



CANADIAN OVERSEAS PETROLEUM LIMITED

Canadian Overseas Petroleum Receives Transfer of License, DECC Approval

Calgary, Canada, January 24, 2011 – Canadian Overseas Petroleum Limited (“COPL” or the “Company”) (TSX-V: XOP), through its wholly owned subsidiary, Canadian Overseas Petroleum (UK) Limited, has received from Faroe Petroleum plc the transfer of 50% of License P.1161 for Blocks 206/5a and 206/10a, which include the Fulla exploration prospect and the Freya discovery. The completion of the transfer of the license is a result of COPL fulfilling a number of obligations as per a farm-in agreement with Faroe. The U.K. Department of Energy and Climate Change (“DECC”) has formally approved transferring 50% of the license to COPL. The DECC has also agreed to extend the term of the license to such a date that the parties can begin drilling a well in the Fulla prospect, which is expected to occur before the end of September 2011. Under the terms of the farm-in agreement, COPL is required to pay 60% of the drilling costs for the Fulla exploration well.

Blocks 206/5a and 206/10a are located in the “West of Shetland Islands” region approximately 10 kilometers northeast of the Clair field, which has recently been producing between 30,000 to 49,000 barrels of oil per day. Both Fulla and Freya appear to have similar seismic and geological characteristics to the Clair field.

About the Company

COPL is an oil and gas exploration company focused in the UK North Sea. It operates in the United Kingdom through its wholly owned subsidiary, Canadian Overseas Petroleum (UK) Limited, a company registered under the laws of England and Wales. COPL’s Common Shares are listed under the symbol “XOP”, and its Subscription Receipts under the symbol “XOP.R”, both of which trade on the TSX Venture Exchange.

Forward Looking Statements

This press release may contain forward-looking statements based on COPL’s current expectations and assumptions as to a number of factors including access to capital, regulatory approvals, drilling intentions, intended acquisitions and general economic and industry conditions. If those expectations and assumptions prove to be incorrect, or factors change, then actual results could differ materially from the forward-looking statements contained in this press release.

Generally, statements included in this press release that address activities, events or developments that COPL expects, believes or anticipates will or may occur in the future are forward-looking statements. Such forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond COPL’s control, including: the impact of general economic conditions in the areas in which COPL operates, civil unrest, industry conditions, changes in laws and regulations including the adoption of new



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environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in commodity prices, foreign exchange or interest rates, stock market volatility and obtaining required approvals of regulatory authorities. In addition there are risks and uncertainties associated with the oil and gas industry, therefore COPL's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amounts of proceeds, which COPL will derive therefrom. Such statements are based on assumptions made by COPL based on its experience perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances.

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