CANADIAN OVERSEAS PETROLEUM LIMITED

ANNUAL INFORMATION FORM

For the year ended December 31, 2010

March 31, 2011

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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
Mbbls	thousands of barrels	Mcf/d	thousand cubic feet per day
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		
WTI	West Texas Intermediate		

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form constitute forward-looking statements. Forward-looking 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. Management believes 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 statements pertaining to the following:

- business strategy, strength and focus;
- the performance characteristics of the oil and natural gas properties to be acquired by the Company;
- oil and natural gas production levels;
- the size of the oil, natural gas and NGL reserves;
- 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;
- tax horizon and future income taxes;
- capital expenditure programs; and
- abandonment and reclamation costs.

Currently COPL 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 Company's current beliefs as well as assumptions made by, and information currently available to, the Company 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:

- volatility in market prices for oil, natural gas and NGLs;
- uncertainties associated with estimating oil and natural gas reserves;
- operational dependence;
- project risks;
- geopolitical change;
- climate change;
- dilution;
- dividends;
- third party credit;
- status and stage of development;
- issuance of debt;
- market price of the Company's securities;
- need to generate and replace reserves;
- operating hazards and other uncertainties;
- offshore exploration;
- subsea development operations;
- competition;
- interest rate cash-flow;
- currency fluctuations;
- liquidity and access to capital;
- governmental regulation;
- environmental regulations;
- reliance on key individuals;
- insurance;
- marketability of crude oil and natural gas;
- availability of equipment and access restrictions;
- nature of reserves and additional funding requirements;
- operatorship;
- corporate tax regime;
- development costs of fields;
- alternatives to and changing demand for petroleum products;
- joint property ownership;
- access to production facilities; and
- global financial instability.

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 Company 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.

GLOSSARY OF TERMS

Unless the context otherwise requires, the following terms shall have the respective meanings set out below when used in this Annual Information Form.

"**AIF**"	this annual information form of COPL.
"**Agency Agreement**"	the agency agreement dated November 23, 2010 between COPL and the Agent.
"**Agent**"	Canaccord Genuity Corp.
"**Audit Committee**"	the audit committee of the Board.
"**AVO**"	amplitude versus offset.
"**Bluebell**"	License P. 1466 in Blocks 15/24c and 15/25f.
"Bluebell Farm-in Agreement"	the farm-in agreement signed December 9, 2010 with respect to the Bluebell prospect.
"**Board**" or "**Directors**"	the board of directors of COPL as at the date of this AIF and the members thereof, as the context requires.
"**Common Shares**"	common shares in the capital of COPL.
"**Company**" **or "COPL"**	Canadian Overseas Petroleum Limited and, as applicable, its subsidiaries.
"**Compensation Committee**"	the compensation committee of the Board.
"**Computershare**"	Computershare Trust Company of Canada.
"**COPL(UK)**"	Canadian Overseas Petroleum (UK) Limited, a wholly owned subsidiary of COPL registered under the laws of England and Wales.
"**Corporate Governance and Nominating Committee**"	the corporate governance and nominating committee of the Board.
"**DECC**"	the Department of Energy and Climate Change (United Kingdom).
"**FPSO**"	Floating Production Storage and Offloading vessel.
"**Freya**"	License P. 1161 in Block 206/10a.
"**Fulla**"	License P. 1161 in Block 206/5a.
"Fulla Farm-in Agreement"	the farm-in agreement signed December 6, 2010 with respect to the Freya and Fulla prospects.
"**Lower Toad**"	License P. 101 in Block 23/21 (RoB).
"**MD&A**"	management's discussion and analysis of financial results for a particular period.
"**Newt**"	License P. 101 in Block 23/21 (RoB).
"**NI 51-101**"	National Instrument 51-101 – *Standards of Disclosure for Oil & Gas Activities* of the Canadian Securities Administrators.
"**NSO**"	North Sea Oil Ltd., a wholly-owned subsidiary of COPL incorporated pursuant to the laws of the Province of Alberta.
"**Option**"	an option to acquire Common Shares pursuant to COPL's stock option plan.
"**Reserves Committee**"	the reserves committee of the Board.
"RoB"	Rest of Block.
"**SEDAR**"	the System for Electronic Document Analysis and Retrieval established by the Canadian Securities Administrators.

"**Shareholders**"	holders of Common Shares from time to time.
"**Sproule**"	Sproule International Limited.
"**TSXV**"	the TSX Venture Exchange.
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland.
"**Upper Toad**"	License P. 101 in Block 23/21 (RoB).
"**US**" or "**United States**"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.
"**Warrant**"	a warrant of COPL entitling the holder thereof to purchase one Common Share at a the identified strike price on or before a specified date.
"**West Columbus**"	License P. 101 in Block 23/21 (RoB).
"**£**" or "**GBP**"	the lawful currency of the UK.
"**US$**" or "**US Dollars**"	the lawful currency of the US.

THE COMPANY

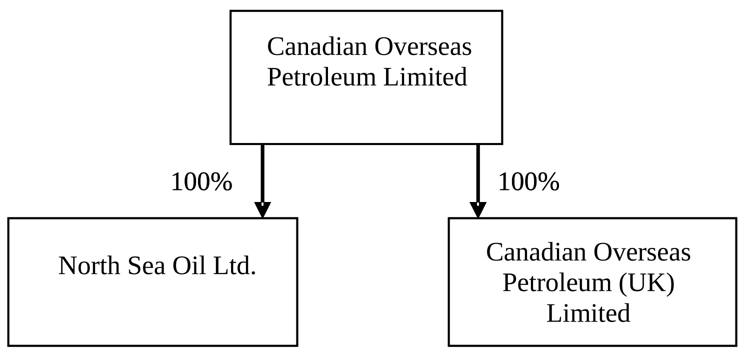
Name, Incorporation and Address

Canadian Overseas Petroleum Limited was incorporated under the *Canada Business Corporations Act* on July 8, 2004 under the name Aureus Ventures Inc. The Company changed its name to Velo Energy Inc. on July 5, 2006 and to Canadian Overseas Petroleum Limited on July 22, 2010 and its 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.

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. COPL has two wholly-owned subsidiaries: North Sea Oil Ltd., incorporated under the *Business Corporations Act* (Alberta); and Canadian Overseas Petroleum (UK) Limited, which is registered under the laws of England and Wales.



DESCRIPTION OF THE BUSINESS

COPL is an international oil and gas exploration and development company currently active in the UK North Sea. Senior management and some corporate functions are performed by COPL's head office. Geological, geophysical, engineering, accounting and administrative functions are performed by North Sea Oil Ltd. Drilling oversight will be performed by COPL(UK).

Business Objectives and Strategy

COPL's strategy is to use the expertise and experience of its senior management team to grow its international oil and gas business, initially in the UK North Sea, by farming into or acquiring interests in unappraised single well discoveries and exploration properties that are in close proximity to, and share geological traits with, existing discoveries and/or producing fields, and by participating in upcoming UK North Sea licensing rounds. In addition, the Company plans to create a portfolio of additional exploration opportunities in the offshore areas of West Africa and Brazil focused on turbidite stratigraphic prospects. These prospect types are genetically similar to the majority of the Company's program in the Central North Sea of the UK Continental Shelf. In order to execute this strategy the Company plans to:

- Exploit management's experience at finding and investing in high return exploration, appraisal or development opportunities focused primarily on oil;
- Partner with UK North Sea operators to explore, appraise or develop properties;
- Establish reserves where oil has already been found by identifying and appraising large unappraised reservoir opportunities; and
- Target desirable exploration prospects that contain similar seismic and geological characteristics of nearby existing discoveries or producing fields.

- Evaluate opportunities on the West African and Brazilian continental margins that are focused on oil trapped in Late Cretaceous stratigraphic channel traps analogous to the Paleocene trends the Company is pursuing in the central UK North Sea and the Jubilee discovery offshore Ghana.

Employees

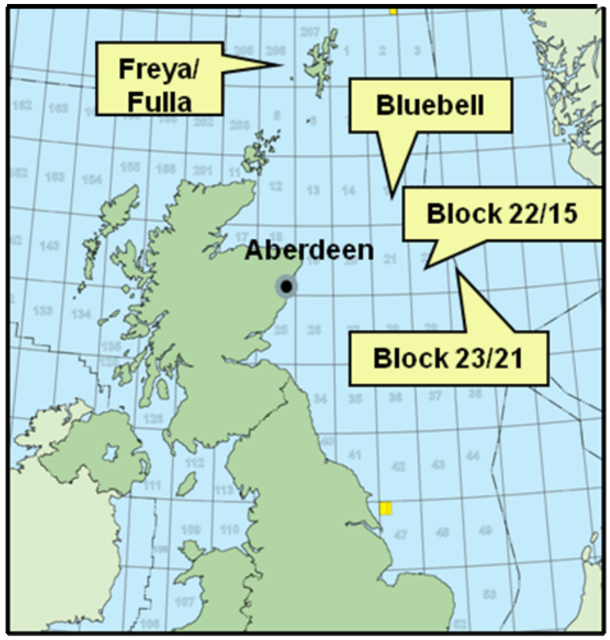
As at December 31, 2010, COPL and its subsidiaries had a combined total of 8 full-time employees and 8 consultants familiar with the UK North Sea oil industry as part of its focus on the UK continental shelf.

UK North Sea

The UK North Sea has been producing oil since the mid 1960s. There are a number of attractive attributes warranting a focus on the UK North Sea, including:

- The UK North Sea has a proven oil producing basin with several undeveloped reservoirs remaining. Approximately 38.4 billion boe have been produced in the UK North Sea since the 1960s, and the UK government estimates there is approximately another 16 to 25 billion boe of recoverable resources remaining.
- The core management team of the Company has had previous success developing oil producing assets and establishing reserves in the UK North Sea.
- The UK North Sea has a well developed subsea infrastructure which allows new oil discoveries to be put into production quickly at reduced capital costs.
- The UK has a well-developed onshore infrastructure of service companies. The UK, and in particular Aberdeen, Scotland, has a well-developed supporting infrastructure of companies that provide services to offshore oil and gas companies.
- There is a relatively low level of competition. Over the last two decades larger oil companies have shifted their resources to elsewhere in the world in search of larger reservoirs. Many of the independent operators lack sufficient capital and operating experience to effectively exploit opportunities.
- The UK has a long history of political stability.
- The UK has a favourable regulatory regime. In the past 10 years, UK regulators, including the DECC, have made a number of changes to their framework to allow smaller operators to efficiently develop oil and gas properties.
- The UK has a favourable fiscal regime. Currently there are no royalties on developments and 100% of the capital and operating costs can be deducted before tax is paid and the UK tax authority is developing a tax program designed to promote investment in small field development.

Map of COPL Prospects in UK North Sea



General Development of the Business

COPL is an international oil and gas exploration and development company currently active in the UK North Sea. The following describes COPL's developments during the past three years.

Recent Developments

On December 1, 2010, COPL closed a $130,000,000 financing whereby 260,000,000 subscription receipts were issued for $0.50 each. Each subscription receipt consisted of one Common Share and one half of one Warrant, with each whole Warrant entitling the holder to purchase one Common Share for $0.65 until December 1, 2013.

The financing was raised based upon two letters of intent and an exclusivity letter that COPL entered into to pursue farm-in agreements in the UK North Sea for the following properties:

- The Freya discovery and the Fulla exploration prospect in Blocks 206/5a and 206/10a.
- The Bluebell exploration prospects in Blocks 15/24c and 15/25f.
- The Upper Toad discovery and the Lower Toad, Newt and West Columbus exploration prospects in Block 23/21 "Rest of Block" ("RoB"); and the Banks discovery and Esperanza exploration prospect in Block 22/15.

The funds raised from the financing were held in escrow by Computershare Trust Company of Canada for release after certain conditions were met.

The first release condition was met after COPL and COPL(UK) entered into a farm-out agreement dated December 3, 2010 with Faroe Petroleum (U.K.) Limited in relation to United Kingdom Petroleum Production Licence P.1161 for Blocks 206/5a and 206/10a and COPL(UK) entered into an earn-in agreement dated December 9, 2010 with Premier Oil UK Limited in relation to United Kingdom Petroleum Production Licence 1466 for Blocks 15/24c and 15/25f. When the first release condition was met, 30% of the subscription receipts were converted into 78,000,000 Common Shares and 39,000,000 Warrants on December 9, 2010 and 30% of the escrowed funds ($36.6 million including interest earned on the funds while in escrow and net of commission and expenses paid to the placing agent for the financing) were released to COPL.

The second release condition was met after COPL(UK) entered into an earn-in agreement dated February 22, 2011 with BG International Limited in relation to United Kingdom Petroleum Production Licences P.101 for Block 23/21 RoB and P.089 for Block 22/15. When the second release condition was met, the remaining 70% of the subscription receipts were converted into 182,000,000 Common Shares and 91,000,000 Warrants and the remaining 70% of the escrowed funds ($85.5 million including interest earned on the funds while in escrow and net of commission and expenses paid to the placing agent for the financing) were released to COPL.

Three Year History

The development of the Company's business over the last three completed financial years is described in the following sections. New directors and officers were appointed in August 2009 and the focus of the Company's business was changed from an inactive Western Canadian oil and gas exploration and development company to an international oil and gas exploration and development company focussed on the UK North Sea. Accordingly, the description below for events prior to August 2009 is largely not material to the Company's current state.

Year-Ended December 31, 2008

In February 2008, the Company advised that it had failed to incur agreed qualified exploration expenditures in 2007 for a $1,977,000 flow-through share financing that was completed in December 2006. The shortfall was $991,536. Subscribers were offered Common Shares as payment under an indemnity contained in the flow-through share subscription agreements, the amount of which was estimated to be approximately $452,133 (calculated based on the highest marginal tax rate of a subscriber's province of residence). In July 2008, the Company issued 1,497,638 common shares at a price of $0.075 per share (number of shares and issue price adjusted for a July 2010 share consolidation) as settlement for $449,292 of the indemnity.

In July 2008, the Company sold its wholly-owned subsidiary Velo Energy Ltd. for nominal consideration. The Company entered into a joint venture and participation agreement in July 2008 under which the Company had an option to spend up to $1,000,000 by December 31, 2009 on to earn an interest in certain western Canadian oil and gas properties. No funds were expended and the agreement was terminated.

In August 2008, the Company issued 7,500,000 common shares at $0.20 per share (number of shares and issue price adjusted for a July 2010 share consolidation) in a non-brokered private placement, raising $1,500,000 to pursue new exploration and development opportunities.

In October 2008, Donald Gee and Wan Jung were appointed to the board of directors of the Company. Mr. Gee assumed the roles of President and Chief Executive Officer and Mr. Jung assumed the role of CFO.

Year-Ended December 31, 2009

In August 2009, a new management team, led by current President and Chief Executive Officer Arthur Millholland, was appointed in place of former management of the Company. Three of four then members of the Board of Directors also resigned and were replaced by Mr. Millholland and, in an interim basis, other members of the new management team.

Effective September 30, 2009, the Company acquired all of the shares of COPL (UK) (then named North Sea Oil Exploration Limited) and North Sea Oil Ltd. in consideration for 250,000 Common Shares at a deemed issue price of $2.40 per share (number of shares and issue price adjusted for a July 2010 share consolidation), in a non-arm's length transaction. The vendors were Arthur S. Millholland and a former corporate officer, in trust for the new management team and others. The purpose was to acquire ownership of a number of UK North Sea opportunities that had been developed by COPL (UK) and North Sea Oil Ltd. over the previous few months. The Company completed the acquisition of COPL (UK) and North Sea Oil Ltd. on December 7, 2009. The issued shares were deposited in escrow at the request of the TSX Venture Exchange and released after the entering into in December 2010 of the farm-out and earn-in agreements described above in "Recent Developments".

In October 2009, Harald Ludwig, Massimo Carello, Richard Schmitt and Ray Antony were appointed as independent Directors on the resignation of the three interim Directors appointed in August 2010 and a forth Director who predated the new management team. At the same time, additional officers were appointed, including Gerald Roe as Chief Operating Officer and Aleksandra Owad as Chief Financial Officer.

Also in October 2009, the Company entered into agreements to acquire interests in the Caledonia, Sheryl and Catcher blocks and the Banks discovery, all in the UK North Sea. Based on those agreements, the Company filed a prospectus in December 2009 for an equity offering of between $85 million and $125 million. That offering was not completed.

In December 2009, the Company appointed Endeavour Financial International Corporation ("**Endeavour**") to provide financial advisory services with respect to debt financing for the development of the Company's oil and gas assets. For its services, Endeavour was to be paid a combination of consulting fees and incentive fees whenever the Company engaged in debt transactions. The Company granted to Endeavour 125,000 common share purchase warrants, each giving the right to acquire one common share at an exercise price of $2.00 for one year (number of warrants and exercise price adjusted for a July 2010 share consolidation). Those warrants expired without being exercised.

Also in December 2009, the Company signed an unsecured $2 million bridge financing loan with Endeavour Financial Corporation (the "**Lender**"). The proceeds of the loan were used for working capital. The Company granted the Lender 300,000 common share purchase warrants, each giving the right to acquire one common share at an exercise price of $2.00 for one year (number of warrants and exercise price adjusted for a July 2010 share consolidation). Those warrants expired without being exercised.

Year-Ended December 31, 2010

In January 2010, when the Company was in the final stages of the prospectus offering described above, DECC advised that it would not approve certain proposed transfers of interests in UK North Sea petroleum production licenses to the Company. For that reason, the prospectus offering did not close and agreements to acquire interests in the Caledonia, Sheryl and Catcher blocks and the Banks discovery were terminated.

A number of meetings with DECC were held involving senior officers and independent directors of the Company to address the concerns expressed by DECC. By the end of February 2010, certain understandings were reached with DECC, including that the external consulting firm acting as the Company's reserves evaluator complied with DECC requirements and could remain the Company's reserve evaluator; the Company's corporate structure was consistent with that of other companies in the UK oil and gas industry and such structure could be maintained; DECC's concerns about the Company's technical and operational management would best be remedied if the Company initially participated in the UK oil and gas industry as a non-operator and that there would be at least one partner in each license that held a minimum 40% working interest. A number of third parties, including the counter-parties to the letters of intent and exclusivity letter referred to above in "Recent Developments" and the counter-party to the Caledonia, Sheryl and Catcher acquisition described in the Company's December 2009 prospectus, also met with DECC to discuss its position in relation to the Company and were satisfied enough based on those discussions to pursue agreements with the Company.

On March 3, 2010, Ray Antony resigned from the Board of Directors. On March 29, 2010, Christopher McLean was appointed to the Company's Board of Directors.

In May 2010, the Company completed a non-brokered private placement to raise $8.2 million by issuing 6,872,578 units at $1.20 per unit. An additional 260,710 units were issued as finders' fees. Each unit consisted of one Common Share and one-half of one Warrant. Each whole Warrant entitles the holder to acquire one Common Share at an exercise price of $2.00 until November 14, 2011. (The number of units, unit issue price and warrant exercise price is adjusted for a July 2010 share consolidation.)

In June 2010, the Company fully repaid the $2 million unsecured bridge financing loan to the Lender in accordance with the terms of the loan. Prior to repayment, in early May 2010, the Company issued 180,423 Common Shares to the Lender in payment of a $167,000 fee owed under the loan agreement.

The Company held an Annual and Special Meeting on June 14, 2010 at which shareholders approved changing the corporate name to "Canadian Overseas Petroleum Limited" and a share consolidation on the basis of one post-consolidation common share for every four pre-consolidation common shares. The name change and share consolidation became effective in late July 2010 and the Company's Common Shares began trading on the TSX Venture Exchange under the new name and stock symbol "XOP" on August 3, 2010.

The Company (or COPL(UK)) signed separate letters of intent with Faroe Petroleum (U.K.) Limited and Premier Oil UK Limited in August 2010 and an exclusivity letter with BG International Limited in September 2010 that ultimately led to the farm-in and earn-in agreements described above in "Recent Developments". In addition, an Advisory Services Agreement dated October 26, 2010 and an Agency Agreement dated November 23, 2010 were entered into with Canaccord Genuity Corp. in connection with the financing described above in "Recent Developments".

OIL AND GAS PROPERTIES

Freya Discovery, Fulla Exploration, License P. 1161, Blocks 206/5a and 206/10a, West of Shetlands

The Freya discovery and Fulla exploration prospect are located in License P. 1161 on Blocks 206/5a and 206/10a that are located in the "West of the Shetland Islands" area. License P. 1161 is a Frontier License that encompasses an area of 400 square kilometres that is situated approximately 10 kilometres northeast of the 49,000 bbl/d Clair Field, in a water depth of 460 feet.

Freya and Fulla are situated along the regional Clair Structural Ridge that includes the Clair Field to the southwest, and the Victory Pool to the northeast that was discovered in 1977. The traps along this structural ridge are created within easterly dipping, tilted fault blocks that are identifiable on available seismic data.

The Freya discovery well was drilled in 1980 at 206/10a A-1 on a tilted fault block with up to 1,000 feet of structural closure. This well was drilled down the flank of the Freya structural axis and encountered 475 feet of oil-bearing Devonian Clair sands.

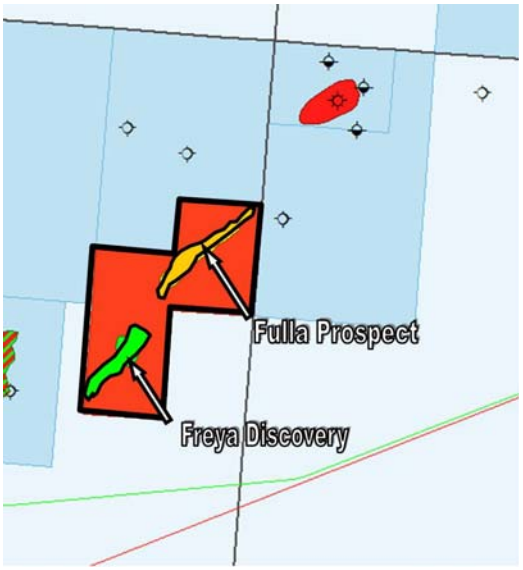
Oil would not flow to surface from these sands during an attempted drill-stem test, largely as a result of what is believed to be poor well completion procedures. Attempts to extract oil samples were contaminated with diesel during the repeat formation tester runs. Contaminated oil samples were extracted, and although inconclusive, an interpretation was made that the oil was 23^{o} API gravity, similar to that found in the nearby Clair Field. The original Clair vertical wells (i.e., 206/8-2 well drilled in 1978 flowed only 17 bop/d of 23^{o} API oil from the Clair Group) exhibited similar difficulties with other Clair vertical wells not being capable of flowing oil to surface. The overall reservoir quality of the Devonian-aged Clair Group at Freya is comparable to the Clair Field, however, the perforated zone at the Freya discovery well had better permeability when compared to vertical wells in the Clair Field.

There have been no follow-up wells drilled at Freya since Clair was successfully exploited and put into production in February 2005 with both slant and horizontal production wells and electric submersible pumps. Technological advances since the 1978 well in both horizontal well drilling and completions achieved a breakthrough in the economics of the Clair Field by intersecting favorable permeability and resulting in good production characteristics. The Company believes the Freya/Fulla opportunity in the Devonian Clair reservoir could also respond favorably to horizontal or slant well producers. Development options include a subsea tie-back to the infrastructure at the Clair Field or a stand alone FPSO.

Fulla is situated along the same structural trend immediately to the northeast of Freya. Fulla is mapped with a 3D seismic survey and appears to be an extension of the Freya structure.

Under the terms of the farm-in agreement, COPL will pay 60% of the costs to drill an exploration well in the Fulla prospect to earn a 50% equity interest in both blocks.

Map of Blocks 206/5a and 206/10a



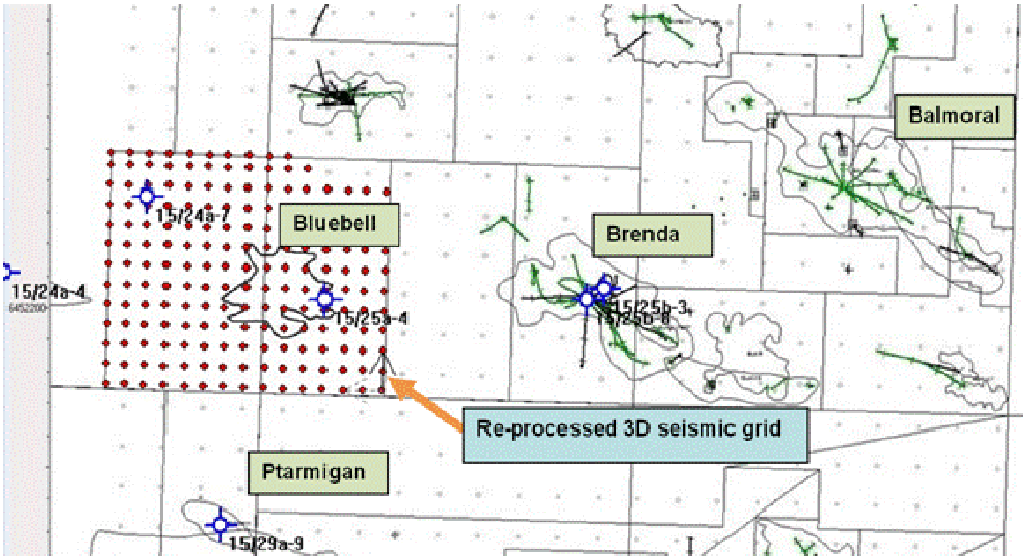
Bluebell Exploration Prospect, License P. 1466, Blocks 15/24c and 15/25f

The Bluebell prospect is a Paleocene depth exploration well that spans blocks 15/24c and 15/25f in the UK Central North Sea. The 15/25-4 well drilled in 1990 appears to have been drilled on the edge of the reservoir facies of the Forties terminal lobe and contains thinly-bedded but relatively clean, fine-grained sandstone. Oil-staining was reported from the cuttings description from some of these sands.

The Bluebell exploration prospect is situated within the terminal lobe of a deep water Paleocene channel complex that is mappable on seismic. Seismic AVO modeling illustrates a marked similarity at Bluebell to nearby proven oil pools at Brenda and Ptarmigan which could be a potential indicator that oil may be stratigraphically-trapped within portions of this Forties channel lobe complex.

Under the terms of the farm-in agreement, the Company will pay 66.67% of the cost to drill a well to earn a 40% equity interest in the prospect.

Map of Blocks 15/24c and 15/25f



Upper Toad, Lower Toad, Newt, West Columbus, License P. 101, Block 23/21 (RoB)

Several appraisal and exploration prospects are located in License P. 101 on Block 23/21 (RoB). Within this Block, excellent quality, far offset seismic data can be very effective predicting the presence of hydrocarbon-bearing, Paleocene-aged Forties sandstones. These seismic methods illustrating far offset seismic amplitude attribute anomalies have successfully predicted hydrocarbons at Columbus and Upper Toad. An absence of these hydrocarbon anomalies have also correctly predicted water-bearing Forties sands at other locations drilled to evaluate deeper targets. There are similar seismic hydrocarbon amplitude attribute anomalies covering an area of approximately 38.0 square kilometres in Block 23/21 (RoB) that are undrilled.

Prospects on seismic amplitude attribute anomalies include Lower Toad, Newt, West Columbus, and Upper Toad. These potential stratigraphic traps are situated within the uppermost Forties sheet sand units that pinchout laterally and have interbedded shales that act as both floor seals and top seals. Updip traps are created by the pinchout of the uppermost sands. This trapping style has been proven at the nearby Columbus gas/condensate accumulation and Upper Toad oil accumulation.

Toad (Upper and Lower)

Toad is a farm-in situated to the southwest of the Lomond Field that requires the Company to pay 83.33% of the drilling costs of a Paleocene test well in Lower Toad, thereby earning a 41.67% equity interest in the prospect. Upon certain success criteria in the Lower Toad exploration well, the Company will drill a two legged appraisal well at Upper Toad by paying 83.33% of the costs to earn a 41.67% equity interest in the prospect. Light oil (33^{o} API) was discovered in a Paleocene sand unit in 2008 in the Upper Toad prospect and an appraisal well will be required to delineate that accumulation. The Lower Toad prospect is a stratigraphic trap that is evident from a seismic amplitude attribute anomaly that is parallel to and directly west of the Upper Toad discovery. The Lower Toad prospect could be significantly larger than the Upper Toad discovery. An exploration well is required to confirm the presence of hydrocarbons. The current plan is for the Lower Toad well to be drilled concurrently with the Newt well using the same drilling vessel and top hole.

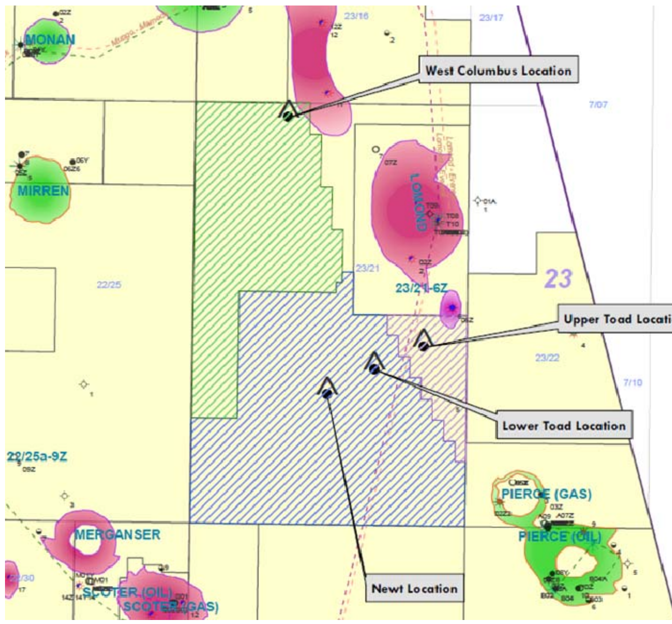
Newt

The Newt prospect is a farm-in located to the southwest of the Lomond Field – directly west of the Lower Toad anomaly. The Company will pay 83.33% of the costs to drill one Paleocene test well to earn a 41.67% equity interest. This prospect is located within a thick, undrilled Paleocene turbidite channel that has structural closure and a significant seismic amplitude anomaly associated with it. The size of the seismic amplitude anomaly suggests that a larger stratigraphic trap could be present at Newt. If the stratigraphic trap is successfully proven, additional appraisal wells would be necessary to confirm the extent and quality of the prospect. The current plan is for the Newt well to be drilled concurrently with the Lower Toad well using the same drilling vessel and top hole.

West Columbus

The West Columbus prospect is a farm-in opportunity located about 6 to 8 kilometres to the northwest of the Lomond Field and directly adjacent to the Columbus Field that was discovered in 2006 with the drilling of the 23/16f-11 well. The drilling target at West Columbus is based on a seismic amplitude attribute anomaly and is considered to be a stratigraphic trap within a Paleocene sand that is down flank from the fully appraised Columbus Field. It is believed that oil could be encountered at West Columbus. Upon certain success criteria in the Newt exploration well, the Company will drill one Paleocene test well paying 83.33% of the drilling costs and thereby earning a 41.67% equity interest.

Map of Block 23/21 (RoB)



Banks Discovery and Esperanza Appraisal Prospect, Block 22/15, License P. 089

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 4 months of the rig release of the Esperanza well and may be exercised by COPL paying an additional $20 million.

The Banks discovery was made by the 22/15-3 well that was drilled to a total measured depth of 9,507 feet in 2006. The well encountered porous, deep-water turbidite sandstones in the Paleocene Forties Formation that were hydrocarbon-bearing in a four-way closed structure, and encountered a gross hydrocarbon thickness of 65 feet, including a logged low resistivity zone with a thickness of 15 feet. The water depths in this region of the North Sea average 286 feet.

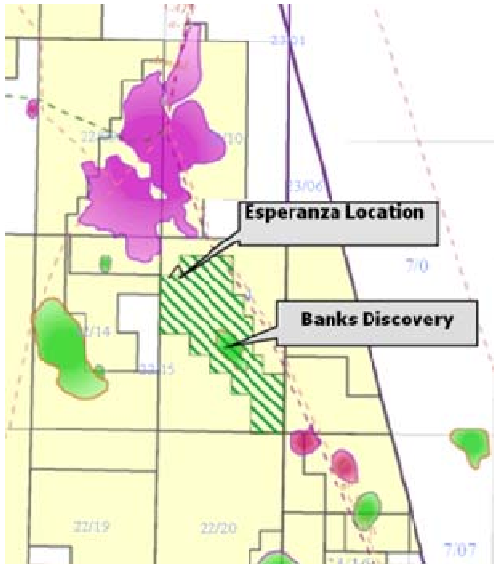
A drill-stem test was conducted across most of the Forties sandstone pay, flowing 1,080 barrels per day of oil and 12.3 million cubic feet per day of gas at their respective final choke sizes. The 22/15-3 well was suspended at the conclusion of this testing, and is available to be used as a re-entry wellbore.

The discovery requires appraisal wells to further evaluate its size. There is a seismic amplitude attribute anomaly associated with the Esperanza appraisal prospect.

Seismic amplitude attribute mapping methods, utilizing far offset seismic data, were effective at predicting the presence of hydrocarbons in the 22/15 discovery well. Recent mapping of 3D seismic suggests that an extension of the 22/15 discovery could exist to the northwest. This exploration prospect could contain hydrocarbons that are stratigraphically-trapped within a Forties channel that is mappable with seismic data. The 22/15-2 well, drilled off the side of this Forties channel in 1988, encountered thin, interbedded Forties channel margin sands that were oil-bearing.

If the exploration and/or appraisal wells are successful, there are multiple export solutions.

Map of Block 22/15



STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

As of December 31, 2010 COPL had no reserves. Consequently, no reserves data is reported for "Disclosure of Reserves Data" on the annual reporting of NI 51-101F1. See attached Appendix A – Statement of Reserves Data and Other Oil and Gas Information – Form 51-101F1.

DIVIDENDS

The Company has not declared or paid any dividends since incorporation. Any decision to pay dividends on its shares will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions existing at the relevant time.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares. As at December 31, 2010, there were 101,965,939 Common Shares outstanding (2009—16,652,222). As at the date of this AIF, there were 284,016,939 Common Shares outstanding. There were no preferred shares outstanding as at December 31, 2010, 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 Company 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 of Directors of the Company, such dividends as may be declared thereon by the Board of Directors of the Company from time to time. In the event of the liquidation, dissolution or winding-up of the Company, 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 Company 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

The Preferred Shares are issuable in series and the directors may fix the number of such shares in each series and the designation, rights, privileges, restrictions and conditions attached to each such series.

Warrants

The Company had 133,515,646 warrants outstanding as at March 31, 2011. Of these, 3,566,646 have an exercise price of $2.00 and expire November 14, 2011; the remaining 129,949,000 warrants have an exercise price of $0.65 and expire December 1, 2013.

CORPORATE GOVERNANCE

National Instrument 58-101 – "*Disclosure of Corporate Governance Practices*" ("**NI 58-101**") requires all companies to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201 – "*Corporate Governance Guidelines*". These Guidelines are not prescriptive, but have been used by COPL in adopting its corporate governance practices. COPL's approach to corporate governance is set out below, having regard to the requirements set forth in Form 58-101F2 – "*Corporate Governance Disclosure (Venture Issuers)*".

Board of Directors

There are currently five individuals who comprise the Board: Messrs. Millholland, Ludwig, Carello, McLean and Schmitt.

The Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under NI 58-101. Under NI 58-101, which refers in turn to NI 52-110, a Director is considered independent if he or she has no direct or indirect "material relationship" with COPL which could, in the view of the Board, reasonably interfere with the exercise of that Director's independent judgment. Of the current directors, the President and CEO is an "inside" or management director and, accordingly, Mr. Millholland is not considered to be "independent" within the meaning of NI 52-110. Messrs. Ludwig, Carello, McLean and Schmitt are considered by the Board to be "independent" within the meaning of NI 52-110.

Directorships

The following Directors of COPL are also currently directors of other reporting issuers:

Name of Director	Name of Other Reporting Issuer
Rick Schmitt	Tyner Resources Ltd. (TSXV) Newton Energy Corporation (TSXV) Wentworth Resources Limited (Oslo Stock Exchange)
Harald Ludwig	West Fraser Timber Co. (TSX) Lions Gate Entertainment Corp. (NYSE) Prima Colombia Hardwood Inc. (TSXV)
Massimo Carello	Canaccord Financial Inc. (TSX and Alternative Investment Market) Orsu Metals Corporation (TSX and Alternative Investment Market)

No other Director of COPL is presently a director of any other issuer that is a reporting issuer in Canada or the equivalent in a foreign jurisdiction.

Orientation and Continuing Education

Company management provides informal orientation and education to new Directors respecting COPL's properties and strategic plans. However, the Board does not have any formal policies with respect to the orientation of new Directors, nor does it take any measures to provide continuing education for the Directors. At this stage of COPL's development, and having regard to the background and experience of its Directors, the Board does not feel it necessary to have such policies or programs in place.

Ethical Business Conduct

The Board has adopted a formal written Code of Business Conduct and Ethics (the "**Code**"). The purpose of the Code is to maintain the highest level of integrity in all corporate dealings.

Nomination and Assessment

The Board has not previously had a formal process in place with respect to the recruitment or appointment of new Directors. The Board appointed a Corporate Governance and Nominating Committee at its Board meeting on October 21, 2009 and responsibility for identifying future Directors rests with such committee.

The Board monitors, but does not formally assess, the performance of individual Board members and their contributions. The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual Directors, but will consider implementing one in the future should circumstances warrant. Based on COPL's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time.

Compensation Committee

Messrs. Carello and Ludwig are the members of the Compensation Committee. Mr. Carello is the Chair of the Compensation Committee. The Compensation Committee is comprised of independent Directors and constituted in accordance with applicable securities laws and the policies of the TSXV. The Compensation Committee determines compensation of Directors and the CEO. It is expected that competitive compensation by way of an annual retainer and meeting fees plus Options will form the basis of Directors' compensation. Such Options are set within guidelines prescribed by the TSXV and will be granted at the time of Closing. Compensation of the CEO, other executive officers and employees will be determined at a future date.

Corporate Governance and Nominating Committee

Messrs. Ludwig, Carello, McLean and Schmitt are the members of the Corporate Governance and Nominating Committee. Mr. Ludwig is the Chair of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is entirely comprised of independent Directors and constituted in accordance with applicable securities laws and the policies of the TSXV. The purpose of the Corporate Governance and Nominating Committee is to assist the Board in reviewing corporate governance issues in respect of COPL and making recommendations thereon to the Board as appropriate to assist in establishing effective corporate governance for COPL as well as to review Board composition and recruiting.

Reserves Committee

Messrs. Schmitt, McLean and Millholland are the members of the Reserves Committee. Mr. Schmitt is the Chair of the Reserves Committee. Two of the three members of the Reserves Committee, Messrs. Schmitt and McLean, are independent Directors. The primary function of the Reserves Committee is to assist the Board with respect to the annual review of COPL's petroleum and natural gas activities as required under NI 51-101.

Other Board Committees

At the present time, the only standing committees are the Audit Committee, the Reserves Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. The written charter of the Audit Committee is attached to this AIF as Appendix D. For a description of the Audit Committee see "*Audit Committee*". As COPL grows, and its operations and management structure became more complex, the Board expects it will constitute additional formal standing committees, such as a Health, Safety and Environment Committee and will ensure that such committees are governed by written charters and are composed of at least a majority of independent Directors.

SAFETY, ENVIRONMENTAL AND RISK MANAGEMENT

COPL did not engage in any oil and gas exploration or development activities in 2010. In 2011, COPL plans to participate in the drilling of a number of test wells in the UK North Sea in a financial capacity only, given that the Company is not currently approved by the DECC as an Exploration Operator. COPL will endeavour to fulfill all its obligations as a drilling participant to conduct its operations in a safe and environmentally responsible manner.

Currently the only insurance that COPL carries is Directors and Officers liability insurance and office property insurance.

RISK FACTORS

The following are certain risk factors related to the Company, its business and the ownership of the securities of the Company which investors should carefully consider. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF.

Volatility of Crude Oil and Natural Gas Prices

Currently COPL has no reserves, though its plan is to discover 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 Company's control, and are generally sold at contract or posted prices. Changes in world crude oil and natural gas prices may significantly affect the Company's results of operations and cash generated from operating activities. Consequently, such prices may also affect the value of the Company'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 Company's reserves. The Company might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Company's net production revenue. All of the Company'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 U.K. Brent Standard. 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 OPEC and political events. Quality differentials are affected by local supply and demand factors.

Uncertainty of Reserve Estimates

Currently COPL has no reserves. There are numerous uncertainties inherent in estimating quantities of oil and natural gas reserves, including many factors beyond COPL's control. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash-flows therefrom are based upon a number of variable factors and assumptions, such as expected reservoir characteristics based on geological, geophysical and engineering assessments, future production rates based on historical performance and expected future operating and investment activities, future oil and natural gas prices and quality differentials, assumed effects of regulation by governmental agencies and future development and operating costs, all of which may vary considerably from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. Actual production, revenues, taxes and development and operating expenditures will vary from such estimates, and such variances could be material.

Actual future net cash-flows also will be affected by factors such as actual production levels and timing, and changes in governmental regulation or taxation and may differ materially from such estimates.

Estimates for reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history.

There are a number of uncertainties affecting the timing and implementation of development and obtaining the DECC's approval for development of new fields.

Operational Dependence

Other companies operate the assets in which the Company has an interest. As a result, the Company has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Company's financial performance. The Company's return on assets operated by others therefore depends upon a number of factors that may be outside of the Company'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 practises.

Project risks

The Company manages 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 Company's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Company'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.
- The regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Company 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.

Climate Change

The United Kingdom is a 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". Recently, representatives from approximately 170 countries met in Copenhagen, Denmark to attempt to negotiate a successor to the Kyoto Protocol which resulted in the "Copenhagen Accord", a non-binding political consensus rather than a binding international treaty such as the Kyoto Protocol. The Company's exploration and production facilities and other operations and activities emit greenhouse gases and require the Company to comply with greenhouse has emissions legislation and policy. The direct or indirect costs of these regulations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. 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 Company. 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 Company and its operations and financial condition.

Geo-Political Risks

The marketability and price of oil and natural gas that may be acquired or discovered by the Company 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 Company's net production revenue.

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

Dilution

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

Dividends

The Company has not paid any dividends on its outstanding shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of the Company, the need for funds to finance ongoing operations and other considerations as the board of directors of the Company considers relevant.

Third Party Credit Risk

The Company may be exposed to third party credit risk through its contractual arrangements with its current of 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 Company, such failures may have a material adverse effect on the Company'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 Company's ongoing capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner.

Status and Stage Development

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

The Company does not have any assets. The assets that are the subject of the farm-in agreements are currently in the early stages of exploration or appraisal. There is a risk that none of the proposed developments of these assets will be completed on time or within the applicable capital cost estimates or at all. Additionally, there is a risk that one or all of the proposed projects on these assets may have 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 of 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.
- Catastrophic events such as fires, earthquakes, storms or explosions.

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

Issuance of Debt

From time to time the Company may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Company's debt levels above industry standard for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Company may require additional equity and/or debt financing that may not be available, or, if available, may not be available on favourable terms. Neither the Company's articles nor its bylaws limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing on a timely basis to take advantage of business opportunities that arise.

Market Price of the Company's Securities

The trading price of securities of oil and gas companies is subject to substantial volatility, and such trading prices have been particularly volatile over the past several years. This volatility is often based on factors both related and unrelated to the financial performance or prospects of the companies involved. The market price of the Common Shares could be subject to significant fluctuations in response to variations in the Company's operating results, financial condition, liquidity and other internal factors. Factors that could affect the market price of the Common Shares that are unrelated to the Company's performance include domestic and global commodity prices and market perceptions of the attractiveness of particular industries. The price at which the Common Shares will trade in the future cannot be accurately predicted.

Need to Generate and Replace Reserves

Currently COPL has no reserves. COPL's future crude oil and natural gas reserves and production, and therefore the operating cash-flows and results of operations, are dependent upon COPL's success in obtaining development properties and sufficient financing to develop reserves and production. In the future, assuming success in establishing reserves, operating cash-flows and results of operations will be dependent on exploiting the current reserve base and acquiring or discovering additional reserves. Without reserve additions through exploration, acquisition or development activities, COPL's reserves and production will decline over time as reserves are produced. The business of exploring for, developing or acquiring reserves is capital intensive. To the extent cash-flows from operations are insufficient and external sources of capital become limited or unavailable, the ability to make the necessary capital investments to generate and maintain and expand COPL's oil and natural gas reserves will be impaired.

Operating Hazards and Other Uncertainties

Acquiring, developing and exploring for and producing oil and natural gas involve 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 Company be successful at acquiring properties, it will maintain insurance in accordance with customary industry practice, though the Company cannot fully insure against all of these risks. Losses resulting from the occurrence of these risks could have a material adverse impact on the Company.

Offshore Exploration

There are additional risks due to the nature of offshore activities. In particular, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions.

Subsea Development Operations

Subsea tiebacks in the UK North Sea are as common as pipeline tie backs are in the Western Canadian Sedimentary Basin. Due to the weather conditions in the UK North Sea, however, potential pipeline tie-backs are generally only conducted from April to late September and subsea installations are generally only undertaken from March to November.

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 Company. The oil and natural gas industry is intensely competitive and the Company must compete in all aspects of its operations with a substantial number of other companies which have greater technical or financial resources.

The Company 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 Company’s competitors include companies that have greater financial and personnel resources available to them. The Company’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 Company’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. Field equipment availability is competitive and the Company plans to gain access to it through senior management’s relationships and contacts in the UK North Sea. Hiring and retaining technical and administrative personnel continues to be a competitive process. To meet this challenge, the Company provides opportunities for existing and prospective consultants and employees to participate in the equity of the Company. The Company believes its competitive advantage is its scientific, integrated approach to obtain desirable drilling prospects.

Foreign Currency Exchange Risk

A significant amount of the Company’s proposed activities will be transacted in or referenced to various currencies including Canadian Dollars, US Dollars, and GBP. Operating costs and certain payments in order to maintain property interests will be in Pounds Sterling, head office expenses are in Canadian Dollars, certain production equipment contracts could be in foreign currencies and certain revenues and operating expenses could be in US Dollars. As a result, fluctuations in currencies could result in unanticipated fluctuations in financial results which are denominated in US Dollars. The Company will manage a portion of its exposure to fluctuations in exchange rates, however, no assurances can be given that such management will fully offset the fluctuations.

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 Company to changes in interest payments due to fluctuations in interest rates.

Liquidity and Access to Capital

If the Company is successful at obtaining properties, the development of such properties will be capital intensive, and significant investment may be required before revenues can be realized from fields. Both capital and debt markets are extremely volatile, and no assurances can be given that the Company will be able to access equity or debt.

Governmental Regulation

The petroleum industry is subject to regulation and intervention 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 impact on the Company. The Company plans to operate in a part of the UK North Sea which is subject to regulation by the Government of the UK, but over which the government of Scotland may claim jurisdiction as legislative authority is devolved within the UK. While no change is currently anticipated to the regulatory environment, a change to the regulatory authority, if it were to occur or to become the subject of a dispute, could have material, adverse consequences.

Environmental Regulations

Offshore oil and gas operations are subject to stringent environmental laws and regulations. These laws and regulations generally require the Company 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 remediating damage caused by the disposal or release of specified substances. Management will operate in a manner intended to ensure that the Company'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.

In 1994, the United Nations' Framework Convention on Climate Change came into force and three years later led to the Kyoto Protocol which requires nations to reduce their emissions of carbon dioxide and other greenhouse gases. The Kyoto Protocol was ratified by the UK in March 2002. Reductions in greenhouse gases from operations may be required which could result in increased capital expenditures.

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 Company 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 Company's financial condition or results of operations.

Reliance on Key Individuals

Although the Company has experienced senior management and personnel, the Company 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 Company. Competition for qualified personnel in the oil and gas industry markets is intense, and the Company may be unable to attract or retain highly qualified individuals, or its key personnel, in the future. The rate of growth of the Company'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 Company and others. In accordance with customary industry practice, the Company may not be fully insured against all of these risks, nor are all such risks insurable. The Company will 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 Company. The Company 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 Company. The ability of the Company to market its oil and natural gas may depend upon its ability to acquire access to production facilities and space on pipelines. The Company 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 is conditional on the availability of additional financing to fund the expenditures necessary to develop the reserves. Such additional financing may not be available or, if available, may not be available on favourable terms. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions. There can be no assurance that the Company will be successful in its efforts to arrange additional financing. If additional financing is raised by the issuance of shares from treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Crude Oil Pricing and Operatorship

UK North Sea development costs are high and, therefore, the rate at which development of properties can take place can be dependent on the price of crude oil. During periods when the price of crude oil is high, the development of fields will typically proceed at a fast rate, however, during periods when the price of crude oil is low, the development of fields may be delayed or slowed until a reasonable rate of return can be realized. Facilities required for development and production operations are operated by other industry participants and the timing and acceptable economics of projects may be affected by such third parties.

Corporate Tax Regime

Development of reserves and rates of return are also susceptible to changes in national fiscal policy. The current tax regime in the UK is favourable to companies of COPL's size in that it allows full deductions of capital and operating expenses, and a portion of financing charges, before corporate tax is payable. Any changes to these laws would impact the Company. As well, the UK government has recently increased tax rates without industry consultation and no assurances can be given that such an event will not re-occur.

Development Costs of Fields

In the UK North Sea, the costs of installing equipment are partially dependent on the weather conditions. Severe weather conditions can result in delays and increased costs of the projects.

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. COPL cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on COPL's business, financial condition, results of operations and cash-flows.

Joint Property Ownership

It is common for more than one company to have an equity stake in an offshore license. Such companies will develop a joint operating agreement ("**JOA**") to outline the rights, duties and understandings of the owners to govern the expectations for how the license will be worked. However, joint property owners may experience differences of opinion on such topics as geological interpretation, timing for actions, financial resources and commitments and preferred courses of action. Where partners lack consensus, this could delay plans for such properties and thus increase the costs of and/or delay revenue generated by these properties. The JOA and the DECC tend to mitigate this type of risk, though not eliminate it.

Access to Production Facilities

Access to facilities to process field production is an important consideration of the Company when developing fields in the UK North Sea. Such access is not guaranteed and directly affects the economics of a project. In order to begin production, it may be necessary for the Company to negotiate access to existing production facilities, or develop its own production solution. The UK government, with the assistance of the DECC, has introduced a policy which has been adopted by the major operators of facilities in the UK North Sea that will allow access to facilities at a reasonable rate. These types of initiatives will ensure that reserves that cannot support facilities on a stand alone basis can be developed.

Substantial Capital Requirements

The Company anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas in the future. If the Company's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated from operations will be available or sufficient to meet these requirements, or for other corporate purposes, or, if debt or equity financing is available, that it will be on terms acceptable to the Company. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's business financial condition, result of operations and prospects.

Global Financial Instability

In the fall 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 ones in the US and the UK. 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.

MARKET FOR SECURITIES

The outstanding Common Shares are listed and posted for trading on the TSXV under the symbol "XOP. Prior to August 3, 2010, trading in the Company's Common Shares occurred under the symbol "VLO" on the TSXV.

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

	High	Low	Volume
2010			
January[(1)]	$0.59	$0.24	12,628,300
February[(1)]	$0.40	$0.22	6,295,200
March[(1)]	$0.35	$0.22	4,175,300
April[(1)]	$0.40	$0.24	6,047,300
May[(1)]	$0.40	$0.25	3,540,800
June[(1)]	$0.30	$0.20	6,782,800
July[(1)]	$0.23	$0.18	1,439,900
August	$0.95	$0.70	482,300
September	$0.67	$0.48	1,539,200
October	$0.56	$0.46	2,527,300
November	$0.72	$0.54	9,590,100
December	$0.80	$0.52	10,458,400
2011			
January	$0.78	$0.65	8,446,700
February	$0.85	$0.66	7,972,900
March 1 - 31	$0.67	$0.47	26,834,000

Note:

(1) Months in which trading occurred prior to the share consolidation at a ratio of 1 post-consolidation common share for every 4 pre-consolidation common shares.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material legal proceedings the Company is or was a party to, or that any of its property is or was the subject of, since the beginning of 2010, nor are any such legal proceedings known to the Company to be contemplated.

There have not been any penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority since the beginning of 2010, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority since the beginning of 2010.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the directors and officers of COPL, except as disclosed under "General Development of the Business", none of the directors or executive officers of COPL, any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 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.

DIRECTORS AND OFFICERS

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

Name & Location of Residence	Current Positions & Offices Held	Principal Occupations During Past Five Years	Director Since	Number of Common Shares	Number of Common Shares under Option(5)
Arthur S. Millholland, P. Geol.[2] Alberta, Canada Age: 51	Director, President and Chief Executive Officer	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 professional geologist for 27 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.	August 14, 2009	832,250	4,250,000
Gerald Roe Alberta, Canada Age: 67	Chief Operating Officer	Chief Operating Officer of COPL since October 2, 2009. Prior thereto, Mr. Roe pursued independent business ventures and provided consulting services from December 2007 to July 2009. He served as Chief Operating Officer of Oilexco Incororated from January 2005 until November 2007. From May to 2004 until January 2005 he was Vice President Operations of Oilexco Inc.	N/A	72,000	1,787,500

Name & Location of Residence	Current Positions & Offices Held	Principal Occupations During Past Five Years	Director Since	Number of Common Shares	Number of Common Shares under Option(5)
		Mr. Roe's work history includes serving as President and CEO of Trilogy Resource Corp. He has a Bachelor of Science degree in Mechanical Engineering from Montana State University. He has 35 years experience in the natural resource industry.			
Aleksandra Owad, CGA, FCCA (UK) Alberta, Canada Age: 46	Chief Financial Officer	Chief Financial Officer of COPL since October 2, 2009. Chief Accounting Officer from August 2009 to October 2009. From April 2007 until July 2009, Ms. Owad was the Chief Accounting Officer at Oilexco Incorporated. From May 2005 to March 2007, she served as Vice-President, Controller of Oilexco Incorporated. Prior to May 2005, she was the Financial Controller of Oilexco Incorporated. Ms. Owad's background includes extensive financial advisory and audit services to companies in a variety of sectors in Europe while working with KPMG. She is a Fellow of the Association of Chartered Certified Accountants (FCCA) in the United Kingdom, has her Certified General Accountants designation in Canada and holds a Master of Economics Degree from the Warsaw School of Economics.	N/A	50,000	1,787,500
Harald Ludwig [1],[3],[4] West Vancouver, British Columbia, Canada Age: 56	Director and Chairman of the Board	Director of Lions Gate Entertainment Corp. since June 2005 and is the Co-Chairman of the Board of Directors, the Chairman of the Special Committee and a member of the Strategic Advisory Committee and Compensation Committee of Lions Gate Entertainment Corp. He is the President of Macluan Capital Corporation, a diversified private equity investment company. Mr. Ludwig serves as a member of the advisory Board of Tennenbaum Capital Partners, LLC. Mr. Ludwig also serves as a director of West Fraser Timber Co. Limited and is a member of its Governance and Nominating Committee and the Chairman of its Compensation Committee. He also serves as a director of Prima Colombia Hardwood Inc. and is the Chairman of its board, Chairman of its Compensation Committee and a member of its Audit Committee.	September 29, 2009	312,500	2,887,500
Massimo Carello[1],[3],[4] London, UK Age: 62	Director	Director of Uranium One from June 2007 to December 2010. Director of Orsu Metals Corporation since September 2008, 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. From June 2001 to June 2004 Mr. Carello served as President and CEO of Diners UK Ltd.	September 29, 2009	250,000	1,400,000

Name & Location of Residence	Current Positions & Offices Held	Principal Occupations During Past Five Years	Director Since	Number of Common Shares	Number of Common Shares under Option(5)
		Massimo 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.			
Christopher McLean(1)(2)(4) Calgary, Alberta, Canada Age: 37	Director	President of Stonechair Capital Corporation (corporate finance advisory firm). Prior thereto, Mr. McLean was the head of Capital Markets and Investment Banking of Wolverton Securities Ltd. (investment dealer) from November 2007 to March 2009, and Vice President, International Opportunities of Research Capital Corporation (investment dealer) from July 2004 to October 2007. Mr. McLean received a Bachelor of Music from the University of Alberta and a Master of Fine Art degree from Brandeis University.	March 29, 2010	Nil	900,000
Rick Schmitt(1),(2),(4) Calgary, Alberta, Canada Age: 55	Director	Chief Executive Officer of Wentworth Resources Limited (effective April 1, 2011). Prior thereto he was Chief Executive Officer of Afren EAX from October 2010 to January 31, 2011. Prior thereto, he was President and CEO of Black Marlin Energy Limited from October 2009 to October 2010, and President of Africa Oil Corp. (formerly Canmex Mineral Corporation) from October 2006 to October 2009. Prior thereto, Mr. Schmitt served as a consultant for Canmex Minerals from January 2006 to September 2006. From January 2001 to December 2005, Mr. Schmitt served as President and GM of Occidental Petroleum, Yemen. Mr. Schmitt has served as a director of Tyner Resources Ltd. since November 2006. Mr. Schmitt holds a B.Sc. in Geological Sciences from the University of Aston in Birmingham England. Mr. Schmitt has over 32 years of diverse international experience in the upstream oil and gas industry with expertise in exploration, exploitation, operations and new ventures.	October 2, 2009	100,000	900,000

Notes:

(1) Member of the Audit Committee.

(2) Member of the Reserves Committee.

(3) Member of the Compensation Committee.

(4) Member of the Corporate Governance and Nominating Committee.

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, the Compensation Committee and the Corporate Governance and Nominating Committee are comprised of a majority 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 1,366,750 Common Shares, approximately 0.5% of the outstanding Common Shares.

Mr. Millholland, Mr. Roe, and Ms. Owad devote their full time and attention to the business and affairs of the Company. The directors of COPL, with the exception of Mr. Millholland who devotes his 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 Company 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.

Gerald Roe

Mr. Roe was a director of Qeva Group Inc., a company listed on the NEX Exchange, when it received a cease trade order by the Alberta Securities Commission for not filing audited financial statements for the period of October 1, 2002 to September 30, 2003. A mutual release review system application for the revocation of the cease trade order and related relief was sought and subsequently granted by the Alberta Securities Commission when the requisite financial statements were filed.

Aleksandra Owad

Ms. Owad was the Chief Accounting Officer of Oilexco Incorporated when it obtained a court order for protection under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") on February 5, 2009. She served as Chief Financial Officer when Oilexco Incorporated 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. McLean, Schmitt, Carello and Ludwig are the members of the Audit Committee. Mr. McLean 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

National Instrument 52-110 "Audit Committees" ("**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, reasonably 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

Christopher McLean

Mr. McLean is the founder of Stonechair Capital Company and has been an active participant of venture capital projects for the last ten years. Prior to starting Stonechair Capital, he was the Head of Capital Markets and Investment Banking at Wolverton Securities Ltd., a resource focused boutique investment dealer, and the Vice President of International Opportunities at Research Capital Corporation, a national investment banking firm. Mr. McLean's experience with public and private companies has seen him finance projects throughout Africa, Europe, South and North America and Australia. He previously sat on the board of directors Black Marlin Energy Holdings Ltd, an exploration company with assets in East Africa and was also its Corporate Secretary. He was also the Chief Financial Officer and a director of its predecessor Kristina Capital Corp.

Rick Schmitt

Mr. Schmitt holds a B.Sc. in Geological Sciences from the University of Aston in Birmingham, England. He has over 32 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'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 Chief Executive Officer of Afren EAX before being appointed as CEO of Wentworth Resources Limited.

Harald Ludwig

Mr. Ludwig has over 30 years of extensive business and investment experience, including as President of Macluan Capital Corporation (a diversified private equity investment company), as Co Chairman of the Board of Directors of Lions Gate Entertainment Corp. (NYSE) and as Chairman of its Special Committee and a member of its Strategic Advisory Committee and Compensation Committee. He is a director of West Fraser Timber Co. Ltd. (TSE) and is Chairman of its Compensation Committee, a member of its Governance and Nominating Committee and former Chairman of its Audit Committee. He is a director and Chairman of the board for Prima Colombia Hardwood Inc. (TSXV), and is Chairman of its Compensation Committee and a member of its Audit 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.

Massimo Carello

Mr. Carello has over 30 years of international senior management and board level experience, including as President and Chief Executive Officer of Diners Club U.K. Ltd. from 2001 to 2004, Chairman and Chief Executive Officer of Fiat U.K. Ltd. from 1990 to 2001 and Non Executive Director of Anker plc from 2004 to 2005. Mr. Carello is a director of Canaccord Financial Inc. and is a member of its Audit Committee, and also serves as a director of Orsu Metals Company and is a member of its Audit Committee. He previously served as a director of Uranium One Inc. where he was a member of the Audit Committee. While at Anker plc. he was a member of the Audit Committee.

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 billed by the Company's external auditor in the last three fiscal years are set out in the table below. Audit-related fees were incurred in connection with prospectuses filed by the Company.

Financial Period Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
December 31, 2010	$31,000	$89,500	$2,500	Nil
December 31, 2009	$40,000	$23,000	Nil	Nil
December 31, 2008	$17,780	Nil	Nil	Nil

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former executive officer, director or employee of COPL, or any associate of any director or executive officer has been indebted to COPL or its subsidiaries at any time since the beginning of the last completed financial year of COPL, other than routine indebtedness related to travel advances.

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

Except for contracts made in the ordinary course of business and not required to be listed as material contracts in this AIF, the only material contracts entered into within the last financial year, or before the last financial year but still in effect, are the following, each related to the financing described under "General Development of the Business – Recent Developments" and filed on SEDAR:

1. Advisory Services Agreement dated October 26, 2010 with Canaccord Genuity Corp.
2. Agency Agreement dated November 23, 2010 with Canaccord Genuity Corp.
3. Subscription Receipt Agreement dated December 1, 2010 with Canaccord Genuity Corp. and Computershare Trust Company of Canada.
4. Warrant Indenture dated December 1, 2010 with Computershare Trust Company of Canada.

INTERESTS OF EXPERTS

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

ADDITIONAL INFORMATION

Additional information relating 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 Company's Management Information Circular dated May 20, 2010 relating to the Annual and Special Meeting of Shareholders held on June 14, 2010 and will be contained in COPL's Management Information Circular relating to the Annual Meeting of Shareholders to be held on May 18, 2011 in Calgary, Alberta, 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.

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 Company"

For fiscal Year Ended December 31, 2010

This is the form referred to in item 1 of section 2.1 of National Instrument 51-10 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 31, 2011.
2. The effective date of information provided in this statement is as of the Company's most recently completed fiscal year ended: December 31, 2010.
3. The date of preparation the information provided herein is: March 7, 2011.

PARTS 2-5 DISCLOSURE OF RESERVES DATA

As of December 31, 2010, COPL had no reserves assigned to their oil and gas properties. 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

In the final weeks of 2010, COPL entered into several farm-in agreements for a number of UK North Sea properties with several different North Sea operators. While these properties were not independently evaluated as per the Canadian Oil and Gas Evaluation Handbook 51-101 regulations, Sproule International reviewed the technical data on the properties and provided: (1) an independent assessment of the contingent and prospective oil resources on the Freya & Fulla properties; (2) an independent review of the resource assessment prepared by the Company for the West Columbus, Newt, Lower Toad and Upper Toad properties.

Item 6.2 **Properties with No Attributed Reserves**

Not applicable.

Item 6.3 **Forward Contracts**

Not applicable.

Item 6.4 **Additional Information Concerning Abandonment and Reclamation Costs**

Not applicable.

Item 6.5 **Tax Horizon**

Not applicable.

Item 6.6 **Costs Incurred**

Not applicable.

Item 6.7 **Exploration and Development Activities**

Not applicable.

Item 6.8 **Production Estimates**

Not applicable.

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 because the Company 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 Company is an exploration stage company and has no oil or gas reserves to report.

Dated effective December 31, 2010

APPENDIX C
FORM 51-101F3

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

1. Terms to which a meaning is ascribed in NI 51-101 have the same meaning in this form.[1]

2. The report referred to in item 3 of section 2.1 of NI 51-101 must in all material respects be as follows:

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 Company'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, 2010, estimated using forecast prices and costs.

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

An independent qualified reserves evaluator has not been retained to evaluate the Company's reserves data as the Company has no reserves as of the last day of the Company's most recently completed financial year and no report of an independent qualified reserves evaluator will be disclosed by the Company for the period from January 1, 2010 to December 31, 2010.

The Reserves Committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management of the Company. 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 information detailing the Company's oil and gas activities;

(b) the Company filing a blank form 51-101F2, which is the report of the independent qualified reserves evaluator on reserves data, because the Company 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

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[1] For the convenience of readers, CSA Staff Notice 51-324 Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities sets 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.

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.