

CANADIAN OVERSEAS PETROLEUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS MARCH 31, 2020

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"), and Canadian Overseas Petroleum (Namibia) Limited ("COPL Namibia"), and Canadian Overseas Petroleum (Ontario) Limited ("COPL Ontario"), (collectively "COPL" or the "Company") as at and for the three month period ended March 31, 2020. The information is provided as of June 29, 2020. The results for the three month period ended March 31, 2020 have been compared to the same period of 2019. 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, 2019 and 2018, together with the accompanying notes and the Annual Information Form of the Company dated May 12, 2020 (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.

BUSINESS OF THE COMPANY – MANAGEMENT

Canadian Overseas Petroleum Limited is a publicly traded oil and gas company listed on the London Stock Exchange ("LSE") in the UK under the symbol "COPL" and the Canadian Securities Exchange (the "CSE") in Canada under the symbol "XOP"; the Company moved its listing from TSX Venture Exchange to the CSE on October 31, 2018.

COPL is an international oil and gas exploration and development company focused mainly on offshore Africa. The Company 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, Shoreline Canoverseas Petroleum Development Corporation Limited ("ShoreCan"), which was incorporated on October 24, 2014. ShoreCan is focused on acquiring upstream oil and gas exploration, development and producing assets in Africa.

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. Some technical and projects related functions are provided by COPL UK. COPL Bermuda Holdings, COPL Bermuda and COPL Namibia (currently dormant) were incorporated for operations offshore Liberia and potential opportunities elsewhere in Africa. COPL Ontario was incorporated on December 15, 2017 for the purpose of an anticipated operation in Canada; however, an acquisition project was not successful.

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 or 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 the AIF dated May 12, 2020, 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 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 INFORMATION AND STATEMENTS (CONTINUED) *

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 and Going Concern" sections);
- the Company's ability to raise capital and obtain the financing necessary to develop profitable oil operations (the "Overview and Overall Performance", "Outlook", "Share Capital" and "Liquidity and Capital Resources and Going Concern" sections);
- 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 and Going Concern" sections).

The Company's AIF for the year ended December 31, 2019 describes 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 first quarter of 2020, management progressed options to finance the Company's continuing operation. The Company continued to identify, evaluate and pursue exploration and development opportunities in African countries and elsewhere. The Company continues to be focused on opportunities that its seasoned technical team has strength in evaluating and developing.

Expansion of African Portfolio

In October 2014, COPL formed a joint venture company with Shoreline Energy International Limited called Shoreline CanOverseas Petroleum Development Corporation Limited ("ShoreCan"). Both partners hold a 50 percent interest in the jointly controlled company, which is focused on acquiring upstream oil and gas exploration, development and producing assets in Africa. ShoreCan is a special purpose vehicle registered in Bermuda. The following country and project overviews fall under the realm of ShoreCan's dealings.

Nigeria

On September 14, 2016, COPL announced that ShoreCan had completed the acquisition of 80% of the share capital of Essar Exploration and Production Limited (Nigeria) ("Essar Nigeria"). Essar Nigeria's sole asset is a 100% interest and operatorship of an oil prospecting license, located about 50 kilometres offshore in the central area of the Niger Delta ("OPL 226"). As a party to a PSC for OPL 226, Essar Nigeria is required to seek Nigerian Government ministerial consent for the transaction.

Application has been made to the appropriate government bodies and the process is in the final stage of being granted ministerial consent for the Essar acquisition. On October 2, 2018, the Nigerian National Petroleum Corporation ("NNPC") granted a conditional approval of a twenty four months extension for the Phase-1 exploration period until September 30, 2020. The extension is subject to certain conditions, including submission of a Performance Bond of \$7 million that is required further to the Production Sharing Contract ("PSC"), to cover the Phase-1 exploration period work program at OPL 226.

OVERVIEW AND OVERALL PERFORMANCE (CONTINUED) ****Nigeria (continued)***

OPL 226 has an area of 1530 km² and is situated in water depths ranging from 40 to 180 meters. It offers oil appraisal and development opportunities having near term oil production potential and significant exploration upside. Historically, four of the five wells with oil and gas shows were drilled in 1972 and 1973, however, the most recent fifth well (Noa-1) was an oil discovery drilled in 2001. ShoreCan has completed additional seismic processing of the most recent 568 km² 3D seismic survey acquired by Essar Nigeria in 2012. The advanced seismic processing techniques, applied to this data set by ShoreCan, were successfully completed to differentiate oilbearing sands from gas-bearing or water-bearing sands. ShoreCan plans to drill exploitation wells adjacent to the Noa-1 discovery well. At the request of COPL, Netherland, Sewell & Associates, Inc. (“NSAI”) prepared an independent report (the “Report”) in accordance with Canadian National Instrument 51-101 (the “NI 51-101”) evaluating the Contingent and Prospective Resources attributed to OPL 226, as of December 31, 2019. The Contingent and Prospective Resource volumes estimated in the NSAI report are disclosed in the Company’s AIF dated May 12, 2020 under Appendix A in accordance with NI-51-101 rules and regulations.

On 4 June 2020, the Company announced that ShoreCan has reached an agreement in principle (the “Settlement Agreement”) with Essar Exploration and Production Limited, Mauritius (“Essar Mauritius”) on a way forward to resolve their disputes with each other concerning, among other things, their respective obligations under the Essar Nigeria Shareholders Agreement. The Settlement Agreement instigated an immediate stay in proceedings of the claim filed by Essar Mauritius against ShoreCan in the High Court of Justice of England and Wales. In addition, pursuant to the terms of the Settlement Agreement, Essar Nigeria, with the full support of its shareholders, will seek an extension of the OPL 226 PSC beyond the current term ending September 30, 2020. Furthermore, the Settlement Agreement set out agreed amendments to the Shareholders Agreement to include (i) ShoreCan to transfer 70% of the shares in Essar Nigeria to Essar Mauritius; (ii) Essar Mauritius to carry ShoreCan for a 10% carried interest (capped at US\$5 million net) on all costs relating to the drilling of the first Appraisal Well to be drilled under the terms of the OPL 226 PSC; and (iii) ShoreCan will have an option to increase its shareholding in Essar Nigeria from 10% to 30% by paying 20% of historic expenditures of Essar Nigeria at cost through the drilling of the first appraisal well. The terms of the Settlement Agreement are conditional on the parties finalising definitive documentation and completing the transactions contemplated by the Settlement Agreement within 35 days.

Mozambique

In Mozambique, the Company is part of a consortium that was indicatively awarded a prospective onshore license (PT5-B) under the 5th licensing round. COPL’s interest in Mozambique will be dependent on successful negotiation of a new Production Sharing Contract (PSC). The consortium will be invited to negotiate with the Government of Mozambique the terms of the PSC governing the block. These terms will include the acquisition of 1600 line km of 2D seismic. According to the Company’s Mozambican partner, the Instituto Nacional de Petroléo (INP) has finalized the Exploration Production Concession Contract (EPCC) discussions with successful bidders as part of the Fifth Licensing Round in 2014. On October 8, 2018, the INP announced that it had signed agreements with ExxonMobil and Rosneft for offshore blocks in the Rovuma Basin. INP signed an agreement with ENI (Ente Nazionale Idrocarburi) and Sasol for an offshore block in the Northern Zambezi Basin on October 18, 2018. The Company expects to enter into discussions with INP regarding onshore Block PT5-B in 2020. The ExxonMobil EPCC agreed model version will serve as the basis for future negotiations with all companies.

** 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.*

OUTLOOK *

The Company's strategy is to grow its international oil and gas business offshore Africa and elsewhere in the world by farming into, and/or acquiring interests in, exploration, unappraised and/or undeveloped assets as well as in producing assets using the expertise and experience of its senior management team.

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

- obtaining funds for the Company's further operation;
- working on completing the transactions contemplated in the Settlement Agreement between ShoreCan and Essar Mauritius;
- working to progress the OPL 226 project in Nigeria;
- negotiating the terms of the PSC governing the Block PT5-B with the Mozambique government; and
- working to evaluate new opportunities available in Africa.

Currently, the Company does not have sufficient working capital, cash inflows and/or adequate financing to continue its operations. The Company is pursuing exploration projects and contracts that will require substantial additional financing before they are able to generate positive cash flows. Accordingly, the Company's continued successful operations 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. The Company currently does not have sufficient working capital and cash flows to cover forecasted administrative expenses for 2020. With no assurance that financing will be obtained in 2020, there is material uncertainty that casts significant doubt on the Company's ability to continue as a going concern. All of these factors represent events, risks or uncertainties that management believes will materially affect the Company's future performance.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization ("WHO") declared a global pandemic following the emergence and rapid spread of a novel strain of the coronavirus (commonly known as COVID-19). The outbreak and subsequent measures intended to limit the pandemic contributed to significant declines and volatility in global financial markets. The pandemic negatively impacted global commercial activity, including the demand for oil and gas.

The full extent of the impact of COVID-19 on the Company's operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on capital and financial markets on a macro-scale and any new information that may emerge concerning the severity of the virus. The Company is taking measures to mitigate the broader public health risks associated with COVID-19 for its business and employees, including ensuring employees self-isolate and/or work from home where possible, in line with the recommendations of relevant health authorities. However, due to the outbreak, there may be short-term impacts on the Company's supply chain and planned work programmes in Nigeria. Similarly, government-imposed travel restrictions may impair the ability of certain of the Company's employees, advisers and contractors to deliver their services to the Company, conduct physical inspections, or undertake planned operations. In addition, a volatility and disruption of financial markets associated with the outbreak may adversely impact the Company's ability to obtain financing.

The COVID-19 outbreak presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by management in the preparation of its financial results. This situation may continue for the time being and there can be no assurance that it will not cause a material adverse effect on the Company's planned operations and ability to raise sufficient financing for its operation.

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FINANCIAL SUMMARY

General and administrative costs were \$0.7 million for the three months ended March 31, 2020, compared to \$1.2 million for the same period in 2019. During the three months ended March 31, 2020, the Company recorded gain on waived 2019 directors' fees in the amount of \$0.4 million; there was no such gain recorded in 2019. Depreciation expenses were \$18,000 for the three months ended March 31, 2020, compared to \$6,000 for the same period in 2019. A foreign exchange loss of \$26,000 was recognized for the three months ended March 31, 2020, compared to a foreign exchange gain of \$71,000 for the same period in 2019. There was no interest income recorded for the three months ended March 31, 2020, compared to \$1,000 for the same period in 2019. The Company recorded interest expense in respect of office lease in the amount of \$3,000 and interest expense on short-term loan in the amount of \$2,000 for the three months ended March 31, 2020; no such interest expenses were recorded for the same period in 2019. There was no loss recognized on the Company's investment in ShoreCan for the three months ended March 31, 2019, compared to \$1,000 for the same period in 2019. As a result, the Company's net loss amounted to \$0.3 million for the three months ended March 31, 2020, compared to net loss of \$1.1 million for the three months ended March 31, 2019.

As at March 31, 2020, the Company's cash and cash equivalents amounted to \$0.05 million. Cash used in operating activities amounted to \$0.17 million for the three months ended March 31, 2020 compared to \$1.0 million for the same period in 2019. Cash provided by financing activities amounted to \$0.15 million for the three months ended March 31, 2020. Cash used in investing activities amounted to \$nil for the three month periods ended March 31, 2020 and 2019.

SELECTED QUARTERLY INFORMATION
DISCUSSION OF OPERATIONS

The Company has not had significant revenue from operations in either of its last two financial years. The following table summarizes the Company's financial results for the three months ended March 31, 2020 and 2019:

	Three months ended March 31, 2020	Three months ended March 31, 2019
(\$ 000's) except per share		
Administrative expenses	\$ 683	\$ 1,191
Gain on waived 2019 directors' fees	(431)	-
Depreciation	18	6
Interest income	-	(1)
Interest expense - lease liability	3	-
Interest expense – short-term loan	2	-
Foreign exchange loss/ (gain)	26	(71)
Loss on investment in joint venture	-	1
Net loss	301	1,126
Per share loss (basic and diluted)	\$ (0.00)	\$ (0.00)
Outstanding common shares at March 31	3,483,752,463	2,486,752,463
Weighted average common shares - basic	3,483,752,463	2,486,752,463
Cash used in operating activities	\$ 169	\$ 988

SELECTED QUARTERLY INFORMATION (CONTINUED) ****Administrative Expenses***

A breakdown of administrative expenses is as follows:

(\$ 000's)	Three months ended March 31, 2020	Three months ended March 31, 2019
Administrative:		
Payroll and related costs	\$ 324	\$ 457
External directors' fees and related costs	4	118
Consulting services	61	103
Professional services	116	96
Software licenses and maintenance	20	35
Travel expenses	47	65
Office expenses	65	177
Stock exchange, transfer agent and UK regulatory agents fees	44	81
Other general and administrative	2	59
Total administrative	\$ 683	\$ 1,191

Administrative expenses amounted to \$0.7 million for the three months ended March 31, 2020, compared to \$1.2 million for the same period in 2019.

The decrease in administrative expenses of \$0.5 million for the three months ended March 31, 2020, compared to the same period in 2019 resulted mainly from:

- a decrease in payroll due to reduced working hours commencing September 2019,
- external directors' fees were waived for the first quarter of 2020 further to a Board resolution dated March 26, 2020,
- a decrease in office rent expenses (office lease was renewed in September 2019 at a lower rent), and
- a decrease in consulting services, travel costs and other general and administrative cost due to lower level of activities as compared to same period of 2019.

Gain on waived Directors' fees

During the first quarter of 2020 and further to a Board resolution dated March 26, 2020, the directors waived outstanding 2019 directors' fees and the Company recognized a gain on waived 2019 directors' fees in the amount of \$0.4 million. No such gain was recorded for the same period in 2019.

Depreciation

Depreciation of \$3,000 for the three months ended March 31, 2020 (\$6,000 for the same period in 2019) relates to office furniture and equipment. Depreciation is calculated on a straight line basis over expected useful life of equipment.

In addition, commencing September 1, 2019 and further to implementation of IFRS 16, the Company depreciates its right-of-use assets recognized in respect of an office lease in Calgary. Depreciation is calculated on a straight line basis over the term of office lease and amounted to \$15,000 for the three months ended March 31, 2020 (\$nil for the same period in 2019).

SELECTED QUARTERLY INFORMATION (CONTINUED) ****Interest Income***

Interest income earned was \$nil for the three months ended March 31, 2020, compared to \$1,000 for the same period ended March 31, 2019. The interest income relates to interest earned on cash held at banks.

Interest Expense - Lease Liability

During the three months ended March 31, 2020, further to implementation of IFRS 16, the Company recorded interest expense in respect of office lease in the amount of \$3,000 (\$nil for the same period in 2019). Interest relates to the Company's office lease in Calgary and it is charged over the lease term.

Interest Expense – Short-Term Loan

During the first quarter of 2020, the Company recorded interest expense on a Promissory Note in the amount of \$2,000 (\$nil for the same period in 2019). The Promissory Note was provided on February 14, 2020 and bears interest at a rate of 10% per annum (as discussed further in “*Shot-term loan*” section below).

Foreign Exchange Loss

A foreign exchange loss of \$26,000 was recognized for the three months ended March 31, 2020 (compared to a \$71,000 gain for the same period in 2019), which relates mainly to loss on translation of cash and cash equivalents and accounts payable denominated in currencies other than USD.

Loss on Investment in Joint Venture

The Company currently holds a 50% interest in a jointly controlled entity, ShoreCan. For the three months ended March 31, 2020, the Company charged ShoreCan interest expense in the amount of \$0.1 million, which was included in ShoreCan's general and administration expenses for the same period. This amount of revenue was reversed from the Company's revenue and investment in joint venture.

For the three months ended March 31, 2020, the Company's share of ShoreCan's losses exceeded the Company's Net Investment of \$nil for this period (\$1,000 for three months ended March 31, 2019). Accordingly, under the equity method, the Company recognized loss on investment in ShoreCan of \$nil for the three months ended March 31, 2020 (\$1,000 for three months ended March 31, 2019).

COMPARATIVE FINANCIAL POSITION ITEMS

The following table summarizes the Company's financial position as at March 31, 2020 and December 31, 2019:

(\$ 000's) except per share	March 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 45	\$ 75
Right of use assets	276	291
Total assets	657	748
Short-term loan	143	-
Current portion of lease liabilities	48	45
Long-term lease liabilities	235	270
Share capital	(138,087)	(138,087)
Shareholders' deficit	\$ (1,141)	\$ (991)

Recent changes to general economic and industry factors due to COVID-19 pandemic, their uncertainty and impact on the Company's position and operation are discussed in “*Outlook*” section.

COMPARATIVE FINANCIAL POSITION ITEMS (CONTINUED) ****Cash and Cash Equivalents***

The decrease in cash and cash equivalents of \$30,000 during the first three months of 2020 relates mainly to cash utilized in operating activities of \$169,000 offset by cash provided by financing activities of \$145,000 and \$6,000 of foreign exchange loss on cash held in foreign currencies.

Right of Use Assets

As at March 31, 2020 and in accordance with IFRS 16, the Company recorded \$0.3 million of right-of-use assets in respect of the office lease that was renewed effective September 1, 2019, compared to \$0.3 million as at December 31, 2019. The Company depreciates its right-of-use assets on a straight-line basis over the term of the office lease contract of five years.

Investment in joint venture

The Company's investment in joint venture, relates to a 50% share of ShoreCan, the jointly controlled entity and represents a 50% share in ShoreCan's assets and liabilities. As the Company's share of ShoreCan's net liabilities exceeded the Company's net interest in ShoreCan as at March 31, 2020, under the equity method, the Company discontinued recognizing its share of future losses and the carrying amount of the investment in the jointly controlled entity was \$nil as at March 31, 2020 (\$nil as at December 31, 2019). Investment in ShoreCan is further discussed in section "Commitments and Contractual Obligations".

Total Assets

Total assets decreased by \$0.09 million from \$0.75 million as at December 31, 2019 to \$0.66 million as at March 31, 2020. This decrease is mainly a result of a decrease in current assets, including a decrease in cash and cash equivalents that were utilized in operating activities and a decrease in accounts receivable and prepaid expenses.

Short-term loan

On February 14, 2020 (the "Issue Date"), the Company entered into a Promissory Note (the "Note") with Arthur Millholland, President and CEO of the Company, (the "Holder") for a principal amount of Canadian dollar \$200,000, equivalent of US\$153,000 as at the Issue Date. The Note is repayable by the Company six (6) months from the Issue Date ("Maturity") and bears interest in Canadian dollars at a rate of ten per cent (10%) per annum. No payments of interest or principal amount will be required by the Company prior to Maturity although the Company may elect to prepay a portion or all of the outstanding principal amount of the Note prior to that date. The Note is secured by the Company by way of a General Security Agreement over its present and after acquired personal property and is to be guaranteed by the Company's subsidiaries. The Company is using the proceeds of the Note for general working capital and for the progression of its financing plans.

(\$ 000's)	March 31, 2020
Proceeds from loan	\$ 153
Accrued interest	2
Foreign exchange gain	(12)
Total	\$ 143

COMPARATIVE FINANCIAL POSITION ITEMS (CONTINUED) *

Lease Liabilities

The Company's lease obligations relate to its office in Calgary, Canada. The lease obligations have been measured at the present value of the lease payments, discounted using the Company's incremental borrowing rate of 3.63% as at March 31, 2020. During the three months period ended March 31, 2020 the Company paid \$4,000 of principal and interest. No payments were made during the year ended December 31, 2019 in respect of the above lease.

Shareholders' Deficit

The increase in shareholders' deficit from \$1.0 million as at December 31, 2019 to \$1.1 million as at March 31, 2020 represents the comprehensive loss incurred for the three months ended March 31, 2020.

As at March 31, 2020 and June 29, 2020, the Company has 3,483,752,463 Common Shares issued and outstanding.

SHARE CAPITAL *

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

As at March 31, 2020, the Company had the following issued and outstanding securities:

- 3,483,752,463 Common Shares;
- 63,701,380 share purchase Warrants issued and outstanding to purchase Common Shares with a weighted average exercise price of \$0.004 per share and a remaining contractual life of five months to seventeen months; and
- 107,405,000 stock options issued and outstanding to purchase Common Shares with a weighted average exercise price of \$0.04 per Common Share and a remaining contractual life of one year and one month to two years and eight months.

During first quarter of 2020, there were no Common Shares issued and/or Warrants issued or exercised. Also, there were no stock options granted, exercised, expired and/or forfeited during the three months ended March 31, 2020.

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LIQUIDITY AND CAPITAL RESOURCES AND GOING CONCERN *

As of March 31, 2020, the Company had working capital deficit of approximately \$1.5 million, cash and cash equivalents of \$0.05 million and shareholders' deficit of \$1.1 million.

For the three months ended March 31, 2020, the Company's cash used in operating activities amounted to \$0.2 million (compared to \$1.0 million for the three months ended March 31, 2019).

Cash provided by financing activities amounted to \$0.1 million for the three months ended March 31, 2020 (compared to \$nil million for the same period in 2019) and related to proceeds from short-term loan received on February 14, 2020. The Company is using these proceeds to finance its general and administrative expenses.

LIQUIDITY AND CAPITAL RESOURCES AND GOING CONCERN (CONTINUED) *

Currently, the Company does not have sufficient working capital, cash inflows and/or adequate financing to continue its operations. The Company is pursuing exploration projects and contracts that will require substantial additional financing before they are able to generate positive cash flows. Accordingly, the Company's continued successful operations 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. The Company currently does not have sufficient working capital and cash flows to cover forecasted administrative expenses for 2020. With no assurance that financing will be obtained in 2020, there is material uncertainty that casts significant doubt on the Company's ability to continue as a going concern. All of these factors represent events, risks or uncertainties that management believes will materially affect the Company's future performance.

Subsequent Events – Loan Agreement

On June 15, 2020, the Company has entered into a loan agreement with YA II PN, Ltd ("YA") and Riverfort Global Opportunities PCC ("RGO" and, together with YA, the "Lenders") for an unsecured facility of £600,000 (the "Loan Agreement"). Pursuant to the terms of the Loan Agreement the Company can draw down £100,000 per month for a period of six months following the date of the Loan Agreement. Each tranche drawdown is repayable in cash six months from the respective drawdown date. The term of the loan is one year. In addition, each of the Lenders has committed to participate in a future equity placing for £100,000 each provided that any such equity funding is completed on or before August 28, 2020 ("Future Equity Funding"). The Equity Sharing Agreement announced by the Company on April 30 with YA and RGO has been terminated by the parties by mutual consent pursuant to the terms of the Loan Agreement.

Summary of Loan Terms:

- The first drawdown of £100,000 is available to COPL on signing the Loan Agreement. Subsequent monthly drawdowns are available subject to the fulfilment of certain conditions, including completion of £500,000 in Future Equity Funding.
- Loan Agreement costs include £36,000 payable in common shares of the Company to be issued to the Lenders at the price of the Future Equity Funding and a 10% Fixed Coupon is payable on the Loan Agreement amount due at repayment of the first drawdown. COPL has the option to pay the coupon in common shares at the Future Equity Funding price at a fixed rate of 12.5% if paid in common shares.
- The Lenders will be issued common shares purchase warrants, each warrant exercisable into one common share at a strike price to be set at 30% premium to the Future Equity Funding price. Warrants exercised may be set-off against amounts outstanding to the Lenders under the Loan Agreement.
- COPL must complete £500,000 in Future Equity Funding (£200,000 of which will be placed to the Lenders) no later than 28 August 2020 as condition of the Loan; it is otherwise fully repayable on that date.
- In the event of default, common shares of COPL may be issued to satisfy default amounts, and such conversion will be priced at 80% of COPL's trailing 10-day VWAP, five days following the missed payment/default date.

Subsequent Events – Placings

On June 23, 2020, the Company has entered into agreements for a £700,000 common share placing (the "Placing") with three (3) investors at 0.3 Pence per common share ("Placing Price"). The Company has entered into a non-brokered subscription agreement with an Investor for £500,000 of the Placing, and has agreed to pay a finder's fee of £35,000 cash and 12,500,000 common share purchase warrants exercisable for 24 months at a 30% premium to the Placing Price for this portion of the Placing. In addition, YA and RGO, have committed to participate in the Placing for £100,000 each (as disclosed above) at the Placing Price.

Subsequent Events – Placings (continued)

On June 28, 2020, the Company entered into another non-brokered subscription agreement with the Investor for an additional £500,000 common share placing at 0.3 Pence per common share. This subscription is an upsize, or similar, of the above Placing signed on June 23, 2020 with the same Investor. Similar to the above mentioned Placing terms, COPL has agreed to pay to the Investor a finder's fee of £35,000 cash and 12,500,000 common share purchase warrants exercisable for 24 months at a 30% premium to the Placing Price.

Both Placings are conditional on admission of the Placing Shares to trading on the LSE which is anticipated to be on or around July 2, 2020.

The funds from the Loan Agreement and the Placings will be used for the Company's general working capital and will enable the Company to continue focusing on its Nigerian OPL 226 project.

Subsequent Events - Change in CFO position

On June 5, 2020, Aleksandra Owad stepped down as CFO of the Company and Ryan Gaffney assumed role as Interim CFO effective that day. Mr. Gaffney will be appointed CFO of the Company upon closing of the above mentioned Placing, anticipated on or around July 2, 2020.

** 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.*

COMMITMENTS AND CONTRACTUAL OBLIGATIONS *

As at March 31, 2020, the Company had no commitments.

ShoreCan's Commitments

The Company currently holds a 50% interest in a jointly controlled entity, ShoreCan, focusing on acquisitions of upstream oil and gas exploration, development and producing assets in Africa. The determination of ShoreCan as a joint venture was based on ShoreCan's structure through a separate legal entity whereby neither the legal form nor the contractual arrangement give the owners rights to the assets and obligations for the liabilities within the normal course of business, nor does it give rights to the economic benefits of the assets or responsibility for settling liabilities associated with the arrangement.

The Company and its joint venture partner signed a funding agreement, effective October 24, 2014 (the "Funding Agreement") providing financial support as needed in proportion to its interest (50% each) in ShoreCan for ShoreCan's expenses and obligations. The Funding Agreement does not impose any guarantees from the Company and/or its joint venture partner. Amounts advanced to ShoreCan under the terms of the Funding Agreement are unsecured and payable on or before October 24, 2020 contingent upon ShoreCan generating its own cashflows. Interest is charged monthly at an annual rate of 3.0% above 12 month USD LIBOR.

From time to time the Company or its joint venture partner pay for ShoreCan's general and administrative expenses on behalf of the other partner. As at March 31, 2020, the Company had a receivable from its joint venture partner in respect of overpaid ShoreCan expenses of \$0.2 million (\$0.2 million as at December 31, 2019) that is recorded as a long-term receivable.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS (CONTINUED) ****ShoreCan's Commitments (continued)***

On September 13, 2016, ShoreCan closed an acquisition of 80% of the issued share capital of Essar Exploration and Production Limited (Nigeria) ("Essar Nigeria"), a company which sole asset is a 100% interest in exploration license OPL 226 located in offshore Nigeria. ShoreCan paid a cash consideration of \$0.25 million and as part of the shareholder agreement, ShoreCan has agreed to cover the funding of Essar Nigeria's operations. As a party to a Production Sharing Contract ("PSC") signed with NNPC for OPL 226, Essar Nigeria is required to seek NNPC's consent for the transaction. The respective application has been made and the parties to the transaction are awaiting NNPC's reply.

In addition, ShoreCan has committed to invest up to a maximum of \$80 million into Essar Nigeria in the form of an interest-free shareholder loan. The funds will be used for Essar Nigeria operations and in particular, to cover work program obligations, including the costs of drilling one well under Phase-1 of the PSC. On October 2, 2018, NNPC granted a conditional approval of a twenty four months extension for the Phase-1 exploration period until October 1, 2020. The extension is subject to certain conditions, including submission of a Performance Bond of \$7 million that is required further to the PSC, to cover the Phase-1 exploration period work program at OPL 226.

ShoreCan and Essar Exploration and Production Limited, Mauritius ("Essar Mauritius"), the company that owns 20% of Essar Nigeria shares, were in disagreement about whether the other party is in compliance with its obligations under the Essar Nigeria Shareholders Agreement. Essar Nigeria's allegations, which it first made in August 2018, centre on the assertion that ShoreCan has not commenced funding of the \$80 million agreed cumulative funding in Essar Nigeria while ShoreCan categorically denied this with factual evidence of substantial expenditure to date.

Essar Mauritius filed a claim on March 27, 2020 in the High Court of Justice of England and Wales. Essar Mauritius seeks in its claim to terminate the Shareholders' Agreement and the Share Purchase Agreement dated August 17, 2015 and the resulting transfer of its shares in Essar Nigeria to ShoreCan. Essar Mauritius is also claiming \$63 million of damages in respect to historic amounts invested in Essar Nigeria for the OPL 226 Project.

On June 4, 2020 the Company announced that ShoreCan has reached an agreement in principle with Essar Mauritius on a way forward to resolve their disputes with each other concerning, among other things, their respective obligations under the "Essar Nigeria" Shareholders Agreement (the "Shareholders Agreement").

The agreement in principle between ShoreCan and Essar Mauritius can be summarized as follows:

- An immediate stay in proceedings of the of the claim filed by Essar Mauritius against ShoreCan in the High Court of Justice of England and Wales;
- Essar Nigeria, with the full support of its shareholders, will seek an extension of the PSC beyond the current term ending September 30, 2020;
- Proposed amendments to the Shareholders Agreement to include:
 - ShoreCan to transfer 70% of the shares in Essar Nigeria to Essar Mauritius;
 - Essar Mauritius to carry Shorecan for a 10% carried interest (capped at US\$5 million net) on all costs relating to the drilling of the first Appraisal Well to be drilled under the terms of the OPL 226 PSC; ○ ShoreCan will have option to increase its shareholding in Essar Nigeria from 10% to 30% by paying 20% of historic expenditures of Essar Nigeria at cost through the drilling of the first appraisal well.
- The settlement is conditional on the parties finalizing definitive documentation and completing the transactions, (including securing an extension of the PSC) within 35 days.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS (CONTINUED) ****Essar Nigeria – Agamore Farm In***

In 2010, Essar Nigeria entered into a Farm In Agreement (the “Farm In Agreement”) with Agamore Energy Limited (“Agamore”), a private Nigerian company. Under the terms of the Agreement, Agamore was to receive a 37% participating interest in OPL 226 in return for the provision of certain services. Approval was sought from the Nigerian authorities for the transfer of the 37% interest to Agamore but it was declined on two occasions, given that: (i) Agamore did not provide the services to Essar Nigeria; and (ii) Essar Nigeria formed the view that Agamore was in material breach of the Farm-In Agreement. In March 2017, by way of written resolution, the directors of Essar Nigeria resolved to give to Agamore a formal notice of termination of the Farm-In Agreement.

On May 7, 2018, Essar Nigeria received information that, notwithstanding that the Farm-In Agreement provided for disputes to be pursued by way of arbitration held in London, Agamore had brought an action in the Nigerian courts against Essar Nigeria, ShoreCan (including two of ShoreCan’s directors), the NNPC and the Nigerian Department of Petroleum Resources (“DPR”). In the summons filed, Agamore sought various declaratory orders and injunctions but did not seek any financial quantum of damages other than for costs incurred in relation to the litigation. Accordingly, the potential claim cannot be quantified. Essar Nigeria, ShoreCan and the Company consider the action to be without merit.

The claim was initially heard on June 5, 2018 where Agamore failed to appear. The claim was continued on June 29, 2018 where Agamore appeared but the case was again extended to September 5, 2018 as the judge noted a technical failure on part of Agamore to serve the action properly on one or more of the defendants. The NNPC and DPR have requested ShoreCan’s lawyers represent them to seek dismissal of the action. On September 25, 2018, the case was again called in court with an objection to Shorecan’s lawyers representing the NNPC and DPR and also with a motion to enjoin Canadian Overseas Petroleum Limited and the third Shorecan director of Essar Nigeria to the action. The case was continued to December 17, 2018 for the hearing of the motions including those recently enrolled. On March 7, 2019, the Court heard an application filed by Agamore’s lawyers to disqualify the barrister from representing the fourth and fifth defendants. Counsel for ShoreCan responded claiming the motion had no evidential basis. The Court refused such disqualification during the hearing held on April 17, 2019.

The defendants’ objection to jurisdiction was adjourned to May 23, 2019. On May 23, 2019, COPL was informed by local counsel that the plaintiff had appealed to the Nigerian Court of Appeal the decision to refuse the disqualification order. The Nigerian High Court has adjourned the case in the meantime, as the Court of Appeal has superior jurisdiction. No time has yet been set for the appeal hearing. With all defendants including the Nigerian governmental agencies considering the action to be ill-founded, Essar Nigeria remains confident that the action will be dismissed in due course.

As at the date of filing this MD&A, COPL has not provided any guarantee in respect of obligations, commitments and/or losses of either ShoreCan or Essar Nigeria.

** 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.*

SUMMARY OF QUARTERLY RESULTS

Eight most recent quarters:

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
(\$ 000's)				
Revenue	-	-	-	-
Interest income	-	-	-	1
Net loss	(301)	(693)	(1,009)	(1,091)
Loss per share - basic & diluted	(0.00)	(0.00)	(0.00)	(0.00)

	March 31, 2019	December 31, 2018	September 30, 2018 Restated	June 30, 2018 Restated
(\$ 000's)				
Revenue	-	-	-	-
Interest income	1	2	3	6
Net loss	(1,126)	(639)	(1,390)	(1,358)
Loss per share - basic & diluted	(0.00)	(0.00)	(0.00)	(0.00)

The interest income in all quarters consists of interest income earned on cash balances held at banks.

During the first quarter of 2020 and further to a Board Resolution dated March 26, 2020, the directors waived outstanding directors' fees in the total amount of \$0.5 million. Accordingly, for the three months ended March 31, 2020, the Company recognized a gain on waived 2019 directors' fees in the amount \$0.4 million and reduced its administrative expenses by \$0.1 million in respect of directors' fees related to first quarter of 2020.

During the fourth quarter of 2018, the Company recorded a gain on derecognition of a joint venture payable in the amount of \$ 0.7 million related to a former 2011/2012 exploration project in UK. This amount, originally in dispute, was never challenged by the joint venture partner, and the six years statute barred time frame, applicable in the UK, expired in 2018.

Quarterly administrative expenses were approximately \$1.2-1.3 million – for 2018 and the first quarter of 2019 compared \$1.0 million for the second quarter of 2019, \$0.9 million for the third quarter of 2019, \$0.8 million for the fourth quarter of 2019 and \$0.7 million for the first quarter of 2020. A reduction in administrative cost in 2020 and most recent quarters of 2019 is mainly a reflection of lower salaries level and office expenses as well as lower corporate development expenses.

FINANCIAL INSTRUMENTS *

The Company's financial instruments consist of cash, short-term deposits, credit card deposits, accounts receivable, as well as accounts payable and accrued liabilities. 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 foreign exchange risk 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 loss/gain 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.*

ACCOUNTING PRONOUNCEMENTS

Critical Accounting Estimates

The preparation of the financial statements in accordance with IFRS 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 policies and critical accounting estimates is contained in the audited consolidated financial statements for the years ended December 31, 2019 and 2018.

IFRS 3 – “Business Combinations”

The Company adopted the amendments to IFRS 3 Business Combinations ("IFRS 3 amendments") as of January 1, 2020. The amendments assist entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. Specifically, these amendments:

- Clarify the minimum requirements for a business, whereby at minimum, an input and a substantive process that together significantly contribute to the ability to create output must be present;
- Remove the assessment of whether market participants are capable of replacing any missing elements so that the assessment is based on what has been acquired in its current state and condition, rather than on whether market participants are capable of replacing any missing elements, for example, by integrating the acquired activities and assets;
- Add guidance to help entities assess whether an acquired process is substantive, which requires more persuasive evidence when there are no outputs, because the existence of outputs provides some evidence that the acquired set of activities and assets is a business;
- Narrow the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities; and
- Introduce an optional fair value concentration test that can be applied on a transaction-by-transaction basis, to permit a simplified assessment of whether an acquired set of activities and assets are not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

These amendments had no impact on the condensed interim consolidated financial statements as the Company has had no business acquisitions or asset acquisitions that have occurred subsequent to January 1, 2020.

Amendments to IAS 1 and 8 – “Definition of Materiality”

The Company adopted the amendments to IAS 1 and 8 on January 1, 2020. The amendments provide a new definition of material information that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the condensed interim consolidated financial statements.

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. The control framework the Company's officers used to design the Company's ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations.

No material changes in the Company's ICFR were identified during the three month period ended March 31, 2020, 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
Ryan Gaffney – 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