CANADIAN OVERSEAS PETROLEUM LIMITED

ANNUAL INFORMATION FORM

For the year ended December 31, 2011

March 29, 2012

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ABBREVIATIONS

Crude Oils and Natural Gas Liquids	
bbl	barrel [1]
bbls	barrels
bbls/d	barrels per day
Mbbls	thousands of barrels
MMbbls	millions of barrels
boe	barrels of oil equivalent [2]
boe/d	barrels of oil equivalent per day
Mboe	thousands of barrels of oil equivalent
NGLs	natural gas liquids
MMBTU	Million British thermal units

Natural Gas	
Mcf	thousand cubic feet
MMcf	million cubic feet
Bcf	billion cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
Gj	gigajoules
Psi	pounds per square inch
Psia	pounds per square inch absolute

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

GLOSSARY

In this annual information form, the following terms have the meanings set forth below:

"**AIF**" means the annual information form of the Corporation for the year ended December 31, 2011, dated March 29, 2012.

"**Asset Purchase Agreement**" means the asset purchase agreement dated November 16, 2011 between COPL Bermuda and ExxonMobil Liberia.

"**BG Group**" means, collectively, BG Group plc. and its subsidiaries.

"**BG SPA**" or **"SPA"** means the sale and purchase agreement dated June 7, 2011 between COPL (UK) and BG Group plc., as supplemented by the Supplemental Agreement.

"**Block LB-13**" means the area offshore Liberia of approximately 2,400 square kilometres.

"**Board**" means the board of directors of the Corporation.

"Brent Crude" means a major trading classification of sweet, light crude oil that is predominantly used in the United Kingdom and elsewhere in the world.

"**Common Share**" or "**Common Shares**" means, respectively, one or more common shares in the capital of COPL.

"the Company" means Canadian Overseas Petroleum Limited.

"**COPL**" or the "**Corporation**" means Canadian Overseas Petroleum Limited.

"**COPL Bermuda**" means Canadian Overseas Petroleum (Bermuda) Limited.

"**COPL Technical**" means COPL Technical Services Limited.

"**COPL (UK)**" means Canadian Overseas Petroleum (UK) Limited.

"**CRA**" means the Canada Revenue Agency.

"**D&M**" means DeGolyer and MacNaughton, independent reserves evaluator.

"**D&M Report**" means the Report as of June 1, 2011 on the Prospective Resources attributable to Certain Oil Prospects for the Canadian Overseas Petroleum Bermuda Limited in Liberian Basin Liberia NI 51-101, signed July 14, 2011 and prepared by D&M.

"**ExxonMobil Liberia**" means ExxonMobil Exploration and Production Liberia Limited.

"FPSO" means floating production storage and offloading and is a type of offshore development solution.

"**Faroe**" means Faroe Petroleum plc.

"**GAAP**" means Canadian generally accepted accounting principles, consistently applied.

"**IFRS**" means International Financial Reporting Standards.

"**MD&A**" means Management's Discussion and Analysis as at, and for the years ended December 31, 2011 and 2010..

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

"**NOCAL**" means the National Oil Company of Liberia.

"**Option**" means an option to purchase a Common Share granted under the Option Plan.

"**Peppercoast Petroleum**" means Peppercoast Petroleum plc.

"**Preferred Shares**" means preferred shares in the capital of the Corporation.

"PSC" means production sharing contract.

"RoB Shallow" means Rest of Block Shallow and is used to define the portions of Block 23/21 in which COPL has negotiated interests with other parties.

"SSE" means SSE E&P UK Limited

"**Sale and Purchase Agreement**" means the sale and purchase agreement dated May 18, 2011, among Peppercoast Petroleum, COPL Bermuda and COPL.

"**Supplemental Agreement**" means the supplemental agreement dated January 4, 2012 among the Corporation, COPL (UK) and BG Group.

"**TSXV**" means the TSX Venture Exchange.

"**Warrants**" means the outstanding Common Share purchase warrants of the Corporation, each such Warrant entitling the holder thereof to purchase one Common Share at a specified exercise price prior to the specified expiry date.

Words importing the singular number include the plural, and vice versa, and words importing any gender include all genders.

All dollar amounts set forth in this AIF are in Canadian dollars, except where otherwise indicated.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this AIF 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 natural gas liquids 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:

- failure to receive required approvals for Block LB-13 and/or failure to close deals for the block;
- volatility in market prices for oil, natural gas and natural gas liquids;
- uncertainties associated with estimating oil and natural gas reserves;
- the dispute regarding Block 22/15 could result in an unfavourable outcome to COPL;
- operational dependence;
- project risks;
- climate change;
- geopolitical 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;
- foreign currency fluctuations;
- interest rate cash-flow;
- liquidity and access to capital;
- governmental regulation/approvals;
- 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;
- substantial capital requirements; 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.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has prepared its December 31, 2011, condensed consolidated financial statements ("financial statements") in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" and with IAS 34, "Interim

Financial Statements". Previously, the Company prepared its interim and annual consolidated financial statements in accordance with GAAP applicable for Canada. The adoption of IFRS did not have a material impact on the Company's operations, strategic decisions and/or capital expenditures.

IFRS 1 requires the presentation of comparative information as at January 1, 2010 under IFRS and reconciliation between IFRS and the previous GAAP results. Due to the Company's:

- limited operations in 2009 and 2010;
- lack of assets (other than office equipment and cash) as at January 1, 2010 and December 31, 2010; and
- election to apply exemptions available under IFRS 1 in respect of IFRS 3, "Business Combination" and IFRS 2, "Share-based Payment",

the implementation of IFRS did not trigger any adjustments to the Company's financial position, equity, comprehensive income (loss) and results of operations for any of the periods presented.

The Company's IFRS accounting policies are provided in Note 3 of the financial statements as at and for the years ended December 31, 2011 and 2010. Due to the Company's limited operations, there are no material changes in accounting policies used by the Company under IFRS as compared to previous GAAP other than adoption of new IFRS policies applicable to the Company's growing operations. The accounting pronouncements, which the Company was required to adopt as of January 1, 2011, have been adopted as part of the transition to IFRS.

THE CORPORATION

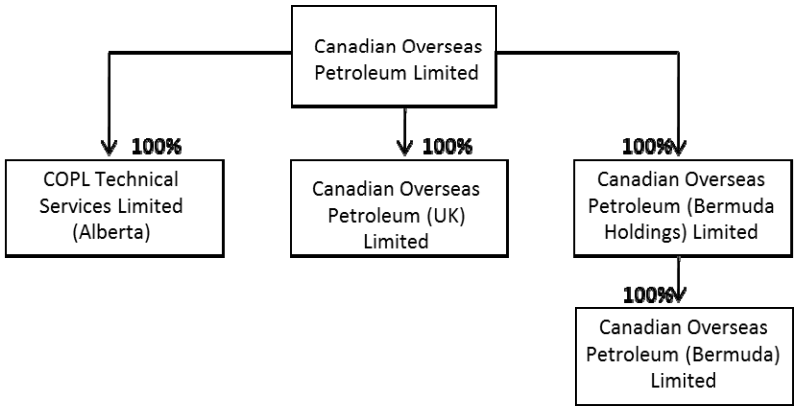
Name, Incorporation and Address

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

COPL is an international oil and gas exploration and development company currently active offshore West Africa and in the UK North Sea. Senior management and strategic corporate functions are performed by COPL's head office in Calgary, and geological, geophysical, engineering, accounting and administrative functions are performed by COPL Technical. Drilling oversight and some geological and UK accounting functions are provided by COPL (UK). COPL Bermuda was incorporated in May, 2011 in anticipation of operations offshore Liberia.

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 four wholly-owned subsidiaries: (i) COPL Technical, incorporated under the *Business Corporations Act* (Alberta); (ii) COPL (UK), which is registered under the laws of England and Wales; (iii) Canadian Overseas Petroleum (Bermuda Holdings) Limited, which is registered under the laws of Bermuda; and (iv) COPL Bermuda, which is registered under the laws of Bermuda.



DESCRIPTION OF THE BUSINESS

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 offshore West Africa and in the UK North Sea. For its West Africa strategy, the Company currently has a 30% interest in the PSC for Block LB-13 located offshore Liberia. ExxonMobil Liberia holds the remaining 70% of the PSC and is the operator**. (Note: COPL's equity interest in Block LB-13 is subject to approvals from NOCAL, the Government of Liberia and the subsequent closings of the sale and purchase agreement with Peppercoast Petroleum and the asset acquisition agreement with ExxonMobil Liberia, none of which had been received or completed at the time of the writing of this AIF Please see *Risk Factors* for more information.)** The Company continues to investigate opportunities for adding to its portfolio of exploration prospects in West Africa, focusing on turbidite stratigraphic traps. Such prospect types are geologically similar to the Company's program in the Central North Sea of the UK Continental Shelf. In the UK, the Company has negotiated farm-in agreements as a means of acquiring interests in properties that contain unappraised single well discoveries and exploration properties that are in close proximity to, and share geological traits with, existing discoveries and/or producing fields. The Company continues to seek additional prospects of a similar nature and also plans to participate in upcoming UK North Sea licensing rounds. The Company also plans to apply for status as a designated exploration and production operator within the UK for offshore activities.

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;
- Continue to evaluate opportunities on the West African continental margin, similar to Block LB-13 offshore Liberia, 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. While West Africa is a relatively lightly explored region for exploration drilling, it offers high reward for large, undiscovered oil deposits.
- Continue to evaluate opportunities in the UK North Sea. The North Sea is a proven oil basin that has been heavily explored, but which offers a well-developed subsea infrastructure and highly integrated oil and gas industry, which means that discoveries can quickly and economically be turned into production.
- Partner with West Africa and UK North Sea operators to explore for, appraise and/or develop properties;
- Establish reserves where oil has already been found by identifying and appraising large unappraised reservoir opportunities.
- Target desirable exploration prospects that contain similar seismic and geological characteristics of nearby existing discoveries or producing fields.

Employees

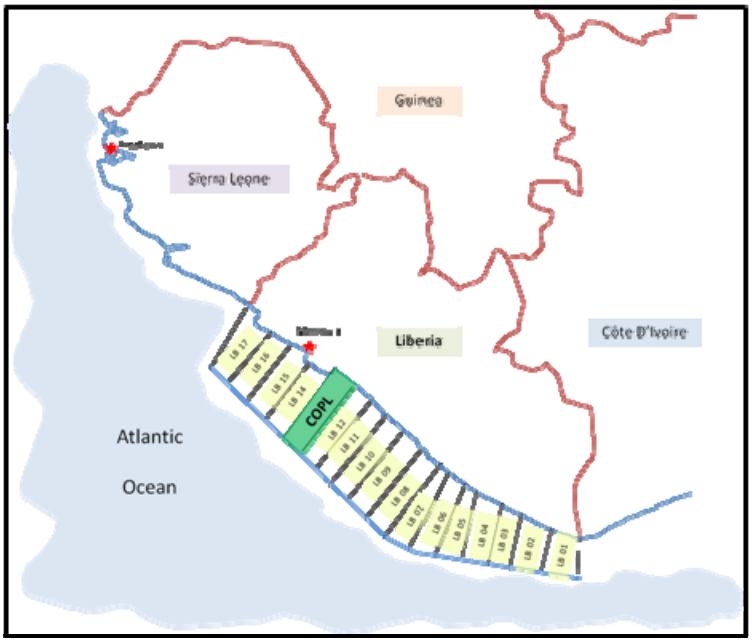
As at December 31, 2011, COPL and its subsidiaries had a combined total of 15 full-time employees and 3 consultants.

Offshore West Africa

Offshore West Africa is an emerging region for offshore oil exploration, and greater politically stability in recent years in a number of the countries that comprise the region have encouraged oil companies to engage in drilling activities there.

- The countries of Sierra Leone, Liberia, Cote D'Ivoire and Ghana have long been thought to contain significant offshore oil targets but only recently, because of increased political stability, have been the sites of new exploration drilling.
- In the past 5 years a number of large oil discoveries have been made: Venus, Mercury and Jupiter (on the Sierra Leone/Liberia border); Narina in Block LB-9 (Liberia); South Grand Lahou (Cote D'Ivoire); Jubilee, Mahogany Deep, Odum and Twenenboa (Ghana). The Jubilee field was discovered in 2007 and is currently producing 80,000 barrels of oil per day, and plans indicate production will expand to 120,000 barrels of oil per day via FPSO.
- The primary geological targets offshore West Africa are Cretaceous Fan systems that have high quality sands.
- While the governments in the region are relatively young democracies, the United Nations and other not for profit agencies have provided considerable assistance to these countries to develop good governance practices and enhanced legal and accounting processes and technology systems to provide a stable working environment within the countries.
- The royalty and taxation structure of Liberia, in which offshore Block LB-13 resides, is similar to that of many developed nations in the western hemisphere, and offers exploration and production companies fair and reasonable fiscal terms.

Map of Block LB-13 Offshore Liberia (West Africa)



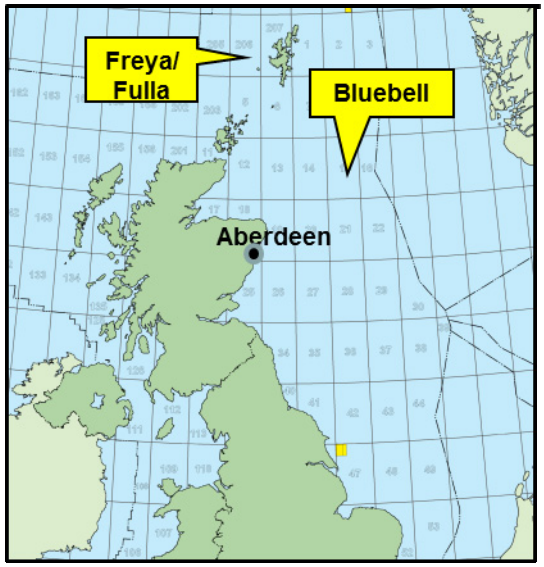
UK North Sea

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 39.6 billion boe have been produced in the UK North Sea since the 1960s through to the end of 2010, and the UK government estimates there is approximately another 18.4 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. There are no royalties paid oil production from new developments and 100% of the capital and operating costs can be deducted before tax is paid.

Map of COPL Properties 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 March 8, 2012, COPL announced that drilling in the Bluebell exploration prospect that spans Blocks 15/24c and 15/25f in the UK Central North Sea did not encounter any commercial volumes of hydrocarbons. The well, operated by Premier Oil plc, was originally estimated to take approximately 30 days to drill but because of favourable weather and drilling conditions, the time was significantly shorter, thus resulting in lower than budgeted costs.

On February 16, 2012, COPL announced that its SPA with BG Group pertaining to License P.089, relating to Block 22/15, and License P.101, relating to Block 23/21 RoB had been terminated. The termination of the SPA was a result of a dispute over additional funds required to be deposited by COPL into the escrow account established under the SPA. Under the SPA, COPL was required at first to maintain funds in the escrow account for 75% of BG Group's estimated dry hole costs for the Esperanza, Newt, Lower Toad and West Columbus wells. If testing of the wells was required (a contractual determination on a pre-determined minimum hydrocarbon intersection), the escrow account was required to be topped up by 75% of the estimated testing costs on notice from BG Group. Additional funds for escrow could also be called by BG Group if a well was forecast by BG

Group to experience significant cost overruns. The escrow account experienced a larger than budgeted draw down by BG Group (£22 million or CDN$33.6 million) because of significant cost overruns incurred (59%) during the drilling and testing of the BG Group operated Esperanza well in the fourth quarter of 2011. COPL engaged in a sustained effort of negotiations with BG Group to develop alternative agreements to the top up required in the escrow account. However, when COPL and BG Group could not agree to an alternative solution, COPL elected not to top up the escrow account as required pursuant to the terms of the SPA as the Company believed this would have significant adverse effects on it shareholders in the long term. This resulted in BG Group delivering a termination notice to COPL. COPL considered termination the best course of action when comparing the dilutive impact of completing an equity financing to top up the escrow account to the levels requested by BG Group, to the value of its portfolio of projects in the UK and West Africa. As a result of the termination notice, COPL will not participate in any further drilling in Block 23/21 RoB with BG Group, which includes the Lower Toad, Newt and West Columbus exploration prospects and the Upper Toad discovery. COPL currently has under deposit approximately £10 million (approximately $15.8 million) in the BG Group escrow account, and £5 million (approximately $7.9 million) in the SSE escrow account to date for exploration drilling in Block 23/21. Under the SPA, COPL is obligated on termination to pay for 75% of certain of BG Group's accrued costs for the planned drilling of the Block 23/21 RoB wells.

COPL has communicated to BG Group that, given all payments and obligations for the drilling and testing of the Esperanza well have been made by COPL, COPL believes it retains all its rights in Block 22/15. BG Group's opinion is that COPL does not have the right to purchase the 50% equity interest in Block 22/15 because of the termination of the SPA. While both companies continue to work to resolve the disagreement relating to the block, there is a risk that COPL will not have the right to purchase a 50% equity in Block 22/15, and therefore will not have an equity position in any portion of the block, including the Esperanza discovery.

Three Year History

Year-Ended December 31, 2011

In January 2011, DECC approved the transfer of 50% of the Licence P.1161 for Blocks 206/5a and 206/10a to COPL (UK) from Faroe Petroleum (U.K.) relating to the Fulla exploration prospect and the Freya discovery.

On February 22, 2011, COPL (UK) entered into an earn-in agreement with BG Group in relation to United Kingdom Petroleum Production Licences P.101 for Block 23/21 RoB and P.089 for Block 22/15. Subsequent to the agreement, the remaining 70% of the subscription receipts were converted into 182,000,000 Common Shares and 91,000,000 Warrants.

On May 18, 2011, COPL Bermuda signed a sale and purchase agreement to acquire a 100% interest in Block LB-13 offshore Liberia from Peppercoast Petroleum for a total sum of US$85,000,000 payable in cash and common shares of COPL. Block LB-13 covers an area of approximately 2,400 square kilometres and is adjacent to blocks LB-14 and LB-12 held by a supermajor oil company. Additionally, COPL created a financial deposit to Peppercoast Petroleum for US$15 million to acquire a license for 2,023 square kilometres of 3D seismic that was shot for Peppercoast Petroleum. The PSC for Block LB-13 is an 8 year exploration license that commenced in May 2007 and is divided into 3 phases of 4 years, 2 years and 2 years, respectively. The second and third phases of the PSC require the drilling of a well in each phase. The second phase of the PSC commenced on May 23, 2011. The sale and purchase agreement is subject to consents and approvals from NOCAL and the Government of Liberia.

In June 2011, COPL (UK) signed an earn-in agreement with SSE whereby COPL (UK) would pay SSE's 16.67% share of the total drilling costs in the Lower Toad, Newt and West Columbus exploration prospects to earn 50% of SSE's working interest in these prospects. The Lower Toad, Newt and West Columbus exploration prospects and the Upper Toad appraisal prospect are all located in Block 23/21 RoB of the UK North Sea. COPL's earn-in agreement with SSE was made in conjunction with the cancellation of the earn-in agreement signed with BG Group, and in its place the creation of the SPA signed in February 2011 between COPL and BG Group concerning the same prospects. As a result of the combined effects of both the BG SPA and the SSE farm-in Agreement for Block 23/21 RoB, COPL would pay 79.17% of the total well costs for each prospect, and COPL's total working interest in each prospect would be 50% upon the completion of drilling the commitment wells.

Also in June 2011, COPL announced that Peppercoast was still in discussions with NOCAL and the Government of Liberia to receive consents and approvals to transfer the license for Block LB-13 to COPL, but that such consents and approvals had not been received.

On August 24, 2011, COPL announced that drilling in the Fulla prospect in Block 206/5a had encountered a 133 foot gross oil column that contained a 45 foot net column of oil. The average porosity was estimated to be 21% in the gross reservoir. Oil samples were being taken to the lab for further analysis.

On November 9, 2011, COPL announced that drilling in the Esperanza prospect in Block 22/15 encountered an oil reservoir section in the Paleocene Forties sand at a depth of 8,677 feet, and a minimum total of 52 feet of net pay from a minimum gross

section of 73 feet was penetrated by this well. Data obtained from well logs, coring and wireline pressure measurements indicate that the reservoir fluid was light gravity oil. Oil samples were successfully extracted from the wireline downhole sampler.

On November 16, 2011 COPL announced that COPL Bermuda signed an asset acquisition agreement with ExxonMobil Liberia, a wholly owned subsidiary of the ExxonMobil Corporation, with respect to the onward sale of certain of the interests in Block LB-13 offshore Liberia. ExxonMobil Liberia will acquire a 70% interest in the PSC governing Block LB-13 and in return, ExxonMobil Liberia will pay COPL Bermuda US$55 million, and pay COPL Bermuda's portion of the first well to be drilled on Block LB-13 to a maximum of US$36 million. If less than US$36 million is spent on COPL Bermuda's proportionate cost for the first well, the balance will be applied towards COPL Bermuda's costs of a second well if drilled. Additionally, ExxonMobil Liberia will pay COPL Bermuda's share of joint venture costs estimated at approximately US$6 million up to the completion of the first well. COPL Bermuda's equity interest in the PSC will be 30% upon closing and ExxonMobil Liberia will be the PSC's designated operator. The asset acquisition agreement is subject to a number of conditions including consents and approvals from NOCAL and the Government of Liberia.

On November 30, 2011, COPL announced that the Esperanza well was successfully drill-stem tested through 55 feet of perforations out of a gross interval of 73 feet of oil bearing sand within the uppermost Paleocene Forties sandstone. During a main flow test, the well flowed 39º API oil at an average rate of 1,784 bbls/d through a restricted 36/64 inch choke, with an average gas to oil ratio of 150 scf/bbl and an average flowing tubing pressure of 377 psi. Because of poor weather conditions, the well test was curtailed before a maximum flow rate could be achieved, however all necessary technical information was successfully obtained during the testing operations. There was no water or sand produced during the test.

On December 30, 2011, COPL announced that Mr. Gerry Roe retired from his full time position as Chief Operating Officer of the Company, and will continue to work with the Company as a consultant, allowing COPL to draw on his extensive experience.

Year-Ended December 31, 2010

In January 2010, when the Company was in the final stages of a prospectus offering, 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.

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 entitled 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 are adjusted due to a July 2010 share consolidation.)

In June 2010, the Company fully repaid the $2 million unsecured bridge financing loan to Endeavour Financial Corporation in accordance with the terms of the loan. Prior to repayment, in early May 2010, the Company issued 180,423 Common Shares to Endeavour Financial Corporation 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 signed letters of intent with Faroe Petroleum (U.K.) Limited and Premier Oil UK Limited in August 2010 and an exclusivity letter with BG Group in September 2010 that ultimately led to the farm-in and earn-in agreements 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 RoB;
- The Banks discovery and Esperanza exploration prospect in Block 22/15.

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.

On December 3, 2010, COPL(UK) entered into a farm-out agreement with Faroe Petroleum (U.K.) Limited in relation to United Kingdom Petroleum Production Licence P.1161 for Blocks 206/5a and 206/10a. On December 9, 2010, COPL(UK) entered into an earn-in agreement with Premier Oil UK Limited in relation to United Kingdom Petroleum Production Licence 1466 for Blocks 15/24c and 15/25f. Subsequent to the agreements with Faroe Petroleum (U.K.) and Premier Oil UK Limited, 30% of the subscription receipts were converted into 78,000,000 Common Shares and 39,000,000 Warrants on December 9, 2010.

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 COPL Technical (then named 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 purpose was to acquire ownership of a number of UK North Sea opportunities that had been developed by COPL (UK) and COPL Technical over the previous few months. The Company completed the acquisition of COPL (UK) and COPL Technical on December 7, 2009.

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 2019 and a fourth 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 paid a combination of consulting fees and incentive fees. 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.

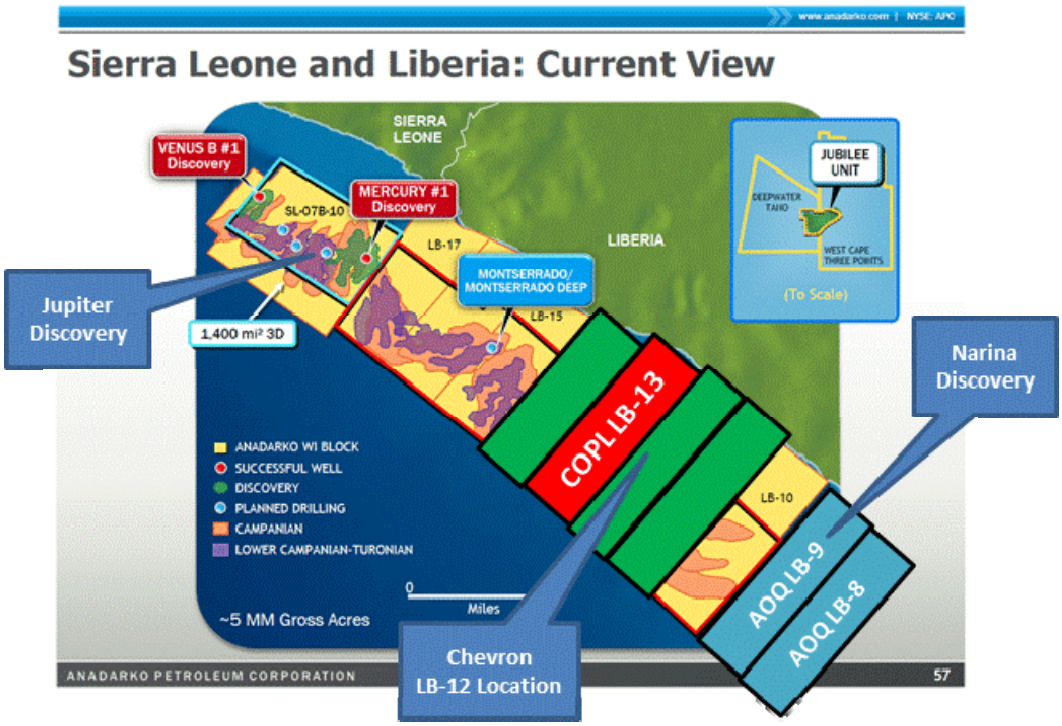
Also in December 2009, the Company signed an unsecured $2 million bridge financing loan with Endeavour Financial Corporation (the "Lender"). The proceeds of the loan were used for working capital. The Company granted the Lender 300,000 common share purchase warrants, each giving the right to acquire 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.

OIL AND GAS PROPERTIES

West Africa

Block LB-13, Offshore Liberia

Map of Sierra Leone and Offshore Liberia (courtesy of Anadarko Petroleum Corporation)



On May 18, 2011, COPL Bermuda signed a sale and purchase agreement to acquire a 100% interest in Block LB-13 offshore Liberia from Peppercoast Petroleum. On November 16, 2011 COPL announced that COPL Bermuda signed an asset acquisition agreement with ExxonMobil Liberia, a wholly owned subsidiary of the ExxonMobil Corporation, whereby ExxonMobil Liberia would purchase a 70% equity interest in the PSC governing Block LB-13, leaving COPL with 30%. The sale and purchase agreement between Peppercoast Petroleum and COPL Bermuda and the asset acquisition agreement between COPL Bermuda and ExxonMobil Liberia are subject to a number of conditions and also require the approvals of NOCAL and the Government of Liberia in order for the deals to successfully close. At the time of writing this AIF, neither agreement between Peppercoast Petroleum and COPL, nor the agreement between COPL and ExxonMobil Liberia, had closed, and neither Peppercoast Petroleum nor COPL had received written confirmation of approvals from either NOCAL or the Government of Liberia for transferring the license for the PSC for Block 13. COPL, Peppercoast Petroleum and ExxonMobil have all been engaged in frequent and substantive discussions with NOCAL and the Government of Liberia to receive approvals for the PSC license transfer, and COPL firmly believes that such approvals will be granted and that the deals with both Peppercoast Petroleum and ExxonMobil Liberia will successfully close in the near future. However, if for some reason approvals are not granted, and/or the deal with Peppercoast Petroleum and ExxonMobil Liberia cannot successfully close for any reason, this would represent substantial risk to COPL as the Company believes that Block 13 Liberia currently comprises substantially all the value to the Company and its shareholders.

Block LB-13 covers an area of approximately 2,400 square kilometres and is adjacent to Blocks LB-14 and LB-12, held by a supermajor oil company. The PSC is an eight year exploration license that commenced in May 2007 and is divided into three phases of four years, two years and two years, respectively. The second and third phases of the PSC require the drilling of a well in each phase. The second phase of the PSC commenced on May 23, 2011.

The nature of the geology and geophysical signature of the drilling prospects identified to date on Block LB-13 is very familiar to the technical staff of COPL. The drilling targets COPL has identified on Block LB-13 are Cretaceous turbidite sand stratigraphic

traps analogous to the Paleocene drilling targets COPL is pursuing in the UK North Sea. COPL has identified a number of drilling prospects on Block LB-13 each having strong seismic amplitude versus offset anomalies and other direct hydrocarbon indicators which possibly suggest the presence of hydrocarbons.

COPL has acquired a license to 2,023 square kilometers of long offset 3D seismic that was shot in 2010 to evaluate the oil potential of deep-water Cretaceous sands analogous to the recent deep-water oil discoveries offshore Ghana and Sierra Leone. Reviews of the seismic data conducted internally by the Company, and externally by independent reserve evaluators DeGolyer and MacNaughton ("D&M"), have identified the potential for a number of Cretaceous turbidite sand stratigraphic traps on the Block that possess strong seismic AVO anomalies and other direct hydrocarbon indicators which possibly suggest the presence of hydrocarbons.

The D&M Report

The Corporation engaged the services of D&M to evaluate the prospective resources of the exploration prospects in Block LB-13 in the Liberian Basin, Liberia to be acquired pursuant to the Sale and Purchase Agreement. D&M's evaluation of the Corporation's prospective petroleum resources in Block LB-13 is contained in the D&M Report. The D&M Report does not assess the prospective resources of the Corporation's exploration and development prospects in the UK North Sea.

The prospective resources estimated in the D&M Report and presented in this AIF are those quantities of petroleum that are potentially recoverable from accumulations yet to be discovered. **[As a result of the lack of commerciality or sufficient exploration drilling, the prospective resources estimated and included in the D&M Report cannot be classified as** "**contingent resources**" or "**reserves**" **pursuant to NI 51-101.]**

Although the Corporation has identified prospective resources, there are numerous uncertainties inherent in estimating oil and gas resources, including many factors beyond the Corporation's control and no assurance can be given that the indicated level of resources or recovery of oil and gas will be realized. The resources reported herein and in the D&M Report are estimates only and there is no certainty that it will be economically or technically viable to produce any portion of the reported prospective resources. In general, estimates of recoverable oil and gas resources are based upon a number of factors and assumptions made as of the date on which the resources estimates were determined, such as geological and engineering estimates which have inherent uncertainties and the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain and classifications of resources are only attempts to define the degree of uncertainty involved. For these reasons, estimates of the recoverable oil and gas and the classification of such resources based on risk of recovery, when prepared by different engineers or by the same engineers at different times, may vary substantially.

Estimates of resources always involve uncertainty, and the degree of uncertainty can vary widely between accumulations/projects and over the life of a project. Consequently, estimates of resources should generally be quoted as a range according to the level of confidence associated with the estimates. An understanding of statistical concepts and terminology is essential to understanding the confidence associated with resources definitions and categories.

The range of uncertainty of estimated recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. Resources should be provided as low, best, and high estimates as follows:

- *Low Estimate*: This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

- *Best Estimate*: This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

- *High Estimate*: This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

This approach to describing uncertainty may be applied to reserves, contingent resources, and prospective resources. There may be significant risk that sub-commercial and undiscovered accumulations will not achieve commercial production. However, it is useful to consider and identify the range of potentially recoverable quantities independently of such risk.

Oil and Gas Resources

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from accumulations yet to be discovered, by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. The prospective resources included in the D&M Report indicate exploration opportunities and development potential in the event a petroleum discovery is made and should not be construed as reserves or contingent resources. D&M did not perform an economic analysis on these resources; as such the economic status of these resources is undetermined.

Prospective resources in the nine oil prospects in Block LB-13 have been identified in the Liberian Basin, Liberia. The prospective resources presented below are based on the statistical aggregation method.

Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply resources definitions.

"**P_g**" means the probability of discovering reservoirs that flow petroleum at a measurable rate. P_g is estimated by quantifying the probability of each of the following individual geologic factors: trap, source, reservoir, and migration. The product of these four probabilities or chance factors is computed as P_g.

"**prospect**" means a potential accumulation that is sufficiently well defined to be a viable drilling target. For a prospect, sufficient data and analyses exist to identify and quantify the technical uncertainties, to determine reasonable ranges of geologic chance factors and engineering and petrophysical parameters, and to estimate prospective resources. In addition, a viable drilling target requires that 70 percent of the median potential production area be located within the block or license area of interest.

"**prospective resources**" means those quantities of petroleum estimated, as at a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.

"**resources**" is a general term that may refer to all or a portion of total resources.

Prospective Resources

The following tables set forth summary information relating to the Corporation's prospective resources broken down by commodity type and in the aggregate, as evaluated in the D&M Report.

Gross Prospective Oil Resources

Prospect	Low Estimate (Mbbls)	Best Estimate (Mbbls)	High Estimate (Mbbls)
Tuba	12,956	38,388	96,292
Ganta	8,043	26,208	69,429
Seta	14,436	58,648	176,936
Fali Lobe	58,701	215,310	705,372
Fali Channel	135,418	479,775	1,530,970
Bene	107,350	416,577	1,291,084
Intra Campanian East	55,439	193,547	576,070
Intra Campanian West	32,984	132,985	521,009
Intra Campanian Central	36,751	141,354	551,440
Statistical Aggregate	**1,359,800**	**2,314,646**	**3,829,364**

Notes:
1. P_g has not been applied to the volume in this table.
2. Low, best, high, and mean estimates follow the PRMS guidelines for prospective resources
3. Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
4. Recovery efficiency is applied to prospective resources in this table.
5. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

Gross Prospective Raw Natural Solution Gas Resources

Prospect	Low Estimate (MMcf)	Best Estimate (MMcf)	High Estimate (MMcf)
Tuba	10,956	35,779	103,077
Ganta	7,058	25,218	70,645
Seta	12,865	55,358	185,719
Fali Lobe	53,518	208,046	712,345
Fali Channel	125,597	466,276	1,593,057
Bene	97,448	392,602	1,297,413
Intra Campanian East	48,838	177,807	594,100
Intra Campanian West	31,353	130,418	530,329
Intra Campanian Central	32,701	141,102	544,840
Statistical Aggregate	**1,280,695**	**2,295,107**	**3,976,929**

Notes:
1. P_g has not been applied to the volumes in this table.
2. Low, best, high, and mean estimates in this table are P90, P50, P10, and mean respectively.
3. Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
4. Recovery efficiency is applied to prospective resources in this table.
5. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

Gross Prospective Resources

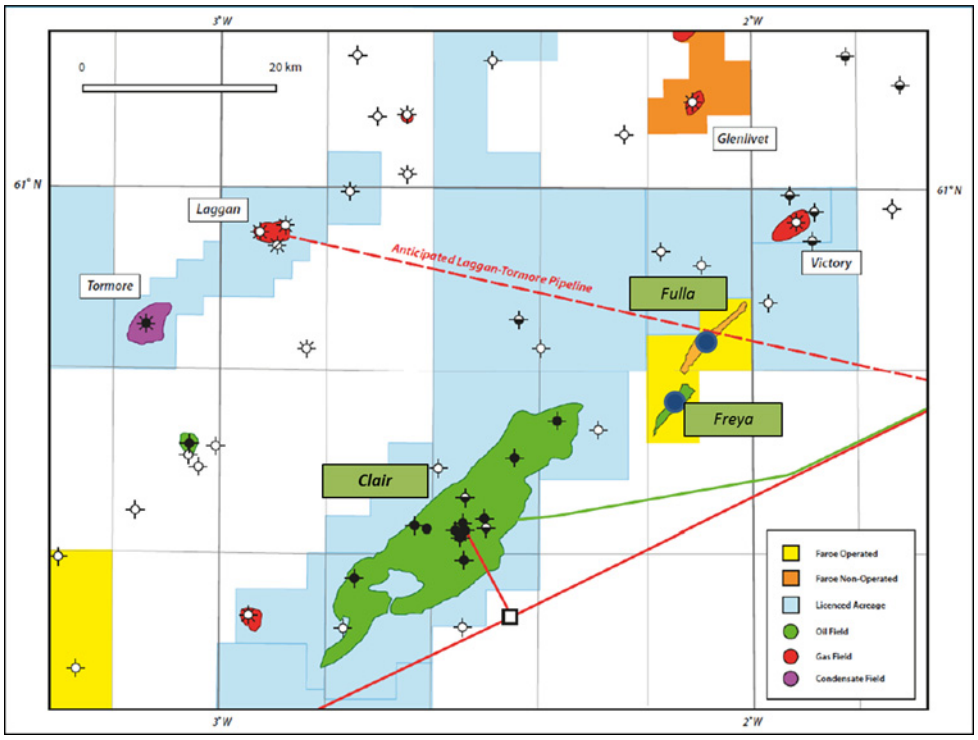
	Low Estimate	Best Estimate	High Estimate	Mean Estimate
Gross Prospective Oil Resources (Mbbls)	1,359,800	2,314,646	3,829,364	2,489,477
Gross Prospective Raw Natural Solution Gas Resources (MMcf)	1,280,695	2,295,107	3,976,929	2,489,477

Notes:
1. P_g has not been applied to the volume in this table.
2. Low, best, high, and mean estimates in this table are P90, P50, P10, and mean respectively.
3. Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
4. Recovery efficiency is applied to prospective resources in this table.
5. The prospective resources presented above are based on the statistical aggregation method.
6. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

UK North Sea

Freya and Fulla Properties, License P. 1161, Blocks 206/5a and 206/10a, West of Shetlands—50% equity interest

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



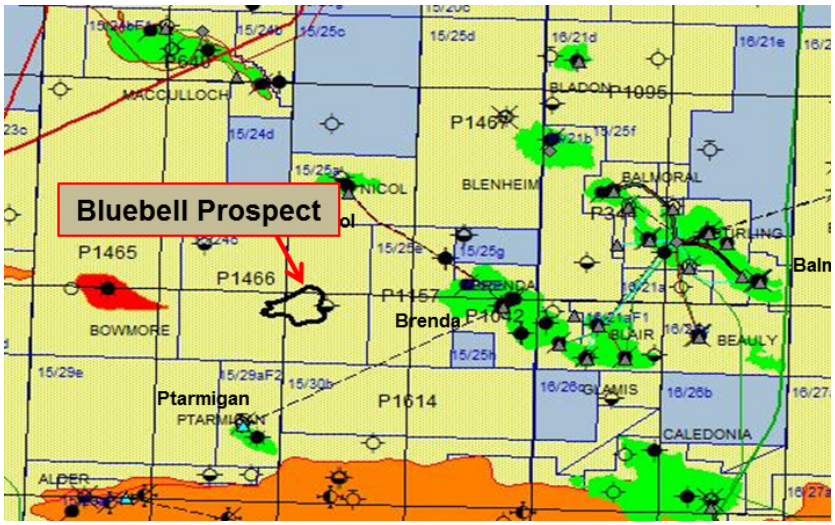
The Freya and Fulla discoveries are located in License P. 1161 on Blocks 206/5a and 206/10a that are located in the "West of the Shetland Islands" area. License P. 1161 is a Frontier License that encompasses an area of 400 square kilometres that is situated approximately 10 kilometres northeast of the Clair Field.

COPL and the operator of the block drilled the Fulla prospect in 2011, and announced in August that drilling encountered a 133 foot gross oil column that contained a 45 foot net column of oil. The average porosity was estimated to be 21% in the gross reservoir. The oil was 19° API with a gas/oil ratio of 370, similar to what is being produced in the Clair Field. COPL and the operator are discussing options for both Freya and Fulla.

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

Bluebell, License P. 1466, Blocks 15/24c and 15/25f—40% equity interest

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



The Bluebell exploration prospect was drilled in March 2012 but did not encounter any commercial volumes of hydrocarbons. Seismic AVO analysis suggested that one of two situations would be encountered with this well: either an oil-bearing sand with normal porosity or a water-bearing sand with higher than normal porosity. The 15/24c-10 well encountered a thick sand that had higher than predicted porosity and was water-bearing with only minor hydrocarbon shows. The well was plugged and abandoned.

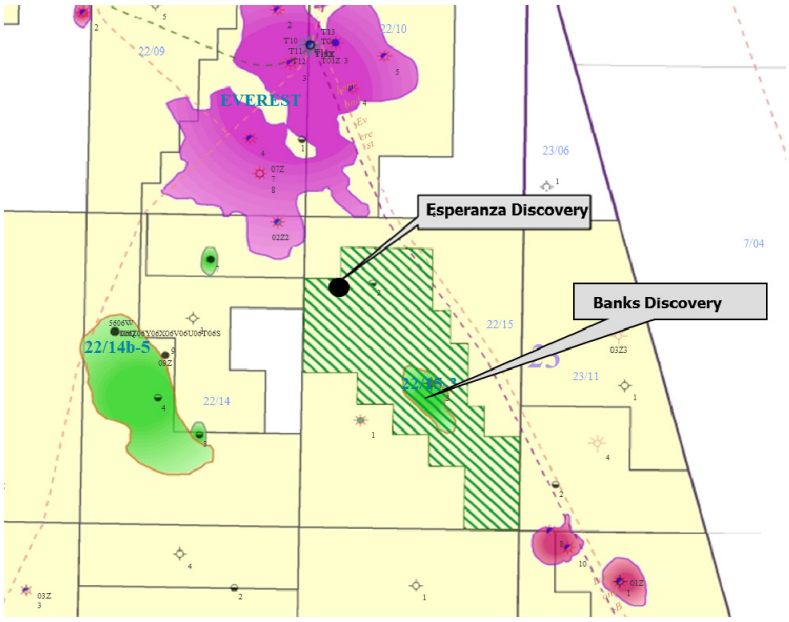
Under the terms of the farm-in agreement, the Company paid 66.67% of the costs to drill the well to earn a 40% equity interest.

Lower Toad, Newt, West Columbus Exploration Prospects; Upper Toad Discovery, License P.101 Block 23/21 RoB

On February 22, 2011, COPL (UK) entered into an earn-in agreement with BG Group in relation to United Kingdom Petroleum Production Licences P.101 for Block 23/21 RoB that includes the Lower Toad, Newt and West Columbus exploration prospects and the Upper Toad discovery. In June 2011, COPL (UK) signed an earn-in agreement with SSE whereby COPL (UK) would pay SSE's 16.67% share of the total drilling costs in these same exploration prospects in Block 23/21 RoB. The agreement with SSE was made in conjunction with a change from an earn-in agreement to a sale and purchase agreement with BG Group concerning the prospects. On February 16, 2012, the BG SPA between BG Group and COPL (UK) was terminated. As at the time of writing this AIF, COPL (UK) and SSE were in discussions to terminate their earn-in agreement for Block 23/21 RoB given that it appeared unlikely that BG Group, as the block operator, would proceed with drilling.

Banks and Esperanza Discoveries, Block 22/15, License P. 089

Map of Block 22/15



In the fourth quarter of 2011, drilling in the Esperanza prospect in Block 22/15 encountered an oil reservoir section in the Paleocene Forties sand at a depth of 8,677 feet, and a minimum total of 52 feet of net pay from a minimum gross section of 73 feet was penetrated by this well. Data obtained from well logs, coring and wireline pressure measurements indicate that the reservoir fluid was light gravity oil. Oil samples were successfully extracted from the wireline downhole sampler.

The Esperanza well was successfully drill-stem tested through 55 feet of perforations out of a gross interval of 73 feet of oil bearing sand within the uppermost Paleocene Forties sandstone. During a main flow test, the well flowed 39º API oil at an average rate of 1,784 bbls/d through a restricted 36/64 inch choke, with an average gas to oil ratio of 150 scf/bbl and an average flowing tubing pressure of 377 psi. Because of poor weather conditions, the well test was curtailed before a maximum flow rate could be achieved, however all necessary technical information was successfully obtained during the testing operations. There was no water or sand produced during the test.

The Banks discovery was made in 2006 by the 22/15-3 well that was drilled to a total measured depth of 9,507 feet. 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.

As of the date of this AIF, COPL did not own an equity position in either the Esperanza or Banks discoveries, or any portion of Block 22/15. COPL is currently discussing a variety of issues related to Block 22/15 with BG Group given that the SPA was terminated on February 16, 2012. Under the terms of the SPA, COPL has four months beginning on December 21, 2011 to exercise its right to purchase a 50% interest in the entire block from BG Group, which includes the Esperanza and Banks discoveries, for US$15 million. Given that COPL fulfilled its obligations for the payment of the drilling and testing of the Esperanza well, COPL's belief is that it still retains its right to purchase a 50% equity interest in the entire block 22/15 for US$15 million. BG Group has communicated to COPL that because of the termination of the SPA, BG Group's opinion is that COPL does not have the right to purchase the 50% equity interest in Block 22/15. While both companies continue to work to resolve the disagreement relating to the block, there is a risk that COPL will not have the right to purchase a 50% equity in Block 22/15, and therefore will not have an equity position in any portion of the block, including the Esperanza discovery.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

As of December 31, 2011 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, 2011, there were 284,016,939 Common Shares outstanding (2010—101,965,939). 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, 2011 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 145,549,000 warrants outstanding as at March 29, 2012. Of these, 129,949,000 warrants have an exercise price of $0.65 and expire December 1, 2013. The remaining 15,600,000 warrants have an exercise price of $0.50 and expire December 1, 2012.

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) Octant Energy Corp. (TSXV) Wentworth Resources Limited (Oslo Stock Exchange)
Harald Ludwig	West Fraser Timber Co. (TSX) Lions Gate Entertainment Corp. (NYSE) Prima Colombia Hardwood Inc. (TSXV) West African Iron Ore Corp. (TSXV)
Massimo Carello	Canaccord Financial Inc. (TSX and Alternative Investment Market) Orsu Metals Corporation (TSX and Alternative Investment Market)
Christopher McLean	Octant Energy Corp. (TSXV)

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.

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 participated as a non-operator in the drilling of two oil and gas exploration wells in 2011: the Esperanza well in Block 22/15 and the Fulla well in Block 206/10a. For the Esperanza well, there were no health, safety or environmental violations or issues that arose during the drilling of the well.

During the drilling of the Fulla well, there was a leak of hydraulic oil and some minor safety incidents that were reported to the Health, Safety and Environment department of the DECC with no sanctions or penalties forthcoming. Subsequent to the completion of drilling at Fulla, COPL reviewed in detail the drilling reports completed by the operator which raised concerns for COPL about a number of issues that occurred while drilling that could have potentially led to incidents resulting in serious health, safety and/or environmental violations. At the time of writing this AIF, COPL was engaged in ongoing discussions with the operator about a number of issues including the performance of the drilling vessel used for the Fulla well and the degree of oversight and management of drilling by the operator. COPL endeavours to fulfill all its obligations as a drilling participant to ensure that drilling operations are performed in a safe and environmentally responsible manner.

Currently the only insurance that COPL carries is Directors and Officers liability insurance and office property insurance. The operators of the wells carry insurance for drilling activities and COPL participates in the insurance by paying its proportionate share.

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.

Failure to Receive Required Approvals for Block LB-13 and/or Failure to Close Deals for the Block

On May 18, 2011, COPL Bermuda signed a sale and purchase agreement to acquire a 100% interest in Block LB-13 offshore Liberia from Peppercoast Petroleum. On November 16, 2011 COPL announced that COPL Bermuda signed an asset acquisition agreement with ExxonMobil Liberia, a wholly owned subsidiary of the ExxonMobil Corporation, whereby ExxonMobil Liberia would purchase a 70% equity interest in the PSC governing Block LB-13, leaving COPL with 30%. The sale and purchase agreement between Peppercoast Petroleum and COPL Bermuda and the asset acquisition agreement between COPL Bermuda and ExxonMobil Liberia are subject to a number of conditions and also require the approvals of NOCAL and the Government of Liberia in order for the deals to successfully close. At the time of writing this AIF, neither the agreement between Peppercoast

Petroleum and COPL, nor between COPL and ExxonMobil Liberia, had closed, and neither Peppercoast Petroleum nor COPL had received written confirmation of approvals from either NOCAL or the Government of Liberia for transferring the license for the PSC for Block 13. COPL, Peppercoast Petroleum and ExxonMobil have all been engaged in frequent and substantive discussions with NOCAL and the Government of Liberia to receive approvals for the PSC license transfer, and COPL firmly believes that such approvals will be granted and that the deals with both Peppercoast Petroleum and ExxonMobil Liberia will successfully close in the near future. However, if for some reason approvals are not granted, and/or the deal with Peppercoast Petroleum and ExxonMobil Liberia cannot successfully close for any reason, this would represent substantial risk to COPL as the Company believes that Block 13 Liberia currently comprises substantially all the value to the Company and its shareholders. Also, COPL made a financial deposit of US$15 million to Peppercoast Petroleum which allowed COPL to have the license to the 3D seismic that was shot on Block LB-13 in 2010. If NOCAL or the Government of Liberia do not approve the transfer of the license for the PSC from Peppercoast Petroleum to COPL, the US$15 million financial deposit will turn into a loan and there would be a significant risk that COPL would not be able to recover the loan from Peppercoast Petroleum.

Volatility of Crude Oil and Natural Gas Prices

COPL's plan is to explore for 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

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.

The Dispute with BG Group Could Result in an Unfavourable Outcome to COPL

At the time of writing this AIF, COPL was in a dispute with BG Group related to the implications of the termination of the SPA that occurred on February 16, 2012. The two issues of concern to COPL in this dispute center around a) COPL's rights in Block 22/15 that include the Esperanza and Banks discoveries, and b) the ownership of approximately $15.8 million of funds remaining in an escrow account that was established by COPL as part of the SPA. In regards to COPL's rights for Block 22/15, COPL is of the belief that because COPL paid for all of the drilling and testing costs of the Esperanza well (approximately $33.6 million),

COPL still retains its right to purchase a 50% equity in the entire Block 22/15 (including Esperanza and Banks) by paying US$15 million even though the SPA was terminated. Furthermore, COPL also believes that it is entitled to receive all the funds in the escrow account with BG Group less 75% of certain costs BG Group incurred for the planning of wells that were to be drilled in Block 23/21 RoB. BG Group has communicated to COPL that BG Group believes that COPL a) does not have any rights to Block 22/15 and b) the remaining $15.8 million in escrow belongs to BG Group not COPL. COPL has retained legal counsel who are working to resolve the dispute with BG Group, but it is possible that such a resolution may result in an unfavourable outcome to COPL for either/both issues relating to Block 22/15 and the funds in the escrow account.

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 gas 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 Change

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 or 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.

There is a risk that none of the proposed exploration, appraisal or development of the Company's assets will be completed on time or within the applicable capital cost estimates or at all. Additionally, there is a risk that proposed projects may experience 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, exploring for and producing offshore 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. Offshore Liberia does not have a subsea infrastructure at this time, and as such, subsea tiebacks to existing production facilities are not a development option. The most common form of development offshore West Africa is by FPSO.

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, intervention and certain approvals 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.

One of the regions in which the Company plans to operate is in a part of the UK North Sea that 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.

Operatorship

COPL is not the designated operator for any of its properties, nor is the Company an approved offshore exploration operator in the UK North Sea. While it is common for companies to assume a non-operating role in offshore properties, such companies may be susceptible to disadvantages in regards to the operators who have ultimate responsibility for the drilling and operating of wells and the health, safety and environmental concerns on-site. As such, there may be times when the operator deems it necessary to engage in certain activities for its best interests that the non-operator may disagree with, and which may not be in the non-operator's best interests. Examples of these competing interests could include the timing of wells to be drilled and decisions made during drilling operations.

Corporate Tax Regime

Development of reserves and rates of return are 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. Recently the UK government increased tax rates without industry consultation and no assurances can be given that such an event will not re-occur. Liberia is a developing democracy that does not have an established oil and gas industry. The country's royalty and taxation policies have been modeled after those in more established countries in the western hemisphere, and are similar to those in the UK in that capital and operating expenses are able to be deducted before corporate tax is payable. Any changes to taxation laws in the UK or Liberia would impact the Company.

Development Costs of Fields

Offshore oil and gas developments are typically substantially more expensive than onshore developments because of the nature of weather offshore, transportation challenges, and the inherit difficulties of installing and servicing equipment on the ocean floor especially in deeper water areas. 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.

Access to Production Facilities

In the UK North Sea, access to facilities to process field production is an important consideration of the Company when developing fields. 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.

In contrast to the North Sea, offshore West Africa is significantly larger in geographical area and with the exception of only a few countries, including Nigeria, is only lightly explored. Liberia does not have any offshore oil and gas infrastructure, and as such, there is no development option for tie-ins to pipelines or production facilities. As such, it is likely that any exploration success achieved by the Company would likely require an FPSO development solution which would likely take a longer time period to procure and at an increased cost compared to a tie-in to an existing production facility and/or pipeline.

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. There can be no assurance that debt or equity financing 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".

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

	Common Shares		
Month	**High**	**Low**	**Volume**
2011			
January	$0.78	$0.65	8,446,700
February	$0.85	$0.66	7,972,900
March	$0.67	$0.47	26,834,000
April	$0.69	$0.55	22,240,386
May	$0.61	$0.50	12,896,186
June	$0.55	$0.445	8,318,155
July	$0.54	$0.45	3,678,590
August	$0.495	$0.355	7,269,666
September	$0.47	$0.285	17,909,037
October	$0.42	$0.28	18,679,781
November	$0.50	$0.38	11,749,900
December	$0.45	$0.31	4,783,300

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 2011, 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 2011, 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 2011.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Based upon public filings, as of March 29, 2012, the following beneficially owns, directly or indirectly, or exercises control or direction over more than ten percent (10%) of the issued and outstanding Common Shares of the Company:

Name of Shareholder	Number of Common Shares Beneficially Owned	Percentage of Outstanding Common Shares Beneficially Owned or Controlled
Columbia Wanger Asset Management, LLC	**36,000,000**	**12. 68%**

To the knowledge of the Company's directors and executive officers, no other person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares.

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: 52	Director, President and Chief Executive Officer	Currently the 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 28 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
Rod Christensen Alberta, Canada Age: 57	Vice President Exploration Officer	Currently Vice President Exploration and Exploitation since December 2011. Manager Exploration and Development from November 2010 to December 2011. Consulting Professional Geologist to COPL and other clients from August 2009 to October 2010. Senior Vice President Exploration and Development at Oilexco Incorporated from November 2007 to July 2009. Vice President Exploration and Development at Oilexco Incorporated from August 2007 to October 2007. Vice President Exploration at Oilexco Incorporated from January 2005 to July 2007. Mr. Christensen graduated from the University of Washington with a Bachelor of Geological Sciences Degree. He has 33 years of experience working in the natural resource industry in Western Canada, the UKCS and throughout the world, and held key positions with Canadian Hunter Exploration, Cuesta Energy, and Oilexco Incorporated.	N/A	29,063	1,500,000

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)
Aleksandra Owad, CGA, FCCA (UK) Alberta, Canada Age: 47	Chief Financial Officer	Currently the 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. 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: 58	Director and Chairman of the Board	Currently the President of Macluan Capital Corporation, a diversified private equity investment company, since October 1985. Mr. Ludwig is a Director of Lions Gate Entertainment Corp. and is a member of its Strategic Advisory Committee, and is 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, and as a Director of West African Iron Ore Corp. and is the Chairman of its Compensation and Corporate Governance Committee and a member of its Audit and Disclosure Committee. Mr. Ludwig serves as a member of the advisory Board of Tennenbaum Capital Partners, LLC.	September 29, 2009	312,500	2,887,500

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)
Massimo Carello[(1), (3),(4)] London, UK Age: 63	Director	Mr. Carello has served as an independent business man who has performed consulting and managed his own investment portfolio during the past 5 years. 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. 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.	September 29, 2009	250,000	1,400,000
Christopher McLean[(1)(2)(4)] Dewinton, Alberta, Canada Age: 38	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 currently serves as Chairman and a Director of Octant Energy Corp. 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

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)
Rick Schmitt[(1),(2),(4)] Calgary, Alberta, Canada Age: 56	Director	President of Propel Energy Corp. since June 2011 and President and Chief Executive Officer of Octant Energy Corp. since March 9, 2012. Prior thereto, Mr. Schmitt was Chief Executive Officer of Wentworth Resources Limited from April 1, 2011 to August 31, 2011. 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. Mr. Schmitt holds a B.Sc. in Geological Sciences from the University of Aston in Birmingham England. Mr. Schmitt has over 33 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 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. Christensen 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.

Aleksandra Owad

Ms. Owad was the Chief Accounting Officer of Oilexco Incorporated when it obtained a court order for protection under the 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.

Rod Christensen

Mr. Christensen was the Senior Vice President Exploration and Development and an Officer of Oilexco Incorporated when it obtained a court order for protection under CCAA on February 5, 2009, and 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.

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 is currently a director of Octant Energy Corp. and previously served as a director of 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 33 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 and CEO of Wentworth Resources Limited before being appointed as CEO of Propel Energy Corp. in June 2011 and President and CEO of Octant Energy Corp. in March 2012.

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) and as a member of the Board of Directors of Lions Gate Entertainment Corp. (NYSE) and as a member of its Strategic Advisory Committee. He is also 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, and a Director of West African Iron Ore Corp. (TSXV) and is Chairman of its Compensation and Corporate Governance Committee and a member of its Audit and Disclosure 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 paid to the Company's external auditor in the last three fiscal years are set out in the table below. Audit fees were incurred in connection with annual financial statements, statutory filings, quarterly reviews of financial information and services rendered for prospectuses.

Financial Period Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
December 31, 2011	$83,600	Nil	$102,300	Nil
December 31, 2010	$120,500	Nil	$2,500	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

With the exception of the asset purchase agreement with ExxonMobil Liberia signed November 16, 2011 and filed on SEDAR, there have been no material contracts entered into by COPL within the last financial year except for contracts made in the ordinary course of business, and as such are not required to be listed as material contracts in this AIF.

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 to 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 March 20, 2012 relating to the Annual and Special Meeting of Shareholders to be held on May 10, 2012 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, and which are filed on SEDAR at www.sedar.com.

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, 2011

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.

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PART 6	OTHER OIL AND GAS INFORMATION	Pages A2&A3

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 29, 2012.

2. The effective date of information provided in this statement is as of the Company's most recently completed fiscal year ended: December 31, 2011.

3. The date of preparation the information provided herein is: March 15, 2012.

PARTS 2-5 DISCLOSURE OF RESERVES DATA

As of December 31, 2011, 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

COPL UK North Sea Property Holdings

Blocks	Current Land Holdings Gross Acres	Current Land Holdings Net Acres
206/5a and 206/10a	24,819	12,410

Item 6.2 Properties with No Attributed Reserves

There are no attributed reserves for Blocks 206/5a and 206/10a, known as Freya and Fulla.

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

In 2011, COPL paid $20.3 million of the exploration drilling costs (60% of the total costs) of the Fulla exploration prospect (Block 206/10a) to earn a 50% equity interest in both Freya (Block 206/5a) and Fulla.

Item 6.7 Exploration and Development Activities

	Number of Wells					
	Exploration		Appraisal		Development	
	Gross	Net	Gross	Net	Gross	Net
Oil Wells	1	0.5	-	-	-	-
Gas Wells	-	-	-	-	-	
Service Wells	-	-	-	-	-	-
Drilled and Abandoned Wells	-	-	-	-	-	
Total:	1	0.5	-	-	-	-

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, 2011

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

(signed) "*Rod Christensen*"
Officer

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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.