre-licence costs and foreign exchange losses, as well as a loss on investment in ShoreCan, all of which are offset by a gain on the derivative liabilities. The third quarter 2015 losses are less due to pre-licence costs recovery and significantly higher derivative liability gains. As well, the net loss on investment in ShoreCan was only $29,000 in the third quarter of 2015, compared to net losses of $0.7 million in the fourth quarter, $0.1 million in the second quarter and $0.2 million in the first quarter.

The 2014 quarterly losses mainly represent the Company's administrative, pre-license costs and fluctuating foreign exchange gains or losses. The reduction in the loss for the first quarter of 2014 compared to the second quarter of 2014 was a result of a $0.6 million foreign exchange gain in the first quarter compared to a loss of $0.5 million in the second quarter. During the third quarter of 2014, the Company derecognized previously capitalized evaluation and exploration assets of $0.7 million related to its New Zealand license, which was offset by a foreign exchange gain of $0.6 million. Administrative expenses in the third quarter of 2014 were higher due to increased consulting fees related to financing and international travel for new projects. During the fourth quarter of 2014, the net loss was down due to the absence of the derecognition of the exploration and evaluation expense offset by an increase in administrative expenses due to increased professional fees and international travel for new projects.

FOURTH QUARTER RESULTS

The Company did not incur pre-licence costs for the three month period ended December 31, 2015, compared to $0.1 million for three month period ended December 31, 2014.

General and administrative costs were $1.6 million for the three month period ended December 31, 2015 (net of $36,000 of costs allocated to exploration projects), compared to $2.2 million for the three month period ended December 31, 2014 (net of $38,000 of costs allocated to exploration projects). The Company recognized interest income of approximately $21,000 for the three month period ended December 31, 2015, compared to $16,000 for the three month period ended December 31, 2014. The Company recognized a gain on derivative of $23,000 for the three month period ended December 31, 2015, compared to a gain of $6,000 for the three month period ended December 31, 2014. A foreign exchange loss of $83,000 was recognized for the three month period December 31, 2015, compared to foreign exchange gain of $0.4 million for the same period in 2014. The loss recognized on the Company's investment in ShoreCan was $0.4 million for the three month period ended December 31, 2015, compared to $nil for the three month period ended December 31, 2014. As a result, the Company's net loss amounted to $1.9 million for the three month period ended December 31, 2015, compared to net losses of $1.8 million for the same period in 2014.

Cash used in investing activities amounted $80,000 for the three month period ended December 31, 2015, compared to $37,000 for the three month period ended December 31, 2014. Cash used in operating activities amounted to $1.4 million for the three month period ended December 31, 2015 compared to $2.3 million for the same period in 2014. Cash used in financing activities amounts to $1,000 for the three month period ended December 31, 2015, compared to $35,000 for the three month period ended December 31, 2014.

TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH DIRECTORS AND OFFICERS

As at December 31, 2015, accounts due from related parties amounted to $21,000 (December 31, 2014 - $64,000, January 1, 2014 - $33,000), which represented travel advances, with $2,000 payable to related parties (December 31, 2014 - $nil, January 1, 2014 - $3,000) for outstanding travel expenses.

REMUNERATIONS OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

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

In $ 000's	**December 31, 2015**	December 31, 2014
Short-term benefits	**$ 1,859**	$ 1,798
	$ 1,859	$ 1,798

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

LOAN TO KEY MANAGEMENT PERSONNEL

The Company has provided a non-recourse interest bearing loan to a member of key management personnel. The balance receivable is as follows:

($ **000's**)	**December 31, 2015**	December 31, 2014	January 1, 2014
Loan receivable	**$ -**	$ 11	$ 23

The loan receivable was payable in twenty four equal monthly instalments bearing interest at the prescribed Canada Revenue Agency rates, which ranged from 1% to 2% during the year ended December 31, 2015. The loan was fully repaid in December 2015.

TRANSACTIONS WITH JOINTLY CONTROLLED ENTITY

In the normal course of operations, the Company enters into transactions on market terms with its jointly controlled entity ShoreCan, which have been measured at exchange value and are recognized in the consolidated financial statements, including, but not limited to: management fees, technical services and unsecured interest-bearing loans.

Included in ShoreCan's expenses for the year ended December 31, 2015, is $2.6 million (December 31, 2014 and January 1, 2014- $nil) of management and technical services and $16,000 (December 31, 2014 and January 1, 2013 - $nil) of interest expense charged by the Company and its subsidiaries. This $2.6 million of revenue was reversed from the Company's revenue and investment in joint venture. Also included in ShoreCan's non-current liabilities is $3.4 million due to the Company under the terms of a funding agreement. Amounts advanced to ShoreCan under the terms of this funding agreement are unsecured and payable on or before October 24, 2017, contingent upon ShoreCan generating its own cashflows. Interest is charged monthly at an annual rate of 3.0% above USD one month LIBOR.

FINANCIAL INSTRUMENTS*

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

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

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

SHARE CAPITAL

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

As at December 31, 2015, there were 482,339,196 Common Shares issued and outstanding.

As at December 31, 2015, the Company also had the following outstanding securities other than Common Shares:

- 19,315,000 stock options issued and outstanding to purchase Common Shares with an average exercise price of $0.46 per Common Share and a remaining contractual life of two months to three years; and
- 136,280,968 share purchase warrants issued and outstanding to purchase Common Shares with an average exercise price of $0.19 per share and a remaining contractual life of three months to a year and a half.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS*

As at December 31, 2015, the Company has the following commitments:

In $ 000's	Total	Less than One Year	One to Three Years	Four to Five Years	After Five Years
Office lease	**1,868**	477	954	437	-

The Company is committed under an operating lease agreement for the rental of office space in Calgary, Canada. The approximate lease payments total $1.9 million and are payable over the next four years.

As at December 31, 2015, the jointly controlled entity ShoreCan, in which the Company holds a 50% interest in, has commitments of $0.2 million for annual license fees due in the fourth quarter of 2016 and $7.0 million which relate to a minimum work programme to be carried out by the second quarter of 2017, under its exploration license in Namibia. In the event that the acquisition of seismic data does not occur in accordance with the work programme, there is no financial penalty to ShoreCan and the license is subject to forfeiture after that date. ShoreCan is currently exploring alternatives for raising sufficient capital to complete the minimum work programme, and plans to proceed under the terms of the exploration license. ShoreCan has capitalized costs in Namibia of $0.5 million as at December 31, 2015 (December 31, 2014 and January 1, 2014 - $nil).

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LIQUIDITY AND CAPITAL RESOURCES*

As of December 31, 2015, the Company had a working capital of approximately $1.0 million, shareholders' equity of $17.2 million and cash of $2.0 million.

For the year ended December 31, 2015, the Company's cash used in operating activities amounted to $6.3 million and cash used in investing activities amounted to $0.9 million, compared to $7.5 million and $0.6 million, respectively, for the year ended December 31, 2014.

LIQUIDITY AND CAPITAL RESOURCES* (CONTINUED)

During 2014, the Company issued 17,777,777 Common Shares at a price of GBP 0.135 ($0.224) for gross proceeds of GBP 2.4 million ($4.1 million). The agents were paid cash commission and fees of GBP 0.3 million ($0.4 million) representing 5.0% of the gross proceeds of the public offering. Other expenses related to the public offering amounted to approximately $1.1 million. The Company also issued 888,889 Common Share purchase warrants to its agent as compensation warrants, which entitle the holders to purchase one Common Share of COPL for the period until April 4, 2016, at an exercise price of GBP 0.135 ($0.224). The fair value of the Warrants issued was recognized as share issue costs and estimated at $0.1 million using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's audited consolidated financial statements for years ended December 31, 2014 and 2013).

During 2014, the Company also closed a short form prospectus in connection with a marketed offering of units of the Company ("2014 Offering"). A unit ("Unit") consisted of one Common Share and one share purchase warrant. Each warrant of the 2014 Offering (the "2014 Offering Warrant") entitles the holder thereof to purchase one Common Share at an exercise price of CAD $0.40 ($0.37) per Common Share on or before August 21, 2017. The Company issued 50,555,000 Units at a price of CAD $0.20 ($0.18) per Unit, for aggregate proceeds of approximately $9.2 million pursuant to the 2014 Offering. The agents were paid a cash commission of $0.2 million as well as $0.5 million representing 5.0% of the gross proceeds. Other expenses related to the offering of Units amounted to approximately $0.3 million. The fair value of the 2014 Offering Warrants issued was netted against proceeds from share capital and estimated at $2.6 million using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's audited consolidated financial statements for the years ended December 31, 2015 and 2014). The Company has used the funds received from the 2014 Offering to fund its acquisition and processing of seismic data in connection with evaluating Nigeria and West Africa Transform Margin opportunities and for general and administrative expenses and corporate development, as originally disclosed.

On July 9, 2015, the Company closed a short form prospectus in connection with a marketed offering of Units of the Company ("2015 Offering"). Each Unit consisted of one Common Share in the capital of the Company and one share purchase warrant. Each warrant (the "2015 Offering Warrants") entitles the holder thereof to purchase one Common Share at an exercise price of CAD $0.12 ($0.09) per Common Share on or before the date that is 24 months following the closing date. The Company issued 80,288,699 Units at a price of CAD 0.09 ($0.07) for gross proceeds of CAD $7.2 million ($5.7 million). The agents were paid cash commission of CAD $0.4 million ($0.3 million) representing 6.0% of the gross proceeds of the 2015 Offering. The fair value of the 2015 Offering Warrants issued was netted against proceeds from share capital and estimated at $1.4 million using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's audited consolidated financial statements as at and for the years ended December 31, 2015 and 2014).

The Company also issued 4,548,380 share purchase warrants (the"2015 Offering Agent Warrants") to its agents as compensation warrants in an amount equal to 6.0% of 75,806,333 of the Common Shares issued pursuant to the 2015 Offering. Each 2015 Offering Agent Warrant entitles the holder to purchase one Common Share of the Company that is 24 months following the closing date, at an exercise price of CAD $0.09 ($0.07). Other expenses related to the public offering amounted to approximately CAD $0.5 million ($0.4 million). The fair value of the 2015 Offering Agent Warrants issued was recognized as share issue costs and estimated at $0.1 million using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's audited consolidated financial statements as at and for the years ended December 31, 2015 and 2014).

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

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

ACCOUNTING PRONOUNCEMENTS

SIGNIFICANT ACCOUNTING POLICY CHANGES*

Change in Functional and Presentation Currency

Effective January 1, 2015, the functional currency was changed from CAD to USD for the Company. The measurement change is due to the focus of the Company in sub-Saharan Africa, for which costs are denominated in USD. As a result of the Company's focus in areas with USD functional currencies, the Company has also re-denominated the intercompany debt agreements to USD.

Transactions denominated in foreign currencies are translated at the exchange rate prevailing on the transaction date. At each period end, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate prevailing at the period end date. All differences are recognized in net earnings. Non-monetary assets, liabilities and transactions denominated in a foreign currency and measured at historical cost are translated at the exchange rate in effect at the transaction date. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined.

For the purpose of consolidation, assets and liabilities of foreign subsidiaries are translated from their functional currency to USD using the exchange rate prevailing at the period end date. The statements of comprehensive loss and cash flows are translated using the average exchange rates for the period. Foreign exchange differences resulting from such transactions are recorded in Shareholders' Equity as accumulated other comprehensive income.

The change in presentation currency is to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results. This change has been applied retrospectively as if the new presentation currency had always been the Company's presentation currency. The statements of comprehensive income (loss) were translated at the average exchange rates for the reporting period or at the exchange rate prevailing at the date of the transaction. Exchange differences arising on translation were taking into cumulative translation adjustment in shareholder's equity. As a result, the effect on the Company's financial disclosure is that previously released disclosure of the Company may not be comparable to disclosure released by the Company after the date of adoption of this change in presentation currency. For comparative balances, assets and liabilities are translated at the rate prevailing at the reporting date. Management does not expect that this change in presentation currency will have an effect on the business of the Company.

For comparative purposes, the statement of financial position as at December 31, 2014 and January 1, 2014 includes adjustments to reflect the change in accounting policy resulting from the change in presentation currency to USD. The amounts previously reported in CAD as shown below have been translated into USD at the December 31, 2014 and January 1, 2014 exchange rate. The effect of the translation is as follows:

As at January 1, 2014 ($ 000's)	**As previously reported CAD**	**As translated into USD**
Current assets	$ 2,762	**$ 2,599**
Non-current assets	17,753	**16,693**
TOTAL ASSETS	$ 20,515	**$ 19,292**
Current liabilities	1,859	**1,747**
Non-current liabilities	-	**-**
TOTAL LIABILITIES	$ 1,859	**$ 1,747**
As at December 31, 2014		
Current assets	$ 6,035	**$ 5,203**
Non-current assets	19,137	**16,502**
TOTAL ASSETS	$ 25,172	**$ 21,705**
Current liabilities	1,601	**1,380**
Non-current liabilities	66	**57**
TOTAL LIABILITIES	$ 1,667	**$ 1,437**

SIGNIFICANT ACCOUNTING POLICY CHANGES (CONTINUED)

Change in Functional and Presentation Currency (continued)

For comparative purposes, the Consolidated Statements of Comprehensive Loss for the year ended December 31, 2014, include adjustments to reflect the change in accounting policy resulting from the change in presentation currency to USD. The amounts previously reported in CAD as shown below have been translated into USD at the 2014 average exchange rate or the rate in effect at the date of the transaction. The effect of the translation is as follows:

For the year ended December 31, 2014 ($ 000's)	**As previously reported CAD**	**As translated into USD**
Exploration	$ 2	**$ 1**
Pre-license costs	(607)	**(551)**
Derecognition of exploration & evaluation assets	(665)	**(594)**
Administrative	(7,180)	**(6,541)**
Depreciation	(68)	**(62)**
Interest income	32	**28**
Derivative gain	30	**27**
Foreign exchange gain	1,308	**1,138**
Net loss	(7,148)	**(6,554)**
Gain (loss) due to presentation currency	211	**(1,482)**
Comprehensive loss for the period	$ (6,937)	**$ (8,036)**
Loss per share (basic and diluted)	$ (0.02)	**$ (0.02)**
Comprehensive loss per share (basic and diluted)	$ (0.02)	**$ (0.02)**

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

ACCOUNTING PRONOUNCEMENTS

FUTURE ACCOUNTING CHANGES

IFRS 9 – "Financial Instruments"
Since November 2009, the IASB has been in the process of completing a three-phase project to replace IAS 39, "Financial Instruments: Recognition and Measurement" with IFRS 9, which includes requirements for hedge accounting, accounting for financial assets and liabilities and impairment of financial instruments. As of July 2014, the IASB completed the final elements of IFRS 9, setting the mandatory effective date to January 1, 2018. The Company will assess the effect of this future pronouncement on its financial statements.

IFRS 15 – "Revenue from Contracts with Customers"
In May 2014, the IASB and FASB jointly issued IFRS 15 "Revenue from Contracts with Customers," which replaces IAS 18 "Revenue," IAS 11 "Construction Contracts," and other revenue related interpretations. In July 2015, the IASB deferred the mandatory effective date to January 1, 2018 with early adoption permitted. The Company will assess the effect of this future pronouncement on its financial statements.

IFRS 16 – Leases
In January 2016, the IASB issued IFRS 16 "Leases", which replaces IAS 17 Leases. IFRS 16 applies to lessees, requiring the recognition of assets and liabilities for most leases and eliminates the distinction between operating and financing leases. The standard is effective for annual period beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied. The Company will assess the effect of this future pronouncement on its financial statements.

ACCOUNTING PRONOUNCEMENTS (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES

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

Management is required to make judgements, assumptions and estimates in applying the Company's accounting policies and practices, which may have a significant impact on the financial results reported by the Company. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accordingly, actual results may differ from those estimated amounts and differences may be material.

In particular, significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are:

- Stock-based compensation, warrants and derivative liability – the amounts recorded in respect of stock options granted, share purchase warrants granted and the derivative liability for warrants issued are based on the Company's estimation of their fair value, calculated using assumptions regarding the life of the option or warrant, interest rates and volatility. By their nature, these estimates and assumptions are subject to uncertainty, and the actual fair value of options or warrants may differ at any time;
- Impairment of assets – E&E assets and office equipment are assessed for impairment annually and when circumstances suggest that the carrying amount might exceed the recoverable amount. These calculations require the use of estimates and assumptions and are subject to change as new information becomes available. Specifically for E&E assets, these estimates include future commodity prices, quantity of reserves and discount rates, as well as future development and operating expenses;
- Impairment of investment in joint venture – After application of the equity method, the net investment in joint venture is assessed for impairment annually and when circumstances suggest that the carrying amount might exceed the recoverable amount. The Company assesses whether it is necessary to recognize any additional impairment loss with respect to its net investment in the joint venture or any other amount that does not constitute part of the net investment. These estimates include the market, economic, legal and political environment in which the joint venture operates, as well as changes in the joint venture's financial condition. Any reversal of impairment losses is recognized to the extent that the recoverable amount of the investment subsequently increases;
- Deferred income tax – management assesses the likelihood that deferred income tax assets will be realized from future taxable earnings, the amount of which is subject to measurement uncertainty; and
- Provisions, commitments and contingent liabilities – amounts recorded as provisions and amounts disclosed as commitments and contingent liabilities are estimated based on the terms of the related contracts and management's best knowledge at the time of issuing the consolidated financial statements. The actual results ultimately may differ from those estimates as future confirming events occur.

Significant judgments are involved in the determination of the functional currency of the subsidiaries and the time when exploration and evaluation projects are complete and the technical feasibility and commercial viability of extracting oil or gas are demonstrable for the project or there is no prospect of a positive outcome for the project . Determining the type of joint arrangement as either a joint operation or a joint venture is based on management's determination of whether it has joint control over another entity and considerations include assessment of contractual agreements for unanimous consent of the parties on decision making of relevant activities. Once classified as a joint arrangement, management assesses whether it is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity the direct right to the assets and obligations for the liabilities within the normal course of business, as well as the entity's rights to the economic benefit of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

DISCLOSURE CONTROLS AND PROCEDURES

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

Management of the Company, including the Chief Executive Office and Chief Financial Officer, has evaluated the effectiveness of the Company's DC&P as at December 31, 2015. Based on that evaluation, our Chief Executive Office and Chief Financial Officer have concluded that the DC&P are effective as of the end of the year, in all material respects.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Executive Officer and Interim Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting ("ICFR"). They have as at the financial year end December 31, 2015, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework the Company's officers used to design the Company's ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations.

The Company's Chief Executive Officer and Interim Chief Financial Officer are required to disclose any change in the ICFR that occurred during the most recent interim period that has materially affected, or is reasonable likely to materially affect, the Company's ICFR. No material changes in the Company's ICFR were identified in the year ended December 31, 2015, which have materially affected, or are reasonably likely to materially affect the Company's ICFR.

It should be noted that while the Chief Executive Officer and Interim Chief Financial Officer believe that the Company's design of DC&P and ICFR provide a reasonable level of assurance that they are effective, they do not expect that the control system will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected the disclosure and internal control procedures will prevent all errors or fraud. The Company's ICFR may not prevent or detect all misstatements because of inherent limitations. In reaching a reasonable level of assurance, management necessarily is required to apply its judgment in evaluating the cost/benefit relationship of possible controls and procedures. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

DIRECTORS

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

OFFICERS

Arthur S. Millholland, P.Geol. - President and Chief Executive Officer
Kristin Obreiter, CPA, CA - Interim Chief Financial Officer
Rod Christensen, P.Geol. - Vice President, Exploration and Exploitation
Richard Mays, LL.B. (Hons), LL.M., Ph.D - Vice President, Business Development and General Counsel
Norman Deans, BEng. – Vice President, Operations
Faralee A. Chanin, LL.B., M.B.A. - Corporate Secretary