

CANADIAN OVERSEAS PETROLEUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

The following is Management's Discussion and Analysis ("MD&A") of the operating and financial results of Canadian Overseas Petroleum Limited, and its wholly owned subsidiaries COPL Technical Services Limited, Canadian Overseas Petroleum (UK) Limited ("COPL UK"), Canadian Overseas Petroleum (Bermuda Holdings) Limited ("COPL Bermuda Holdings"), Canadian Overseas Petroleum (Bermuda) Limited ("COPL Bermuda"), COPL New Zealand Limited ("COPL New Zealand") and Canadian Overseas Petroleum (Namibia) Limited ("COPL Namibia"), (collectively "COPL" or the "Company") as at and for the three and nine months ended September 30, 2015. The information is provided as of November 10, 2015. The results for the three and nine month periods ended September 30, 2015 have been compared to the same periods of 2014. This MD&A should be read in conjunction with the Company's audited consolidated financial statements as at and for the years ended December 31, 2014 and 2013, together with the accompanying notes and the Annual Information Form of the Company dated March 26, 2015 (the "AIF"). These documents and additional information about COPL are available on the Company's website at www.canoverseas.com and on SEDAR at www.sedar.com.

All amounts are presented in United States dollars ("USD") unless otherwise noted. Please see "Significant Accounting Policy Changes" section that outlines the change in both functional and presentation currency to United States dollars from Canadian dollars ("CAD").

BUSINESS OF THE COMPANY – MANAGEMENT

Canadian Overseas Petroleum Limited is a publicly traded oil and gas company listed on the TSX Venture Exchange (TSX-V) under the symbol "XOP" and the London Stock Exchange (LSE) under the symbol "COPL".

COPL is an international oil and gas exploration and development company focused on sub-Saharan offshore Africa. The Company holds a 17% working interest in Block LB-13, offshore Liberia, with ExxonMobil Exploration and Production Liberia Limited ("ExxonMobil"), the operator, holding an 83% working interest. The Company also formed a joint venture company with Shoreline Energy International Limited ("Shoreline"), in line with the Company's strategy to diversify and balance its asset portfolio to generate stable cash flow from secure assets. Both partners hold a 50% interest in the jointly controlled company, which is focused on acquiring upstream oil and gas exploration, development and producing assets in sub-Saharan Africa, and has taken positions in Tanzania and Namibia while it continues to evaluate a variety of assets in Nigeria, Equatorial Guinea and Mozambique.

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 Services Limited. Drilling oversight and some geological functions are provided by COPL UK. COPL Bermuda Holdings and COPL Bermuda were incorporated for operations offshore Liberia. On November 8, 2012, COPL New Zealand was incorporated to participate in an exploration licence in New Zealand. COPL Nigeria was incorporated October 16, 2013 for the future participation in Nigerian opportunities. COPL Namibia was incorporated on October 24, 2014 for future participation in Namibian opportunities. Shoreline Canoverseas Petroleum Development Corporation Limited ("ShoreCan") was incorporated on October 24, 2014 with Shoreline.

On February 12, 2015, COPL Nigeria was dissolved and removed from the Register of Companies in Bermuda, as the company ceased to carry on business, had discharged in full the liabilities to all its known creditors, and distributed its surplus assets in accordance with the *Companies Act* 1981 (Bermuda).

On October 5, 2015, COPL New Zealand was dissolved and removed from the New Zealand Register of Companies as the company ceased to carry on business, had discharged in full the liabilities to all its known creditors, and distributed its surplus assets in accordance with its constitution and section 318(1)(d)(i) of the *Companies Act* 1993.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This MD&A contains forward-looking statements relating to future events or future performance. In some cases, forward-looking information and forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expects”, “projects”, “plans”, “anticipates”, “potential”, “intend”, “believe” and similar expressions. These statements represent management’s expectations or beliefs concerning, among other things, future operating results and various components thereof and the economic performance of COPL. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties, including the business risks discussed in this MD&A as at and for the twelve months ended December 31, 2014, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Operating conditions and weather can have a significant effect on the timing of events. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

Forward-looking statements included or incorporated by reference in this document include statements with respect to:

- the Company’s current strategy to establish and grow an oil and gas business (the “Overview and Overall Performance”, “Outlook”, and “Liquidity and Capital Resources” sections);
- the Company’s ability to raise capital and obtain the financing necessary to develop profitable oil operations (the “Overview and Overall Performance”, “Outlook” and “Liquidity and Capital Resources” sections);
- the Company’s assumptions in respect of the calculation of stock-based compensation and valuation of Warrants (as defined herein) (the “Stock-Based Compensation Expense” section);
- the Company’s ability to manage its financial and operational risks (the “Overview and Overall Performance”, “Financial Instruments”, “Commitments and Contractual Obligations” and “Liquidity and Capital Resources” sections); and
- the Company’s expectations regarding changes in accounting policies and the impact on the Company and its financial statements (“Significant Accounting Policy Changes”).

The Company’s MD&A and AIF for the year ended December 31, 2014 describe major risks, material assumptions and other factors related to forward-looking information and forward-looking statements that could influence actual results and are incorporated herein by reference. These risks, assumptions and other factors have been provided for readers to gain a more complete perspective on COPL’s future operations. However, readers should be cautioned that the list of factors is not exhaustive and that this information may not be appropriate for other purposes. Forward-looking information and forward-looking statements included or incorporated by reference in this MD&A are valid only as at the date of this MD&A, and the Company does not intend to update or revise these forward-looking statements and forward-looking information except as required by applicable securities laws. The forward-looking information and forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW AND OVERALL PERFORMANCE *

In the third quarter of 2015, the Company continued to identify, evaluate and pursue exploration and development opportunities in Tanzania, Namibia, Nigeria, Equatorial Guinea and Mozambique. The Company is focused on offshore opportunities that its seasoned technical team has strength in evaluating and developing.

Liberia

On April 5, 2013, following the Liberian Legislature’s ratification of the Production Sharing Contract governing Block LB-13 offshore Liberia, the closing and completion of previously announced transactions between the Company’s subsidiary COPL Bermuda and ExxonMobil occurred. The Company holds a 17% working interest in Block LB-13, with the remaining 83% being held by ExxonMobil, who is the Operator under this license. As previously announced, the Company’s share of all joint interest costs and the gross drilling costs up to \$120 million is carried by ExxonMobil.

OVERVIEW AND OVERALL PERFORMANCE* (CONTINUED)

The Company and ExxonMobil remain committed to completing the work program and obligations for the Block LB-13 project. Drilling on Block LB-13 has been delayed due to the Ebola virus outbreak in the region, resulting in a reduced presence of expatriates in the country. The Company is aware of the continued regional threat of the Ebola virus on its operations. On July 23, 2014, the Company announced that the drilling program in Liberia had been suspended due to the Ebola outbreak in the region. On May 9, 2015, the World Health Organization declared Liberia Ebola free. On September 23, 2015, the Company announced it had received a Work Program and Budget for 2016 from the Operator of its best estimate as to the timing of key activities. The well to be drilled under the Second Exploration Phase, Mesurado-1, is planned to spud in late 2016 to early 2017 with the primary goal of proving a commercial quantity of hydrocarbons in the Cretaceous Santonian-age reservoirs. The well would also provide calibration for the seismic response which could be used to evaluate other leads on the block. The exact timing of the well will be dependent on rig availability and when the Operator can confirm third party contractors' capability to operate in Liberia. The Company will provide further information as future events may arise.

Expansion of sub-Saharan Portfolio

As part of the Company's stated strategy to expand its interests and to generate stable cash flow from secure assets, the Company continues to assess opportunities in sub-Saharan Africa.

The Company and Shoreline, an unrelated company, incorporated ShoreCan in October 2014 in Bermuda to focus on acquisitions of upstream oil and gas exploration, development and producing assets in sub-Saharan Africa. Both partners hold a 50% interest in the jointly controlled entity.

On February 20, 2015, ShoreCan entered into a commercial acquisition, ratified by the Ministry of Energy in Namibia, of an 80% interest in three blocks offshore Namibia. The blocks are defined as 1708, 1709 and 1808 in the Namibe Basin. Situated north of the Walvis ridge on the Namibian/Angolan border, they are deepwater blocks on which ShoreCan will commence geological and geophysical evaluations on after having secured a farm-in partner willing to carry ShoreCan's share of such costs.

On March 4, 2015, ShoreCan entered into a farm-in option agreement to acquire a 60% participating interest in the Petroleum Exploration License and Petroleum Agreement with respect to the Kimbiji and Latham offshore Blocks in Tanzania. Identified as the Latham License Area and the Kimbiji License Area, they extend from the shore to offshore depths of approximately 500 to 1000 meters. During the quarter, ShoreCan dropped its option on the Kimbiji Block and is currently retaining its option on the Latham Block while seeking a partner for potential 3D seismic evaluation on leads and trends identified by its seismic and geological analysis. On exercise of the option and receipt of approval from the Tanzanian authorities, ShoreCan will assume operatorship of the Latham offshore block. Currently ShoreCan is evaluating the historic 2D and 3D seismic and regional geological information.

On August 17, 2015, ShoreCan has agreed to an acquisition in Nigeria subject to the approvals of the Nigerian regulatory authorities to acquire 80% of the issued share capital of a company with 100% of the equity and titled interest of an oil appraisal and development project offering near term oil production. The transaction also provides that ShoreCan will take over management and operatorship of the asset.

ShoreCan also continued to evaluate an acquisition of an oil producing asset offshore Nigeria. As more developments occur, the Company intends to update the market on its activities.

** This section contains forward-looking information. Please see the "Forward-looking Information and Statements" section (at the beginning of this document) for a discussion of risks and uncertainties relating to such information.*

FINANCIAL SUMMARY

The Company recovered pre-licence costs of approximately \$26,000 and incurred \$114,000 net of pre-licence costs for the three and nine months ended September 30, 2015, compared to \$120,000 and \$413,000 spent for the same periods in 2014.

General and administrative costs were \$1.8 million and \$4.9 million for the three and nine months ended September 30, 2015 (net of \$33,000 and \$114,000 of costs allocated to exploration projects, respectively), compared to \$1.9 million and \$4.3 million for three and nine months ended September 30, 2014 (net of \$0.2 million and \$0.5 million of costs allocated to exploration projects, respectively). The Company recognized interest income of approximately \$9,000 and \$20,000 in the three and nine month periods ended September 30, 2015, compared to \$6,000 and \$12,000 in the same periods of 2014, respectively. Foreign exchange losses of \$0.2 million and of \$0.5 million were recognized for the three and nine months ended September 30, 2015, compared to foreign exchange gains of \$0.6 million and \$0.7 million for the three and nine months ended September 30, 2014. There were losses recognized on the Company's investment in ShoreCan of \$29,000 and \$0.4 million for the three and nine months ended September 30, 2015, compared to \$nil in the same periods of 2014. As a result, the Company's losses amounted to \$1.0 million and \$4.7 million for the three and nine months ended September 30, 2015, compared to losses of \$2.0 million and \$4.7 million for the three and nine months ended September 30, 2014.

As at September 30, 2015, the Company's cash and cash equivalents amounted to \$3.5 million. Cash used in investing activities amounted \$0.8 million for the nine months ended September 30, 2015 compared to \$0.5 million for the same period in 2014. Cash used in operating activities amounted to \$4.9 million for the nine months ended September 30, 2015 compared to \$5.2 million for the same period in 2014. Cash provided by financing activities amounts to \$5.0 million for the nine months ended September 30, 2015 compared to \$10.9 million for the same period in 2014.

OUTLOOK *

The Company's strategy is to grow its oil and gas business by farming into, and/or acquiring interests in, exploration, unappraised and/or undeveloped assets.

The Company's short-term operations will focus on:

- working with ExxonMobil to progress the planning of future drill locations in Liberia; and
- working to successfully conclude the variety of new opportunities available in sub-Saharan Africa.

Currently the Company does not have material cash inflows and/or adequate financing to develop profitable operations. The Company is pursuing exploration projects that, if successful, will require substantial additional financing before they are able to generate positive cash flows. Accordingly, the Company's continued successful operation is dependent on its ability to obtain additional financing. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be obtained on terms advantageous to the Company. All of these factors represent events, risks or uncertainties that management believes will materially affect the Company's future performance.

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SELECTED QUARTERLY INFORMATION

DISCUSSION OF OPERATIONS

The Company has not had significant revenue from operations in any of its last three financial periods. The following table summarizes the Company's financial results for the three and nine months ended September 30, 2015 and 2014:

(\$ 000's) except per share	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Pre-license (recovery)/costs	\$ (26)	\$ 120	\$ 114	\$ 413
Administrative expenses	1,795	1,857	4,856	4,344
Interest income	(9)	(6)	(20)	(12)
Derivative gain	(1,060)	(6)	(1,074)	(21)
Foreign exchange loss / (gain)	236	(631)	447	(733)
Loss on investment in joint venture	29	-	373	-
Net loss	980	2,017	4,741	4,706
Per share loss	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01
Outstanding common shares at September 30	482,339,196	402,050,497	482,339,196	402,050,497
Weighted average common shares - basic	474,484,867	373,475,932	426,460,614	352,846,657
Cash used in operating activities	\$ 1,835	\$ 2,610	\$ 4,846	\$ 5,220

Pre-Licence Costs

For the three months ended September 30, 2015, the company recovered \$26,000 in over-accrued pre-licence costs compared to pre-licence costs incurred of \$120,000 for the same period in 2014, related to sub-Saharan Africa (discussed in the "Expansion of sub-Saharan Portfolio" section).

For the nine months ended September 30, 2015, the \$0.1 million net pre-licence costs related to sub-Saharan Africa (discussed in the "Expansion of sub-Saharan Portfolio" section). Pre-licence costs of \$0.4 million for the nine months ended September 30, 2014, related to the Liberia project (discussed in the "Liberia" section).

Administrative Expenses

A breakdown of administrative expenses are as follows:

(\$ 000's)	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Administrative:				
Payroll and related costs	\$ 627	\$ 607	\$ 1,894	\$ 1,839
External directors' fees and related costs	149	146	412	443
Consulting services	315	417	640	712
Professional services	126	108	413	177
Travel expenses	145	186	526	505
Office expenses	173	220	578	616
Stock exchange and transfer agent fees	13	34	77	115
Other general and administrative	280	293	430	456
Costs allocated to exploration projects	(33)	(154)	(114)	(519)
Total administrative	\$ 1,795	\$ 1,857	\$ 4,856	\$ 4,344

DISCUSSION OF OPERATIONS (CONTINUED)

Administrative expenses amounted to \$1.8 million for the three months ended September 30, 2015, compared to \$1.9 million for the same period in 2014, and are presented net of costs allocated to exploration projects, which amounted to \$33,000 for the three months ended September 30, 2015, and \$0.2 million in the same period in 2014. The net reduction in administrative expenses for the third quarter of 2015 compared to 2014 is due to decreased consulting services required. The difference in administrative costs allocated to exploration projects for the three months ended September 30, 2015, compared to the same period in 2014 was a result of less time allocated to the Liberia project (discussed in the “Liberia” section) and the New Zealand project due to the dissolution of COPL New Zealand during 2015.

Administrative expenses amounted to \$4.9 million for the nine months ended September 30, 2015, compared to \$4.3 million for the same period in 2014, and are presented net of costs allocated to exploration projects, which amounted to \$114,000 for the nine months ended September 30, 2015, and \$0.5 million in the same period in 2014. The overall increase in administration costs is due to higher professional service fees during 2015 related to increased filing and regulatory costs, as well as additional travel expenses associated with international travel for opportunities discussed in the “Expansion of sub-Saharan Portfolio” section, offset by decreasing consulting services. The reduction in administrative costs allocated to exploration projects for the nine months ended September 30, 2015, compared to the same period in 2014 was also a result of less time allocated to the Liberia and New Zealand projects during 2015.

Stock-Based Compensation Expense*

The Company has a stock option plan where the number of Class “A” common shares of the Company (the “Common Shares”) reserved under the plan shall not exceed 10% of issued and outstanding Common Shares and the number reserved for any one individual may not exceed 5% of the issued and outstanding shares. The board of directors approved a Performance Share Unit Plan on April 15, 2014 (“the PSU Plan”), whereby a maximum of 5,000,000 Common Shares may be issuable to officers, employees and consultants of the Company and its subsidiaries under the same terms as the stock option plan.

Exercise prices for stock options granted are determined by the closing market price on the day before the date of grant. The fair value of each option granted is estimated on the date of grant using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company’s audited consolidated financial statements for the years ended December 31, 2014 and 2013).

There were no stock options or Common Shares under the PSU Plan issued during the nine months ended September 30, 2015, and no stock options were exercised during the nine months ended September 30, 2015 or 2014. There were 550,000 stock options that expired unexercised for the nine months ended September 30, 2015.

Stock-based compensation expense of \$nil was recognized for the nine and three months ended September 30, 2015 and 2014.

** This section contains forward-looking information. Please see the “Forward-looking Information and Statements” section (at the beginning of this document) for a discussion of risks and uncertainties relating to such information.*

Interest Income

Interest income earned was \$9,000 for the three months ended September 30, 2015, compared to \$6,000 for the same period in 2014. Interest income earned was \$20,000 for the nine months ended September 30, 2015, compared to \$12,000 for the same period in 2014. The interest income relates to interest earned on cash held at banks.

DISCUSSION OF OPERATIONS (CONTINUED)***Derivative Gain****

On April 3, 2014, the Company issued 888,889 Common Share purchase warrants to its agents, which entitle the holder to purchase one Common Share of Canadian Overseas Petroleum Limited until April 4, 2016, at an exercise price of Great British Pounds (“GBP”) 0.135 (\$0.224).

On July 9, 2015, the Company issued 80,288,699 Common Share purchase warrants, which entitle the holder to purchase one Common Share until July 9, 2017, at an exercise price of CAD \$0.12 (\$0.09).

On July 9, 2015, the Company also issued 4,548,380 Common Share purchase warrants to its agents, which entitle the holder to purchase one Common Share until July 9, 2017, at an exercise price of CAD \$0.09 (\$0.07).

A derivative liability was recognized in relation to the warrants issued. The warrants’ exercise price is in GBP or CAD, the stock is traded in CAD and the Company’s functional currency is USD. As there is variability in these exchange rates the warrants are classified as derivative financial instruments.

As at September 30, 2015, the total derivative liabilities were revalued and a derivative gain of \$1.1 was recognized for the three months and nine months ended September 30, 2015, compared to \$6,000 and \$21,000 for the three and nine month periods ended September 30, 2014. The estimated derivative liability as at September 30, 2015, is valued at \$0.4 million using a Black-Scholes option pricing model.

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Foreign Exchange Gain

A foreign exchange loss of \$0.2 million and \$0.5 million was recognized for the three and nine months ended September 30, 2015, respectively. These losses related mainly to the translation of cash and cash equivalents denominated in currencies other than USD compared to a gain of \$0.6 million and \$0.7 million in the same periods in 2014, respectively, which related mainly to gains on the translation of capitalized exploration and evaluation costs.

Loss on investment in joint venture

The Company currently holds a 50% interest in a jointly controlled entity, ShoreCan, as part of the Company’s stated strategy to expand its interests and to generate stable cash flow from secure assets. This loss on investment in joint venture represents the 50% share of the jointly controlled entity’s net loss.

COMPARATIVE FINANCIAL POSITION ITEMS

The following table summarizes the Company’s financial position as at September 30, 2015, December 31, 2014 and January 1, 2014:

(\$ 000’s) except per share	September 30, 2015	December 31, 2014	January 1, 2014
Cash and cash equivalents	\$ 3,542	\$ 4,705	\$ 2,241
Exploration and evaluation assets	16,418	16,305	16,456
Total assets	21,076	21,705	19,292
Share capital	(120,730)	(117,247)	(109,101)
Shareholders’ equity	\$ (19,068)	\$ (20,268)	\$ (17,545)

Economic and industry factors and their respective impact on the Company for the quarter ended September 30, 2015, are substantially unchanged since the year ended December 31, 2014.

COMPARATIVE FINANCIAL POSITIONS ITEMS (CONTINUED)

Cash and Cash Equivalents

The decrease in cash and cash equivalents of \$1.2 million during the first nine months of 2015 relates mainly to administrative costs, as well as amounts paid for the investment in the ShoreCan joint venture.

Exploration and Evaluation Assets

Exploration and evaluation assets ("E&E Assets") of \$16.4 million relate to the Liberia project as at September 30, 2015, compared to \$16.3 million as at December 31, 2014. The increase in E&E Assets for the first nine months of 2015 relates to capitalized geological evaluation work in respect of its project in Liberia.

(\$ 000's)	September 30, 2015	December 31, 2014	January 1, 2014
Capitalized exploration and evaluation costs	\$ 16,418	\$ 16,942	\$ 16,456
Net effect of foreign exchange	-	(43)	-
Exploration and evaluation written off	-	(594)	-
Total capitalized exploration and evaluation costs	\$ 16,418	\$ 16,305	\$ 16,456

Total Assets

Total assets decreased by \$0.6 million from \$21.7 million at December 31, 2014 to \$21.1 million as at September 30, 2015. This decrease is a result of the \$1.2 million decrease in cash and cash equivalents partially offset by the increase in the value of the capitalized E&E Assets, investment in the ShoreCan joint venture and increase in accounts receivables.

Share Capital and Shareholders' Equity

The decrease in shareholders' equity of \$1.2 million from December 31, 2014 relates to the net loss for the nine months ended September 30, 2015 offset by the issuance of common shares net of share issue costs during the three months ended September 30, 2015.

As at November 10, 2015, the Company had 482,339,196 Common Shares outstanding.

SUMMARY OF QUARTERLY RESULTS

Eight Most Recent Quarters:

(\$ 000's)	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Revenue	9	3	8	16
Loss	(980)	(1,629)	(2,132)	(1,848)
Loss per share - basic & diluted	(0.00)	(0.00)	(0.01)	(0.00)

(\$ 000's)	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Revenue	6	1	5	13
Loss	(2,017)	(1,777)	(912)	(3,620)
Loss per share - basic & diluted	(0.01)	(0.01)	(0.00)	(0.01)

The 2015 third quarter loss represents the Company's administrative costs, depreciation and foreign exchange losses, offset by a gain on the revaluation of the derivative liabilities and recovery of pre-license costs. The second and first quarters of 2015 losses are higher due to pre-license costs, significantly smaller derivative liability gains and a foreign exchange loss in the first quarter compared to a foreign exchange gain in the second quarter of 2015. As well, a net loss on investment in ShoreCan of only \$29,000 was included in the third quarter of 2015 compared to a net loss of \$0.1 million in the second quarter and net loss of \$0.2 million in the first quarter.

SUMMARY OF QUARTERLY RESULTS (CONTINUED)

The 2014 quarterly losses mainly represent the Company's administrative, pre-license costs and fluctuating foreign exchange gains or losses. The reduction in the loss for the first quarter of 2014 compared to the second quarter of 2014 was a result of a \$0.6 million foreign exchange gain in the first quarter compared to a loss of \$0.5 million in the second quarter. During the third quarter of 2014, the Company derecognized previously capitalized evaluation and exploration assets of \$0.7 million related to its New Zealand license, which was offset by a foreign exchange gain of \$0.7 million. Administrative expenses in the third quarter of 2014 were higher due to increased consulting fees related to financing and international travel for new projects. During the fourth quarter of 2014, the net loss was down due to the absence of the derecognition of the exploration and evaluation expense offset by an increase in administrative expenses due to increased professional fees and international travel for new projects.

The 2013 fourth quarter loss mainly represent the Company's administrative, pre-license costs and fluctuating foreign exchange gains or losses. In addition, during the fourth quarter of 2013, \$1.5 million of stock-based compensation expense was recognized in relation to stock options granted to the Company's directors, officers, employees and consultants.

FINANCIAL INSTRUMENTS*

The Company's financial instruments consist of cash, short-term deposits, credit card and other deposits, loans, accounts receivable, as well as accounts payable, accrued liabilities and derivative liability. It is management's opinion that the Company is not currently exposed to significant interest and/or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying value.

To mitigate a portion of its exposure and to the extent it is feasible, the Company keeps its funds in currencies applicable to its known short-term commitments. No assurance can be given that such management of risk exposure will offset and/or eliminate the foreign exchange fluctuations.

** This section contains forward-looking information. Please see the "Forward-looking Information and Statements" section (at the beginning of this document) for a discussion of risks and uncertainties relating to such information.*

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common and preferred shares.

As at September 30, 2015, there were 482,339,196 Common Shares issued and outstanding.

As at September 30, 2015, the Company also had the following outstanding securities other than Common Shares:

- 27,515,000 stock options issued and outstanding to purchase Common Shares with an average exercise price of \$0.48 per Common Share and a remaining contractual life of two and a half months to three years; and
- 136,280,968 share purchase warrants issued and outstanding to purchase Common Shares with an average exercise price of \$0.19 per share and a remaining contractual life of six months to two years.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS*

As at September 30, 2015, the Company has the following commitments:

In \$ 000's	Total	Less than One Year	One to Three Years	Four to Five Years	After Five Years
Office lease	2,306	553	1,107	646	-

The Company is committed under an operating lease agreement for the rental of office space in Calgary, Canada. The approximate lease payments total \$2.3 million and are payable over the next five years.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS* (CONTINUED)

As at September 30, 2015, the jointly controlled entity ShoreCan, in which the Company holds a 50% interest in, has commitments of \$0.2 million for annual license fees due in the fourth quarter of 2016 and \$7.0 million which relate to a minimum work programme to be carried out by the second quarter of 2017, under its exploration license in Namibia. In the event that the acquisition of seismic data does not occur in accordance with the work programme, there is no financial penalty to ShoreCan and the license is subject to forfeiture after that date. ShoreCan is currently exploring alternatives for raising sufficient capital to complete the minimum work programme, and plans to proceed under the terms of the exploration license. ShoreCan has capitalized costs in Namibia of \$0.3 million as at September 30, 2015 (December 31, 2014 - \$nil).

** This section contains forward-looking information. Please see the "Forward-looking Information and Statements" section (at the beginning of this document) for a discussion of risks and uncertainties relating to such information.*

LIQUIDITY AND CAPITAL RESOURCES*

As of September 30, 2015, the Company had a working capital of approximately \$2.6 million, shareholders' equity of \$19.1 million and cash of \$3.5 million.

For the nine months ended September 30, 2015, the Company's cash used in operating activities amounted to \$4.9 million compared to \$5.2 million for the same period in 2014, and related mainly to administrative costs as well as pre-license costs related to the Liberia project.

During 2014, the Company issued 17,777,777 Common Shares at a price of GBP 0.135 (\$0.224) for gross proceeds of GBP 2.4 million (\$4.0 million). The agents were paid cash commission and fees of GBP 0.3 million (\$0.4 million) representing 5.0% of the gross proceeds of the public offering. Other expenses related to the public offering amounted to approximately \$1.1 million. The Company also issued 888,889 Common Share purchase warrants to its agent as compensation warrants, which entitle the holders to purchase one Common Share of COPL for the period until April 4, 2016, at an exercise price of GBP 0.135 (\$0.224). The fair value of the Warrants issued was recognized as share issue costs and estimated at \$0.1 million using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's audited consolidated financial statements for years ended December 31, 2014 and 2013).

During 2014, the Company also closed a short form prospectus in connection with a marketed offering of units of the Company ("2014 Offering"). A unit ("Unit") consisted of one Common Share and one share purchase warrant. Each warrant of the 2014 Offering (the "2014 Offering Warrant") entitles the holder thereof to purchase one Common Share at an exercise price of CAD \$0.40 (\$0.37) per Common Share on or before the date that is 36 months following the closing date. The Company issued 50,555,000 Units at a price of CAD \$0.20 (\$0.18) per Unit, for aggregate proceeds of approximately \$9.2 million pursuant to the 2014 Offering. The agents were paid a cash commission of \$0.2 million as well as \$0.5 million representing 5.0% of the gross proceeds. Other expenses related to the offering of Units amounted to approximately \$0.3 million. The fair value of the 2014 Offering Warrants issued was netted against proceeds from share capital and estimated at \$2.6 million using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's audited consolidated financial statements for the years ended December 31, 2014 and 2013). The Company has used the funds received from the 2014 Offering to fund its acquisition and processing of seismic data in connection with evaluating Nigeria and West Africa Transform Margin opportunities and for general and administrative expenses and corporate development, as originally disclosed.

On July 9, 2015, the Company closed a short form prospectus in connection with a marketed offering of Units of the Company ("2015 Offering"). Each Unit consisted of one Common Share in the capital of the Company and one share purchase warrant. Each warrant (the "2015 Offering Warrants") entitles the holder thereof to purchase one Common Share at an exercise price of CAD \$0.12 (\$0.09) per Common Share on or before the date that is 24 months following the closing date. The Company issued 80,288,699 Units at a price of CAD 0.09 (\$0.07) for gross proceeds of CAD \$7.2 million (\$5.7 million). The agents were paid cash commission of CAD \$0.4 million (\$0.3 million) representing 6.0% of the gross proceeds of the 2015 Offering. The fair value of the 2015 Offering Warrants issued was netted against proceeds from share capital and estimated at \$1.4 million using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's unaudited condensed consolidated financial statements as at September 30, 2015, and for the three and nine months ended September 30, 2015 and 2014).

LIQUIDITY AND CAPITAL RESOURCES* (CONTINUED)

The Company also issued 4,548,380 share purchase warrants (the “2015 Offering Agent Warrants”) to its agents as compensation warrants in an amount equal to 6.0% of 75,806,333 of the Common Shares issued pursuant to the 2015 Offering. Each 2015 Offering Agent Warrant entitles the holder to purchase one Common Share of the Company that is 24 months following the closing date, at an exercise price of CAD \$0.09 (\$0.07). Other expenses related to the public offering amounted to approximately CAD \$0.5 million (\$0.4 million). The fair value of the 2015 Offering Agent Warrants issued was recognized as share issue costs and estimated at \$0.1 million using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company’s unaudited condensed consolidated financial statements as at September 30, 2015, and for the three and nine months ended September 30, 2015 and 2014).

Currently, the Company does not have material cash inflows and/or adequate financing to develop profitable operations. The Company is pursuing exploration projects that, if successful, will require substantial additional financing before they are able to generate positive cash flows. Accordingly, the Company’s planned growth and future development activities are dependent on its ability to obtain additional financing. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be obtained on terms advantageous to the Company.

** This section contains forward-looking information. Please see the “Forward-looking Information and Statements” section (at the beginning of this document) for a discussion of risks and uncertainties relating to such information.*

ACCOUNTING PRONOUNCEMENTS**SIGNIFICANT ACCOUNTING POLICY CHANGES****Change in Functional and Presentation Currency*

Effective January 1, 2015, the functional currency was changed from CAD to USD for the Company. The measurement change is due to the focus of the Company in sub-Saharan Africa, for which costs are denominated in USD. As a result of the Company’s focus in areas with USD functional currencies, the Company has also re-denominated the intercompany debt agreements to USD.

Transactions denominated in foreign currencies are translated at the exchange rate prevailing on the transaction date. At each period end, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate prevailing at the period end date. All differences are recognized in net earnings. Non-monetary assets, liabilities and transactions denominated in a foreign currency and measured at historical cost are translated at the exchange rate in effect at the transaction date. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined.

For the purpose of consolidation, assets and liabilities of foreign subsidiaries are translated from their functional currency to USD using the exchange rate prevailing at the period end date. The statements of comprehensive loss and cash flows are translated using the average exchange rates for the period. Foreign exchange differences resulting from such transactions are recorded in Shareholders’ Equity as accumulated other comprehensive income.

The change in presentation currency is to better reflect the Company’s business activities and to improve investors’ ability to compare the Company’s financial results. This change has been applied retrospectively as if the new presentation currency had always been the Company’s presentation currency. The statements of comprehensive income (loss) were translated at the average exchange rates for the reporting period or at the exchange rate prevailing at the date of the transaction. Exchange differences arising on translation were taken into cumulative translation adjustment in shareholder’s equity. As a result, the effect on the Company’s financial disclosure is that previously released disclosure of the Company may not be comparable to disclosure released by the Company after the date of adoption of this change in presentation currency. For comparative balances, assets and liabilities are translated at the rate prevailing at the reporting date. Management does not expect that this change in presentation currency will have an effect on the business of the Company.

SIGNIFICANT ACCOUNTING POLICY CHANGES (CONTINUED)

Change in Functional and Presentation Currency (continued)

For comparative purposes, the statement of financial position as at December 31, 2014 and January 1, 2014 includes adjustments to reflect the change in accounting policy resulting from the change in presentation currency to USD. The amounts previously reported in CAD as shown below have been translated into USD at the December 31, 2014 and January 1, 2014 exchange rate. The effect of the translation is as follows:

As at January 1, 2014 (\$ 000's)	As previously reported CAD	As translated into USD
Current assets	\$ 2,762	\$ 2,599
Non-current assets	17,753	16,693
TOTAL ASSETS	\$ 20,515	\$ 19,292
Current liabilities	1,859	1,747
Non-current liabilities	-	-
TOTAL LIABILITIES	\$ 1,859	\$ 1,747
As at December 31, 2014		
Current assets	\$ 6,035	\$ 5,203
Non-current assets	19,137	16,502
TOTAL ASSETS	\$ 25,172	\$ 21,705
Current liabilities	1,601	1,380
Non-current liabilities	66	57
TOTAL LIABILITIES	\$ 1,667	\$ 1,437

For comparative purposes, the Consolidated Statements of Comprehensive Loss for the period ended September 30, 2014 includes adjustments to reflect the change in accounting policy resulting from the change in presentation currency to USD. The amounts previously reported in CAD as shown below have been translated into USD at the 2014 average exchange rate or the rate in effect at the date of the transaction. The effect of the translation is as follows:

For the three months ended September 30, 2014 (\$ 000's)	As previously reported CAD	As translated into USD
Pre-license costs	\$ (129)	\$ (120)
Derecognition of exploration & evaluation assets	(748)	(667)
Administrative	(2,006)	(1,857)
Depreciation	(18)	(16)
Interest income	7	6
Derivative gain	6	6
Foreign exchange gain	689	631
Net loss	(2,199)	(2,017)
Gain (loss) due to presentation currency	149	(817)
Comprehensive Loss for the period	\$ (2,050)	\$ (2,834)
Loss per share (basic and diluted)	\$ (0.01)	\$ (0.01)
Comprehensive Loss per share (basic and diluted)	\$ (0.01)	\$ (0.01)

SIGNIFICANT ACCOUNTING POLICY CHANGES (CONTINUED)*Change in Functional and Presentation Currency (continued)*

For the nine months September 30, 2014 (\$ 000's)	As previously reported CAD	As translated into USD
Pre-license costs	\$ (453)	\$ (413)
Derecognition of exploration & evaluation assets	(748)	(667)
Administrative	(4,734)	(4,344)
Depreciation	(52)	(48)
Interest income	14	12
Derivative gain	23	21
Foreign exchange gain	783	733
Net loss	(5,167)	(4,706)
Gain (loss) due to presentation currency	110	(942)
Comprehensive Loss for the period	\$ (5,057)	\$ (5,648)
Loss per share (basic and diluted)	\$ (0.01)	\$ (0.01)
Comprehensive Loss per share (basic and diluted)	\$ (0.01)	\$ (0.02)

* *This section contains forward-looking information. Please see the "Forward-looking Information and Statements" section (at the beginning of this document) for a discussion of risks and uncertainties relating to such information.*

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the Company to make estimates, assumptions and judgements in applying the Company's accounting policies and practices, which may have a significant impact on the financial results reported by the Company. Actual results could differ from estimated amounts, and those differences may be material. A comprehensive discussion of the Company's significant critical accounting estimates is contained in the audited consolidated financial statements for the years ended December 31, 2014 and 2013.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures ("DC&P"), or caused it to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared, and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. Management of COPL, including the Chief Executive Officer and Chief Financial Officer, evaluate the effectiveness of the Company's DC&P annually.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting ("ICFR"). They have designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

No material changes in the Company's ICFR were identified during the three and nine month period ended September 30, 2015, that have materially affected, or are reasonably likely to materially affect the Company's ICFR. It should be noted that a control system, including the Company's disclosure and internal controls procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected the disclosure and internal control procedures will prevent all errors or fraud. In reaching a reasonable level of assurance, management necessarily is required to apply its judgment in evaluating the cost/benefit relationship of possible controls and procedures.

DIRECTORS

Arthur S. Millholland - President and Chief Executive Officer
Harald Ludwig
Massimo Carello
Viscount William Astor
John Cowan

OFFICERS

Arthur S. Millholland, P.Geol. - President and Chief Executive Officer
Kristin Obreiter, CA - Interim Chief Financial Officer
Rod Christensen, P.Geol. - Vice President, Exploration and Exploitation
Richard Mays, LL.B. (Hons), LL.M., Ph.D - Vice President, Business Development and General Counsel

Faralee A. Chanin, LL.B., M.B.A. - Corporate Secretary