



CANADIAN OVERSEAS PETROLEUM LIMITED

Canadian Overseas Petroleum Signs Earn-In Agreement

Calgary, Canada, February 22, 2011 – Canadian Overseas Petroleum Limited (“COPL” or the “Company”) (TSX-V: XOP; XOP.R), through its wholly owned subsidiary, Canadian Overseas Petroleum (UK) Limited, has signed an Earn-In Agreement (“EIA”) with BG International Limited for certain prospects in Block 23/21, License P.101, and Block 22/15, License P.089. An EIA is the equivalent of a farm-in agreement as outlined in COPL’s Final Prospectus filed November 24, 2010.

Block 23/21 contains the Upper Toad discovery and the Lower Toad, Newt and West Columbus exploration prospects. Under the terms of the EIA, COPL will acquire a 41.67% equity interest in each of the prospects by paying 83.33% of the costs for a test well in each of the Lower Toad and Newt prospects. Upon certain success parameters being obtained in the Lower Toad and Newt wells, COPL would then pay 83.33% of the costs for a new well in each of the Upper Toad discovery and West Columbus prospect to acquire a 41.6% equity interest in each.

Block 22/15 contains the Banks discovery and the Esperanza exploration prospect. COPL will acquire an option to purchase a 50% equity interest in the entire block, including the Banks discovery, by paying 100% of the costs to drill the Esperanza well. The option is exercisable by COPL within 120 days of rig release of the Esperanza well and may be exercised by COPL paying an additional \$20 million.

The EIA remains subject to certain conditions precedent and regulatory approvals.

The EIA for Blocks 23/21 and 22/15 satisfies the requirements for the second release condition of the Company’s \$130 million offering of subscription receipts that closed December 1, 2010, as outlined in the prospectus dated November 23, 2010. As such, the remaining \$91 million (70% of the gross \$130 million financing) currently held in escrow will be released to the Company. The first release condition was satisfied in December 2010, at which time \$39 million (30% of the gross \$130 million financing) was released to the Company.

Satisfaction of the second release condition also resulted in the Company’s remaining 182 million subscription receipts being automatically converted into common shares and warrants. Each subscription receipt entitled the holder to one (1) common share and one-half of one (0.5) common share purchase warrant. The common shares will trade on the TSX Venture Exchange (“TSX-V”) under the symbol XOP, but the associated warrants are not listed. Trading in the subscription receipts on the TSX-V will be halted commencing at the opening of trading on Wednesday, February 23, 2011 and all trades in subscription receipts will now settle in the underlying common shares and warrants.

Canaccord Genuity Corp. acted as COPL’s exclusive financial advisor.



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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 the subscription receipts under the symbol "XOP.R", both on the TSX-V.

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, regulatory approvals 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 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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