CANADIAN OVERSEAS PETROLEUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

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"), 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 month periods ended September 30, 2018. The information is provided as of November 8, 2018. The results for the three and nine month periods ended September 30, 2018 have been compared to the same periods of 2017. 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, 2017 and 2016, together with the accompanying notes and the Annual Information Form of the Company dated March 21, 2018 (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 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.

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 March 21, 2018, 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" 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" sections);
- the Company's assumptions in respect of valuation of Warrants (as defined herein) (the "Derivative Gain / Loss section);
- the Company's ability to manage its financial and operational risks (the "Overview and Overall Performance", "Financial Instruments", "Commitments and Contractual Obligations" and "Liquidity and Capital Resources" sections).

The Company's AIF for the year ended December 31, 2017 describes major risks, material assumptions and other factors related to forward-looking information and forward-looking statements that could influence actual results and they 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 2018, 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 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 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 80 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 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 evaluating the Contingent and Prospective Resources attributed to OPL 226, as of December 31, 2017. The Contingent and Prospective Resource volumes estimated in the NSAI report are disclosed in the Company's AIF dated March 21, 2018 under Appendix A in accordance with NI-51-101 rules and regulations.

In July 2018, ShoreCan received and agreed to a project financing and offtake agreement term sheet (the "Term Sheet"), providing for a minimum $30 million to a maximum of $50 million Senior Secured Facility (the "Facility"), for investment by ShoreCan into Essar Nigeria from the Mauritius Commercial Bank Limited ("MCB") and Trafigura PTE Ltd. ("Trafigura").

The Facility would provide funding for all production related expenditures following the drilling and testing of the initial production well to be drilled by Essar Nigeria on OPL 226. Drawing on the Facility is contingent on among other things:

- An additional $20 million to $33 million of funding from ShoreCan;
- $100 million funding from an offshore oil services group ("Service Provider") to deliver the project;
- A minimum of 6,000 bbl/d production rate averaged over 20 days; and
- The execution of a formal definitive binding agreement between the parties.

Other material terms of the proposed Facility include the following: two-year term to maturity and a grant to the lenders of $3 million worth of warrants to purchase COPL common shares with a term of two years with an exercise price equal to the market price of the COPL common shares on the date of closing of the Facility.

The project as planned involves the drilling and completion of a horizontal oil production well offsetting the 2001 Noa-1 oil discovery well and the drilling and completion of two (2) to three (3) additional high angle oil production wells in the adjacent Noa East fault block from a common wellhead platform, and placing these wells on production in an approved early production scheme. Essar Nigeria has prepared a work program for this initial campaign on OPL 226 in the form of a field development plan ("FDP") for submission to the Concessionaire, NNPC. The Company expects the presentation of the FDP to NNPC to occur in the near term.

ShoreCan is in late stage discussions with the Service Provider, which involve the provision of drilling services, the supply of a mobile production unit and a storage vessel for a deferred fee. The Company will provide updates on these discussions in due course.

As part of the transaction, the Term Sheet provides for Essar Nigeria to enter into a crude oil offtake arrangement with Trafigura.

Cofarco SAS ("Cofarco") of Paris is engaged as Financial Advisor to the Company for the project financing.

OVERVIEW AND OVERALL PERFORMANCE (CONTINUED) *

Mozambique

In Mozambique, the Company is part of a consortium that has entered into final discussions regarding the awarding of 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 has been invited to negotiate with the Government of Mozambique the terms of the PSC governing the block. These will include the acquisition of 1600 line km of 2D seismic. According to the Company's Mozambican partner, the Instituto Nacional de Petroléo (INP) is currently finalizing 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 before year end. The ExxonMobil EPCC agreed version will serve as 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:

- working to progress the financing and the planning of drill locations of the first well on OPL 226 in Nigeria;
- working with the Mozambique government to negotiate the terms of the PSC governing the PT5-B block; and
- working to successfully conclude a variety of new opportunities available in Africa.

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 operation is dependent on its ability to obtain additional financing. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be obtained on terms advantageous to the Company. With no assurance such financing will be obtained in future, there is material uncertainty that may cast substantial doubt on the business' 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.

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FINANCIAL SUMMARY

General and administrative costs were $1.3 million and $3.7 million for the three and nine months ended September 30, 2018 (net of $nil of costs allocated to exploration projects), compared to $1.2 million and $3.5 million for the same periods in 2017 (net of $33,000 and $235,000 of costs allocated to exploration projects, respectively). Pre-licence costs were $0.1 and $0.5 million for the three and nine months ended September 30, 2018 compared to $nil for the same periods in 2017. In 2017, the Company recorded a derecognition of exploration and evaluation assets of $15.6 million in the three and nine months periods of 2017; there was no such derecognition recorded in comparable periods of 2018. A foreign exchange gain of $14,000 and loss of $83,000 was recognized for the three and nine months ended September 30, 2018, compared to foreign exchange gain of $0.1 million and $0.3 million for the same periods in 2017. The Company recognized a gain on derivative of $0.1million and $0.3 million for the three and nine months ended September 30, 2018, compared to a loss of $0.5 million and $0.1 million for the same periods in 2017. Interest income of $3,000 and $9,000 was recorded for the three and nine months ended September 30, 2018, compared to $1,000 and $8,000 for the same periods in 2017. The loss recognized on the Company's investment in ShoreCan was $nil and $13,000 for the three and nine months ended September 30, 2018, compared to $6,000 and $59,000 for the same periods in 2017. As a result, the Company's net loss amounted to $1.3 million and $4.0 million for the three and nine months ended September 30, 2018, compared to a net loss of $17.3 million and $19.0 million for the three and nine months ended September 30, 2017.

As at September 30, 2018, the Company's cash and cash equivalents amounted to $3.4 million. Cash used in operating activities amounted to $4.2 million for the nine months ended September 30, 2018 compared to $3.2 million for the same period in 2017. Cash provided by financing activities amounted to $3.6 million for the nine months ended September 30, 2018 compared to $3.4 million for the same period in 2017. Cash used in investing activities amounted to $8,000 for the nine months ended September 30, 2018, compared to $0.5 million for the nine months ended September 30, 2017.

SELECTED QUARTERLY INFORMATION

DISCUSSION OF OPERATIONS

The Company has not had significant revenue from operations in its last two financial years. The following table summarizes the Company's financial results for the three and nine months ended September 30, 2018 and 2017:

($ 000's) except per share	**Three months ended September 30, 2018**	Three months ended September 30, 2017	**Nine months ended September 30, 2018**	Nine months ended September 30, 2017
Pre-license costs	**$ 130**	$ -	**$ 451**	$ -
Administrative expenses	**1,272**	1,236	**3,723**	3,462
Derecognition of exploration and evaluation assets	**-**	15,642	**-**	15,642
Interest income	**(3)**	(1)	**(9)**	(8)
Derivative (gain) / loss	**(130)**	485	**(258)**	115
Foreign exchange (gain) / loss	**(14)**	(119)	**83**	(296)
Loss on investment in joint venture	**-**	6	**13**	59
Net loss	**1,260**	17,254	**4,018**	18,990
Per share loss (basic and diluted)	**$ 0.00**	$ 0.01	**$ 0.00**	$ 0.02
Outstanding common shares at September 30	***2,486,752,463***	*1,273,139,350*	***2,486,752,463***	*1,273,139,350*
Weighted average common shares - basic	***1,823,201,589***	*1,273,139,350*	***1,624,259,226***	*881,461,694*
Cash used in operating activities	**$ 1,989**	$ 1,156	**$ 4,230**	$ 3,206

SELECTED QUARTERLY INFORMATION (CONTINUED)

Pre-License Costs

The $0.5 million of pre-license costs for the nine months ended September 30, 2018 relate to an anticipated project in Canada. No pre-license costs were incurred for the same periods in 2017.

Administrative Expenses

A breakdown of administrative expenses is as follows:

($ 000's)	**Three months ended September 30, 2018**	Three months ended September 30, 2017	**Nine months ended September 30, 2018**	Nine months ended September 30, 2017
Administrative:				
Payroll and related costs	**$ 461**	$ 422	**$ 1,457**	$ 1,445
External directors' fees and related costs	**109**	117	**369**	376
Consulting services	**117**	82	**316**	316
Professional services	**28**	95	**219**	273
Software licenses and maintenance	**42**	46	**114**	122
Travel expenses	**77**	94	**244**	286
Office expenses	**167**	165	**529**	494
Stock exchanges, transfer agent and UK agents fees	**56**	43	**193**	166
Other general and administrative	**215**	205	**282**	219
Costs allocated to exploration projects	**-**	(33)	**-**	(235)
Total administrative	**$ 1,272**	$ 1,236	**$ 3,723**	$ 3,462

Total administrative expenses (before allocation to projects) were at similar levels in 2018 and 2017 and amounted to $1.3 million for third quarter and 3.7 million for nine month period.

Derecognition of Exploration and Evaluation Assets

As at September 30, 2017, the Company derecognized the whole balance of its exploration and evaluation assets ("E&E") of $15.6 million that related to Block LB-13 offshore Liberia as the license was surrendered and expired on September 25, 2017.

There was no such derecognition of E&E assets recorded in comparable periods of 2018.

Interest Income

Interest income earned was $3,000 and $9,000 for the three and nine months ended September 30, 2018, compared to $1,000 and $8,000 for the same periods ended September 30, 2017. The interest income relates to interest earned on cash held at banks.

*Derivative Gain / Loss**

The Company has 107,731,380 common share purchase warrants ("Warrants") that were issued in 2017 and August 2018 and are outstanding as at September 30, 2018. These Warrants' exercise price is in GBP and the Company's stocks are traded in CAD or GBP, however, the Company's functional currency is USD. As there is variability in the exchange rates, these Warrants are classified as derivative financial instruments and a derivative liability was recognized as at the date of grant in relation to those Warrants issued.

As at September 30, 2018, the Warrants outstanding as at that date and recognized as derivative financial instruments were revalued and a derivative gain of $0.1 million and $0.3 million was recognized for the three and nine months ended September 30, 2018, compared to a derivative loss of $0.5 million and $0.1 million for the same periods of 2017.

SELECTED QUARTERLY INFORMATION (CONTINUED)

Derivative Gain / Loss (continued)*

The derivative gain recorded for the period ended September 30, 2018 resulted from a decrease in Warrants' fair values mainly due to a decrease in the Company's stock price and an increase in discount rate as at September 30, 2018 and shorter time to expiry dates, partially compensated by a derivative loss recognized upon issue of Broker Warrants in August 2018. The estimated derivative liability as at September 30, 2018, is valued at $0.1 million (December 31, 2017 - $0.2 million).

The fair value of warrants recognized as derivative financial instruments was estimated using a Black-Scholes option pricing model (the assumptions used for the Black-Scholes model are discussed in the Note 5 accompanying the Company's unaudited condensed consolidated financial statements as at September 30, 2018).

**** 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.***

Foreign Exchange Loss / Gain

A foreign exchange gain of $14,000 and loss of $83,000 was recognized for the three and nine months ended September 30, 2018 (compared to $0.1 million and $0.3 million gain for the same periods in 2017), 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 and nine months ended September 30, 2018, the Company charged ShoreCan $0.4 million and $1.1 million for management and technical services, which were included in ShoreCan's general and administration expenses for the same periods. These amounts of revenue were reversed from the Company's revenue and investment in joint venture.

For the three and nine months ended September 30, 2018, the Company's share in ShoreCan's losses of $0.5 million and $1.4 million ($0.6 million and $1.3 million for comparable periods of 2017) exceed the Company's net investment in ShoreCan of $nil and $13,000 for these periods ($6,000 and $59,000 for the same periods of 2017). Accordingly, under the equity method, the loss on investment recognized by the Company amounted to $nil and $13,000 for the three and nine months ended September 30, 2018 ($6,000 and $59,000 for comparable periods of 2017).

COMPARATIVE FINANCIAL POSITION ITEMS

The following table summarizes the Company's financial position as at September 30, 2018 and December 31, 2017:

($ 000's) except per share	September 30, 2018	December 31, 2017
Cash and cash equivalents	**$ 3,390**	$ 4,060
Total assets	**3,970**	4,646
Non-current financial liabilities	**71**	227
Share capital	**136,948**	133,650
Shareholders' equity	**$ 2,599**	$ 3,211

Economic and industry factors and their respective impact on the Company for the quarter ended September 30, 2018, are substantially unchanged since the year ended December 31, 2017.

COMPARATIVE FINANCIAL POSITION ITEMS (CONTINUED)

Cash and Cash Equivalents

The decrease in cash and cash equivalents of $0.7 million during the first nine months of 2018 represents mainly cash utilized in operating activities of $4.2 million and a foreign exchange loss of $0.1 million on cash and cash equivalents denominated in currencies other than USD, offset by proceeds from the equity financing closed in the third quarter of 2018 of $3.6 million.

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, 2018, 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 $nil as at September 30, 2018 ($nil as at December 31, 2017). Investment in ShoreCan is further discussed in section "Commitments and Contractual Obligations".

Total Assets

Total assets decreased by $0.6 million from $4.6 million as at December 31, 2017 to $4.0 million as at September 30, 2018. This decrease is mainly a result of a decrease in cash and cash equivalents that were utilized in operating activities.

Non-current Financial Liability

Non-current financial liability of $0.1 million as at September 30, 2018 and $0.2 million as at December 31, 2017 represents entirely valuation of Warrants issued by the Company in currencies other than USD. As there is variability in the exchange rates, these Warrants are classified as derivative financial instruments and a derivative liability is recognized as at the date of issue; subsequently, the derivative liability is revalued at each balance sheet date until Warrants are exercised or expire. As at September 30, 2018, the derivative liability represents a valuation of warrants issued during 2017 and broker's warrants issued in August 2018 and still outstanding as at September 30, 2018. The fair value of Warrants is estimated using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's unaudited condensed consolidated financial statements as at September 30, 2018).

Shareholders' Equity

The decrease in shareholders' equity of $0.6 million from $3.2 million as at December 31, 2017 to $2.6 million as at September 30, 2018 relates to:

- net loss of $4.0 million for the nine months ended September 30, 2018, and
- an increase in share capital of $3.3 million as a result of common shares issued further to equity financings closed in August and September 2018 of $4.2 million, net of share issue costs of $0.8 million and net of $0.1 million representing a fair value of related Broker's Warrants issued in respect of August equity financing (as discussed in details in "Share Capital" section);
- a decrease in accumulated other comprehensive loss of $0.1 million that represents an unrealized foreign exchange loss on translation of foreign subsidiary.

As at September 30, 2018 and November 8, 2018 the Company has 2,486,752,463 Common Shares issued and outstanding.

SHARE CAPITAL *

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

On August 31, 2018, further to a UK prospectus, the Company closed a placing of 895,523,000 Common Shares at a price of GBP 0.00335 ($0.0043) for gross proceeds of GBP 3.0 million ($3.9 million) (the "UK August Placing"). The broker was paid a cash commission of GBP 0.2 million ($0.2 million) representing approximately 6.0% of the gross proceeds of the UK August Placing. Other expenses (mainly legal and finders' fees) amounted to approximately GBP 0.3 million ($0.5 million). The Company will use net proceeds from the UK August Placing of approximately $3.2 million mainly to finance its administrative expenses.

In connection with the UK August Placing, the Company also issued 53,731,380 Warrants to its broker (the Broker's Warrants") as compensation warrants. Each Broker's Warrant entitles the holder thereof to purchase one Common Share of the Company at an exercise price of GBP 0.00335 ($0.0043) per Common Share on or before August 30, 2020.

On September 19, 2018 and September 20, 2018, the Company closed a Private Placement and issued in total 41,310,913 Common Shares at a price of GBP 0.00335 ($0.0043) to the Company's directors and employees for gross proceeds of approximately GBP 0.14 million ($0.18 million).

In addition, on September 19, 2018, the Company issued 26,779,200 Common Shares as a payment for an introduction fee related to the UK August Placing. Accordingly, the Company recognized GBP 0.1 million ($0.1 million), being a fair value of these shares as at the grant date, as an addition to equity and a share issue cost related to the UK August Placing.

As at September 30, 2018, the Company had the following issued and outstanding securities:

- 2,486,752,463 Common Shares;
- 107,731,380 share purchase Warrants issued and outstanding to purchase Common Shares with a weighted average exercise price of $0.008 per share and a remaining contractual life of 9 months to 23 months; and
- 115,240,000 stock options issued and outstanding to purchase Common Shares with a weighted average exercise price of $0.06 per Common Share and a remaining contractual life of two months to four years and two months.

During third quarter of 2018, there were no Warrants exercised or that expired unexercised; 120,032,188 Warrants expired unexercised during the nine months ended September 30, 2018. Also, there were no stock options granted, exercised, expired and/or forfeited during the three and nine months ended September 30, 2018.

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SUMMARY OF QUARTERLY RESULTS

Eight most recent quarters:

($ 000's)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Revenue	3	6	-	1
(Loss) / Income	(1,260)	(1,314)	(1,444)	(1,157)
Loss per share - basic & diluted	(0.00)	(0.00)	(0.00)	(0.00)

($ 000's)	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Revenue	1	2	5	7
Income / (Loss)	(17,254)	(930)	(806)	3,972
(Loss) / Earnings per share - basic & diluted	(0.01)	(0.00)	(0.00)	0.01

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

SUMMARY OF QUARTERLY RESULTS (CONTINUED)

Significant fluctuations in the Company's quarterly net results during 2018, 2017 and 2016 were mainly due to non-cash items recorded during the quarters in respect of E&E derecognition, stock-based compensation and changes in derivatives valuation as follows:

($ 000's)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Derecognition of E&E assets	-	-	-	-
Stock-based compensation	-	-	-	(283)
Derivative gain/(loss)	130	34	94	551

($ 000's)	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Derecognition of E&E assets	(15,642)	-	-	(1,321)
Stock-based compensation	-	-	-	(568)
Derivative gain/(loss)	(485)	103	267	7,199

In the fourth quarter of 2016, the Company derecognized $1.3 million of its E&E assets in respect of its project in Liberia and in the third quarter of 2017, the Company wrote off the entire remaining balance of $15.6 million as the LB-13 exploration license was surrendered. There were no E&E write-offs recorded in other quarters under review.

The stock-based compensation was recognized in fourth quarter of 2017 and in fourth quarter of 2016 in respect of stock options granted during these periods.

Derivative gain and loss represents a change in valuation of the Company's Warrants that are recognized as derivative financial instruments and outstanding as at each balance sheet date (discussed in "Derivative Gain/Loss" section). Fair values of Warrants are estimated based on Black-Scholes options pricing model and significant quarterly fluctuations in derivative liability are mainly due to fluctuations in the Company's stock price, change in discount rate and time to expiry date as at each quarter end. In addition, 53,731,380 new Warrants were issued in third quarter of 2018 and 39,000,000 new Warrants were issued in the second quarter and 15,000,000 in fourth quarter of 2017; 120,032,188 Warrants recognized as derivatives expired unexercised in the second quarter of 2018 and 84,263,079 Warrants recognized as derivatives expired unexercised in the third quarter of 2017; therefore reducing the total number of Warrants subject to valuation to 107,731,380 as at September 30, 2018.

Quarterly administrative expenses were $1.3 million for the third and first quarter of 2018 compared to $1.2 million for second quarter of 2018 and third quarter of 2017, $1.1 million for the first, second and fourth quarter of 2017, and $1.4 million for the fourth quarter of 2016. The administrative expenses are presented net of costs allocated to exploration projects – there was no such allocation in first, second and third quarter of 2018 as compared to $33,000 - $123,000 of administrative costs allocated to projects during 2017 and 2016 quarters under review. Accordingly, total administrative cost (before any allocation) remained fairly stable at a level of $1.1-$1.4 million per quarter.

FINANCIAL INSTRUMENTS*

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

To mitigate a portion of 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.***

COMMITMENTS AND CONTRACTUAL OBLIGATIONS*

As at September 30, 2018, the Company has the following commitments:

In $ 000's	Total	Less than One Year	One to Three Years	Four to Five Years	After Five Years
Office lease	**$ 552**	510	42	-	-

The Company is committed under an operating lease agreement for the rental of office space in Calgary, Canada. The approximate lease payments total $0.6 million and are payable over the next thirteen months.

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, 2018 the Company had a receivable from its joint venture partner in respect of overpaid ShoreCan expenses of $0.2 million that is recorded as a long term receivable.

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.

In 2017, three ShoreCan representatives were appointed Directors of Essar Nigeria, gaining a majority on the Essar Nigeria board and legal control over Essar Nigeria. ShoreCan has assessed that the transaction does not meet criteria of a business acquisition as Essar Nigeria is in exploration/development stage. ShoreCan assessed the investment based on the fair values of Essar Nigeria's assets and liabilities upon obtaining control over Essar Nigeria. ShoreCan estimated a fair value of the Essar Nigeria loan to its previous parent at $6 million (as compared to the loan face value of $62.7 million as presented in Essar Nigeria audited financial statements as at December 31, 2016) as the shareholding agreement with Essar Nigeria provides for the repayment of this loan from anticipated future production. The loan is an interest free shareholder loan. A non-controlling interest ("NCI"), was recognized at the NCI proportionate share of net assets acquired.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS (CONTINUED)*

ShoreCan's Commitments (continued)

ShoreCan and Essar Exploration and Production Limited, Mauritius ("Essar Mauritius"), the company that owns 20% of Essar Nigeria shares, are currently in dispute about whether the other party is in compliance with its obligations under the Essar Nigeria Shareholders Agreement. Essar Mauritius' allegations centre on the assertion that ShoreCan has not commenced funding of the $80 million agreed cumulative funding in Essar Nigeria while ShoreCan categorically denies this with factual evidence of substantial expenditure to date. ShoreCan also alleges that any delay in securing mainstream long-term project funding is due in part to the failures of Essar Mauritius to comply with its obligations under the Shareholders Agreement. The parties are in discussions to imminently resolve the dispute amicably and no formal proceedings have been commenced by either party and, as such, there is no quantifiable impact to the Company's working capital or its operations. ShoreCan has made a proposal to buy out Essar Mauritius' shareholding in Essar Nigeria from the income that would be generated by first oil at OPL 226. Essar Mauritius has replied with a notice asserting that it would have the right to terminate the Essar Nigeria Shareholders Agreement if ShoreCan does not remedy its alleged breaches by on or about October 9, 2018. Since that date the parties have exchanged correspondence re-stating respective positions. Essar Mauritius to date has not sought to terminate the Shareholders Agreement and has not responded to requests by Shorecan to invoke the amicable dispute resolution process in the Shareholders Agreement. If Essar Mauritius did purport to terminate the said Shareholders Agreement, ShoreCan has stated that it would contest any such action vigorously in the English courts which would have jurisdiction over any formal dispute. The Directors believe, based on legal advice, that ShoreCan has several valid defences and counterclaims to any such action that might be brought by Essar Mauritius in the event that the current dispute escalates.

Summarized consolidated statements of ShoreCan as at September 30, 2018 and results for the three and nine months ended September 30, 2018 are presented in the Note 3 accompanying the Company's unaudited condensed consolidated financial statements as at September 30, 2018.

Essar Nigeria – Agamore Farm In

In 2010, Essar Nigeria entered into a "Farm In Agreement" ("the 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 including facilitating obtaining all necessary governmental approvals and taking responsibility for community affairs and other matters.

Essar Nigeria understands that approval was sought from the Nigerian authorities for the transfer of the interest to Agamore but it was declined on two occasions. Agamore did not provide the services to Essar Nigeria. Essar Nigeria formed the view that Agamore was in material breach of the 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 Agreement.

On May 7, 2018, Essar Nigeria received information that, notwithstanding that the contract provided for disputes to be pursued by way of arbitration to be held in London, that Agamore had raised an action in the Nigerian courts against Essar Nigeria, ShoreCan (including two of ShoreCan's directors), the NNPC and the Department of Petroleum Resources ("DPR"). In the summons filed, Agamore sought various declaratory orders and injunctions but did not seek any fiscal quantum for 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. Counsel have been instructed and motions to have the action dismissed have been filed. The case was initially heard on June 5, 2018 and Agamore's lawyers failed to appear. The case was continued on June 29, 2018 where Agamore's lawyers did appear 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 again called in court with the pursuers objecting 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. 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.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS (CONTINUED)*

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.

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LIQUIDITY AND CAPITAL RESOURCES*

As of September 30, 2018, the Company had working capital of approximately $2.3 million, cash and cash equivalents of $3.4 million and shareholders' equity of $2.6 million.

For the nine months ended September 30, 2018, the Company's cash used in operating activities amounted to $4.2 million (compared to $3.2 million for the nine months ended September 30, 2017) and cash used in investing activities amounted to $8,000 for the nine months ended September 30, 2018 (compared to $0.5 million for the same period in 2017).

Cash provided by financing activities amounted to $3.6 million for the nine months ended September 30, 2018 ($3.4 million for the same period in 2017) and related to net proceeds from the UK Placing closed in August 2018 and September 2018. The Company will use these proceeds to finance its general and administrative expenses.

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

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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, 2017 and 2016.

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, 2018, 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
Aleksandra Owad, CPA, CGA, FCCA (UK) - 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