CANADIAN OVERSEAS PETROLEUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 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 and nine months period ended September 30, 2020. The information is provided as of November 16, 2020. The results for the three and nine months period ended September 30, 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 on sub-Sahara 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 senior management, financial, 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 assumptions in respect of valuation of Warrants and Stock Options (as defined herein) (the "Stock-Based Compensation Expense", "YARF Loan" and "Share Capital" 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 third quarter of 2020, management closed two UK Placings for a total gross proceeds of £2.5 million ($3.2 million) and completed Debt Exchange arrangements with its creditors and employees for a total of £1.3 million ($1.7 million). 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.

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 km^2 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 km^2 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 oil bearing sands from gas-bearing or water-bearing sands. ShoreCan planned 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.

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 was 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 sought 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.

On August 4, 2020 the Company announced that ShoreCan had executed definitive agreements with Essar Mauritius to resolve their disputes. ShoreCan and Essar Mauritius entered into a Sale and Purchase Agreement (the "SPA Agreement"), and other agreements, with each other concerning, among other things, their respective obligations under the Essar Nigeria Shareholders Agreement (the "Shareholders Agreement").

The agreements between ShoreCan and Essar Mauritius can be summarized as follows:

- A Settlement Agreement which settles the claim filed by Essar Mauritius against ShoreCan in the High Court of Justice of England and Wales. Under the Settlement Agreement, each party has agreed to bear their own costs and end the proceedings in the High Court of Justice of England and Wales;

- A Share Transfer Agreement in which ShoreCan will return 70% of the shares in Essar Nigeria to Essar Mauritius;

- An amended Shareholders Agreement, the highlights of which include:
  - 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 well to be drilled under the terms of the OPL 226 PSC;
  - 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 well. The option is exercisable within 90 days from the completion of the first well as defined in the final well plan as approved by concessionaire (NNPC) and regulator (DPR) under Phase 1 of the OPL 226 PSC;
  - The Essar Nigeria Board of Directors and management team to be restructured commensurate with its amended share structure to reflect the increased shareholding of Essar Mauritius;

OVERVIEW AND OVERALL PERFORMANCE (CONTINUED) *

Nigeria (continued)

- A Loan Agreement with Essar Nigeria whereby Essar Nigeria recognizes historic expenditures by ShoreCan on behalf of Essar Nigeria as a shareholder loan thus allowing ShoreCan to recover these expenditures, cost recoverable and non-cost recoverable, from future production revenue.

Essar Nigeria, has applied to the concessionaire and the regulator for an extension of the exploration period under the OPL 226 PSC beyond the current term ending September 30, 2020. Completion of the definitive agreements outlined above is subject to the grant of such an extension and other customary completion conditions. COPL understands that COVID 19 restrictions pertaining to travel and "in person" meetings have created delays regarding the application within the NNPC and the Department of Petroleum Resources ("DPR").

On October 26, 2020, the Company announced that ShoreCan and Essar Mauritius have agreed to extend the completion date of the definitive agreements between the parties announced on August 4, 2020 to January 29, 2021.

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) 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 ExonMobil 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.

Change in CFO position

On June 5, 2020, Aleksandra Owad stepped down as CFO of the Company and Ryan Gaffney assumed the role as Interim CFO effective that day. Mr. Gaffney was appointed CFO of the Company effective 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.***

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 continued operation;
- progressing the OPL 226 project in Nigeria;
- negotiating the terms of the PSC governing the Block PT5-B with the Mozambique government; and
- evaluating new opportunities available in Africa and in other jurisdictions.

OUTLOOK (CONTINUED) *

Currently, the Company does not have material cash inflows and/or adequate financing to develop profitable 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 next 12 months. With no assurance that additional financing will be obtained, 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. The impact of COVID-19 on the Company's joint venture partners may also impact the valuation and collectability of the long term receivable in subsequent periods. In addition, a volatility and disruption of financial markets associated with the outbreak may adversely impact the Company's ability to obtain financing and may also impact the valuation of its embedded derivative liability.

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 $0.8 million and $2.2 million for the three and nine months ended September 30, 2020, compared to $0.9 million and $3.1 million for the same periods in 2019. During the nine months ended September 30, 2020, the Company recorded a gain on waived 2019 directors' fees in the amount of $0.4 million; there was no such gain recorded in 2019. Depreciation expenses were $17,000 and $52,000 for the three and nine months ended September 30, 2020, compared to $10,000 and $20,000 for the same periods in 2019. For three and nine months periods ending September 30, 2020, the Company also recorded stock-based compensation expense of $0.97 million, pre-license costs of $36,000 and a gain on office lease relief of $11,000; there were no such costs and/or gains recorded in same periods of 2019.

There was no interest income recorded for the three and nine months ended September 30, 2020, compared to $nil and $2,000 for the same periods in 2019. For the three and nine months ended September 30, 2020, the Company recorded interest expense in respect of the office lease in the amount of $3,000 and $8,000, interest expense on the CEO short-term loan in the amount of $3,000 and $9,000, gain on extinguishment of loan of $nil and $13,000, accretion of $7,000 and $8,000, gain on derivative of $19,000 and a loss on derivative of $28,000 and finance expenses in respect of YARF short-term loan of $153,000 and $331,000; no such interests, finance costs and/or gains were recorded for the same periods in 2019. A foreign exchange gain of $81,000 and a foreign exchange loss of $2,000 was recognized for the three and nine months ended September 30, 2020, compared to a foreign exchange loss of $78,000 and $74,000 for the same periods in 2019.The Company recognized a loss of $143,000 on the Company's investment in ShoreCan for the three and nine months ended September 30, 2019, compared to $nil and $1,000 for the same periods in 2019.

As a result, the Company's net loss amounted to $2.1 million and $3.3 million for the three and nine months ended September 30, 2020, compared to net loss of $1.0 million and $3.2 million for the three and nine months ended September 30, 2019.

As at September 30, 2020, the Company's cash and cash equivalents amounted to $2.2 million. Cash used in operating activities amounted to $3.0 million for the nine months ended September 30, 2020 compared to $2.5 million for the same period in 2019. Cash provided by financing activities amounted to $5.2 million for the nine months ended September 30, 2020 compared to $1.1 million for the same period in 2019. Cash used in investing activities amounted to $146,000 for the nine months ended September 30, 2020 compared to $3,000 for the nine months ended September 30, 2019.

During the third quarter of 2020, the Company closed two equity placings in the UK for a total gross proceeds of approximately £2.5 million ($3.2 million) and issued COPL's Common Shares to certain vendors and employees in lieu of cash payments of approximately £1.3 million ($1.7 million) in respect of outstanding accounts payable due to these vendors and employees (as discussed in details in "*Share Capital*" section).

SELECTED QUARTERLY INFORMATION

DISCUSSION OF OPERATIONS

The Company has not had significant revenue from operations in any of its last two financial years. The following table summarizes the Company's financial results for the three and nine months ended September 30, 2020 and 2019:

($ 000's) except per share	**Three months ended September 30, 2020**	Three months ended September 30, 2019	**Nine months ended September 30, 2020**	Nine months ended September 30, 2019
Administrative expenses	**$ 843**	$ 921	**$ 2,153**	$ 3,133
Gain on waived 2019 directors' fees	**-**	-	**(431)**	-
Gain on office lease relief	**(11)**	-	**(11)**	-
Pre-license costs	**36**	-	**36**	-
Depreciation	**17**	10	**52**	20
Stock-based compensation	**973**	-	**973**	-
Interest income	**-**	-	**-**	(2)
Interest expense – lease liability	**3**	-	**8**	-
Interest expense – CEO loan	**3**	-	**9**	-
Gain on extinguishment of loan	**-**	-	**(13)**	-
Accretion – CEO loan	**7**	-	**8**	-
(Gain) / loss on derivative liabilities	**(19)**	-	**28**	-
Finance expense – YARF loan	**154**	-	**331**	-
Foreign exchange (gain) / loss	**(81)**	78	**2**	74
Loss on investment in joint venture	**143**	-	**143**	1
Net loss	**2,068**	1,009	**3,288**	3,226
Per share loss (basic and diluted)	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Outstanding common shares at September 30	***4,872,204,722***	*3,483,752,463*	***4,872,204,722***	*3,483,752,463*
Weighted average common shares - basic	***4,578,570,392***	*3,125,056,811*	***3,851,355,563***	*2,742,652,829*
Cash used in operating activities	**$ 2,780**	$ 696	**$ 2,984**	$ 2,470

SELECTED QUARTERLY INFORMATION (CONTINUED)

Administrative Expenses

A breakdown of administrative expenses is as follows:

($ 000's)	**Three months ended September 30, 2020**	Three months ended September 30, 2019	**Nine months ended September 30, 2020**	Nine months ended September 30, 2019
Administrative:				
Payroll and related costs	**$ 450**	$ 397	**$ 1,108**	$ 1,299
External directors' fees and related costs	**(60)**	107	**54**	339
Consulting services	**127**	95	**246**	305
Professional services	**100**	41	**173**	154
Software licenses and maintenance	**16**	37	**49**	109
Travel expenses	**45**	66	**135**	200
Office expenses	**82**	133	**199**	474
Stock exchanges, transfer agent and UK agents fees	**80**	43	**181**	192
Other general and administrative	**3**	2	**8**	61
Total administrative	**$ 843**	$ 921	**$ 2,153**	$ 3,133

Administrative expenses amounted to $0.8 million and $2.2 million for the three and nine months ended September 30, 2020, compared to $0.9 and $3.1 million for the same period in 2019.

The decrease in administrative expenses of $1.0 million for the nine months ended September 30, 2020, compared to the same period in 2019 resulted mainly from:

- a decrease in payroll due to reduced working hours in effect from September 2019 to June 2020,
- external directors' fees were waived for the first and second quarter of 2020 further to a Board resolutions dated March 26, 2020 and September 14, 2020; external directors' fees for 2019 were waived in March 2020 and are recognized in 2020 as a gain on waived fees directly in the Company's statement of comprehensive loss; in addition, external directors' quarterly fees were substantially reduced effective from third quarter of 2020,
- a decrease in office rent expenses due to office lease renewal in September 2019 at a lower rent; in addition a reduction in administrative costs resulted from an application of IFRS 16 "Leases" to renewed office lease, which provides for only operating costs to be included in administrative expenses, while a rent portion of the lease is recognized as right-of-use assets and depreciated over a term of the office lease contract (see "Depreciation" and "Right of Use Assets" sections below), and
- a decrease in consulting services, travel costs and other general and administrative cost due to a lower level of activities as compared to same period of 2019.

Pre-license Costs

Legal and due diligence costs of $36,000 incurred in respect of anticipated new project were recorded as pre-license costs for the three and nine months ended September 30, 2020 (nil in comparable periods of 2019).

Gain on office lease relief

During the nine months ended September 30, 2020, the Company received a discount for three monthly office lease payments due to COVID-19 pandemic. The discount received meets conditions of a practical expedient for COVID-19 relief that is available under an amendment to IFRS 16. Accordingly, a reduction in lease payments that relates to a rent portion was recorded as a decrease in lease liability of $11,000 and respective gain on lease relief in the Company's statement of comprehensive loss.

SELECTED QUARTERLY INFORMATION (CONTINUED)

Depreciation

Depreciation of $1,000 and $5,000 for the three and nine months ended September 30, 2020 ($5,000 and $15,000 for the same periods 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 $16,000 and $47,000 for the three and nine months ended September 30, 2020 ($5,000 for the same periods in 2019).

*Stock-Based Compensation Expense**

The Company has a stock option plan where the number of Common Shares reserved under the plan shall not exceed 10% of the issued and outstanding Common Shares and the number reserved for any one individual may not exceed 5% of the issued and outstanding Common Shares. Exercise prices for stock options granted are determined by the closing market price on the day before the date of grant.

On September 14, 2020, the Company granted to its directors, officers and employees 341,609,235 stock options to acquire the Company’s common shares at an exercise price of £ 0.0035 ($0.0045) per share. The options vest immediately and expire five years from the date of grant. The related stock-based compensation expense of $0.87 million has been recognized in the statement of comprehensive loss for three and nine month periods ended September 30, 2020 and as addition to contributed capital reserve. The fair value of each stock option granted was 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 unaudited interim financial statements as at September 30, 2020.

There were no changes to the Company’s stock option plan and no stock options were exercised, expired and/or forfeited during the nine month period ended September 30, 2020.

As at September 30, 2020, a total of 449,014,235 stock options to purchase common shares were outstanding, having a weighted average exercise price of $0.0141 per share and a remaining weighted average contractual life of 4.1 years.

**** 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 $nil for the three and nine months ended September 30, 2020, compared to $nil and $2,000 for the same period ended September 30, 2019. The interest income relates to interest earned on cash held at banks.

Interest Expense – Lease Liability

For the three and nine months ended September 30, 2020, further to implementation of IFRS 16, the Company recorded interest expense in respect of the office lease in the amount of $3,000 and $8,000 respectively ($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.

SELECTED QUARTERLY INFORMATION (CONTINUED)*

Interest Expense – CEO Loan

The Company recorded interest expense on a short-term loan received from its Chief Executive Officer ("CEO") in the amount of $3,000 and $9,000 for the three and nine months ended September 30, 2020 ($nil for the same periods in 2019). The loan from CEO (the "CEO Loan") was provided on February 14, 2020 and bears interest at a rate of 10% per annum (discussed further in "*Short-term loan-CEO*" section below).

Gain on Extinguishment of Loan

On June 15, 2020, the terms of the CEO Loan were varied, in part, by YARF Loan Agreement (discussed further in "*Short-term loan - YARF*" section below) providing for an extension of maturity of the CEO Loan until December 31, 2020 or conversion into COPL's Common Shares at a deemed price of £0.003 per share, being the placing price of the Company's UK Prospectus (discussed in details in "*Share Capital*" section below) at the CEO's option. As at that day, due to the addition of a conversion option element of the loan, the Company calculated the fair value of the amended instrument, compared it to the carrying value of the CEO Loan and recognized a gain on extinguishment of loan of $nil and $13,000 for the three and nine months ended September 30, 2020.

Accretion – CEO Loan

The Company recorded accretion in the amount of 7,000 and $8,000 for the three and nine month periods ended September 30, 2020 ($nil for the same periods in 2019) in respect of CEO Loan.

Gain/Loss on Derivative Liabilities

The fair value of the embedded derivative conversion option component of the CEO Loan was estimated (using a Black-Scholes option pricing model) at $3,000 as at June 15, 2020, being the CEO Loan amendment date, was recognized as embedded derivative liability and decrease in the CEO Loan value. Subsequently, the fair value of the embedded derivative conversion option component of the Note was estimated at $50,000 as at June 30, 2020 and $33,000 as at September 30, 2020. Accordingly, a respective loss on derivative of $47,000 was recognized for three months ended June 30, 2020, a gain on derivative of $17,000 for three months ended September 30, 2020 and a cumulative loss on derivative of $30,000 for nine months ended September 30, 2020. The changes in fair value of the embedded derivative conversion option are mainly due to the changes in COPL's share price from £0.0012 ($0.0015) as at June 15, 2020 to £0.0033 ($0.0041) as at June 30, 2020 and to £0.00315 ($0.0041) as at September 30, 2020.

Further to a YARF Loan Agreement (discussed further in "*Short-term loan - YARF*" section below), on July 2, 2020, the Company issued, as additional compensation to YARF Lenders, a total of 100,000,000 common share purchase warrants (the "YARF Warrants") exercisable within 24 months from Placing Date, at an exercise price of £0.0039 ($0.0047) per share.

The YARF Warrants' exercise price is in GBP, and the Company's functional currency is in USD. As there is variability in these exchange rates, the YARF Warrants are classified as a derivative financial instrument and subsequently revalued on each balance sheet date. The fair value of YARF Warrants estimated at approximately $161,000 (using a Black-Scholes option pricing model) was recognized as derivative liability and finance expense as at the date of issue of these warrants. The fair value of YARF Warrants, estimated as at September 30, 2020 amounted to $159,000. Accordingly, the Company recognized a gain on derivative liability of $2,000 in its statement of comprehensive loss for three and nine months ended September 30, 2020.

Finance Expense – YARF Loan

For the three and nine months ended September 30, 2020, the Company recorded $153,000 and $331,000 of finance expenses related to a YARF short-term loan (discussed further in "*Short-term loan - YARF*" section below) that include a fixed coupon charge of 12.5% on the total YARF loan amount of $98,000, an implementation fee of $46,000, legal, due diligence and other fees of $26,000 as well as fair value of YARF Warrants of $161,000 (as discussed in "Gain/Loss on derivative liabilities" section above). There were no finance expenses in comparable periods of 2019.

SELECTED QUARTERLY INFORMATION (CONTINUED)

Foreign Exchange Loss / Gain

A foreign exchange gain of $81,000 and a loss of $2,000 was recognized for the three and nine months ended September 30, 2020 (compared to a foreign exchange loss of $78,000 and $74,000 for the same periods in 2019), which relates mainly to loss on translation of accounts payable, cash and cash equivalents 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 nine months ended September 30, 2020, the Company charged ShoreCan management and technical services of $0.6 million (2019 - $1.3 million) and charged an interest expense of $0.3 million (2019- $0.4 million), which were included in ShoreCan's general and administrative expenses and interest expenses for the same period. This amount of revenue was reversed from the Company's revenue and investment in joint venture.

For the three and nine months ended September 30, 2020, the Company's share of ShoreCan's losses exceeded the Company's Net Investment of $143,000 for these periods ($nil and $1,000 for three and nine months ended September 30, 2019). Accordingly, under the equity method, the Company recognized loss on investment in ShoreCan of $143,000 for the three and nine months ended September 30, 2020 ($nil and $1,000 for three and nine months ended September 30, 2019).

COMPARATIVE FINANCIAL POSITION ITEMS

The following table summarizes the Company's financial position as at September 30, 2020 and December 31, 2019:

($ 000's) except per share	September 30, 2020	December 31, 2019
Cash and cash equivalents	**$ 2,206**	$ 75
Right of use assets	**244**	291
Total assets	**3,068**	748
Short-term loan - CEO	**152**	-
Embedded derivative liability	**33**	-
Short-term loan - YARF	**645**	-
Derivative liability - YARF	**159**	-
Current portion of lease liabilities	**54**	45
Long-term lease liabilities	**222**	270
Share capital	**(142,642)**	(138,087)
Shareholders' equity / (deficit)	**$ 1,237**	$ (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.

Cash and Cash Equivalents

The increase in cash and cash equivalents of $2.1 million during the first nine months of 2020 represents cash provided by financing activities of $5.2 million net of cash used in operating activities of $3.0 million and cash used in investing activities of $0.1 million.

COMPARATIVE FINANCIAL POSITION ITEMS (CONTINUED)

Right of Use Assets

As at September 30, 2020 and in accordance with IFRS 16, the Company recorded $0.24 million of right-of-use assets in respect of the office lease that was renewed effective September 1, 2019, compared to $0.29 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 September 30, 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 $nil as at September 30, 2020 ($nil as at December 31, 2019). Investment in ShoreCan is further discussed in section "Commitments and Contractual Obligations".

Total Assets

Total assets increased by $2.3 million from $0.7 million as at December 31, 2019 to $3.1 million as at September 30, 2020. This increase is mainly a result of an increase in cash and cash equivalents of 2.1 million, an increase in in deferred share issue costs and prepayments of $0.1 million in total and an increase in long term receivable of $0.14 million, compensated by a decrease in rights-of-use assets of approximately $0.04 million.

Short-Term Loan – CEO

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 was 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 were required by the Company prior to Maturity although the Company could 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.

On June 15, 2020, the terms of the Note were varied, in part, by the YARF Loan Agreement (discussed in *"Short-term Loan – YARF*" section) providing for an extension of Maturity of the Note until December 31, 2020 or conversion of the Note into COPL's Common Shares at a deemed price of £0.003 per share, being the placing price of the Company's UK Prospectus (discussed in "Share Capital" section), at the CEO's option. Subsequently, on August 19, 2020, the Promissory Note was replaced with a Secured Convertible Debenture agreement signed with the CEO, which provides for same terms and conditions as described above and in addition provides for the 10% interest to be paid in cash at Maturity (together the "CEO Loan").

As at June 15, 2020, due to the addition of a conversion option element of the CEO Loan, the Company calculated the fair value of the amended instrument, i.e. the debt component and the conversion feature and compared it to the carrying value of the CEO Loan and recognized a gain on extinguishment of the loan of $13,000. The CEO Loan and the conversion feature are denominated in a currency other than the Company's functional currency. As a result the conversion feature is treated as derivative financial liability and its fair value is estimated at each financial position date with any changes recognized in statement of comprehensive loss.

The value assigned to the liability on June 15, 2020 was the present value of the contractually determined stream of future cash flows discounted at 34% being the rate estimated to be equivalent to that which the market would apply to an instrument with comparable credit status and provide substantially the same cash flows, on the same terms, but without the conversion option.

COMPARATIVE FINANCIAL POSITION ITEMS (CONTINUED)

Short-Term Loan – CEO (continued)

The fair value of the embedded derivative conversion option component of the CEO Loan was estimated (using a Black-Scholes option pricing model) at $3,000 as at June 15, 2020, being the CEO Loan amendment date and this amount was recognized as embedded derivative liability and a decrease in the CEO Loan value. The fair value of the embedded derivative conversion option component of the CEO Loan was estimated at $50,000 as at June 30, 2020 and $33,000 as at September 30, 2020. Accordingly, a respective loss on derivative of $47,000 was recognized for three months ended June 30, 2020 and a gain on derivative of $17,000 for three months ended September 30, 2020. The changes in fair value of the embedded derivative conversion option are mainly due to the changes in COPL's share price from £0.0012 ($0.0015) as at June 15, 2020 to £0.0033 ($0.0041) as at June 30, 2020 and to £0.00315 ($0.0041) as at September 30, 2020.

The following assumptions were used for Black-Scholes option pricing model to estimate the fair value of the conversion option component of the CEO Loan at the date of valuation:

	June 15, 2020	June 30, 2020	September 30, 2020
Implied debt yield	13.5%	13.5%	13.5%
Weighted average life (years)	0.55	0.50	0.25
Expected volatility	90%	90%	90%
Expected dividend yield	0%	0%	0%

The Company recognized an interest charge of $4,000 and $9,000 for three and nine month periods ended September 30, 2020 and an accretion expense of $7,000 and $8,000 for the same periods.

The following table presents the reconciliation of the components of the convertible CEO Loan from January 1, 2020 to September 30, 2020:

($ 000's)	**Short-term loan**	**Embedded derivative liability**	**Total**
As at January 1, 2020	**-**	**-**	**-**
Proceeds from loan – February 14, 2020	**$ 153**	**-**	**153**
Accrued interest	**9**	**-**	**9**
Gain on extinguishment	**(13)**	**-**	**(13)**
Fair value of conversation option as at June 15, 2020	**(3)**	**3**	**-**
Revaluation of conversion option as at June 30, 2020	**-**	**47**	**47**
Revaluation of conversion option as at September 30, 2020	**-**	**(17)**	**(17)**
Accretion	**8**	**-**	**8**
Foreign exchange gain	**(2)**	**-**	**(2)**
As at September 30, 2020	**$ 152**	**33**	**185**

Short-term loan – YARF

On June 15, 2020, the Company entered into a loan agreement with YA II PN, Ltd ("YA") and Riverfort Global Opportunities PCC ("RF" and, together with YA, the "Lenders" or "YARF") for an unsecured facility (the "Loan Agreement") of £636,000 i.e. approximately $786,000 (the "Loan Amount"). In addition, the Lenders have committed to participate in the Company's equity placing that was closed on July 2, 2020 (the "Placing Date") for £100,000 each.

COMPARATIVE FINANCIAL POSITION ITEMS (CONTINUED)

Short-term loan – YARF (continued)

The first drawdown of £136,000 (approximately $167,000) occurred upon signing of the Loan Agreement and the Company received net proceeds of £92,000 (approximately $113,500) net of an implementation fee, legal fee and out of pocket expenses (as disclosed below). As per the Loan Agreement, the first drawdown was repaid on July 2, 2020 - £100,000 in cash from proceeds of YARF's participation in a UK equity placing and £36,000 ($45,000) by issue of 12,000,000 Common Shares at a deemed price of £0.003 ($0.0037) per share (the UK Placing is discussed in *"Share Capital"* section).

The remaining £500,000 of the loan facility was subject to certain conditions, including closing by COPL of an equity placing for a minimum of £0.5 million by August 28, 2020. On July 2, 2020, the Company closed a UK placing of £1.3 million (discussed in *"Share Capital"* section) and on July 3, 2020, the Company drew down a second tranche of £100,000 (approximately $125,000). On August 7, 2020, a total remaining balance of YARF Loan of £400,000 (approximately $508,000) was drawn down as a third tranche. Each drawdown is repayable in cash in six months from its respective drawdown date; once a particular drawdown is repaid, it cannot be re-drawn again.

Fixed interest coupon of 10% on the Loan Amount was due at repayment of the first drawdown if the above mentioned equity placing did not close or fixed interest coupon of 12.5% on the Loan Amount payable in common shares if the equity placing was closed. Accordingly, on July 2, 2020, the Company issued to YARF 26,500,000 Common Shares in lieu of the interest payment of £79,500 ($98,000) at a deemed price of £0.003 ($0.0037) per share. During the nine months ended September 30, 2020, the Company recognized the total interest payment of $98,000 as a finance expense in its statement of comprehensive loss as this up-front fee amount, paid on July 2, 2020, was due irrespective of any further drawdowns from the Loan.

Loan Agreement costs include £36,000 ($44,500) of implementation fee and £8,000 ($9,800) of legal and out-of-pocket expenses that were recorded by the Company as finance expenses for the nine month period ended September 30, 2020. In addition, £5,000 ($7,000) of legal due diligence expenses paid to YARF upon signing an initial term-sheet for the Loan are also recorded as finance expenses during the nine months ended September 30, 2020.

Further to the Loan Agreement, on July 2, 2020, the Company issued, as additional compensation to YARF Lenders, a total of 100,000,000 common share purchase warrants (the "YARF Warrants") exercisable within 24 months from Placing Date, at an exercise price of £0.0039 ($0.0047) per share. At the Lenders' discretion, amounts due to the Company upon exercise of YARF Warrants may be set-off against amounts outstanding to the Lenders under the Loan Agreement.

The YARF Warrants' exercise price is in GBP, and the Company's functional currency is in USD. As there is variability in these exchange rates, the YARF Warrants are classified as a derivative financial instrument and subsequently revalued on each balance sheet date. The fair value of YARF Warrants estimated at approximately $161,000 (using a Black-Scholes option pricing model) was recognized as derivative liability and finance expense as at the date of issue of these warrants. The fair value of YARF Warrants, estimated as at September 30, 2020 amounted to $159,000. Accordingly, the Company recognized a gain on derivative liability of $2,000 in its statement of comprehensive loss for three and nine months ended September 30, 2020.

The following assumptions were used for Black-Scholes option pricing model to estimate the fair value of the YARF Warrants at the dates of valuation:

	July 2, 2020	September 30, 2020
Risk-free interest rate	-0.093%	-0.036%
Weighted average life (years)	2.0	1.75
Expected volatility	90%	90%
Expected dividend yield	0%	0%

COMPARATIVE FINANCIAL POSITION ITEMS (CONTINUED)

Short-term loan – YARF (continued)

In the event of default, at the Lenders' discretion, Common Shares of the Company may be issued to satisfy default amounts, and such conversion will be priced at 80% of COPL's trailing 10-day Volume Weighted Average Price.

The following table provides a summary of YARF loan balance outstanding as at September 30, 2020:

($ 000's)	**September 30, 2020**
1st drawdown	**$ 167**
Repayment of 1st drawdown – portion in cash	**(125)**
Repayment of 1st drawdown – portion in shares	**(45)**
2nd drawdown	**125**
3rd drawdown	**508**
Foreign exchange loss	**15**
Total	**$ 645**

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 September 30, 2020. During the three and nine months period ended September 30, 2020, the Company paid $27,000 and $44,000 of principal and interest. No payments were made during the year ended December 31, 2019 in respect of the above lease.

Shareholders' Equity

The shareholders' equity increased from a deficit of $1.0 million as at December 31, 2019 to $1.2 million equity as at September 30, 2020. This increase of $2.2 million resulted mainly from an increase in share capital of $4.6 million and an increase in contributed capital reserve of $0.9 million compensated by a comprehensive loss incurred for the nine months ended September 30, 2020 of $3.3 million.

SHARE CAPITAL *

UK July 2nd Placing

On July 2, 2020 (the "Placing Date"), further to a UK Prospectus, the Company closed a non-brokered placing in the UK of 400,000,000 Common Shares at a placing price of £0.003 ($0.0037) per share, for gross proceeds of £1.2 million ($1.5 million) (the " UK July 2nd Placing").

The Company paid in cash a finder's fee of £70,000 ($87,300) and other fees of £3,500 ($4,400). In addition, on July 15, 2020, the Company issued 16,000,000 Common Shares in lieu of a cash payment of a second finder's fee of £48,000 ($60,000) at a deemed price of £0.003 ($0.0037) per share, in respect of the UK July 2nd Placing.

In connection with the UK July 2nd Placing, as a compensation to the finders, the Company issued also:

- on July 2, 2020 - 25,000,000 common share purchase warrants (the "1st Finder's Warrants") exercisable within 24 months from the Placing Date, at an exercise price of £0.0039 ($0.0047) per share; and
- on July 24, 2020 - 16,000,000 common share purchase warrants (the "2nd Finder's Warrants") exercisable within 24 months from the Placing Date, at an exercise price of £0.0039 ($0.0047) per share – in respect of the July 2nd Placing.

SHARE CAPITAL (CONTINUED) *

UK July 2nd Placing (continued)

The fair value estimated at approximately $40,000 for 1st Finder's Warrants and $42,000 for 2nd Finder's Warrants (using a Black-Scholes option pricing model) was recognized as equity and netted against proceeds from the UK July 2nd Placing (as share issue costs).

Also on July 2, 2020, further to YARF Loan Agreement and as per UK prospectus, the Company issued to YARF Lenders a total of 38,500,000 Common Shares in lieu of cash payments of £115,500 ($144,000) at a deemed price of £0.003 ($0.0037) per share, in respect of repayment of a portion of the first drawdown of the YARF loan of £36,000 ($45,000) - 12,000,000 Common Shares and interest on the YARF Loan of £79,500 ($98,000) - 26,500,000 Common Shares.

In addition the Company issued, as compensation to YARF Lenders, total of 100,000,000 common share purchase warrants (the "YARF Warrants") exercisable within 24 months from the Placing Date, at an exercise price of £0.0039 ($0.0047) per share (the YARF loan and YARF Warrants are discussed in "*Short-term loan – YARF"* section above).

UK July 23rd Placing

On July 23, 2020, the Company closed another non-brokered placing in the UK of 433,333,334 Common Shares at a placing price of £0.003 ($0.0038) per share, for gross proceeds of £1.3 million ($1.65 million) (the "UK July 23rd Placing"). The Company paid in cash a finder's fee of £91,000 ($116,000).

In connection with the UK July 23rd Placing, on July 24, 2020, the Company issued, as compensation to the finder, 32,500,000 common share purchase warrants (the "3rd Finder's Warrants") exercisable within 12 months from the Placing Date, at an exercise price of £0.0039 ($0.0050) per share.

The fair value estimated at approximately $63,000 for 3rd Finder's Warrants (using a Black-Scholes option pricing model) was recognized as equity and netted against proceeds from the UK July 23rd Placing (as share issue costs).

The net proceeds from the UK July 2nd Placing and the UK July 23rd Placing will be used for the Company's ongoing general and administrative costs and for payment of outstanding creditors that are not subject to the Debt Exchange arrangements.

Debt Exchange

During third quarter of 2020 and further to Debt Exchange arrangements stipulated in the UK Prospectus closed on July 2, 2020, the Company issued to its certain vendors and employees in total 436,917,545 Common Shares in lieu of cash payments of approximately £1.3 million ($1.7 million) at a deemed price of £0.003 ($0.0037) per share (as stipulated in the UK Prospectus and individual agreements), in respect of outstanding balances due to these vendors and employees.

The fair value of common shares issued to vendors is determined by reference to the value of the services received at the date the services were rendered. The fair value of common shares issued to employees is determined using the closing market price of the Company's stock on the day of the issue. In case the Company's stock price exceeded the deemed price of £0.003 ($0.0037) as at the date of share issue, the difference between fair value of shares issued to the employees and the value of outstanding balance due to these employees is recognized as stock-based compensation expense, together with a corresponding increase in equity (share capital).

Debt Exchange shares were issued as follows:

On July 15, 2020, the Company issued 210,666,667 Common Shares to its vendors, in lieu of cash payments of approximately £632,000 ($796,000) and 41,845,550 Common Shares to its employee, in lieu of cash payment of approximately £126,000 ($156,000). In addition, the related stock-based compensation expense of $24,000 has been recognized in the statement of comprehensive loss for three and nine month periods ended September 30, 2020 and as an addition to share capital.

SHARE CAPITAL (CONTINUED) *

Debt Exchange (continued)

On August 4, 2020, the Company issued 61,125,000 Common Shares to its vendors, in lieu of cash payments of approximately £183,000 ($239,000) and 32,583,210 Common Shares to its employees, in lieu of cash payment of approximately £98,000 ($128,000). In addition, the related stock-based compensation expense of $83,000 has been recognized in the statement of comprehensive loss for three and nine month periods ended September 30, 2020 and as an addition to share capital.

On September 18, 2020, the Company issued to its employees a total of 60,057,328 Common Shares in lieu of cash payments of approximately £180,000 ($230,000). No stock-based compensation expense was recognized as the Company's stock price as at the date of issue was below the deemed conversion price of £0.003.

On September 29, 2020, the Company issued to its vendors a total of 30,639,790 Common Shares in lieu of cash payments of approximately £92,000 ($115,000).

Share Issue Cost

The Company incurred approximately $0.96 million of total costs in connection with the UK Prospectus, the July 2nd and 23rd UK Placings and Debt Exchange arrangements. In addition to finders' fees and fair value of Warrants issued to finders (as disclosed above), these share issue costs include also LSE and transfer agent fees of approximately $0.09 million, legal fees of $0.41 million and consents related fees of approximately $0.02 million.

Warrants Exercised

On July 8, 2020, further to an exercise of 2019 Brokers' warrants, the Company issued 9,970,000 Common Shares at an exercise price of £0.0015 ($0.0019) per share for proceeds of approximately £15,000 ($19,000).

On August 17, 2020, further to an exercise of 2018 Broker's warrants, the Company issued 53,731,380 Common Shares at an exercise price of £0.00335 ($0.0044) per share for proceeds of approximately £180,000 ($236,000).

Stock Option Granted

The Company has a stock option plan where the number of Common Shares reserved under the plan shall not exceed 10% of the issued and outstanding Common Shares and the number reserved for any one individual may not exceed 5% of the issued and outstanding shares. Exercise prices for stock options granted are determined by the closing market price on the day before the date of grant.

On September 14, 2020, the Company granted to its directors, officers and employees 341,609,235 stock options to acquire the Company's common shares at an exercise price of £ 0.0035 ($0.0045) per share. The options vest immediately and expire five years from the date of grant. The related stock-based compensation expense of $0.87 million (estimated using a Black-Scholes option pricing model) has been recognized in the statement of comprehensive loss for three and nine month periods ended September 30, 2020 and as addition to contributed capital reserve.

There were no changes to the Company's stock option plan and no stock options were exercised, expired and/or forfeited during the nine month period ended September 30, 2020.

SHARE CAPITAL (CONTINUED) *

Securities outstanding as at September 30, 2020

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

As at September 30, 2020, the Company had the following issued and outstanding securities:

- 4,872,204,722 Common Shares;
- 173,500,000 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 nine to 21 months; and
- 449,014,235 stock options issued and outstanding to purchase Common Shares with a weighted average exercise price of $0.0141 per Common Share and a remaining contractual life of seven months to four years and eleven months.

**** 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 AND GOING CONCERN *

As of September 30, 2020, the Company had a working capital of approximately $0.8 million, cash and cash equivalents of $2.2 million and shareholders' equity of $1.2 million.

For the nine months ended September 30, 2020, the Company's cash used in operating activities amounted to $3.0 million (compared to $2.5 million for the same period in 2019). Cash provided by financing activities amounted to $5.2 million for nine months ended September 30, 2020 (compared to $1.1 million for the same period in 2019). Cash used in investing activities amounted to $146,000 for the nine months ended September 30, 2020 (compared to $3,000 for the same period 2019.

In third quarter of 2020, the Company closed two equity placings in the UK for a total gross proceeds of approximately $3.2 million (£2.5 million) and issued COPL's Common Shares to certain vendors and employees in lieu of cash payments of approximately $1.7 million (£1.3 million) in respect of accounts payable that were outstanding as at June 30, 2020 (as discussed in details in "*Share Capital*" section). The net proceeds from UK Placings are used for the Company's ongoing general and administrative cost and for payment of outstanding creditors that are not subject to the Debt Exchange arrangements.

Currently, the Company does not have material cash inflows and/or adequate financing to develop profitable 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 next 12 months. With no assurance that additional financing will be obtained, 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.

**** 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 September 30, 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 September 30, 2020, the Company had a receivable from its joint venture partner in respect of overpaid ShoreCan expenses of $0.4 million that is recorded as a long term receivable. The balance is classified as a financial asset carried at amortized cost. The balance is classified as long term as it is not expected to be collected in the next 12 months. The balance is presented on an undiscounted basis as the joint venture agreements do not specify any repayment terms and there are no provisions in the agreements for the payment of interest on outstanding balances.

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 was 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 sought 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.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS (CONTINUED) *

ShoreCan's Commitments (continued)

On August 4, 2020 the Company announced that ShoreCan has executed definitive agreements with Essar Mauritius to resolve their disputes. ShoreCan and Essar Mauritius entered into a Sale and Purchase Agreement (the "SPA Agreement"), and other agreements, with each other concerning, among other things, their respective obligations under the Essar Nigeria Shareholders Agreement (the "Shareholders Agreement").

The agreements between ShoreCan and Essar Mauritius can be summarized as follows:

- A Settlement Agreement which settles the claim filed by Essar Mauritius against ShoreCan in the High Court of Justice of England and Wales. Under the Settlement Agreement, each party has agreed to bear their own costs and end the proceedings in the High Court of Justice of England and Wales;

- A Share Transfer Agreement in which ShoreCan will return 70% of the shares in Essar Nigeria to Essar Mauritius;

- An amended Shareholders Agreement, the highlights of which include:
    - 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 well to be drilled under the terms of the OPL 226 PSC;
    - 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 well. The option is exercisable within 90 days from the completion of the first well as defined in the final well plan as approved by concessionaire (NNPC) and regulator (DPR) under Phase 1 of the OPL 226 PSC;
    - The Essar Nigeria Board of Directors and management team to be restructured commensurate with its amended share structure to reflect the increased shareholding of Essar Mauritius;

- A Loan Agreement with Essar Nigeria whereby Essar Nigeria recognizes historic expenditures by ShoreCan on behalf of Essar Nigeria as a shareholder loan thus allowing ShoreCan to recover these expenditures, cost recoverable and non-cost recoverable, from future production revenue.

Essar Nigeria, has applied to the concessionaire and the regulator for an extension of the exploration period under the OPL 226 PSC beyond the current term ending September 30, 2020. Completion of the definitive agreements outlined above is subject to the grant of such an extension and other customary completion conditions. COPL understands that COVID 19 restrictions pertaining to travel and "in person" meetings have created delays regarding the application within the NNPC and the Department of Petroleum Resources ("DPR").

On October 26, 2020, the Company announced that ShoreCan and Essar Mauritius have agreed to extend the completion date of the definitive agreements between the parties announced on August 4, 2020 to January 29, 2021.

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.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS (CONTINUED) *

Essar Nigeria – Agamore Farm In (continued)

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 the 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:

($ 000's)	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Revenue	-	-	-	-
Interest income	-	-	-	-
Net loss	(2,068)	(919)	(301)	(693)
Loss per share - basic & diluted	(0.00)	(0.00)	(0.00)	(0.00)

($ 000's)	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Revenue	-	-	-	-
Interest income	-	1	1	2
Net loss	(1,009)	(1,094)	(1,126)	(639)
Loss per share - basic & diluted	(0.00)	(0.00)	(0.00)	(0.00)

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

SUMMARY OF QUARTERLY RESULTS (CONTINUED)

Quarterly administrative expenses were approximately $1.2 million for fourth quarter of 2018 and the first quarter of 2019, $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 third quarter of 2020, $0.7 million for the first quarter of 2020 and $0.6 million for the second quarter of 2020. A reduction in administrative cost in 2020 is mainly a reflection of lower salaries (reduced hours) and external directors' fees (waived or reduced) lower office expenses (due to office rent renewal and substantially lower rates) as well as lower travel and corporate development expenses due to lower activities as compared to 2019.

In addition to administrative expenses, the following items had a material impact on the Company's quarterly results:

- During the third quarter of 2020, further to option grants, the Company recognized a stock-based compensation expense of $0.97 million.
- During the third and second quarters of 2020, the Company recorded finance expenses in respect of the YARF Loan of $0.18 million and $0.15 million respectively.
- During the first quarter of 2020, the Company recognized a gain on waived 2019 directors' fees (further to a Board Resolution dated March 26, 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 nine years statute barred time frame, applicable in the UK, expired in 2018.

FINANCIAL INSTRUMENTS*

The Company's financial instruments consist of cash, short-term deposits, credit card deposits, accounts receivable, as well as short-term loans, embedded derivatives liability, derivative liability, 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.

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 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 nine month period ended September 30, 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 – 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