

Canadian Overseas Petroleum Limited Signs Letter of Intent

Calgary, Canada, August 16, 2010 –Canadian Overseas Petroleum Limited (“COPL” or “the Company”) (TSX-V: XOP), through its wholly owned subsidiary, North Sea Oil Exploration Limited, has entered into a Letter of Intent (“LOI”) with a third party that will allow the Company to earn a 50% equity interest in two blocks in the UK North Sea. The Company will participate in the farm-in by paying a portion of the drilling costs which are expected to be less than \$15 million to the Company. Drilling on the exploration prospect will target oil and is anticipated to occur within the next year, subject to the Company successfully accessing financing.

The LOI is subject to financing and regulatory approvals.

About the Company

COPL’s shares are listed for trading on the TSX Venture Exchange (TSX-V) under the symbol “XOP”.

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, 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 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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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.