This document (this "**Prospectus**") comprises a prospectus prepared in accordance with the Prospectus Rules of the UK Financial Conduct Authority (the "FCA") made under section 73A of the *Financial Services and Markets Act* 2000, as amended ("**FSMA**"). This Prospectus has been approved by the FCA in accordance with section 87A of FSMA and made available to the public as required by Rule 3.2 of the Prospectus Rules.

Application has been made to the FCA for the New Shares (as defined below) to be admitted to the standard listing segment of the Official List maintained by the FCA, and to the London Stock Exchange plc (the "**London Stock Exchange**") for such New Shares to be admitted to trading on the London Stock Exchange's main market for listed securities ("**New Shares Admission**"). It is expected that the New Shares Admission will become effective and that dealings in the New Shares will commence at 8:00am (London time) on 31 August 2018.

The Common Shares are, and will continue following New Shares Admission to be, listed and posted for trading on the TSX Venture Exchange. No application has been, or is currently intended to be, made for the New Shares to be admitted to listing or trading on any other stock exchange.

The Directors, whose names appear on page 35 of this Prospectus, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), such information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

For a discussion of certain risk and other factors that should be considered in connection with an investment in Common Shares, see Part III (*Risk Factors*) set out on pages 18 to 30 of this Prospectus.

Canadian Overseas Petroleum Limited

(a company incorporated under the Canada Business Corporations Act and registered in Canada with registered number 420463-8)

Proposed Placing of 895,523,000 Common Shares at a Placing Price of 0.335 pence per Placing Share and admission to the standard listing segment of the Official List, and to trading on the main market for listed securities of the London Stock Exchange

Share capital immediately following New Shares Admission

Authorised number		*Issued and fully paid*
Unlimited	Common Shares of no par value	1,523,139,350

The Placing comprises an offer by the Company of 895,523,000 Common Shares (the "**New Shares**").

Investors should rely only on the information contained in this Prospectus (and any supplementary prospectus produced to supplement the information contained in this Prospectus). No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Placing and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Directors. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of FSMA and Rule 3.4 of the Prospectus Rules, neither the delivery of this Prospectus nor any issue or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Company and its subsidiaries taken as a whole (the "Group") since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to the date of this Prospectus.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy or to subscribe for, Common Shares to any person in any jurisdiction to whom or in which jurisdiction such offer or solicitation is unlawful and, in particular, is not for distribution in Australia, Canada, Japan South Africa or the United States. The Company does not accept any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. No action has been, or will be, taken in any jurisdiction that would permit a public offering of the Common Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Common Shares in any jurisdiction where action for that purpose is required.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each recipient should consult its own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to the purchase of Common Shares.

No representation or warranty, express or implied, is made or given by or on behalf of the Company, or any of their respective parent or subsidiary undertakings or the subsidiary undertakings of any such parent undertakings, or any of such person's directors, officers or employees, or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus and no responsibility or liability for any such information or opinions. Notwithstanding this, nothing in this paragraph shall exclude liability for any representation or warranty made fraudulently.

The date of this Prospectus is 23 August 2018.

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Part I

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SUMMARY INFORMATION

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A–E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings		
Element	**Disclosure requirement**	**Disclosure**
A.1	**Introduction and warnings**	This summary should be read as an introduction to this Prospectus. Any decision to invest in Common Shares should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of a Member State, have to bear the costs of translating this Prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	**Subsequent resale of securities or final placement of securities through financial intermediaries**	Not applicable. There will be no subsequent resale of New Shares or final placement of New Shares through financial intermediaries.

Section B – Issuer		
Element	**Disclosure requirement**	**Disclosure**
B.1	**Legal and commercial name**	Canadian Overseas Petroleum Limited
B.2	**Domicile, legal form, legislation and country of incorporation**	The Company is a company incorporated in Canada under the CBCA, with its head office at Suite 3200, 715 – 5th Avenue S.W., Calgary, Alberta, Canada T2P 2X6, and its registered office at Suite 400, 444 – 7th Avenue S.W., Calgary, Alberta, Canada T2P 0X8. The principal legislation under which the Company operates is the CBCA and the regulations made thereunder.
B.3	**Current operations / principal activities and markets**	The Company is an international oil and gas exploration and development company focused on offshore Africa.

		In 2014, the Company formed a joint venture company with Shoreline, a conglomerate with interests across Africa including interests in oil and gas and power generation. Assets acquired through this joint venture company are held in a special purpose vehicle registered in Bermuda, ShoreCan. The Company and Shoreline each hold a 50% interest in ShoreCan with no party having a veto right or equivalent "golden share". ShoreCan's board is comprised of four directors, Arthur Millholland and Viscount William Astor (being the Company's nominee directors) and Kola Karim and Tunde Karim (being Shoreline's nominee directors). The Company's wholly owned subsidiary, COPL Technical Services Limited provides engineering, geological, geophysical and legal and accounting services to ShoreCan, which, in turn, flows through to Essar Nigeria. Shoreline provides in country-Nigerian legal and accounting services to ShoreCan in addition to managing government relations. Representatives of both these companies are directors of Essar Nigeria, namely, Kola Karim (as Chair), Tunde Karim (as Chief Executive Officer) and Arthur Millholland (as Chief Operating Officer) in addition to a nominee director of Essar Mauritius, Ashish Kumar. ShoreCan is focused on acquiring upstream oil and gas exploration, development and producing assets in Africa, and has taken a position in Nigeria while it continues to evaluate a variety of additional assets in Nigeria and Mozambique. The Company's management has many years of exploration experience and seeks to leverage its technical expertise in various oil and gas regions around the world. The Company therefore also continues actively to seek out and appraise other exploration and development prospects in Africa, including in particular offshore Nigeria. ***Nigeria*** On 17 August 2015, ShoreCan agreed to an acquisition in Nigeria, subject to the approvals of the Nigerian regulatory authorities, to acquire 80% of the issued share capital of a company with 100% of the equity and titled interest of an oil appraisal and development project offering near-term oil production, as well as significant future exploration upside. Application has been made to the appropriate bodies and the parties are awaiting its approval. Under the terms of the acquisition, ShoreCan has taken over management and has a majority of the board of directors of Essar Nigeria effective 12 January 2017. Upon receipt of Ministerial approval, ShoreCan will be the official registered owner of the 80% working interest in OPL 226, and the Company will own 40% thereof pursuant to its interest in ShoreCan (the "**Essar Acquisition**"). During the third quarter of 2017, the Company engaged Zephyr Well Engineering (Aberdeen, UK) to assist with well design planning for the initial wells in OPL 226. This enabled the Company to utilize professions with experience in West Africa during critical stages of planning and execution. Goals the Company has with Zephyr for this first well on OPL 226, include building solid operational management controls, technical assurance of the well design, assistance with contracting and procurement, and other technical support functions as required. The Directors believe that Essar Nigeria (which is 80% owned by ShoreCan) is in the final stage of being granted ministerial consent for the change of control of Essar Nigeria. Essar Nigeria has also applied for an extension to the first phase of the PSC beyond 30 November 2017. The Company continues to make further progress towards raising funds for its drilling obligations for OPL 226. Given the delay in completing the project financing and receipt of final ministerial consent, the timing of the drilling campaign on OPL 226 will be delayed.

On 27 July 2018, ShoreCan entered into a non-legally binding project financing term sheet The term sheet provides for a minimum $30 million investment (to a maximum of $50 million) from the Mauritius Commercial Bank, Trafigura PTE Ltd. and the EFA Group in the form of a senior secured facility for deployment by ShoreCan into Essar Nigeria. Specifically, the Facility would provide funding for all production related expenditures after the drilling and testing of the initial production well to be drilled by Essar Nigeria on OPL 226. Draw down of the Facility would be contingent on, among other things, an additional $20 million to $33 million of equity funding from ShoreCan, $100 million funding from an offshore oil services group to deliver the project and a minimum of 6,000 bbl./d production rate averaged over 20 days. The Facility would be secured by way of a first ranking share charge over (among others) ShoreCan's shares in in Essar Nigeria and the terms remain subject to agreement on definitive documentation.

The Company commissioned NSAI to produce a report on OPL 226. The NSAI Report is effective 30 June, 2018 and dated 26 July, 2018. The Company affirms that no material changes have occurred since the date of the NSAI Report, the omission of which would make the NSAI Report misleading. Key information from the NSAI Report has been reproduced without modification below:

Unrisked Prospective resources (Light/Medium Oil (Mbbl)):

	Low Estimate	Best Estimate	High Estimate
Unrisked Gross (100%) Prospective resources[1]	284,156.7	532,953.5	1,013,743.1

	Low Estimate	Best Estimate	High Estimate
Unrisked Company Gross Prospective resources[2]	113,662.7	213,181.4	405,497.3

Development Unclarified Contingent Light/Medium Oil resources (Mbbl) :

	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
Development Unclarified Contingent resources (Gross 100% Unrisked)	11,497.4	16,072.9	20,653.3

	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
Development Unclarified Contingent resources (Company Gross Unrisked)[3]	4,599.0	6,429.2	8,261.3

[1] Notes: Prospective resources are the arithmetic sum of multiple probability distributions.

[2] Notes: Prospective resources are the arithmetic sum of multiple probability distributions. COPL owns a 40 percent working interest in these properties, contingent upon the Nigerian National Petroleum Corporation's ("NNPC") approval of the acquisition of EEPL's shares

[3] Notes: COPL owns a 40 percent working interest in these properties, contingent upon the NNPC's approval of the acquisition of EEPL's shares.

		Mozambique On 15 December 2017, the Company's bidding Consortium (comprising, among others, Shoreline and COPL who together will hold 57% interest) was awarded the onshore Block PT5-B under the fifth licensing round. It is anticipated that COPL will act as operator in respect of the project. Block PT5-B is located on the Mozambique coastal plain, 750km north of the capital of Maputo. It is 4,356 sq. km in size and surrounds the north, west and south west margins of the Pande Gas Field, half of the Pande-Temane Gas field complex which has reported gas reserves of 2.6 TCF and production in 2016 of 475 mmcf per day. The gas is primarily exported by pipeline to South Africa . In February 2017, Sasoil, the operator of the Pande-Temane gas complex announced a light oil discovery and the construction of a crude oil and LPG processing facility in an adjacent area to the east called Inhassoro. The Company believes Block PT5-B is prospective for light oil and gas in the productive zones at Pande, Temane and Inhassoro as well as deeper horizons. The Company believes Block PT5-B offers potential for additional gas and light oil resources based on its review of the historic 2D seismic data base. The Consortium is to be invited to negotiate with the Government of Mozambique the terms of the production sharing contract governing Block PT5-B. Negotiations are expected to commence imminently. These will include the acquisition of 1600 line km of 2D seismic. According to the Company's Mozambican partner, the Instituto Nacional do petroléo (INP) is currently finalising discussions on a large number of offshore block major companies before they are able to enter into discussions regarding onshore Block PT5-B. ***Offshore Liberia*** The Company held a 17% working interest in Block LB-13 offshore Liberia, with the remaining 83% held by ExxonMobil Liberia. On 22 November 2016, ExxonMobil Liberia commenced drilling operations on the Mesurado-1 exploration well. Although the well intersected 145 metres (475 feet) of net sand of which 118 metres (387 feet) was deemed to be reservoir quality, no hydrocarbons were indicated by the logging while drilling operations were performed across targeted intervals. As such, ExxonMobil Liberia, as operator of the license, plugged and abandoned the well and released the rig on 27 December 2016. The obligations under the second exploration period were completed with the drilling of Mesurado-1 and the second exploration period expired on 25 September 2017. Both ExxonMobil Liberia and the Company have elected not to enter into the third exploration period and accordingly, surrendered their rights to the Block LB-13 license, resulting in the expiration of the related PSC on 25 September, 2017. Accordingly, the Company recognised an impairment of the whole of its exploration and evaluation balance of $15.6 million in the third quarter of 2017. Depending on its future financial capabilities, the Company may approach the Government of Liberia with regards to entering into a new contract for Block LB-13, offshore Liberia.
B.4a	**Recent trends**	The Company has taken a position in Nigeria while it continues to evaluate a variety of additional assets in Nigeria and Mozambique. The Company's ongoing growth strategy is to develop the Group's current and future portfolio of assets on an international scale.
B.5	**Group structure**	The Company is the holding company of the Group. The Company has six direct and indirect wholly owned subsidiaries: (i) COPL Services, which is incorporated under the *Business Corporations Act* (Alberta); (ii) COPL UK, which is registered under the laws of England and Wales; (iii) COPL Bermuda Holdings, which is registered under the laws of Bermuda; (iv) COPL Bermuda, which is registered under the laws of Bermuda; (v) COPL Namibia, which is registered under the laws of Bermuda and (vi) COPL Ontario, which is registered under the laws of Ontario. The Company (via COPL Bermuda Holdings) also holds a 50% interest in ShoreCan, which is registered under the laws of Bermuda, and is the joint venture company established by the Company and its joint venture partner Shoreline.

B.6	**Notifiable interests, different voting rights and controlling interests**	As at 22 August 2018, being the latest practicable date prior to the publication of this Prospectus, in so far as is known to the Company based on public filings, no person, directly or indirectly, will have an interest in ten percent (10%) or more of the Company's capital or voting rights immediately following the proposals described in this Prospectus. None of the Company's shareholders have different voting rights, nor is the Company directly or indirectly owned or controlled by any person.
B.7	**Selected historical key financial information**	The table below sets out the summary financial information of the Group for the six months ending 30 June 2017 and 2018 (unaudited) and the three years ended on each of 31 December 2015, 2016 and 2017. The information has been prepared in accordance with IFRS. Effective 1 January 2015, the functional and presentation currency of the Company was changed from CAD to USD. The measurement change is due to the focus of the Company in Africa, for which costs are denominated in USD.

Summary Consolidated Statements of Financial Position

	As at 30 June		As at 31 December		
	2018 Unaudited	**2017 Unaudited**	**2017 Audited**	**2016 Audited**	**2015 Audited**
Assets					
Cash and cash equivalents	1,736	3,873		2,565	2,015
Accounts receivable	30	271	36	210	149
Prepaid expenses	114	93	214	179	219
	1,880	4,237	4,310	2,954	2,383
Deposits and prepayments	45	48	44	48	51
Exploration and evaluation assets	-	15,609	-	15,407	16,455
Office Equipment	53	68	60	71	109
Long-term receivable	245	-	232	-	-
	2,223	19,962	4,646	18,480	18,998
Liabilities					
Accounts payable & accrued liabilities	1,594	1,254	1,208	991	1,424
	1,594	1,254	1,208	991	1,424
Derivative liability	98	151	227	335	367
	1,692	1,405	1,435	1,326	1,791
Shareholders' Equity					
Share capital	133,650	128,144	133,650	124,874	120,730
Warrants	-	2,612	-	2,612	2,612
Contributed capital reserve	50,394	50,111	50,394	50,111	48,014
Deficit	(181,353)	(160,184)	(178,595	(158,448)	(151,687)
Accumulated other comprehensive loss	(2,160)	(2,126)	(2,238)	(1,995)	(2,462)
	531	18,557	3,211	17,154	17,207
	2,223	**19,962**	**4,646**	**18,480**	**18,998**

Summary Consolidated Statements of Comprehensive Loss

	As at 30 June		As at 31 December		
	2018 Unaudited	**2017 Unaudited**	**2017 Audited**	**2016 Audited**	**2015 Audited**
Operations					
Exploration	-	-	-	-	-
Impairment of exploration and evaluation assets	-	-	(15,642)	(1,321)	-
Pre-licence costs	(321)	-	(372)	-	(114)
Administrative	(2,451)	(2,226)	(4,591)	(5,182)	(6,391)
Depreciation	(10)	(11)	(22)	(40)	(59)
Stock-based compensation	-	-	(283)	(2,097)	-
	(2,782)	**(2,237)**	**(20,910)**	**(8,640)**	**(6,564)**
Finance income and costs					
Interest income	6	7	9	26	41
Derivative gain/(loss)	128	370	436	2,126	1,097
Foreign exchange gain/(loss)	(97)	177	394	(193)	(530)
	37	**554**	**839**	**1,959**	**608**
Loss before investments in joint ventures	(2,745)	(1,683)	(20,071)	(6,681)	(5,956)
Loss on investment in joint venture	(13)	(53)	(76)	(80)	(729)
Net loss	(2,758)	(1,736)	(20,147)	(6,761)	(6,685)
(Loss)/gain on translation of foreign subsidiaries	78	(131)	(243)	467	141
Comprehensive loss	**(2,680)**	**(1,867)**	**(20,390)**	**(6,294)**	**(6,544)**
Loss per share (basic and diluted)	(0.00)	(0.00)	(0.02)	(0.01)	(0.01)
Weighted average number of shares outstanding	**1,523,139,350**	**682,376,919**	**1,032,240,720**	**566,935,628**	**440,545,079**

Summary Consolidated Statements of Changes in Equity

	Share capital	**Warrants**	**Contributed capital reserve**	**Deficit**	**Accumulated other comprehensive loss**	**Total equity**
	(in thousands of Canadian or United States dollars, as indicated)					
At 1 January 2015 Audited (IFRS) - USD	120,730	2,612	48,014	(151,687)	(2,462)	**17,207**
At 31 December 2016 Audited (IFRS) - USD	124,874	2,612	50,111	(158,448)	(1,995)	**17,154**
At 31 December 2017 Audited (IFRS) – USD	133,650	-	50,394	(178,595)	(2,238)	**3,211**

Summary Consolidated Statements of Cash Flows

	As at 30 June		As at 31 December		
	2018 Unaudited	**2017 Unaudited**	**2017 Audited**	**2016 Audited**	**2015 Audited**
Cash used in operating activities					
Loss	(2,758)	(1,736)	(20,147)	(6,761)	(6,685)
Subtract interest income	(6)	(7)	(9)	(26)	(41)
Add (subtract) the following items:					
Stock-based compensation	-	-	283	2,097	-
Derivative (gain)/loss	(128)	(370)	(436)	(2,126)	(1,097)
Depreciation	10	11	22	40	59
Loss on investment in joint venture	13	53	76	80	729
Impairment of exploration and evaluation assets	-	-	15,642	1,321	-
Unrealised foreign exchange (gain)/loss	150	(218)	(432)	342	593
Funds used in operations	(2,719)	(2,267)	(5,001)	(5,033)	(6,442)
Net change in non-cash working capital	478	217	128	(451)	187
	(2,241)	**(2,050)**	**(4,873)**	**(5,484)**	**(6,255)**
Financing activities					
Issuance of common shares, net of issue costs	-	3,446	6,469	6,543	4,951
Net change in non-cash working capital	**-**	**72**	**-**	**-**	**-**
	-	**3,518**	**6,469**	**6,543**	**4,951**
Investing activities					
Additions to office equipment	(4)	(8)	(11)	(4)	(40)
Additions to Exploration & Evaluations assets	-	(202)	(235)	(273)	(150)
Additions to investment in joint venture	(13)	(53)	(76)	(80)	(729)
Interest income	6	7	9	26	41
Net change in non-cash working capital	-	-	-	-	-
	(11)	**(256)**	**(313)**	**(331)**	**(878)**
Increase in cash and cash equivalents during the period	(2,252)	1,212	1,283	728	(2,182)
Effect of foreign exchange on cash and cash equivalents held in foreign currencies	(72)	96	212	(178)	(508)
Cash and cash equivalents, beginning of period	4,060	2,565	2,565	2,015	4,705
Cash and cash equivalents, end of period	**1,736**	**3,873**	**4,060**	**2,565**	**2,015**

Each year during the historical periods under review, the Group obtained net proceeds from public offerings between $5 million to $6.5 million per year. These funds were used mainly to finance the Group's general and administrative costs as well as additions to its exploration and evaluation assets and pre-license costs. Significant fluctuations in the Group's annual net loss were mainly due to non-cash items recorded during the periods in respect of:

		• derecognition of exploration and evaluation assets of $1.3 million in 2016 and $15.6 million in 2017 in respect of Liberia project; • stock-based compensation of $2.1 million in 2016 and $0.3 million in 2017 in respect of stock options granted during these periods; and • changes in derivatives gains of $1.1 million in 2015, $2.1 million in 2016 and $0.4 million in 2017 representing a change in valuation of the Company's Warrants that are recognized as derivative financial instruments and outstanding as at each balance sheet date. There has been no significant change in the financial or trading position of the Group since 30 June 2018, the date to which the Group's last unaudited interim financial statements have been prepared, other than further general and administrative costs that have been incurred of approximately $0.4 million in July of 2018 resulting in a decrease in cash balance to approximately $1.4 million as at 31 July 2018.
B.8	**Pro-forma financial statements**	Not applicable.
B.9	**Profit forecasts/estimates**	Not applicable. No profit forecast or estimate is included in this Prospectus.
B.10	**Qualifications in the audit report**	Not applicable. The audit reports on the historical financial information for years ended 31 December 2017, 2016 and 2015 contained in this Prospectus do not contain any qualifications. The auditor's reports on the Group's consolidated financial statements for each of the abovementioned years contain an emphasis of matter, which in summary states (without qualifying the auditor's opinion) that the Company is pursuing exploration projects and contracts that, if successful, will require substantial additional financing, and that the Company incurred a loss in each of the relevant years in question and had negative cash flows from operating activities. The auditor reported for each of the years in question that those factors, along with other factors described in the consolidated financial statements, indicated the existence of a material uncertainty that casted significant doubt about the Company's ability to continue as a going concern.
B.11	**Insufficient working capital explanation**	The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Prospectus. Based on the Company's current cash flow forecasts, the Company anticipates that its existing working capital (excluding any proceeds of the Placing) will be depleted at the end of September 2018, and that at such time, it will need to raise additional capital in order to continue its operations. The Company anticipates that it will be required to raise an additional $5.3 million (including the net proceeds of approximately USD 3,373,000 from the Placing) of capital in order to have sufficient working capital for the period of 12 months from the date of this Prospectus. The Company anticipates the shortfall in working capital will be covered by a further equity raise to be completed in or prior to April 2019, as necessary.

		The Company's short term financial commitments prior to the end of 30 June 2018 relate to its general and administrative expenses, which are approximately USD 400,000 per month. This amount includes all current operating budget items (including office rental, telephones, insurance, supplies, travel costs and third party service providers), as well as salaries for the Group's staff. The Company's other short term financial commitments for the 12 month period following the date of this Prospectus also include 50% of the costs relating to ShoreCan's commitment to invest up to a maximum of $80 million in Essar Nigeria in the form of an interest-free shareholder loan to be used for Essar Nigeria operations and in particular, to cover the work programme obligations, including drilling one well under Phase-1 of the PSC. The Company's share of ShoreCan's commitment equates to approximately $40 million.
		The Company primarily intends to raise the required additional capital through equity fundraisings. The Company will seek to ensure that any such future equity fundraising is completed prior to the end of April 2019. The Directors are confident that such future equity fundraisings (whether on the London Stock Exchange or the TSX-V) can be achieved on acceptable terms. The Directors' confidence in such equity fundraisings being achievable is based on the following factors: • the Company has raised a total of: (i) CAD 8.4 million of equity financing during the course of the first and second closings of the marketed offering carried out on the TSX-V and announced in July and August 2013 respectively; (ii) GBP 2.4 million in the April 2014 Offer; (iii) CAD 10.1 million in the August 2014 Offer; (iv) CAD 7.2 million in the July 2015 Placing; (v) GBP 800 thousand in the First Tranche Offering; (vi) CAD 7.1 million in the Second Tranche Offering; (vii) approximately GBP 392,000 from the exercise of the First Tranche Offering Warrants, approximately CAD 195,000 from the exercise of the Second Tranche Offering Warrants and approximately CAD 69,000 from the exercise of the 2015 Offering Warrants each in the second half of 2016; (viii) approximately £3.25 million pursuant to the October 2017 Placing; • the Directors believe that the Company's Common Shares are attractive to UK institutional investors on the basis that the Common Shares are listed in London as well as in Canada; • although the fundraising environment in the oil and gas sector remains difficult, the Directors believe that market appetite for the shares in London listed exploration and production companies has improved in recent months; • the Directors believe that a number of the Company's existing Shareholders may be interested in taking up Common Shares in future fundraisings to prevent dilution of their holdings, as a number of them have done in relation to past equity financings; and • the Directors believe that the Company's assets are highly prospective, and may be of interest to new investors. However, in the event that such equity fundraisings are not achieved (or are only achievable on terms which are not acceptable to the Company), a method of ameliorating the adverse working capital situation of the Group is to effect costs reductions. As regards cost reduction, at a minimum the Company reviews its cash position and working capital requirements on a quarterly basis to determine its financial position, so decisions on cost reductions take place as required as part of that process. The timing and means of execution of any decisions regarding cost reductions would therefore take place in the context of the Company's financial position at such time, and the results of any completed fundraisings subsequent to those detailed in this Prospectus. However, the Directors are confident in the Company's ability to effect cost reductions, since such costs are monitored on an ongoing basis and action taken to reduce costs as a matter of course, and this is a process in which the Company's management are well-versed and have been able to successfully achieve a number of times in the past.

		The Group will also consider obtaining additional capital through either, debt financing, quasi-equity fund raising, an equity fundraising in the private markets of ShoreCan equity (assuming consent for the same is obtained from the Company's joint venture partner in ShoreCan), or a combination of the above. The timing of such potential ShoreCan equity fundraising would depend on the amount raised in any future equity fundraisings carried out by the Company, but the Company would seek to ensure that any such ShoreCan equity fundraising is completed prior to the time at which its working capital (taking into account the net proceeds of First Tranche Offering, the Second Tranche Offering, the Placing and any amount raised in any future equity fundraisings by the Company) is depleted.
		The Directors are confident that the Group would be able to achieve a disposition of its interest in ShoreCan, since the Shareholders' Agreement relating to ShoreCan contains a right of first refusal enabling Shoreline to purchase the Group's interest in the joint venture, and, in the event that Shoreline did not wish to purchase the Group's interest, the Group would be free to sell such interest to a third party. The Directors believe that the Company's interest in ShoreCan would be of interest to a number of potential buyers. The Directors are also confident that it would be possible to effect an equity fundraising of ShoreCan equity in the private markets on the basis that ShoreCan's interests are highly prospective and may be of interest to a number of private investors. However, in the event that it is not possible to use any such relevant means detailed above to obtain the required additional capital, then the Directors (notwithstanding any cost reductions that may have been or will be effected) do not believe that it will be possible for the Company to continue its operations independently. In such circumstances, the Directors would look to a corporate solution in the event that future equity fundraisings and dispositions of assets did not succeed. The Directors believe that the value of the Group's assets would be best preserved in a corporate transaction. The Directors are confident that such a corporate solution would be achievable, as the Directors have a vast range of experience in acting as directors of public companies, and have been through similar processes in the past. Any such process would occur in the business and market context of the time it took place. However, as at the date of this Prospectus, the Directors have not actively considered such a corporate solution in relation to the Company as they do not believe that it is necessary at this stage. If the above future equity fundraisings or a possible corporate solution were unsuccessful, the Company would look to restructure its affairs under the supervision of a court appointed monitor and court ordered protection against creditors similar to an administration process in the United Kingdom, under which the Company would obtain a Court order giving it protection from its creditors for an amount of time (usually 30 days) in order to arrange its affairs. The timing of this action would depend on the Company's view as to the point in time at which it was unable to pay its debts as they became due, but assuming that the Company reduces its general and administrative expenses to preserve its existing cash resources, the Company anticipates that any appointment of a monitor, if required, would not occur until March 2019 at the earliest (and potentially a number of months following this date, if the Company is able to reduce costs and therefore preserve its existing cash resources for a longer period of time).

Section C – Securities		
Element	**Disclosure requirement**	**Disclosure**
C.1	**Description of type and class of securities being offered**	The Placing comprises an offer of 895,523,000 Placing Shares in Canadian Overseas Petroleum Limited. Each Placing Share is equivalent to one Common Share of the Company upon the terms of the Placing. Immediately following New Shares Admission, there will be 2,418,622,350 Common Shares issued and outstanding, which will be issued fully paid.

		The Common Shares are registered with ISIN CA13643D1078 and SEDOL number BKRVWF4. The Common Shares trade under the ticker symbol COPL.
C.2	**Currency of securities**	The Placing Price of 0.335 pence per Placing Share is payable in UK pounds sterling.
C.3	**Amount paid up and par value**	As at 22 August 2018 being the latest practicable date prior to publication of this Prospectus, there are 1,523,139,350 Common Shares outstanding, all of which will be fully paid. This figure does not include: • the 115,240,000 options over Common Shares which have been granted but not exercised as at the date of this Prospectus; • the 39,000,000 June 2017 Placing Broker Warrants which are issued but not exercised as at the date of this Prospectus; and • the 15,000,000 October 2017 Placing Broker Warrants which are issued but not exercised as at the date of this Prospectus. The Common Shares have no par value.
C.4	**Rights attaching to the Common Shares**	The Common Shares rank *pari passu* in all respects. <u>Voting</u>: In respect of the Common Shares, the holders are entitled to notice of and to vote at all meetings of Shareholders (except those at which only holders of a specific class or series of shares are entitled to vote) and are entitled to one vote per Common Share. <u>Dividends</u>: Subject to the preferences accorded to holders of Preferred Shares and any other shares of the Company ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares are entitled to receive, if, as and when declared by the Board, such dividends as may be declared thereon by the Board from time to time. Securities issued by non-UK companies, such as the Company, cannot be held or transferred electronically in CREST. The Company has established arrangements for the issuance of depositary interests to enable investors to settle interests representing underlying Common Shares through CREST.
C.5	**Restrictions on free of the Common Shares**	Not applicable. The Common Shares are freely transferable.
C.6	**Admission to trading**	Application has been made to the UKLA and the London Stock Exchange for the New Shares to be admitted to the Official List by way of a standard listing under Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's main market for listed securities. The New Shares will not be listed on any other regulated market. There is no assurance that the listing of the New Shares on the Official List and their admission to trading on London's Stock Exchange main market will take place when anticipated. The Common Shares are, and will continue following the New Shares Admission to be, listed and posted for trading on the TSX-V, where they are listed and posted for trading under the symbol "XOP". Any investor that has agreed to subscribe for the Placing Shares in the Placing has been required to enter into a binding contractual commitment to acquire such Placing Shares prior to the date of this Prospectus.
C.7	**Dividend policy**	The Company has not paid any dividends on its outstanding Common Shares. The Directors do not anticipate paying dividends in the near future. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of the Company, the need for funds to finance ongoing operations and other considerations as the Board considers relevant.

Section D – Risks		
Element	**Disclosure requirement**	**Disclosure**
D.1	**Key risks specific to the Company and the oil and gas industry**	**Key Risks related to the Company** • In order to fund future capital, general, administrative and other expenditures, the Group will need to obtain additional capital. The Group has had negative operating cash flow in financial periods before the date of this Prospectus. Further to a proposed Nigeria project, the Company expects to reach within a year a positive operating cash flow from Nigerian assets, however as the Group (on consolidated basis) COPL will continue to have negative operating cash flow until such time when sufficient cash flows from operating activities in Nigeria are generated to allow ShoreCan to obtain income from its investment in Essar Nigeria and pay dividends to its shareholders (including the Group). • The economics of the Group's activities are dependent on crude oil and natural gas prices, which are volatile. Changes in world crude oil and natural gas prices may significantly affect the Group's results of operations and cash generated from operating activities, and may also affect the value of the Group's oil and gas properties and the level of spending for oil and natural gas exploration and development. • The Group's operations may be adversely affected by risks over which it has no control occurring in the jurisdictions in which it operates, including economic, social or political instability or change, government intervention, expropriation, war or civil unrest, hyperinflation or instability and changes of law. • The Group plans to carry on its business in certain jurisdictions that have been allocated low scores on Transparency International's "Corruption Perceptions Index". Doing business in international developing markets brings with it inherent risks associated with enforcement of obligations, fraud, bribery and corruption. In addition, the oil and gas industries have historically been shown to be vulnerable to corrupt or unethical practices. • The resources estimates presented in the NSAI Report have been classified as contingent and prospective resources, which are estimates only. There is no certainty that any portion of the prospective resources will be discovered. Additionally, there is no certainty that it will be commercially viable to produce any portion of the contingent resources or, if discovered, any portion of the prospective resources. The Group's proposed exploration programme must be considered as a high risk exploration play. • Required additional financing for the development of reserves or future operations may not be available in the near term or may not be available on favourable terms. The ability of the Group to arrange such financing in the future will depend in part on the prevailing capital market conditions. If adequate funds are not available, the Group may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business. • More than one company has an equity stake in OPL 226 and Block PT5-B. It is further anticipated that COPL will act as operator of Block PT5-B following negotiation of the terms of a production sharing contract. The Company and its respective partners may experience differences of opinion on such topics as geological interpretation, timing for actions, financial resources and commitments and preferred courses of action. Where there is such a lack of consensus, this could delay plans and/or revenue generated by these properties. • In 2014, the Company entered into a joint venture arrangement with Shoreline to form ShoreCan. Pursuant to the terms of that arrangement, the Company may have a lesser degree of control over the joint venture that may expose the Company to additional operational, financial, compliance and legal risks.

		Generally: • the Company (or relevant person) may be dependent on the joint venture counterparty for capital, product distribution, local market knowledge, or other resources; • the Company's (or relevant person's) ability to exercise management control or influence over the joint venture and the success of its investments in it will depend on the cooperation between the joint venture participants and the terms of the joint venture agreement, which allocates control among the joint venture participants; • if the Company (or relevant person) is unable to effectively manage the joint venture; and/or • the joint venture counterparty fails to meet its obligations under the joint venture arrangement, encounters financial difficulty, elects to alter, modify or terminate the relationship, or a joint venture does not comply with local legislation or regulations, the Company (or relevant person) may be unable to achieve its objectives and its results of operations may be negatively impacted.
D.3	**Key risks related to an investment in Common Shares and the Placing**	• There can be no assurance that an active trading market in the Common Shares will be maintained in the United Kingdom. An investment in the Common Shares may thus be difficult to realise. • The Company has never declared or paid any cash dividends on its Common Shares. The Company currently intends to retain future earnings, if any, for future operations or expansion. Purchasers of Common Shares may therefore not receive any return on an investment in Common Shares unless they sell such Common Shares for a price greater than that which they paid for it • The Canadian takeover rules which the Company is subject to may not be equivalent to the UK rules under the City Code. Moreover, such laws may not necessarily apply where an offer is not made to a shareholder in Canada, and the purchase and sale of securities from or by shareholders who are not in Canada may not necessarily be afforded the protection of the Canadian takeover bid rules. • There is no assurance that the listing of the New Shares on the Official List and their admission to trading on the London Stock Exchange's main market will take place when anticipated.

Section E – Placing		
Element	**Disclosure requirement**	**Disclosure**
E.1	**Estimated Net proceeds and expenses**	Under the Placing, it is estimated that 895,523,000 Placing Shares will be purchased by purchasers at a Placing Price of 0.335 pence per Placing Share, raising total gross proceeds of a minimum of £3,000,002 which will be subject to 6% commissions and other estimated fees and expenses of approximately £170,000, resulting in total net proceeds from the Placing of approximately £2,650,000 (approximately USD 3,373,000).
E.2a	**Use of proceeds**	The Company currently intends to use the net proceeds from the Placing as follows: • approximately USD 0.2 million to fund a portion of overhead costs for ShoreCan and Essar Nigeria; • approximately USD 2.85 million to fund general and administrative expenses; and • approximately USD 0.35 million to fund investors' related promotional and marketing expenses.
E.3	**Terms and conditions of the Placing**	All Placing Shares will be sold at the Placing Price. The Placing will be made available to certain institutional investors in the United Kingdom who could make certain warranties and representations as to their status.

		New Shares Admission is expected to become effective, and dealings in the New Shares are expected to commence on the London Stock Exchange's main market for listed securities, at 8:00 a.m. on 31 August 2018. The Placing is subject to the satisfaction of conditions, which are customary for transactions of this type, contained in the Placing Agreement, including, among other things, Admission taking place no later than 8.00 a.m. on 31 August 2018 (or such later date as may be agreed by the Company and the Broker, which shall be no later than 31 October 2018). The obligations of placees to subscribe for Placing Shares are conditional only on Admission occurring, and the proceeds of the Placing are therefore guaranteed, subject only to Admission. The Placing Agreement has been entered into between the Company and the Broker. The Placing Agreement provides for the Broker to be paid a commission in respect of the Placing Shares sold and granted a warrant to subscribe for Common Shares. Any commissions received by the Broker may be retained and any Common Shares acquired by them may be retained or dealt in by them for their own respective benefit. None of the Common Shares may be offered for subscription, sale, purchase or delivery, and neither this Prospectus nor any other offering material in relation to the Common Shares may be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to any obligation to obtain any consent, approval or permission, or to make any application, filing or registration.
E.4	**Material interests**	Not applicable. There are no interests (including conflicting interests) that are material to the Placing or New Shares Admission.
E.5	**Selling Shareholders and lock-up agreements**	Not applicable. None of the current Shareholders has sold or is selling any Common Shares in the Placing, and none of the Company, the Directors, Senior Management or current Shareholders has entered into any lock-up arrangements in connection with the Placing or New Shares Admission.
E.6	**Dilution**	If the Placing is fully subscribed, the Company will issue a total of 895,523,000 Common Shares. Existing Shareholders will therefore suffer a maximum dilution of approximately 0.59 Common Shares for every one Common Share they currently own, which is equivalent to a dilution of approximately 37 per cent. In the event that all of the outstanding Warrants and Options are exercised (including the warrants to be issued in connection with the Broker Warrant Instrument), Existing Shareholders will as a result, suffer a maximum aggregate dilution of approximately 0.73 Common Shares for every one Common Share they currently own, which is equivalent to a dilution of approximately 42 per cent.
E.7	**Expenses**	Not applicable. There are no commissions, fees, expenses or taxes to be charged to investors by the Company under the Placing.

Part II

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INFORMATION INCORPORATED BY REFERENCE

The table below sets out the documents, or the various sections of documents, which are incorporated by reference into this Prospectus, so as to provide the information required pursuant to the Prospectus Rules and to ensure that potential investors are aware of all information which, according to the particular nature of the Company and of the Common Shares, is necessary to enable potential investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company and the Group.

Any documents referred to below may themselves incorporate by reference or refer to any other documents or information ("**Daisy-Chained Information**"). Any such Daisy-Chained Information is not incorporated by reference into, or otherwise form part of, this Prospectus for the purposes of the Prospectus Directive.

Reference document	Information incorporated by reference into this Prospectus	Page numbers in reference document
Consolidated Financial Statements as at and for the years ended 31 December 2016 and 2015	The consolidated financial statements of the Group for the years ended 31 December 2016 and 2015, and published by the Company on its website (www.canoverseas.com) and the Company SEDAR Page	All
Consolidated Financial Statements as at and for the years ended 31 December 2017 and 2016	The consolidated financial statements of the Group for the years ended 31 December 2017 and 2016, and published by the Company on its website (www.canoverseas.com) and the Company SEDAR Page	All
Interim Consolidated Financial Statements as at 30 June 2018 and for the three and six month periods ended 30 June, 2018 and 2017	The unaudited condensed interim consolidated financial statements of the Group as at 30 June 2018 and for the three and six month periods ended 30 June, 2018 and 2017 and published by the Company on its website (www.canoverseas.com) and the Company SEDAR Page	All

Part III

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RISK FACTORS

Any investment in the Common Shares is speculative and subject to a high degree of risk. Prior to investing in the Common Shares, prospective investors should consider carefully the factors and risks associated with any investment in the Common Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Following the occurrence of any such event, there could be a material adverse effect on the Company's business, prospects, financial condition or results of operations, the value of the Common Shares could decline and investors could lose all or part of their investment.

Prospective investors should note that the risks relating to the Group, its industry and the Common Shares summarised in Part I (Summary Information) of this Prospectus are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Common Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part I (Summary Information) of this Prospectus but also, among other things, the risks and uncertainties described below.

The risks and uncertainties discussed below and elsewhere in this Prospectus are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or which the Company currently considers immaterial may also impair the business and operations of the Company and cause the value of the securities of the Company to decline. If any of the risks previously referred to in this paragraph actually occur, the Company's business may be harmed and the financial condition and results of operation of the Company may suffer significantly. In that event, the trading price of the Company's securities could decline and investors may lose all or part of their investment. Prospective investors should review the risks with their legal and financial advisors and should carefully consider, in addition to the matters set forth elsewhere in this Prospectus, the following risks. An investment in the securities of the Company is suitable only for purchasers who are aware of such risks and who have the ability and willingness to accept the risk of total loss of their invested capital.

An investment in the Company should be considered speculative due to the nature of its activities and the present stage of its development.

In this Part III, references to "the Company" shall also, where the context admits be deemed to include a reference to the Group.

1. RISKS RELATED TO THE GROUP'S BUSINESS

1.1 *Working Capital*

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Prospectus.

Based on the Company's current cash flow forecasts, the Company anticipates that its existing working capital (excluding any proceeds of the Placing) will be depleted at the end of September 2018, and that at such time, it will need to raise additional capital in order to continue its operations. The Company anticipates that it will be required to raise an additional USD 5.3 million of capital (including the net proceeds of approximately USD 3,373,000 from the Placing) of capital in order to have sufficient working capital for the period of 12 months from the date of this Prospectus. The Company anticipates the shortfall in working capital will be covered by a further equity raise to be completed in or prior to April 2019, as necessary.

The Company's short term financial commitments prior to the end of 30 June 2018 relate to its general and administrative expenses, which are approximately USD 400,000 per month. This amount includes all current operating budget items (including office rental, telephones, insurance, supplies, travel costs and third party service providers), as well as salaries for the Group's staff. The Company's other short term financial commitments for the 12 month period following the date of this Prospectus also include 50% of the costs relating to ShoreCan's commitment to invest up to a maximum of USD 80 million in Essar Nigeria in the form of an interest-free shareholder loan to be used for Essar Nigeria operations and in particular, to cover the work programme obligations, including drilling one well under Phase-1 of the PSC. The Company's share of ShoreCan's commitment equates to approximately USD 40 million.

The Company primarily intends to raise the required additional capital through equity fundraisings. The Company will seek to ensure that any such future equity fundraising is completed prior to the end of April 2019. The Directors are confident that such future equity fundraisings (whether on the London Stock Exchange or the TSX-V) can be achieved on acceptable terms.

If all attempts to raise such additional capital (e.g. whether through future equity fundraisings, dispositions of assets and/or a corporate solution) were unsuccessful, the Company would look to restructure its affairs under the supervision of a court appointed monitor and court ordered protection against creditors similar to an administration process in the United Kingdom, under which the Company would obtain a Court order giving it protection from its creditors for an amount of time (usually 30 days) in order to arrange its affairs. The timing of this action would depend on the Company's view as to the point in time at which it was unable to pay its debts as they became due, but assuming that the Company reduces its general and administrative expenses to preserve its existing cash resources, the Company anticipates that any appointment of a monitor, if required, would not occur until March 2019 at the earliest (and potentially a number of months following this date, if the Company is able to reduce costs and therefore preserve its existing cash resources for a longer period of time).

1.2 ***Negative Operating Cash Flow***

The Group has had negative operating cash flow in prior financial periods before the date of this Prospectus and will have negative operating cash flow until such time that sufficient cash flows from operating activities are generated based on the Group's success in developing producing assets. The Group's current general and administrative expenses total, on average, approximately USD 400,000 per month. This amount includes all current operating budget items (including office rental, telephones, insurance, supplies, travel costs and third party service providers), as well as salaries for the Group's staff. It is anticipated that the Group's general and administrative expenses will remain approximately at this level for the foreseeable future, not including project costs relating to specific projects. At current general and administrative cost levels and taking into account the Company's outstanding working capital, it is expected that the Group will be able to continue to fund its general and administrative costs for approximately one to two months, in the absence of access to additional capital or a further reduction of general and administrative costs in the interim. To mitigate this risk, the Company has been in discussions with certain shareholders and other organisations to obtain funding to meet ongoing obligations. In order to fund future capital, general, administrative and other expenditures, the Group will need to obtain additional capital through debt financing, equity financing, a combination thereof or such other means of financing as may be available to the Company or through the disposition of assets.

1.3 ***Going Concern***

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.

1.4 ***Possible Failure to Realise Anticipated Benefits of Acquisitions***

COPL has acquired a 40% economic interest in OPL 226 through its 50% ownership in ShoreCan, and the ShoreCan joint venture parties together will hold a 57% interest in respect of Block PT5-B in Mozambique. COPL may complete other acquisitions in the future with a view to strengthening its position in the oil and natural gas industry and to create the opportunity to realise certain benefits. Achieving the benefits of these acquisitions depends in part on factors outside of the Group's control.

The consideration and rationale for acquisitions is based in large part on engineering, environmental and economic assessments made by the Group, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which may be imposed. Many of these factors are subject to change and are beyond the control of the Group. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Although title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Group's title to certain assets or that environmental defects or deficiencies do not exist. Although the Company believes that the Agamore claims to a 37% interest in OPL 226 are spurious, vexatious, ill-founded and will be set aside by Nigerian courts in due course, there can be no assurance that this will be the case. Such deficiencies or defects could result in a reduction of the value of an investment in the Company.

1.5 ***Economic Dependence***

COPL's interest in Nigeria is dependent on the terms of the oil producing license of OPL 226 in offshore Nigeria; the terms of ShoreCan's acquisition of its interests in Nigeria and the terms of COPL's joint venture arrangements.

COPL's interest in Mozambique will be dependent on successful negotiation of a new PSC. The Consortium is to be invited to negotiate with the Government of Mozambique the terms of the production sharing contract governing Block PT5-B. Negotiations are expected to commence imminently. These will include the acquisition of 1600 line km of 2D seismic. According to the Company's Mozambican partner, INP is currently finalising discussions on a large number of offshore block major companies before they are able to enter into discussions regarding onshore Block PT5-B.

Currently, COPL does not have material cash inflows and/or adequate financing to develop profitable operations. COPL is pursuing exploration projects and contracts that will require substantial additional financing before they are able to generate positive operating cash flows. Accordingly, COPL's continued successful operations and its ability to carry on its exploration and developmental activities and obligations in respect of Block OPL 226 and Block PT5-B, both now and in the future are and will be dependent on its ability to obtain additional financing.

1.6 ***Volatility of Crude Oil and Natural Gas Prices***

The Group's plan is to explore for and/or appraise oil and gas properties which could then lead to eventual development. Crude oil and natural gas are commodities that are sensitive to numerous worldwide factors, many of which are beyond the Group's control, and are generally sold at contract or posted prices. Changes in world crude oil and natural gas prices may significantly affect the Group's results of operations and cash generated from operating activities. Consequently, such prices may also affect the value of the Group's oil and gas properties and the level of spending for oil and natural gas exploration and development.

The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of the Group's reserves, which may also impact potential financing sources. The Group might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Group's net production revenue. All of the Group's expenditures are subject to the effects of inflation and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation.

Crude oil prices are influenced by various reference prices, primarily Brent Crude. Adjustments are made to the reference price to reflect quality differentials and transportation. Reference prices are affected by numerous and complex worldwide factors such as supply and demand fundamentals, economic outlooks, production quotas set by OPEC and political events. Quality differentials are affected by local supply and demand factors.

1.7 ***Foreign Operations***

The Group carries on its business in Nigeria, and plans to carry on its business in other foreign countries (including, but not limited to, Mozambique), where exploration for and exploitation, production and sale of oil and gas are subject to extensive laws and regulations, including complex tax laws and environmental laws and regulations. As such, the Group's business, prospects, financial condition or results of operations could be significantly affected by risks over which it has no control. These risks may include risks related to economic, social or political instability or change, government intervention relating to the oil and gas industry, expropriation, actions by terrorist or insurgent groups, war, civil unrest, security issues, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership or foreign investors, interpretation or renegotiation of existing contracts, government participation, taxation policies, including royalty and tax increases and retroactive tax claims, and investment restrictions, working conditions, rates of exchange, exchange control, exploration licensing, petroleum and export licensing and export duties, government control over domestic oil and gas pricing, currency fluctuations, devaluation or other activities that limit or disrupt markets and restrict payments or the movement of funds, the possibility of being subject to exclusive jurisdiction of foreign courts in connection with legal disputes relating to licences to operate and concession rights in countries where the Group currently operates, and difficulties in enforcing the Group's rights against a governmental agency because of the doctrine of sovereign immunity and foreign sovereignty over international operations. Problems may also arise due to the quality or failure of locally obtained equipment or technical support, which could result in failure to achieve expected target dates for exploration operations or result in a requirement for greater expenditure.

1.8 ***The Group does business in Nigeria, and plans to do business in other foreign countries (including, but not limited to Mozambique), with inherent risks relating to fraud, bribery and corruption***

Fraud, bribery and corruption are more common in some jurisdictions than in others. The Group plans to carry on its business in certain jurisdictions that have been allocated low scores on Transparency International's "Corruption Perceptions Index". Doing business in international developing markets brings with it inherent risks associated with enforcement of obligations, fraud, bribery and corruption. In addition, the oil and gas industries have historically been shown to be vulnerable to corrupt or unethical practices.

The Group uses its best efforts to prevent the occurrence of fraud, bribery and corruption, but it may not be possible for the Group to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which its employees, agents, sub-contractors or joint venture partners are located. The Group may therefore be subject to civil and criminal penalties and to reputational damage. Participation in corrupt practices, including the bribery of foreign public officials, by the Group, its subsidiaries or other predecessors in interest, whether directly or indirectly (through agents or other representatives or otherwise) may also have serious adverse consequences on the rights and interests of the Group, including but not limited to title to government contracts, licenses and concessions, including PSCs.

Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which the Group operates, could have a material adverse effect on its business, prospects, financial condition or results of operations. In addition, as a result of the Group's anti-corruption training programs, codes of conduct and other safeguards, there is a risk that the Group could be at a commercial disadvantage and may fail to secure contracts within jurisdictions that have been allocated a low score on Transparency International's "Corruption Perceptions Index" to the benefit of other companies who may not have or comply with such anti-corruption safeguards.

1.9 ***Permits, Licences, Approvals and Authorisations***

The operations of the Group require permits, licences, approvals and authorizations from various governmental and non-governmental authorities. Such permits, licences, approvals and authorizations are subject to the discretion of the applicable governmental and non-governmental authorities. The Group must comply with existing standards, laws and regulations, as applicable, that may entail greater or lesser costs and delays, depending on the nature of the activity to be permitted and the permitting authority. By way of example, the Department of Petroleum Resources in Nigeria takes the view that ShoreCan's acquisition of 80% of the issued share capital of Essar Nigeria, described in greater detail below, requires ministerial consent in order to effectively transfer the interest in OPL 226 owned by Essar Nigeria. Application for consent has been filed and ShoreCan is awaiting the outcome but the Directors believe consent will be forthcoming. There can be no assurance that the Group will be able to obtain all necessary permits, licences, approvals or authorizations. Failure to obtain such licences, permits, approvals or authorizations may have a material adverse effect on the Group's business, prospects, financial condition or results of operations. The Group's intended activities will be dependent on such permits, licences, approvals and authorizations which, if obtained, could subsequently be withdrawn or made subject to limitations. Failure to obtain Nigerian ministerial consent for the OPL 226 Transaction could result in ShoreCan being required to dispose of its shares in Essar Nigeria although the Directors believe they might also have a range of other options to satisfy any ministerial concerns about OPL 226 such as bringing in another farm-in partner. There can be no guarantee as to the terms of any such permits, licences, approvals and authorizations that future permits, licences, approvals and authorizations will be renewed or, if so, on what terms when they come up for renewal. Properties in the jurisdiction in which the Group currently carries on business are subject to licence requirements, which generally include, inter alia, certain financial commitments which, if not fulfilled, could result in the suspension or ultimate forfeiture of the relevant licences. Government action, which could include non-renewal of licences, may result in any income receivable by the Group or licences held by the Group being adversely affected. In particular, changes in the application or interpretation of laws and/or taxation provisions in the regions in which it carries on business could adversely affect the value of the Group's interests.

1.10 ***Changes in government policy could have a negative impact on the Group's business***

Governments of oil and gas producing jurisdictions typically exercise significant influence over their domestic oil and gas industries, as well as many other aspects of their respective economies. Government policy may change to discourage foreign investment or restrictions and requirements not currently foreseen may be implemented. There can be no assurance that the Group's assets and properties will not be subject to nationalization, expropriation, requisition or confiscation, whether legitimate or not, by any authority or body. Similarly, the Group's operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property or environmental legislation. Any government action concerning the economy, including the oil and gas industry (such as a change in oil or gas pricing policy or taxation rules or practice, or renegotiation or nullification of existing concession contracts or oil and gas exploration policy, laws or practice), could have a material adverse effect on the Group. Sovereign or regional governments could also require the Group to grant to them larger shares of oil and gas or revenues than previously agreed to, or postpone or review projects, nationalize assets, or make changes to laws, rules, regulations or policies, in each case, which could adversely affect the Group's business, prospects, financial condition or results of operations.

1.11 ***"Resources" vs. "Reserves"***

The Group currently has no reserves. Throughout this Prospectus, the Group has attempted to provide an appreciation of the potential that the Group's asset base offers. In doing so, the Group often uses the terms "resource" or "resources". These terms refer to the estimated original resource size of a particular prospect and it should be distinguished from reserves. Reserves are the amount of hydrocarbons that are estimated to be economically recoverable from a particular resource base from a given date forward. Ultimate recoverable reserves can range widely depending on resource characteristics, available technologies and economic and contractual parameters.

1.12 ***Estimates of Resources***

The resources estimates presented in the NSAI Report have been classified as contingent and prospective resources. The resources estimates in the NSAI Report are estimates only. There is no certainty that any portion of the prospective resources will be discovered. Additionally, there is no certainty that it will be commercially viable to produce any portion of the contingent resources or, if discovered, any portion of the prospective resources. Investors are cautioned that the quantities presented are estimates only and should not be construed as being exact quantities. The Group's proposed exploration programme must be considered as a high risk exploration play.

1.13 ***Status and Stage Development***

The Group currently has no production. There can be no assurance that any of the Group's properties will commence production, generate earnings, operate profitably or provide a return on investment in the future.

There is a risk that none of the proposed exploration, appraisal or development of the Group's assets will be completed on time or within the applicable capital cost estimates or at all. Additionally, there is a risk that proposed projects may experience delays, interruption of operations or increased costs due to many factors, including, without limitation:

- breakdown or failure of equipment or processes;
- construction performance falling below expected levels of disruptions or declines in productivity;
- design errors;
- contractor or operator errors;
- non-performance by third party contractors;
- labour disputes;
- disruptions or declines in productivity;
- increases in materials or labour costs;
- inability to attract sufficient numbers of qualified workers;
- delays in obtaining, or conditions imposed by, regulatory approvals;
- changes in project scope;
- violation of permit requirements;
- disruption in the supply of energy and other inputs, including natural gas and diluents;
- catastrophic events such as fires, earthquakes, storms or explosions; and
- numerous factors, many of which are beyond the Group's control, could impact the Group's ability to explore and develop these assets and the timing thereof, including the risk factors set forth elsewhere in this Prospectus.

1.14 ***Reliance on Key Individuals***

Although the Group has experienced senior management and personnel, the Group is substantially dependent upon the services of a few key personnel. The loss of services of these individuals could have a material adverse effect on the business of the Group. Competition for qualified personnel in the oil and gas industry markets is intense, and the Group may be unable to attract or retain highly qualified individuals, or its key personnel, in the future. The rate of growth of the Group's operations and personnel may strain operating and control systems.

1.15 ***Insurance***

Oil and gas operations will be subject to the risks normally associated with the operation and development of oil and natural gas properties and the drilling of offshore oil and natural gas wells, including encountering unexpected formations or pressures, blowouts, cratering and fires, all of which could result in personal injuries, loss of life and damage to the property of the Group and others. In accordance with customary industry practice, the Group may not be fully insured against all of these risks, nor are all such risks insurable. The Group intends to maintain an insurance program consistent with industry practice to protect against losses due to accidental destruction of assets, well blow-outs and destruction to the environment.

1.16 ***Marketability of Crude Oil and Natural Gas***

The marketability and price of oil and natural gas will be affected by numerous factors beyond the control of the Group. The Group will be affected by the differential between the price paid by refiners for light quality oil and the medium grades of oil which may be produced by the Group. The ability of the Group to market its oil and natural gas may depend upon its ability to acquire access to production facilities and space on pipelines. The Group will also be subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of its reserves to pipeline and processing facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

1.17 ***Availability of Equipment and Access Restrictions***

Oil and natural gas exploration and development activities are dependent on the availability of drilling equipment in the particular areas where such activities will be conducted as well as production equipment, such as pipe for pipelines, manifolds, valves, compressors and other equipment, which may be unavailable or subject to long lead times between order and delivery. Similarly, installation of production equipment and operation of drilling rigs offshore is highly dependent on a wide range of service providers, many of which are in limited supply. Demand for such limited equipment, access restrictions and availability of service providers may delay exploration, development and production activities.

1.18 ***Nature of Reserves and Additional Funding Requirements***

Obtaining future production from proven undeveloped, probable and possible reserves, and the development of properties where oil is discovered, are each conditional on the availability of additional financing to fund the specific capital expenditures necessary to develop the reserves or develop the properties. Such additional financing may not be available in the near term or, if available, may not be available on favourable terms. The ability of the Group to arrange such financing in the future will depend in part upon the prevailing capital market conditions. There can be no assurance that the Group will be successful in its efforts to arrange additional financing in the near term. If adequate funds are not available, the Group may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

1.19 ***Project Risks***

The Group may manage in the future a variety of prospective small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. The Group's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Group's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the supply of, and demand for, oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;

- unexpected cost increases;
- accidental events;
- currency fluctuations;
- changes in regulations;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

As a result of these factors, the Group could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

1.20 ***Third Party Credit Risk***

The Group may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Group, such failures may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, poor conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Group's ongoing capital programme, potentially delaying the programme and the results of such programme until the Group finds a suitable alternative partner.

1.21 ***Operating Hazards and Other Uncertainties***

Acquiring, developing, exploring for and producing oil and natural gas involves many risks. These risks include encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents, craterings, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions and environmental risks. Should the Group be successful at acquiring properties, it will maintain insurance in accordance with customary industry practice, though the Group cannot fully insure against all of these risks. Losses resulting from the occurrence of these risks could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.22 ***Competition***

The oil and gas industry is highly competitive, particularly as it pertains to the search for and development of, new sources of crude oil and natural gas reserves, the construction and operation of crude oil and natural gas pipelines and facilities, and the transportation and marketing of crude oil, natural gas, sulphur and other petroleum products. Competitors include major integrated oil and gas companies and numerous other independent oil and gas companies, many of which have greater financial and other resources than the Group. The oil and natural gas industry is intensely competitive and the Group must compete in all aspects of its operations with a substantial number of other companies which may have greater technical or financial resources.

The Group competes for the acquisition, exploration, production and development of oil and natural gas properties, for capital to finance such activities and for skilled industry personnel and the Group's competitors include companies that have greater financial and personnel resources available to them. The Group's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

The Group's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators, and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment. Hiring and retaining technical and administrative personnel continues to be a competitive process. To meet this challenge, the Group provides opportunities for existing and prospective consultants and employees to participate in the equity of the Group. The Group believes its competitive advantage is its scientific, integrated approach to successfully identify desirable drilling prospects.

1.23 ***Joint Property Ownership***

It is common for more than one company to have an equity stake in a license or a project, as is the case with the Company's interest in OPL 226 and Block PT5-B. With respect to OPL 226, the Company through its joint venture company owns shares in the licence holders and has entered into a Shareholders' Agreement to set out the rights, duties and understandings of the Company and its partners and to govern the expectations for how the project will be carried out. In respect of Block PT5-B presently there is a Joint Bidding Agreement in place which in time will be superseded by a Joint Operating Agreement between the members of the Consortium and the government agency involved in the licence. It is anticipated that COPL will act as operator of Block PT5-B following negotiation of the terms of a production sharing contact with the Government of Mozambique and the other Consortium participants, who will be non-operating participants. The Company and its respective partners may experience differences of opinion on topics such as geological interpretation, timing for actions, financial resources and commitments and preferred courses of action. While a lack of consensus on these matters could delay plans and/or revenue generated by these properties, the relevant joint venture agreements or shareholders' agreements go some way in mitigating these consequences by providing a mechanism for dispute resolution.

In the case of the current dispute between ShoreCan and Essar Nigeria about the parties' respective compliance with the terms of the Essar Nigeria Shareholders Agreement, although no formal proceedings have been commenced by either party, if the dispute escalated and formal proceedings were commenced, the Essar Nigeria Shareholders Agreement provides that if the other party commits a material breach of the agreement, the innocent party is entitled to terminate the shareholders agreement. In the event that the agreement is properly terminated, the innocent party has the further right to require the defaulting party to sell its shares to the innocent party at either the price offered by the innocent party or at another price with reference to the fair market price of the shares as determined by an internationally recognised investment bank. The Essar Nigeria Shareholders Agreement does not provide a timeframe for either the appointment of the investment bank or the determination of the fair price. Once a fair price is determined the parties would have 60 days thereafter to close the sale of the shares subject only to the receipt of any necessary regulatory approvals. If the sale could not be completed within 180 days of such fair price being determined the sale process would be voided.

1.24 ***Access to Production Facilities***

Offshore Africa is a large geographical area and with the exception of only a few countries, is only lightly explored. In addition, offshore oil and gas developments are typically substantially more expensive than onshore developments because of the nature of weather offshore, transportation challenges, and the inherent difficulties of installing and servicing equipment on the ocean floor especially in deeper water areas. Severe weather conditions can result in delays and increased costs of the projects.

1.25 ***Global Financial Instability***

In the autumn of 2007 and again in 2008, a severe crisis in some of the world's largest banks and other financial institutions led to sharp contractions in the availability of credit for debt financing in the years that followed. A number of banks and financial institutions around the world either failed or required massive government bailouts to continue operating, including several major banks in the US and the UK. The crisis ushered in a severe recession across the globe that also led to a sharp drop in the price of oil. Similar shocks to the global financial system could again increase the volatility of commodity prices and adversely impact oil companies' revenues and ability to access debt and equity financing. Any such occurrence may have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

1.26 ***Alternatives to and Changing Demand for Petroleum Products***

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. The Group cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

1.27 ***Interest Rate Cash-Flow Risk***

Floating rate debt may be used to finance development activities, if it is available in the future. The floating rate debt obligations would expose the Group to changes in interest payments due to fluctuations in interest rates.

1.28 ***Geo-Political Change***

The marketability and price of oil and natural gas that may be acquired or discovered by the Group is, and will continue to be, affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising in the Middle East, and other areas of the world, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of the Group's net production revenue.

In addition, the Group's oil and natural gas properties, future wells and facilities could be subject to a terrorist attack. If any of the Group's properties, wells or facilities are the subject of a terrorist attack it may have a material adverse effect on the Group's business, prospects, financial condition or results of operations. The Group will not have insurance to protect against the risk of terrorism.

1.29 ***Joint Venture Risks***

The Company has entered into a joint venture arrangement with Shoreline to form ShoreCan. Pursuant to the terms of that arrangement, the Company may have a lesser degree of control over the joint venture that may expose the Company to additional operational, financial, compliance and legal risks.

Generally:

(a) the Company (or relevant person) may be dependent on the joint venture counterparty for capital, product distribution, local market knowledge, or other resources;

(b) the Company's (or relevant person's) ability to exercise management control or influence over the joint venture and the success of its investments in it will depend on the cooperation between the joint venture participants and the terms of the joint venture agreement, which allocates control among the joint venture participants;

(c) if the Company (or relevant person) is unable to effectively manage the joint venture; and/or

(d) the joint venture counterparty fails to meet its obligations under the joint venture arrangement, encounters financial difficulty, elects to alter, modify or terminate the relationship, or a joint venture does not comply with local legislation or regulations,

the Company (or relevant person) may be unable to achieve its objectives and its results of operations may be negatively impacted.

1.30 ***Cyber Attacks or Terrorism***

The Company may be threatened by problems such as cyber-attacks, computer viruses, or terrorism that may disrupt operations and harm operating results. While the Company expects that the probability of a targeted attack is low, security measures have been implemented to protect the Company's information technology systems and network infrastructure. Despite the implementation of security measures, technology systems may be vulnerable to disability or failures due to hacking, viruses, acts of war or terrorism, and other causes. Additionally, the Company is reliant on third party service providers for certain information technology applications. While we believe that these third party service providers have adequate security measures, there can be no assurance that these security measures will prevent any cyber events or computer viruses from impacting the Company. If the Company is unable to recover from such cyber events in a timely way, we might be unable to fulfil critical business functions, which could have a material adverse effect on the business, financial condition, and results of operations.

The Company may be required by regulators or by the future terrorist threat environment to make investments in security that cannot be predicted. The implementation of security guidelines and measures and maintenance of insurance, to the extent available, addressing such activities could increase costs. These types of events could materially adversely affect the Company's business and results of operations.

2. RISKS RELATED TO THE GROUP

2.1 *Operating in African countries*

The Group carries on business principally in African countries such as Nigeria and intends to carry on business in other African countries in the future, including, without limitation, Mozambique. Social, political and economic conditions in Africa are in varying stages of development and are volatile. Volatility may be caused, without limitation, by the following:

- significant governmental influence over many aspects of local economies;
- unexpected or radical changes in legislation, regulatory requirements, labour conditions or other government policies, and changes in interpretations or enforcement of existing laws or regulations;
- governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or otherwise benefit residents of that country or region;
- changes in tax laws and conflicting national or local interpretations of tax laws;
- political, social and economic instability, terrorism, war and civil disturbances;
- damage to equipment or violence directed at employees, including kidnapping;
- lack of law enforcement;
- imposition of trade barriers;
- wage and price controls;
- foreign currency fluctuations and devaluation;
- restrictions on currency conversion and repatriation;
- renegotiation, nullification, or unilateral termination of concessions, licences, permits and agreements by government-owned entities;
- seizure, expropriation or nationalization of assets or industries;
- difficulty in collecting international accounts receivables;
- changing political conditions;
- solicitation by government officials for improper payments or other forms of corruption;
- regional economic downturns;
- inflation and adverse economic conditions stemming from governmental attempts to reduce inflation, such as the imposition of higher interest rates; the burden of complying with multiple and potentially conflicting laws; and
- other forms of governmental regulation and economic conditions that are beyond our control.

This volatility could create difficulty for the Group in executing its business strategy, which could have a material adverse effect on its business and financial performance. These factors may impact on the profitability and viability of the Group's business in these countries.

2.2 ***The Group is exposed to the risk of changes in laws in the jurisdictions where it operates***

The legal and regulatory framework under which the Group has entered into its various operations in different jurisdictions may be changed to the detriment of the Group. The Liberian government has recently amended its Petroleum Law. Liberia is not currently an oil-producing country; should it become oil-producing in the future, it may choose to reform the legal and regulatory framework applicable to the oil and gas sector, as other jurisdictions have done, and this may have a material adverse effect on the Group's proposals in respect of negotiating a new PSC with the Liberian government.

2.3 ***Corporate Tax Regime***

Development of reserves and rates of return are susceptible to changes in national fiscal policy. Nigeria is a developing democracy that does not have an established oil and gas industry, and so may be more likely to implement changes in fiscal policy which are detrimental to the interests of oil and gas companies operating there than a country with a more developed oil and gas industry. In addition, any changes to taxation laws in Nigeria or other jurisdictions in which the Group operates may have a material adverse effect on the Group's business, prospects, financial condition or results of operations. Similar considerations to those previously stated in this paragraph apply in relation Mozambique (which is, without limitation, a jurisdiction that the Group plans to do business in) which has a president that exerts great control over its political system.

2.4 ***Tax regimes in the jurisdictions in which the Group operates are subject to differing interpretations and are subject to change***

Tax regimes in the jurisdictions in which the Group operates can be subject to differing interpretations and are often subject to legislative change and changes in administrative interpretation in those jurisdictions. The interpretation by the Company's relevant subsidiaries of relevant tax law as applied to their transactions and activities (including farm ins and farm outs) may not coincide with that of the relevant tax authorities. As a result, transactions may be challenged by tax authorities and any profits of the Company's subsidiaries from activities in those jurisdictions may be assessed to additional tax or additional transactional taxes (e.g. stamp duty or VAT), which, in each case, could result in significant additional taxes, penalties and interest, any of which could have a material adverse impact on the Group's business, prospects, financial condition or results of operations.

2.5 ***Foreign Currency Exchange Risk***

A significant amount of the Group's proposed activities will be transacted in or referenced to various currencies including Canadian dollars, US dollars and pounds sterling. As a result, fluctuations in currencies could result in unanticipated fluctuations in financial results, which are denominated in US dollars. The Group will manage a portion of its exposure to fluctuations in exchange rates, however, there can be no assurance that such management will fully offset the fluctuations.

2.6 ***Governmental Regulation***

The industry in which the Group operates is subject to regulation, intervention and certain approvals by governments in such matters as the awarding of exploration and production interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields (including restrictions on production) and possibly expropriation or cancellation of contract rights. As well, governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and gas industry could reduce demand for natural gas and crude oil, increase costs and may have a material adverse effect on the Group.

2.7 ***Environmental Regulations***

Offshore oil and gas operations which the Group is or may in the future be involved with in other foreign jurisdictions, are subject to stringent environmental laws and regulations. These laws and regulations generally require the Group to limit, remove or remedy the effect of its activities on the environment at present and former operating sites, including limiting emissions to the environment, dismantling production facilities, and decommissioning and remediating damage caused by the disposal or release of specified substances. The Directors intend to operate in a manner intended to ensure that the Group's projects meet appropriate environmental standards. There can be no assurance that application of existing environmental laws and regulations will not have a material adverse effect on future financial conditions or results of operations.

It is expected that other changes in environmental legislation may also require, among other things, reductions in emissions to the air from operations and could result in increased capital expenditures. Although the Group does not expect that future changes in environmental legislation will result in materially increased costs, such changes could occur and result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, which could have a material adverse effect on the Group's financial condition or results of operations.

2.8 ***Climate Change***

In December 2015, 192 countries that are members of the United Nations Framework Convention on Climate Change met in Paris, France and signed the Paris Agreement on climate change. The stated objective of the Paris Agreement is to hold "the increase in global average temperature to well below 2º Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5º Celsius". The countries which agreed to the Paris Agreement committed to meeting every five years to review their individual progress on greenhouse gas emissions reductions and to consider amendments to non-binding individual country targets. These countries are required to report and monitor their greenhouse gas emissions, though the implementation of such reporting and monitoring has yet to be determined. The Paris Agreement also contemplates that by 2020 the parties thereto will develop a new market-based mechanism related to carbon trading, which is expected to be based largely on lessons learned from the Kyoto Protocol.

Many countries will develop country-wide approaches to implementing the Paris Agreement. The Company is unable to predict the impact of the Paris Agreement on its operations. It is possible that mandatory emissions reduction requirements may have a material adverse effect on the Company's financial condition, results of operations and cash flow.

In May of 2017, the Canadian Environment and Climate Change Minster announced formal regulations to reduce fugitive and venting emissions of hydrocarbons, including methane, from Canada's upstream oil and gas sector. These regulations form part of the Pan-Canadian Framework on Clean Growth and Climate Change to reduce methane emissions by 40 to 45 percent by 2025. The proposed regulations would impose both general requirements and requirements that depend on a facility producing and receiving at least 60,000 m3 of hydrogen gas in a year. Depending on the standard, the proposed regulations are expected to come into force on either 1 January, 2020 or 1 January 2023.

The Group's proposed exploration activities and production activities will emit greenhouse gases and require the Group to comply with greenhouse gas emissions legislation and policy. The direct or indirect costs of these regulations may have a material adverse effect on the Group's business, prospects, financial condition or results of operations. The future implementation or modification of greenhouse gases regulations, whether to meet the limits required by the Paris Agreement, Kyoto Protocol, the Copenhagen Accord, the proposed Canadian regulations or as otherwise determined, could have a material impact on the nature of oil and natural gas operations, including those of the Group. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Group and its operations and financial condition.

2.9 ***Country Specific Political Risk – Nigeria***

After independence in 1960, politics was marked by coups and mostly military rule, until the death of a military head of state in 1998 allowed for a political transition. In 1999, a new constitution was adopted and a transition to civilian government was completed. The government continues to face the task of institutionalising democracy and reforming a petroleum-based economy.

Nigeria continues to experience longstanding ethnic and religious tensions and although both the 2003 and 2007 presidential elections were marred by significant irregularities and violence, Nigeria is currently experiencing its longest period of civilian rule since independence. However Nigeria remains a difficult market for the foreseeable future primarily as a result of bureaucracy, corruption and difficulty accessing power. Security challenges are an additional inhibition with Boko Haram insurgency in the North and instability in the Niger Delta region in the South. Despite efforts to diversify, the Nigerian economy is still significantly over dependent on oil, which provides 75% of government revenues and 95% of export revenues.

2.10 ***Country Specific Political Risk – Mozambique***

Mozambique's political landscape bears the scars from the 15-year civil war that followed independence from Portugal in the 1970s, leaving the country and its economy in ruins. The former rebel movements, the Front for Liberation of Mozambique (Frelimo) and the Mozambican National Resistance (Renamo), today remain the country's main political forces, followed by the Mozambique Democratic Movement (MDM). While Frelimo won the most recent presidential elections in 2014 and retains a comfortable majority in parliament, the two main opposition parties, Renamo and MDM, have both gained ground. Renamo has maintained armed militias and from time to time parts of the center of the country have witnessed active conflict between its residual militia and Mozambique's armed forces. Peace talks between the two parties have gathered momentum in 2017, however. President Filipe Nyusi met Renamo leader, Afonso Dhlakama, in August 2017. Working groups are developing recommendations on decentralization and military affairs for endorsement by parliament.

3. RISKS RELATED TO AN INVESTMENT IN COMMON SHARES AND THE PLACING

3.1 ***Share Price Volatility***

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Group's control, including the following: (i) actual or anticipated fluctuations in the Group's quarterly results of operations; (ii) actual or anticipated changes in oil and natural gas prices; (iii) recommendations by securities research analysts; (iv) changes in the economic performance or market valuations of other companies that investors deem comparable to the Group; (v) addition or departure of the Group's executive officers and other key personnel; (vi) sales or perceived sales of additional Common Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Group or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Group's industry or target markets.

Financial markets have experienced significant price and volume fluctuations in the last several years that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Group's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

As well, certain institutional investors may base their investment decisions on consideration of the Group's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Common Shares by those institutions, which could adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in the price and volume of publicly traded equity securities will not occur. If such increased levels of volatility and market turmoil continue, the Group's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

3.2 ***Discretion in the Use of Proceeds***

The Company intends to use proceeds of any offerings of securities in the manner described in the offering document for the offering. However, there may be circumstances where, in the judgement of management of the Company, a different use of such proceeds is in the best interests of the Company. The Company has discretion concerning the use of the proceeds of any offerings of securities completed by the Company, as well as the timing of the expenditure of such proceeds. As a result, purchasers of such securities will be relying on the judgment of the Company for the application of the proceeds of any offerings of securities once completed. The Company may use the net proceeds of any offerings in ways that purchasers may not consider desirable. The results and the effectiveness of the application of the net proceeds are uncertain. If the proceeds are not applied effectively, the results of the Company's operations may suffer.

3.3 ***The Company is incorporated in Canada, and as such is subject to Canadian company law***

The Company is a company incorporated under the CBCA, and as such its corporate structure, the rights and obligations of shareholders and its corporate bodies may be different from those of the home countries of international investors. Furthermore, non-Canadian residents may find it more difficult and costly to exercise shareholder rights. International investors may also find it costly and difficult to effect service of process and enforce their civil liabilities against the Company or some of its directors, controlling persons or officers.

3.4 ***Liquidity of the Common Shares and realisation of investment in Common Shares***

Investors and potential investors should be aware that the value of the Common Shares and income from the Common Shares can go down as well as up, and that there may not be a liquid market in the Common Shares.

An investment in the Common Shares may thus be difficult to realise. The ability of an investor to sell Common Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise on their investment in the Company and they may lose all their investment. In the event of a winding-up of the Company, the Common Shares will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Company's assets being sufficient to meet prior entitlements of creditors.

3.5 ***Dividends***

The Company has never declared or paid any cash dividends on its Common Shares. The Company currently intends to retain future earnings, if any, for future operations, expansion and/or debt repayment, if necessary. The Directors do not anticipate paying dividends in the near future. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may consider relevant.

In addition to the foregoing, the Company's ability to institute and pay dividends now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the Group may incur in the future including the terms of any credit facilities the Group may enter into with third party lenders. It is not uncommon that credit facilities will prevent a borrower from declaring or paying any dividends (excluding stock dividends) to any of its shareholders or returning any capital (including by way of dividend) to any of its shareholders.

As a result of the foregoing factors, purchasers of Common Shares may not receive any return on an investment in Common Shares held or purchased by them unless they sell such Common Shares for a price greater than that which they paid for it.

3.6 ***Dilution and Further Sales***

The Group may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Group which may be dilutive.

There are no restrictions on the Company issuing or selling Common Shares (or Preferred Shares) other than those pursuant to applicable securities laws and stock exchange policies. The sale of a substantial number of the Common Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Common Shares and negatively impact the Company's ability to raise equity capital in the future.

3.7 ***Forward-Looking Statements May Prove Inaccurate***

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Additional information on the risks, assumptions and uncertainties are found elsewhere in this Prospectus (e.g. see Part VII (*Presentation of Information and Forward-Looking Statements*)).

3.8 ***Risks relating to the application of Canadian takeover bid rules***

As the Company is a reporting issuer in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island and Saskatchewan, certain offers to purchase outstanding shares of the Company may be subject to the application of Canadian securities laws which require the making of an offer on identical terms to all shareholders in the local jurisdiction (with limited exceptions). Such rules are not necessarily equivalent to the rules under the City Code. Moreover, such laws may not necessarily apply where an offer is not made to a shareholder in Canada.

Canadian securities laws provide that a person or company (the ”offeror”) that offers to purchase equity or voting securities (such as the Company’s Common Shares) of a reporting issuer from security holders in Canada and resulting in an offeror owning or exercising control or direction, directly or indirectly, over equity or voting securities representing 20% or more of the outstanding securities of the class (including securities that the person or company has the right or obligation to acquire within 60 days, with or without conditions) must, subject to certain exemptions, make the offer, on identical terms, to all security holders in Canada in accordance with a number of requirements (referred to as ”Canadian takeover bid rules”).

Exemptions from the Canadian takeover bid rules are available in certain circumstances, including in the case of certain private transactions involving five or fewer vendors where the purchase price does not exceed 115% of the market price of the shares. Another exemption is available in the case of purchases on the open market where the aggregate number of shares pursuant to this exemption together with other acquisitions does not exceed 5% of the issued and outstanding shares over a twelve month period.

The Canadian takeover bid rules apply where purchases are made from shareholders in Canada. Although Canadian securities regulatory authorities do have discretion to commence regulatory proceedings on the basis of public interest notwithstanding the fact that the relevant parties are not residents of Canada, the purchase and sale of securities from or by shareholders who are not in Canada may not necessarily be afforded the protection of the Canadian takeover bid rules.

3.9 ***New Shares Admission may not occur when expected***

There is no assurance that the listing of the New Shares on the Official List and their admission to trading on the London Stock Exchange’s main market will take place when anticipated.

Part IV

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CONSEQUENCES OF A STANDARD LISTING

Application has been made for the New Shares to be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for standard category listings.

The Company is not required to comply with the eligibility requirements for a premium listing on the Official List set out in Chapter 6 of the Listing Rules or the Listing Principles set out in Chapter 7 of the Listing Rules (other than the listing principles regarding: (i) taking reasonable steps to establish and maintain adequate procedures, systems and controls to enable the Company to comply with its obligations; and (ii) dealing with the FCA in an open and co-operative manner). In addition, the Company is not required, and does not intend, to appoint a listing sponsor under Chapter 8 of the Listing Rules to guide the Company in understanding and meeting its responsibilities under the Listing Rules. Neither is the Company required, nor does it intend, to comply with: Chapter 9 of the Listing Rules relating to certain continuing obligations; Chapter 10 of the Listing Rules relating to significant transactions; Chapter 11 of the Listing Rules relating to transactions with related parties; Chapter 12 of the Listing Rules relating to purchases by the Company of its own securities and treasury shares; and Chapter 13 of the Listing Rules relating to the content of Company circulars.

It should be noted that the Common Shares are, and will continue to be, listed and posted for trading on the TSX-V and consequently obligations arising from applicable securities and corporate legislation in Canada, as well as the rules of the TSX-V, will continue to apply to the Company.

Part V

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DIRECTORS, CORPORATE SECRETARY, REGISTERED OFFICE AND ADVISORS

Executive Director	Arthur S. Millholland (*President and Chief Executive Officer*)
Non-Executive Directors	Harald Ludwig (*Chairman*) Viscount William Astor Massimo Carello John Cowan
Corporate Secretary	Faralee A. Chanin
Head Office	Suite 3200, 715 – 5th Avenue S.W. Calgary, Alberta Canada T2P 2X6
Registered Office	Suite 400, 444 – 7th Avenue S.W. Calgary, Alberta Canada T2P 0X8
Legal Advisors to the Company as to English Law	McCarthy Tétrault 26th Floor 125 Old Broad Street London EC2N 1AR United Kingdom
Legal Advisors to the Company as to Canadian Law	McCarthy Tétrault LLP Suite 4000, 421 – 7th Avenue S.W. Calgary, Alberta Canada T2P 4K9
Auditors –up to and including 31 December 2017	Deloitte LLP Suite 700, 850 – 2nd Street S.W. Calgary, Alberta Canada T2P 0R8
Auditors – from 1 January 2018	Ernst & Young LLP Calgary City Centre 2200, 215 - 2nd Street S.W Calgary, Alberta Canada T2P 1M4
Mineral Experts	Netherland, Sewell & Associates, Inc. 2100 Ross Avenue Suite 2200 Dallas, Texas 75201 United States of America
Registrar	Computershare Trust Company of Canada Suite 600, 530 – 8th Avenue S.W. Calgary, Alberta Canada T2P 3S8
Depositary	Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol BS99 6ZZ United Kingdom

Part VI

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND PLACING STATISTICS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Placing…….	17 August 2018
Publication of this Prospectus.....	28 August 2018
Admission and commencement of dealings in New Shares on the LSE.....	8:00 a.m. on 31 August 2018

Each of the times and dates in the above timetable is subject to change without further notice. All references to time are to the time in London, United Kingdom.

PLACING STATISTICS

Closing Date of the Placing	31 August 2018
Placing Price (per Placing Share)	0.335 pence
Number of Placing Shares issued in the Placing.....	895,523,000
Maximum approximate percentage of the enlarged outstanding Common Share capital offered in the Placing[4]	37 per cent
Number of Common Shares in issue immediately following the Placing[5]	2,418,662,350

[4] Assuming no further exercise of any outstanding Options or Warrants whatsoever (including the warrants to be issued in connection with the Broker Warrant Instrument).

[5] Assuming no further exercise of any outstanding Options or Warrants whatsoever (including the warrants to be issued in connection with the Broker Warrant Instrument).

Part VII

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PRESENTATION OF INFORMATION AND FORWARD-LOOKING STATEMENTS

General

Investors should rely only on the information in this Prospectus. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Directors. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA, neither the delivery of this Prospectus nor any subscription or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each investor should consult his or her own lawyer, financial advisor or tax advisor for legal, financial or tax advice in relation to any subscription, purchase or proposed subscription or purchase of Common Shares.

Presentation of financial information

The financial information in this Prospectus comprises information for the Group for the financial years ended 31 December 2015, 2016 and 2017 and the 6 months ended 30 June 2018 and 2017 (unaudited) has been extracted without material adjustment from the information incorporated by reference into Part XI (*Financial Information on the Group*) of this Prospectus.

Save for the financial information incorporated by reference into Sections A and B respectively of Part XI (*Financial Information on the Group*), none of the financial data in this Prospectus has been audited or reviewed.

Emphasis of matter

The auditor's reports on the Group's consolidated financial statements for each of the years ended 31 December 2015, 31 December 2016 and 31 December 2017 contain an emphasis of matter, each of which in summary states (without qualifying the auditor's opinion) that the Company is pursuing exploration projects and contracts that, if successful, will require substantial additional financing, and that the Company incurred a loss in each of the relevant years in question and had negative cash flows from operating activities. The auditor reported for each of the years in question that those factors, along with other factors described in the consolidated financial statements, indicated the existence of a material uncertainty that casted significant doubt about the Company's ability to continue as a going concern.

The Directors believe that the net proceeds of the Placing will assist in improving the Company's general working capital position. However, given the nature of the business in which the Company exists, the nature of the Company's operations, and the status of development of the Company's assets, the Directors do not believe that the net proceeds from the Placing itself will ameliorate the Company's financial position to such an extent that, in the short term, the Company's auditors would have been in a position to sign off on the Company's financial statements without such an emphasis of matter.

Rounding

Percentages and certain amounts included in this Prospectus have been rounded to the nearest whole number or a specific number of decimal places for ease of presentation. Accordingly, figures shown as totals in certain tables may not be the precise sum of the figures that precede them. In addition, certain percentages and amounts contained in this Prospectus reflect calculations based on the underlying information prior to rounding, and accordingly may not conform exactly to the percentages or amounts that would be derived if the relevant calculations were based upon the rounded numbers.

Currencies

Unless otherwise indicated, in this Prospectus, all references to:

- "**CAD**" or "**Canadian dollars**" are to the lawful currency of Canada;
- "**GBP**", "**£**" or "**pounds sterling**" are to the lawful currency of the United Kingdom; and
- "**USD**", "**$**" or "**US dollars**" are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in US dollars.

Effective 1 January 2015, the functional and presentation currency of the Company was changed from CAD to USD. The measurement change was due to the focus of the Company in Africa, for which costs are denominated in USD. As a result of the Company's focus in areas with USD functional currencies, the Company has also re-denominated the intercompany debt agreements to USD. The change in presentation currency is to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results. This change has been applied retrospectively as if the new presentation currency had always been the Company's presentation currency.

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

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

Times

Unless otherwise stated, references to time in this Prospectus are references to the time in London, United Kingdom.

References to defined terms

Certain terms used in this Prospectus, including certain capitalised, technical and other terms are defined or described in 0 (*Definitions*) and Part XIX (*Glossary of Technical Terms*).

Mineral resource reporting

The Company commissioned NSAI to produce a report on OPL 226. The NSAI Report is effective 30 June, 2018 and dated 26 July, 2018. The Company affirms that no material changes have occurred since the date of the NSAI Report, the omission of which would make the NSAI Report misleading.

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

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

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

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

- *Best Estimate* – this is considered to be the best estimate of the quantity that will actually be recovered. It is equally

likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

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

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

Oil and Gas Resources

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not considered commercially recoverable because of one or more contingencies. The contingent oil resources estimated in the NSAI Report have been sub classified as development unclarified, which are resources from a discovered accumulation where evaluations are incomplete and there is ongoing activity to resolve any risks or uncertainties. Based on NSAI's understanding of the relevant PSC terms in place and analogous field developments, it appears NSAI noted in the NSAI Report that it appears that the best estimate development unclarified contingent oil resources would have a reasonable chance of being economically viable, but there is no certainty that it will be commercially viable to produce any portion of the contingent oil resources.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. The prospective resources included in the NSAI Report indicate exploration opportunities and development potential in the event a petroleum discovery is made and should not be construed as reserves or contingent resources.

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

Market, economic and industry data

The Company confirms that all third party information contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Forward-looking statements

Certain statements contained in this Prospectus constitute forward-looking statements. In some cases, forward-looking information and forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "predict", "project", "should", "target", "will", or similar words suggesting future outcomes or language suggesting an outlook. These statements represent management's expectations or beliefs concerning, among other things, future operating results and various components thereof or the economic performance of the Issuer, the outcome of Admission, future production and grades, the economic limit or viability of assets, projections for sales growth, estimated revenues, reserves and resources, targets for cost savings, the construction cost of new projects, the timing and outcome of exploration projects and drilling programmes, projected capital expenditures, transportation costs, the timing of new projects, the outcome of legal proceedings, the integration of acquisitions, future debt levels, fiscal regimes, the outlook for the prices of hydrocarbons, the outlook for economic recovery and trends in the trading environment, statements about strategies, cost synergies, revenue benefits or integration costs and production capacity of the Company's Group and the industry and countries in which the Company's Group operates. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties 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, investors are cautioned that events or circumstances could cause results to differ materially from those predicted. The Directors believe the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Prospectus should not be unduly relied upon.

In particular, this Prospectus contains forward-looking statements pertaining to the following:

- business strategy, strength and focus;
- expanding operations into other jurisdictions, including, without limitation, Mozambique;
- the dividend policy of the Company;
- cost sharing arrangements with joint operators;
- the Company's commitments under the OPL 226 Transaction;
- debt and financing arrangements for OPL 226;
- granting a consent to OPL 226 Transaction by the Nigerian Government;
- the timing of work program under OPL 226;
- the ability to reach an agreement on legally binding documents for the Facility and related security documentation;
- the potential obligations of the Company under the MOU;
- the evaluation of Block PT5-B opportunities and timings of negotiations with the Mozambique Government in respect of the terms of a PSC;
- oil and natural gas production levels;
- information in respect of prospective resources the Company may have, including disclosure of the NSAI Report ;
- anticipated forthcoming activity in the oil and natural gas industry in the fields in which the Company operates;
- the size of the oil, natural gas and natural gas liquids reserves and the ability to commercially exploit them;
- drilling and exploitation timelines;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- the significant follow-up potential for a discovery well in the Noa West and Noa East prospect areas that were identified in the NSAI Report;
- expectations regarding the ability to raise capital and obtain the financing necessary to develop profitable oil operations;
- the timing of any potential financings, including: offerings, private placements or contributions of funds by existing shareholders;
- assumptions in respect of valuation of warrants and stock options;
- the Company's ability to manage its financial and operations risks;
- anticipated use of funds from the Placing and future use of current cash flow;
- the Group's intention in respect of maintaining sufficient insurance;
- treatment under governmental regulatory regimes and tax laws;
- tax horizon and future income taxes;
- capital expenditure programmes; and
- abandonment and reclamation costs.

Currently the Group has no oil and gas reserves. Statements relating to "reserves" and "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described can be profitably produced in the future.

Forward-looking information and statements are based on the Company's current beliefs as well as assumptions made by, and information currently available to, the Company concerning future oil and natural gas production levels, future commodity prices, the ability to add oil and natural gas reserves through farm-in, acquisition and/or drilling at competitive prices, future exchange rates, the cost and availability of equipment and services in the field, the impact of increasing competition and the ability to obtain financing on acceptable terms.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Prospectus:

- failure to obtain government consent to the OPL 226 Transaction;
- failure to obtain debt and other financing for OPL 226;
- negotiations with the Government of Mozambique in respect of the terms of a PSC relating to Block PT5-B;
- volatility of crude oil and natural gas prices;
- "resources" vs. "reserves" as discussed at Part III (*Risk Factors – Resources vs Reserves*);
- estimates of resources and reserves;
- volatility of crude oil and natural gas prices;
- status and stage development;
- reliance on key individuals;
- availability of capital to fund future operations;
- insurance;
- marketability of crude oil and natural gas;
- availability of equipment and access restrictions;
- nature of reserves and additional funding requirements;
- control over joint ventures;
- cybersecurity and terrorism;
- project risks;
- third party credit risk;
- operating hazards and other uncertainties;
- competition;
- joint property ownership;
- access to production facilities;
- global financial instability;
- alternatives to and changing demand for petroleum products;
- interest rate cash-flow risk;
- geo-political change;

- foreign operations;
- operating in African countries;
- the Group's business in jurisdictions with inherent risks relating to fraud, bribery and corruption;
- changes in government policy that could have a negative impact on the Group's business;
- permits, licences, approvals and authorisations;
- the Group's exposure to the risk of changes in laws in the jurisdictions where it operates;
- working with local communities and indigenous peoples on property onshore;
- corporate tax regime;
- tax regimes in certain jurisdictions are subject to differing interpretation s and are subject to change;
- foreign currency exchange risk;
- governmental regulation;
- environmental regulations;
- climate change;
- country specific political risk –Nigeria and Mozambique;
- share price volatility;
- the Company is incorporated in Canada, and as such is subject to Canadian company law;
- liquidity of the Common Shares and realisation of investment in Common Shares;
- dilution and further sales;
- risks relating to the application of Canadian takeover bid rules; and

The Company has also made assumptions regarding, among other things, the willingness of operators to conduct operations on certain properties in foreign jurisdictions; future oil and gas prices or cost of products sold; ability to obtain required capital to finance exploration, development and operations; the ability to maintain sufficient funds to continue to the operations of the Company; the timely receipt of any required regulatory approvals; ability to obtain drilling success consistent with expectations; the ability of Company to secure adequate product transportation; no material variations in the current tax and regulatory environments; and the ability to obtain equipment, services, supplies and personnel in a timely manner to carry out its activities. Forward-looking statements and other information contained herein concerning the oil and gas industry and the Company's general expectations concerning this industry are based on estimates prepared by management of the Company, using data from publicly available industry sources as well as from reserve reports, market research, industry analysis as well as on assumptions based on data and knowledge of this industry, which the Company believes to be reasonable. Although this data is generally indicative of relative market positions, market shares and performance characteristics, it is inherently imprecise. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

The above summary of major risks and assumptions, related to forward-looking statements included or incorporated by reference in this Prospectus has been provided for readers to gain a more complete perspective on the Company's future operations. However, readers should be cautioned that the above list of factors is not exhaustive and that this information may not be appropriate for other purposes.

Prospective investors are advised to read, in particular, the parts of this Prospectus entitled Part III (*Risk Factors*), Part VIII (*Information on the Group*), Part X (*Industry Overview*) and Part XI (*Financial Information on the Group*) (including the information incorporated by reference therein) for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Prospectus may not occur.

The forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. The Company, and the Directors expressly disclaim any obligations or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable securities laws, including the Prospectus Rules, the Listing Rules, or the Disclosure and Transparency Rules, or as otherwise required by the FCA or the London Stock Exchange.

The forward-looking statements contained in this Prospectus are expressly qualified by this cautionary statement. However, none of the forward looking statements contained in this Prospectus in any way seek to qualify the working capital statement contained at section 16 of Part XVIII(*Additional Information*) of this Prospectus.

Website

Unless specifically provided for herein, the contents of the Company's website, including any websites accessible from hyperlinks on the Company's website, do not form part of this Prospectus.

Part VIII

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INFORMATION ON THE GROUP

1. BUSINESS OVERVIEW

The Company is a publicly traded oil and gas company listed on the TSX Venture Exchange (the "**TSX-V**") under the symbol "XOP" and the London Stock Exchange ("**LSE**") under the symbol "COPL".

The Company is an international oil and gas exploration and development company focused in Africa.

In 2014, the Company formed a joint venture company with Shoreline, in line with the Company's strategy to diversify and balance its asset portfolio to generate stable cash flow from secure assets. The Company and Shoreline each hold a 50% interest in the jointly controlled company, ShoreCan, which was incorporated on 24 October 2014. Neither party has a veto right or equivalent "golden share" in ShoreCan. ShoreCan's board is comprised of four directors, Arthur Millholland and Viscount William Astor (being the Company's nominee directors) and Kola Karim and Tunde Karim (being Shoreline's nominee directors). The Company's wholly owned subsidiary, COPL Technical Services Limited provides engineering, geological, geophysical and legal and accounting services to ShoreCan, which, in turn, flows through to Essar Nigeria. Shoreline provides in country-Nigerian legal and accounting services to ShoreCan in addition to managing government relations. Representatives of both these companies are directors of Essar Nigeria, namely, Kola Karim (as Chair), Tunde Karim (as Chief Executive Officer) and Arthur Millholland (as Chief Operating Officer) in addition to a nominee director of Essar Mauritius, Ashish Kumar. ShoreCan is focussed on acquiring upstream oil and gas exploration, development and producing assets in Africa, and has taken a position in Nigeria while it continues to evaluate a variety of additional assets in Nigeria and Mozambique.

In Namibia, the Company held a 40% working interest in offshore blocks 1708, 1709 and 1808 through its interest in ShoreCan, which had entered into a Farm-Out Agreement with Camelot, a Namibian registered company, whereby ShoreCan acquired an 80% working interest in offshore Namibia deepwater Blocks 1708, 1709 and 1808. On 2 November 2016, ShoreCan sent a formal letter to its partner Camelot expressing its desire to exit from the joint venture relationship with Camelot and to relinquish its interests in (Namibia license PEL 075 relative to) offshore blocks 1708, 1709, and 1808. Following a technical assessment of the exploration and economic potential, the partnership decided to relinquish its interests in the blocks.

In Nigeria, the Company is anticipating a 40% working interest (through ShoreCan) in OPL 226. As a party to a PSC for OPL 226, Essar Nigeria (which is 80% owned by ShoreCan) is required to seek Nigerian Government ministerial consent for the acquisition. Application has been made to the appropriate government bodies and the process is in the final stage in this regard.

Further, the Company has been in discussions with certain shareholders and other organisations and has made further progress towards raising funds to finance the OPL 226 project. 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. ShoreCan has also applied for an extension to the first phase of the PSC beyond 30 November 2017. The timing for the drilling campaign on OPL 226 will be somewhat delayed due to the delay in completing the project financing and receipt of final ministerial consent from the concessionaire Nigerian National Petroleum Corporation ("**NNPC**") for the change in control of Essar Nigeria.

On 27 July 2018, ShoreCan entered into a non-legally binding project financing term sheet. The term sheet provides for a minimum $30 million investment (to a maximum of $50 million) from the Mauritius Commercial Bank, Trafigura PTE Ltd. and the EFA Group in the form of a senior secured facility for deployment by ShoreCan into Essar Nigeria. Specifically, the Facility would provide funding for all production related expenditures after the drilling and testing of the initial production well to be drilled by Essar Nigeria on OPL 226. Draw down of the Facility would be contingent on, among other things, an additional $20 million to $33 million of equity funding from ShoreCan, $100 million funding from an offshore oil services group to deliver the project and a minimum of 6,000 bbl./d production rate averaged over 20 days. The Facility would be secured by way of a first ranking share charge over (among others) ShoreCan's shares in in Essar Nigeria and the terms remain subject to agreement on definitive documentation.

In Mozambique, the Company's bidding Consortium (comprising, among others, Shoreline and COPL who together will hold a 57% interest), was awarded on 15 December 2017 the onshore Block PT5-B under the fifth licensing round. It is anticipated that COPL will act as operator in respect of the Block PT5-B project.

Block PT5-B is located on the Mozambique coastal plain, 750km north of the capital of Maputo. It is 4,356 sq. km in size and surrounds the north, west and south west margins of the Pande Gas Field, half of the Pande-Temane Gas field complex which has reported gas reserves of 2.6 TCF and production in 2016 of 475 mmcf per day. The gas is primarily exported by pipeline to South Africa . In February 2017, Sasoil, the operator of the Pande-Temane gas complex announced a light oil discovery and the construction of a crude oil and LPG processing facility in an adjacent area to the east called Inhassoro. The Company believes Block PT5-B is prospective for light oil and gas in the productive zones at Pande, Temane and Inhassoro as well as deeper horizons.

The Consortium is to be invited to negotiate with the Government of Mozambique the terms of the production sharing contract governing Block PT5-B. These negotiations are expected to commence imminently. These will include the acquisition of 1600 line km of 2D seismic. According to the Company's Mozambican partner, the Instituto Nacional do petroléo (INP) is currently finalising discussions on a large number of offshore block major companies before they are able to enter into discussions regarding onshore Block PT5-B.

2. COMPANY HISTORY

2.1 *Company history and background*

Since the beginning of 2015, the following key milestones have occurred:

2015

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

On 20 February 2015, ShoreCan entered into a commercial acquisition, ratified by the Ministry of Energy in Namibia, of an 80% interest in three blocks offshore Namibia. The blocks are defined as 1708, 1709 and 1808 in the Namibe Basin.

On 23 February 2015, the Company resolved to remove COPL NZ from the New Zealand Register of Companies as the company ceased to carry on business, had discharged in full the liabilities to all its known creditors, and distributed its surplus assets in accordance with its constitution and section 318(1)(d)(i) of the *Companies Act* 1993.

On 26 February 2015, the Company announced that it had formed a joint venture company with Shoreline, in line with the Company's strategy to diversify and balance its asset portfolio to generate stable cash flow from secure assets. Both partners hold a 50% interest in the jointly controlled company, which is focused on acquiring upstream oil and gas exploration, development and producing assets in Africa, and had taken positions in Tanzania and Namibia while it continues to evaluate a variety of assets in Nigeria, Equatorial Guinea and Mozambique.

On 26 February 2015, the Company announced that the ShoreCan partnership had entered into an option agreement to acquire a 60% working interest in two offshore blocks, identified as the Latham License Area (5056 km^2) and the Kimbiji License Area (4298 km^2), extending from the shore to offshore depths of approximately 500 to 1000 m.

On 26 February 2015, the Company announced that ShoreCan had entered into a commercial acquisition, ratified by the Ministry of Energy in Namibia, of an 80% interest in three blocks offshore Namibia. The blocks are defined as blocks 1708, 1808, and 1709. These blocks are situated north of the Walvis Ridge on the Namibian/Angolan border within the Namibe Basin.

On 4 March 2015, ShoreCan entered into a farm-in option agreement to acquire a 60% participating interest in the Petroleum Exploration License and Petroleum Agreement with respect to the Kimbiji and Latham offshore blocks in Tanzania. ShoreCan evaluated the historic 2D and 3D seismic and regional geological information and after a detailed technical review and a short marketing exercise the directors of ShoreCan decided not to continue with the option on both the Kimbiji and Latham Blocks effective the end of December 2015.

On 15 April 2015, the Company announced that Chris McLean, the Company's Chief Financial Officer (at that time), was taking a leave of absence for health reasons following a serious traffic accident.

On 27 May 2015, the MMIE signed the MOU in favour of ShoreCan.

On 2 June 2015, the Company announced that its partner, ExxonMobil Liberia, remained committed to completing their work program and obligations under the Liberian PSC. The government of Liberia continued to provide its assurances that it will act under the terms of the Liberian PSC to provide the Company and ExxonMobil Liberia sufficient time to complete their work programme, extending the current exploration period, if necessary.

On 9 July 2015, the Company closed a short form prospectus in connection with the July 2015 Placing, which consisted of units, each comprising one Common Share and one warrant. Each warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD 0.12 per Common Share on or before the date that is 24 months following the closing date. The Company issued 80,288,699 units at a price of CAD 0.09 for gross proceeds of CAD 7.2 million. The Company also issued 4,548,380 Common Share purchase warrants to its agents, which entitle the holder to purchase one Common Share until 9 July 2017, at an exercise price of CAD 0.09 (USD 0.07).

On 23 July 2015, the Company announced that Christopher McLean had resigned from the Board of Directors, effective 21 July 2015. He also resigned as the Chief Financial Officer effective on the same date due to health reasons following a serious road traffic accident.

On 13 August 2015, the Company announced its admission to the standard listing segment of the "Official List" to trade on the London Stock Exchange's main market.

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

On 23 September 2015, the Company reported an update on its activities in Liberia that is focused on deep water Block LB-13. The Company had received a work programme and budget for 2016 from ExxonMobil Liberia.

On 1 October 2015, the Company reported an update on its activities in Africa. ShoreCan reported progress in respect of an acquisition in Nigeria, subject to regulatory approvals, pursuant to which ShoreCan would acquire 80% equity and titled interest of an oil appraisal/development project offering near-term oil production, as well as significant future exploration upside. This transaction would provide ShoreCan the opportunity to take over management and ownership of the asset.

On 2 November 2015, the Company announced that Mr. Richard H. Schmitt had resigned from the Board of Directors effective 31 October 2015.

On 16 November 2015, the Company announced that Mr. John F. Cowan had joined the Board of Directors effective 10 November 2015.

2016

On 30 March 2016, the Company announced that it had engaged Dundee Securities Ltd as agent for an offering of up to 85.7 million First Tranche Offering Units at a price of CAD 0.07 per unit for aggregate gross proceeds of up to CAD 6 million, including the costs of the non-brokered private placement. Each First Tranche Offering Unit consisted of one Common Share and one First Tranche Offering Warrant. Each First Tranche Offering Warrant would entitle the holder thereof to purchase one (1) Common Share for a period of 24 months from the closing of the First Tranche Offering at an exercise price of CAD 0.095 per Common Share. The Company also announced that it intended to market on a non-brokered basis, the private placement to investors in the United Kingdom, on similar terms, priced in the UK market, subject to the requirements of its listing on the London Stock Exchange.

On 20 April 2016, the Company announced the closing of the First Tranche Offering for gross proceeds of £800,000, pursuant to which the Company issued 22,857,143 First Tranche Offering Units at a price of £0.035 per Unit. Further to the Company's announcement on 30 March 2016, the Company entered into definitive agreements for a private placement the First Tranche Offering Units on a non-brokered basis to investors in the United Kingdom. Under the First Tranche Offering, each First Tranche Offering Warrant entitled the holder thereof to purchase one Common Share at an exercise price of £0.0475 per Common Share at any time prior to 17:00 hrs (London time) on or before the date that is 24 months from the closing of the First Tranche Offering. The Common Shares and First Tranche Offering Warrant comprising the First Tranche Offering Units would separate immediately upon closing.

On 26 April 2016, the Company announced that the Company and Dundee Securities Ltd. had agreed to increase the size of the private placement. The Company would now issue up to 117.9 million Second Tranche Offering Units of the Company at a price of CAD 0.07 per Second Tranche Offering Unit for aggregate gross proceeds of up to approximately CAD 8.25 million under the brokered and non-brokered portions of the Second Tranche Offering, collectively, inclusive of the non-brokered private placement to investors in the United Kingdom announced on 30 March 2016 and on 20 April 2016.

On 26 April 2016, the Company announced that it had made an application for the admission to the standard listing segment of the Official List, and to trading on the London Stock Exchange's main market for listed securities, of 46,891,400 Common Shares of no par value in the capital of the Company. These Common Shares were issued or are issuable pursuant to: (i) the First Tranche Offering; and (ii) the Finder's Warrants the Company agreed to issue in relation to the First Tranche Offering. Each finder's warrant entitles the holder thereof to purchase one Common Share at an exercise price of £0.035 at any time prior to 16:30 hrs (Calgary time) on or before the date that is 24 months from the closing of the First Tranche Offering.

On 29 April 2016, the Company announced the admission to the standard listing segment of the Official List, and to trading on the London Stock Exchange's main market for listed securities, of 22,857,143 Common Shares of no par value in the capital of the Company, which were issued pursuant to the previously announced First Tranche Offering which closed on 28 April 2016.

On 3 May 2016, the Company announced that it had closed the brokered portion of its previously announced Second Tranche Offering. The Company issued 101,066,868 Second Tranche Offering Units at a price of CAD 0.07 per Second Tranche Offering Unit for aggregate gross proceeds of approximately CAD 7.1 million.

On 13 May 2016, the Company announced the appointment of Aleksandra Owad CPA, CGA, FCCA(UK) as its Chief Financial Officer effective 12 May 2016. Kristin Obreiter, the Company's previous interim Chief Financial Officer, stepped down effective 1 May 2016 for personal reasons due to a forthcoming relocation. Ms. Owad previously worked for the Company as Chief Financial Officer until October 2013.

On 14 September 2016, the Company announced that ShoreCan had completed the acquisition of 80% of the share capital of Essar Nigeria. Essar Nigeria's sole asset is a 100% interest and operatorship of OPL 226 located 50 km offshore in the central area of the Niger Delta. Under the terms of the PSC governing OPL 226, Essar Nigeria is required to seek Ministerial consent for the change in control of Essar Nigeria. Application had been made and the parties are awaiting its approval. ShoreCan has also applied for an extension to the first phase of the PSC beyond 31 December 2017.

On 2 November 2016, ShoreCan sent a formal letter to Camelot expressing their desire to exit from the joint venture relationship with Camelot and to relinquish its interests in Namibia license PEL 075 relative to offshore blocks 1708, 1709, and 1808. The Company held a 40% equity interest in the blocks through its 50% interest in ShoreCan. Following a technical assessment of the exploration and economic potential, the partnership decided to relinquish its interests in the blocks.

On 23 November 2016, the Company announced that ExxonMobil Liberia commenced drilling operations on the Mesurado-1 well on 22 November 2016 utilising the Drillship Seadrill West Saturn. The Mesurado-1 well is located about 50 miles offshore Liberia on Block LB-13 in approximately 2,500 meters of water. The well, targeting oil in Late Cretaceous sands is the first well operated by ExxonMobil Liberia offshore Liberia.

On 19 December 2016, the Company announced that the Mesurado-1 well (in LB-13) reached final total depth on 17 December 2017. The well, targeting oil in a sequence of Late Cretaceous Santonian aged sands, intersected 145 meters (475 feet) of net sand of which 118 meters (387 feet) was deemed to be reservoir quality. No hydrocarbons were indicated by the logging while drilling operations were performed across the targeted intervals. As such, the operator advised the Company that no further logging operations would be conducted and the well would be plugged and abandoned.

On 27 December 2016, Drillship Seadrill West Saturn was released from service after drilling the Mesurado-1 well.

2017

In February 2017, during an operational meeting, ExxonMobil informed the Company that its team continues evaluation of Mesurado-1 well drilling results and that further geological and geophysical analysis will be performed to re-evaluate other prospects on Block LB-13. The Company also performed a further analysis of seismic data of all Liberia prospects and leads.

On 25 May 2017, the Company announced a placement of 650,000,000 new Common Shares at a placing price of 0.5 pence per placing share to raise gross proceeds of £3.25 million. Net proceeds from the placing were used to fund the Company's ongoing general and administrative expenses.

On 9 June 2017, the Company announced the approval by the UK Listing Authority of the Prospectus issued in connection with the Second Tranche Offering and June 2017 Placing.

On 12 June 2017, the Company announced the admission to the standard listing segment of the Official List, and to trading on the London Stock Exchange's main market for listed securities, of 757,066,868 Common Shares of no par value in the capital of the Company (comprising the Second Tranche Offering Closing Shares and Common Shares issued in connection with the June 2017 Placing and a subsequent placing). Senior management and employees participated in the June 2017 Placing, which was oversubscribed.

On 11 August 2017, the Company informed investors that it continued to source funds for its appraisal/development project, OPL 226, and through various investment bankers were in discussions with a select number of oil traders, merchant banks and service providers to source the required funds. Discussions were progressing well and the Company announced it hoped to have the process completed by the end of the third quarter of 2017. The Company's technical team also continued to perform geological and geophysical analysis on the rest of Block LB-13 in order to decide whether or not to proceed to the third exploration phase of the PSC.

On 2 October 2017, the Company announced a placing of 250,000,000 new Common Shares to UK investors at a placing price per share of 1 penny, to raise gross proceeds of £2.5 million. Net proceeds from the placing were used to fund the Company's ongoing general and administrative expenses.

On 19 October 2017, the Company announced the admission to the standard listing segment of the Official List, and to trading on the London Stock Exchange's main market for listed securities, of 250,000,000 Common Shares of no par value in the capital of the Company, pursuant to the announcement of 2 October 2017. In connection with the admission of these shares, the Company advised that there was a temporary restriction on the transfer of the shares through CREST to the Company's Canadian share register for a period of four months and one day from the date the shares were issued. The Company paid a commission to Shore Capital Stockbrokers Limited of 4.9% of the gross proceeds from the October 2017 Placing and granted 15,000,000 warrants with an exercise price of 1 penny per broker warrant, expiring on 16 October 2019.

On 10 November 2017, the Company announced that in consultation with its partner in Block LB-13 offshore Liberia, the parties had elected not to enter into the third exploration period and accordingly, surrendered their rights to the LB-13 license, resulting in the expiration of the LB-13 PSC and Block LB-13 JOA on 25 September 2017. In regards to OPL 226, the Company continued to work with its investment bankers to source the required funds for the project and advised that it had held numerous discussions with potential contractors and suppliers to drill an appraisal well in early 2018.

On 27 November 2017, the Company announced that its Board of Directors had approved the granting of 60,035,000 share options of the Company effective from that date. The share options were granted under the Company's Stock Option Plan at an exercise price of $0.015 per share to the Company's Directors, employees and consultants.

On 15 December 2017, the Company announced that through its 50% owned subsidiary, ShoreCan, it has been advised by the Government of Mozambique that its bidding Consortium has been awarded onshore Block PT5-B in the fifth licensing round. The Consortium is to be invited to negotiate with the Government of Mozambique regarding the terms of the production sharing contract governing Block PT5-B. These negotiations are expected to commence imminently.

The Company further announced that Essar Nigeria, which is 80% owned by ShoreCan, is in the final stage of being granted ministerial consent for the change of control Essar Nigeria pursuant to the Essar Acquisition. On 3 November, Essar Nigeria applied for an extension to the Phase 1 exploration period of the PSC beyond 31 December 2017 and is currently awaiting ministerial response. The Company advised they has made progress towards raising funds to finance OPL 226 however the timing of the OPL 226 drilling campaign would be delayed.

2018

In the first half 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.

On 30 July 2018, the Company announced that ShoreCan had received a non-legally binding project financing term sheet (which is subject to agreement on definitive documentation) for a minimum $30 million investment (to a maximum of $50 million) from the Mauritius Commercial Bank, Trafigura PTE Ltd. and the EFA Group in the form of a senior secured facility for deployment by ShoreCan into Essar Nigeria. Specifically, the Facility would provide funding for all production related expenditures after the drilling and testing of the initial production well to be drilled by Essar Nigeria on OPL 226.

3. KEY STRENGTHS

The Directors believe that the Company has the following key strengths:

3.1 *Assets*

Nigeria

The following gross contingent and prospective resources have been estimated by NSAI in the NSAI Report:

Gross unrisked prospective resources (Light/Medium Oil only) – OPL 226

	Low Estimate	**Best Estimate**	**High Estimate**
Gross 100% Unrisked Prospective resources (Mbbl)[6]	284,156.7	532,953.5	1,013,743.1
OPL 226			

Company gross unrisked prospective resources (Light/Medium Oil) – OPL 226

	Low Estimate	**Best Estimate**	**High Estimate**
Company Gross Unrisked Prospective resources (Mbbl)[7]	113,662.7	213,181.4	405,497.3
OPL 226			

[6] Notes: Prospective resources are the arithmetic sum of multiple probability distributions. .

[7] Notes: Prospective resources are the arithmetic sum of multiple probability distributions. COPL owns a 40 percent working interest in these properties, contingent upon the NNPC's approval of the acquisition of EEPL's shares

Gross development unclarified contingent resources (Light/Medium Oil) – OPL 226

	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
Gross 100% Development Unclarified Contingent resources (Mbbl)	11,497.4	16,072.9	20,653.3
OPL 226			

Company gross development unclarified contingent resources (Light/Medium Oil) – OPL 226

	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
Company Gross Development Unclarified Contingent resources (Mbbl)[8]	4,599.0	6,429.2	8,261.3
OPL 226			

A complete set of the above tables are included in the NSAI Report accompanying this Prospectus. Some of these tables include values for natural gas and condensate as well as for oil. As well, without limitation, the NSAI Report contains details of the evaluation methodology and technical details pertaining to the contents of the NSAI Report.

3.2 ***Management has a proven ability in appraising and developing oil and gas assets***

The Company's management and technical teams have a proven ability in appraising and developing oil and gas assets. Certain members of the Company's team were formerly the senior management at the Chief Executive level and the senior technical team of Oilexco and its subsidiary companies. This team previously grew Oilexco's portfolio of exploration assets into a collection of producing assets which are still in production today. The Company's technical team includes key individuals for the former Oilexco geological and geophysical and reservoir engineering team. In the years between 2004 and 2008, Oilexco was a leading operator and driller of appraisal and exploratory wells on the UKCS. During this period, Oilexco drilled 92 exploratory and appraisal wells, 19 pilot wells and 9 production horizontal wells for a total of 120 wells with an approximate 75% success rate.

3.3 ***Technical expertise***

The Company's management team has extensive experience with AVO techniques to successfully differentiate oil from water in stratigraphic turbidite fan and channel prospects. Whilst at Oilexco the Company's team coupled new geological concepts with seismic AVO concepts that enabled it to map stratigraphic "Turbidite" prospects that had largely been ignored within the North Sea. It was determined that the amplitude variations seen on seismic data was due to contrasts in the "elastic" rock properties. These "elastic" properties included porosity, rock density and fluid fill (water or oil). These amplitude responses can be described by AVO attribute extraction and can be used to infer changes in rocks and the fluids contained within them. These techniques, that were originally developed in areas including the North Sea and Gulf of Mexico, have had practical application in similar targets in Liberia, Ghana and Sierra Leone and should be applicable in the similar trends and conventional traps offshore, swamp and onshore areas of Nigeria.

The Directors believe that the Company's team is well known for its progressive approach to drilling wells, for quickly appraising its discoveries, and for monetizing those discoveries rapidly. Oilexco's goal was to bring a discovery from final appraisal to first oil in two years. The team successfully achieved these goals on the first two of its 100% development projects. This was achieved through the concept, design and completion of subsea engineering; the project management of the installation of flow lines, subsea manifold, booster pump and subsea pipeline to an owned and operated floating production facility. Production commenced at an initial rate of 30,000 bopd, and Oilexco was progressing with the planning and engineering of two additional FPSO development projects at the end of 2008.

[8] Notes: COPL owns a 40 percent working interest in these properties, contingent upon the NNPC's approval of the acquisition of EEPL's shares.

3.4 ***Board has significant listed company experience***

The Board, a majority of which is independent and has a significant focus on corporate governance, has director level experience with companies listed on the TSX, TSX-V, LSE, AIM, NYSE, JSE and Oslo Stock Exchange. The independent Chairman has experience with NYSE and TSX-listed companies.

3.5 ***Listed on the TSX-V***

The Company is currently listed on the TSX-V, trading under the ticker "XOP", and has been since 2006.

4. OVERVIEW OF ASSETS AND PROJECTS

4.1 ***Nigeria - OPL 226***

(a) **Overview**

OPL 226 is located in the Niger Delta province, offshore Nigeria, and has an area of 1530 sq. km and is located in water depths ranging from 40 to 80 m. This block is situated along the southwestern edge of a large growth fault-controlled structural complex (Anyala and Noa Complex) that can be mapped with available 3D seismic data.

Essar Nigeria was awarded OPL 226 in the 2007 bidding round with a signature bonus payment of USD 37 million. Currently, Essar Nigeria has acquired a 3D seismic survey in excess of its commitments under Phase 1 of the PSC governing OPL 226; however, the company has yet to drill a well under Phase 1 of the PSC.

On 13 September 2016, ShoreCan completed the purchase of 80% of the issued share capital of Essar Nigeria. Essar Nigeria's sole asset is the 100% interest in and operation of OPL 226 in Nigeria. As part of the related shareholder agreement, ShoreCan has agreed to cover the funding of Essar Nigeria's operations. Under the terms of (and as a party to) the PSC, Essar Nigeria is required to seek Ministerial consent for the change in control of Essar Nigeria. Application has been made to the appropriate bodies and the parties are awaiting its approval.

ShoreCan paid USD250,000 as consideration for this acquisition. 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 are to 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.

Under the terms of the acquisition, ShoreCan has taken over management and has a majority of the board of directors of Essar Nigeria effective 12 January 2017 (i.e. three of ShoreCan's representatives were appointed directors of Essar Nigeria, thereby gaining a majority on Essar Nigeria's board); upon receipt of Ministerial approval, ShoreCan will be the official registered owner of the 80% working interest in OPL 226, and the Company will own 40% thereof pursuant to its interest in ShoreCan. Following final closing of the deal, the Company effectively owns a 40% working interest in the OPL 226 license through ShoreCan.

Historically, only five wells have been drilled on OPL 226 by previous operators including: Noa-1 drilled by Solgas in 2001 was an oil and gas discovery; Oyoma-1 (1972) was an oil and gas discovery; Dubagbene-1 (1972) was an oil discovery; Nduri-1 (1973) was a gas discovery; and HJ South-1 (1987) was a gas discovery.

The Noa-1 discovery well, drilled in 2001, encountered fine to medium-grained sandstones of the Agbada Formation in the footwall block that is trapped by a counter-regional (antithetic) fault. The Noa-1 discovery well encountered a thick sand in the 6100' stratigraphic zone that has 7.0 m of gas net pay and 18.7 m of oil net pay. Three additional gas-bearing sands (3600', 4900', 5500' sands) were also encountered (uphole) in the Noa-1 well.

OPL 226 is situated adjacent to Oil Mining License ("**OML**") 83 in which the undeveloped Anyala oil and gas field is located. The Anyala field was discovered in 1972 and lies at the crest of northwest to southeast trending anticline plunging to the northwest and southeast. Two wells drilled in 1972, Oyoma-1 and Dubagbene-1 discovered oil and gas on the northwest plunge of the Anyala Anticline structure, while Noa-1 discovered oil and gas on the southeast plunge of the structure on OPL 226.

At the date of this Prospectus, two investment banks have been engaged to assist ShoreCan with the financing required to commence drilling at OPL 226. The Company has also engaged Zephyr Well Engineering (Aberdeen, UK) to assist with well design planning for the initial wells in OPL 226. The proposed initial work program involves the drilling of an appraisal well on the NOA-1 oil discovery and facilitating production though an Early Production Scheme. This would be followed by the drilling of up to three additional similar wells on the NOA structure and subsequent to that, a full field development.

The Directors believe that Essar Nigeria (which is 80% owned by ShoreCan) is in the final stage of being granted ministerial consent for the change of control of Essar Nigeria pursuant to the Essar Acquisition. Essar Nigeria has also applied for an extension to the first phase of the PSC beyond 31 December 2017 and is currently awaiting ministerial response. Given the delay in completing the project financing and receipt of final ministerial consent for the Essar Acquisition, the timing of the OPL 226 drilling campaign will be somewhat delayed.

On 27 July 2018, ShoreCan entered into a non-legally binding project financing term sheet The term sheet provides for a minimum $30 million investment (to a maximum of $50 million) from the Mauritius Commercial Bank, Trafigura PTE Ltd. and the EFA Group in the form of a senior secured facility for deployment by ShoreCan into Essar Nigeria. Specifically, the Facility would provide funding for all production related expenditures after the drilling and testing of the initial production well to be drilled by Essar Nigeria on OPL 226. Draw down of the Facility would be contingent on, among other things, an additional $20 million to $33 million of equity funding from ShoreCan, $100 million funding from an offshore oil services group to deliver the project and a minimum of 6,000 bbl./d production rate averaged over 20 days. The Facility would be secured by way of a first ranking share charge over (among others) ShoreCan's shares in in Essar Nigeria and the terms remain subject to agreement on definitive documentation.

(b) **NSAI Report on OPL 226**

The Company commissioned NSAI to produce an updated contingent and prospective resources report on OPL 226 as at 30 June, 2018 and dated 26 July, 2018. Key information from the NSAI Report has been summarised without modification in the Table below:

Gross prospective unrisked resources (Light/Medium Oil) – OPL 226

	Low Estimate	**Best Estimate**	**High Estimate**
Unrisked Prospective resources Gross 100% (Mbbl)[9] OPL 226	284,156.7	532,953.5	1,013,743.1

Gross development unclarified unrisked contingent resources (Light/Medium Oil) – OPL 226

	Low Estimate (1C)	**Best Estimate (2C)**	**High Estimate (3C)**
Development Unclarified Contingent resources Gross 100% (Mbbl) OPL 226	11,497.4	16,072.9	20,653.3

[9] Notes: Prospective resources are the arithmetic sum of multiple probability distributions. .

Company gross prospective unrisked resources (Light/Medium Oil) – OPL 226

	Low Estimate	Best Estimate	High Estimate
Unrisked Company Gross Prospective resources (Mbbl)[10] OPL 226	113,662.7	213,181.4	405,497.3

Company Gross development unclarified unrisked contingent resources (Light/Medium Oil) – OPL 226

	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
Development Unclarified Contingent resources (Company Gross Unrisked (Mbbl)[11] OPL 226	4,599.0	6,429.2	8,261.3

A complete set of the above tables are included in the NSAI Report accompanying this Prospectus. Some of these tables include values for natural gas and condensate as well as for oil. As well, without limitation, the NSAI Report contains details of the evaluation methodology and technical details pertaining to the contents of the NSAI Report.

(c) **Production Sharing Agreement (the "Agreement") dated 10 March 2010 (the "Effective Date") between Nigerian National Petroleum Corporation (the "Corporation") and Essar Exploration and Production Limited. ("Essar" or the "Contractor") in relation to OPL 226**

(i) Bonuses:

- Signing bonus in the amount of USD 37,000,000 paid by the Contractor to the Corporation prior to execution of the Agreement.
- Production bonuses payable by the Contractor to the Corporation as follows:
  - 100,000 bbls or cash equivalent upon cumulative production of 1,000,000 bbls
  - 1,000,000 bbls or cash equivalent upon cumulative production 250,000,000 bbl
  - 1,000,000 bbls or cash equivalent upon cumulative production 500,000,000 bbls

(ii) Scope:

- The Corporation, as holder of all rights in the contract area, grants the Contractor the exclusive right to conduct petroleum operations in the contract area.
- The Contractor shall provide funds and bear the risk of operating costs required to carry on petroleum operations.
- The Contractor shall exclude and relinquish 50% of the contract area upon the earlier of the conversion of OPL to OML and the expiry of the exploration period.

(iii) Term/Termination:

[10] Notes: Prospective resources are the arithmetic sum of multiple probability distributions. COPL owns a 40 percent working interest in these properties, contingent upon the NNPC's approval of the acquisition of EEPL's shares .

[11] Notes: COPL owns a 40 percent working interest in these properties, contingent upon the NNPC's approval of the acquisition of EEPL's shares.

- 25 years from the Effective Date, inclusive of 5 year exploration period (years 1 to 3 – Phase I; years 4 and 5 – Phase II) and 20 year OML period.
- Provided the Contractor has fulfilled its work programme and minimum financial commitment obligations for the applicable phase, the Contractor may terminate the Agreement at the end of any phase during the exploration period.
- At the end of the OML period, the Corporation shall seek the maximum allowed renewal period, provided the Contractor has satisfactorily performed its obligations.

(iv) Work programme and expenditure:

- The minimum work programme to be executed and minimum financial commitment to be incurred by the Contractor shall be:
  - Phase I:
    - 3D Seismic – 500 sq. km
    - 1 well
    - USD 25,000,000
  - Phase II
    - 3D Seismic – 500 sq. km
    - 2 wells
    - USD 60,000,000
- The Contractor shall submit to the Corporation a performance bond in respect of the minimum work programme for each of Phase I and II, at the applicable times, which shall be reduced as verified expenditures are incurred by the Contractor.
- In the event the Contractor fails to complete the minimum work programme for an applicable phase, the remaining portion of the applicable performance bond will be forfeit to the Corporation.
- The Contractors obligations shall be guaranteed by its parent company or an acceptable affiliate

(v) Management Committee:

- All matters pertaining to Petroleum Operations and the Work Programme will be directed by a Management Committee, consisting of 10 persons (5 persons appointed by each of the Corporation and the Contractor).

(vi) Rights and Obligations of the Parties:

- The obligations of the Contractor include:
  - Provide personnel and all fund for operating costs and the work programme;
  - Prepare and carry out the work programme in accordance with industry standards; and
  - Submit to the Corporation all operating data and results.
- The rights of the Contractor include:
  - The right to export and retain proceeds of sale of available crude oil allocated to it; and

- Employ personnel required for petroleum operations, giving preference to Nigerian citizens.

- The obligations of the Corporation include:
  - Pay to Nigerian government the appropriate royalty charges, concession rentals and PPT (as defined in the Agreement);
  - Assist and expedite the Contractor's execution of petroleum operations and the work programme; and
  - Apply for conversion of the OPL to OML on request of the Contractor.
- The rights of the Corporation include:
  - Title to all original data resulting from petroleum operations.

(vii) Indemnification:

- The Contractor will indemnify the Corporation against all losses arising from the gross negligence of the Contractor.
- The Corporation will indemnify the Contractor for all losses arising out of the Corporation's failure to make required payments to the Nigerian Government

(viii) Recovery of operating costs and crude oil allocation:

- During the term of the Agreement, available crude oil shall be allocated to the parties as follows:
  - To the Corporation in such quantum as to allow payment of the actual royalty on the contract area each month and the concession rental annually;
  - To the Contractor in such quantum as to allow recovery of operating costs (to a maximum of 70% of the available crude oil);
  - To the Corporation in such quantum as to allow payment of the PPT (as defined in the Agreement) liability each month; and
  - The remaining Available Crude Oil is allocated based on the formula in Clause 9.1(g) of the Agreement.

(ix) Title to equipment/Decommissioning:

- The Contractor shall finance the purchase of all equipment used in petroleum operations, which equipment shall become the property of the Corporation.
- All lands acquired for petroleum operations will be in the joint name of the Contractor and the Corporation and shall be handed over to the Corporation upon full recovery of the costs thereof by the Contractor.
- The Contractor will either (i) provide security through a stand by letter of credit or guarantee or (ii) set aside funds in an escrow account, to cover the full costs of decommissioning (as determined by a field estimate by the Contractor and approved by the Management Committee.
- The Contractor is responsible for decommissioning.

(x) Employment and training of personnel:

- Qualified Nigerians shall be employed in all non-specialized positions and, to the extent available, in specialized positions.

- The Contractor will ensure a minimum of 75% of managerial, professional and supervisory positions are filled by Nigerian citizens as of 10 years following the Effective Date, with such proportion increasing to 80% and 85% as of 15 and 20 years after the Effective Date, respectively.

(xi) Local Content Policy:

- The Corporation and the Contractor shall aspire to maximize local content in petroleum operations and shall give preference to goods or services rendered by Nigerian nationals (provided they meet required standards).

(xii) Insurance:

- All property acquired in accordance with the Agreement shall be insured by the Contractor with an insurance company of good repute.
- All policies of insurance shall name the Corporation as a co-insured.
- The Contractor shall maintain insurance covering all damages caused to third parties by petroleum operations.
- The Contractor will require any sub-contractor to comply with the requirements to obtain insurance as set out in the Agreement.

(xiii) Confidentiality:

- The parties shall keep information furnished to one another in connection with petroleum operations strictly confidential, other than disclosure (i) to subcontractors, affiliates or advisors, (ii) in compliance with statutory obligations, (iii) to financial institutions providing financing for petroleum operations, or (iv) to third parties in connection with negotiations regarding an assignment of the Agreement, provided the third party undertakes to keep the information confidential.

(xiv) Assignment:

- The Contractor may not sell, assign, transfer, convey or otherwise dispose of part or all of its rights under the Agreement, including to Affiliates, without the prior consent of the Corporation, not to be unreasonably withheld.

(xv) Termination:

- The Agreement may be terminated by the Corporation:
  - Upon default by the Contractor;
  - Upon the Contractor failing to execute the minimum work programme or failing to pay the specified bonuses;
  - If the Contractor assigns its interest without consent;
  - If the Contractor becomes bankrupt or insolvent, or liquidates or terminates its corporate existence; or
  - The warranties of the Contractor are untrue.
- The Contractor may terminate the Agreement on 90 days' notice, provided it has satisfied the minimum work programme.
- The Agreement will terminate if no petroleum is found after 10 years from the Effective Date.

(xvi) Governing law:

- Nigerian law

(xvii) Representations and warranties:

- The Contractor represents and warrants as follows:
  - It has the power to enter into and perform the Agreement;
  - The execution and delivery of the Agreement will not violate any applicable law, agreement or undertaking;
  - Full disclosure has been made to the Corporation; and
  - It has sufficient funds to carry on the petroleum operations.

(xviii) Conciliation and Arbitration:

- Any dispute shall first be referred to an independent expert. If the dispute cannot be settled by agreement or through an independent expert, either Party may demand arbitration.

(xix) Conciliation and Arbitration:

- 10 years after the commercial production of crude oil, the Agreement shall be renegotiated to afford the Corporation more economic benefit.

(d) **OPL 226 – Shareholders Agreement**

ShoreCan is party to a shareholders agreement (the "**Essar Nigeria Shareholders Agreement**") with the holder of the remaining 20% of the common shares of Essar Nigeria, Essar Exploration & Production Limited (Mauritius) ("**Essar Mauritius**"). Under the terms of the Essar Nigeria Shareholders Agreement, among other things:

- ShoreCan is entitled to five out of seven directors of Essar Nigeria and Essar Mauritius is entitled to the remaining two board seats;
- ShoreCan assumes operational control of Essar Nigeria and also is to fund and carry out approved work programme activities up to a maximum of USD 80,000,000;
- Essar Mauritius is required to maintain the existing performance bond security in favour of the Corporation in support of the work programme activities;
- The parties are not required to provide any other finance unless they agree otherwise;
- Certain board matters are reserved to the shareholders and require unanimous approval before proceeding; and
- The parties agree not to compete in any way to prejudice the rights and future success of Essar Nigeria.

ShoreCan and Essar Mauritius are currently in dispute about whether the other party is in compliance with its obligations under the Essar Nigeria Shareholders Agreement. Essar Nigeria's 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 Essar Nigeria 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 the 9th of October 2018. If Essar Mauritius did purport to terminate the Essar Nigeria 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.

(e) **OPL 226 – Farm In Agreement – Agamore**

On 20 December 2010, Essar Nigeria entered into a commercial agreement with Agamore Energy Limited ("**Agamore**") (a private Nigerian company) styled a 'Farm In Agreement'. 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.

The Company understands that approval was sought from the Nigerian authorities for the transfer of the interest but was declined on two occasions. Agamore did not provide the services to Essar and Essar, latterly on at least two separate occasions, wrote to Agamore seeking to resile amicably from the agreement. No response was received to these letters. ShoreCan, in its due diligence before entering its sale and purchase agreement for 80% of the issued share capital of Essar Nigeria, identified that Agamore had no active presence in country, no web site presence, and no operational activity and no discernable in-country infra-structure. ShoreCan and the Company formed the view that Agamore was in material breach of the Farm In Agreement and accordingly, insisted as a condition precedent to the transaction that the seller was to terminate the Farm In Agreement. In the event, the condition precedent was waived by ShoreCan on the understanding that the matter of termination of Agamore be referred to the new Board of Directors (following the appointment of the ShoreCan nominees). By way of written resolution the directors of Essar Nigeria resolved to write to Agamore giving formal notice of termination of the Farm In Agreement. The notice of termination was delivered on the 13th of March 2017. The termination letter referenced the failure to provide services and the failure to secure consent to the assignation as grounds for termination. The thirty days' notice required has passed and the Farm In Agreement is now considered by Essar Nigeria, ShoreCan and the Company as terminated.

On 7 May 2018, the Company 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**"). An originating summons was filed in the Federal High Court of Nigeria pursuant to which 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. Most notably declarations were sought, among others, that (i) the termination by Essar Nigeria was null and void (2) the assignment to Agamore of the 37% participating interest was given for valuable consideration and therefore irrevocable unless upon surrender of such interest by Agamore or mutual termination of the Farm In Agreement and that (3) pending requisite governmental approval to the assignment interest, Agamore's equitable right to the 37% interest subsists.

The Company considers the action as spurious, vexatious and ill-founded. Counsel have been instructed and motions to have the action dismissed have been filed. The case was initially heard on 5 June 2018, however, Agamore's lawyers failed to appear at the hearing. The case was continued until 29 July 2018 where Agamore's lawyers did appear in person at the hearing but the hearing was again continued to 5 September 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 also represent them to seek dismissal of the action. NNPC and DPR make clear in their instruction correspondence that they have not approved any assignation of an interest to Agamore and do not recognise it as having any title interest in OPL 226. With all defendants including the Nigerian governmental agencies considering the action to be ill-founded, the Company remains confident that the action will be dismissed in due course.

(f) **OPL 226 – Project Financing**

On 27 July 2018, ShoreCan entered into a non-legally binding project financing term sheet The term sheet provides for a minimum $30 million investment (to a maximum of $50 million) from the Mauritius Commercial Bank, Trafigura PTE Ltd. and the EFA Group in the form of a senior secured facility for deployment by ShoreCan into Essar Nigeria (the "**Facility**"). Specifically, the Facility would provide funding for all production related expenditures after the drilling and testing of the initial production well to be drilled by Essar Nigeria on OPL 226. Draw down of the Facility would be contingent on, among other things, an additional $20 million to $33 million of equity funding from ShoreCan, $100 million funding from an offshore oil services group to deliver the project (the "**Service Provider**") and a minimum of 6,000 bbl./d production rate averaged over 20 days. The Facility would be secured by way of a first ranking share charge over (among others) ShoreCan's shares in in Essar Nigeria and the terms remain subject to agreement on definitive documentation.

Other material terms of the proposed Facility include the following:

- Two year term to maturity; Libor + 10% in year 1; Libor + 8.5% in year 2; and
- a grant to the lenders of US$3 million worth of warrants to purchase COPL common shares for two years with an exercise price equal to the market price of the COPL common shares on the date of closing of the Facility.

ShoreCan is in late stage discussions with the Service Provider which involve the provision of drilling services and the supply of a mobile production unit and a storage vessel for a deferred fee. As part of the transaction, the term sheet provides for Essar Nigeria to enter into a crude oil offtake arrangement with Trafigura. Cofarco SAS of Paris is engaged as Financial Advisor to the Company for the project financing.

4.2 ***Mozambique***

In Mozambique, the Company's bidding Consortium was awarded on 15 December 2017 the onshore Block PT5-B under the fifth licensing round.

Block PT5-B is located on the Mozambique coastal plain, 750km north of the capital of Maputo. It is 4,356 sq. km in size and surrounds the north, west and south west margins of the Pande Gas Field, half of the Pande-Temane Gas field complex which has reported gas reserves of 2.6 TCF and production in 2016 of 475 mmcf per day. The gas is primarily exported by pipeline to South Africa . In February 2017, Sasoil, the operator of the Pande-Temane gas complex announced a light oil discovery and the construction of a crude oil and LPG processing facility in an adjacent area to the east called Inhassoro. The Company believes Block PT5-B is prospective for light oil and gas in the productive zones at Pande, Temane and Inhassoro as well as deeper horizons.

The Consortium is to be invited to negotiate with the Government of Mozambique the terms of the production sharing contract governing Block PT5-B. Negotiations are expected to commence imminently. These will include the acquisition of 1600 line km of 2D seismic. According to the Company's Mozambican partner, the Instituto Nacional do petroléo (INP) is currently finalising discussions on a large number of offshore block major companies before they are able to enter into discussions regarding onshore Block PT5-B.

4.3 ***Block LB-13***

The Company held a 17% working interest in Block LB-13 offshore Liberia, with the remaining 83% held by ExxonMobil Liberia. On 22 November 2016, ExxonMobil Liberia commenced drilling operations on the Mesurado-1 exploration well. Although the well intersected 145 metres (475 feet) of net sand of which 118 metres (387 feet) was deemed to be reservoir quality, no hydrocarbons were indicated by the logging while drilling operations were performed across targeted intervals. As such, ExxonMobil Liberia, as operator of the license, plugged and abandoned the well and released the rig on 27 December 2016.

During 2017, ExxonMobil Liberia and the Company performed an evaluation of the Mesurao-1 results and worked on implementation of these results into a geological and geophysical analysis for the rest of Block LB-13. The obligations under the second exploration period were completed with the drilling of Mesurado-1 and the second exploration period expired on 25 September 2017.

Both ExxonMobil Liberia and the Company have elected not to enter into third exploration period and accordingly, surrendered their rights to the Block LB-13 license, resulting in the expiration of the related PSC on 25 September, 2017. Accordingly, the Company recognised an impairment of the whole of its exploration and evaluation balance of $15.6 million in the third quarter of 2017. Depending on its future financial capabilities, the Company may approach the Government of Liberia with regards to entering into a new contract for Block LB-13, offshore Liberia.

5. STRATEGY

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.

Since its inception, the Company, both on its own and through its joint venture, ShoreCan, has explored potential development opportunities in various parts of Africa including, among others, Tanzania, Namibia, Equatorial Guinea, Nigeria and Mozambique. As at the date of this Prospectus, COPL and ShoreCan are currently focused on the exploration and development of two projects, one in Nigeria and one in Mozambique. In Nigeria, ShoreCan holds an 80% interest in OPL 226, pending confirmation by the appropriate governmental bodies. In Mozambique, the Consortium (in which Shoreline and COPL together will hold a 57% interest) has been awarded rights to onshore Block PT5-B in the fifth licensing round. COPL is expected to act as operator of the Block PT5-B project.

In order to execute its strategic growth strategy, the Company plans to:

- exploit management's experience at finding and investing in high return exploration, appraisal or development opportunities focused primarily on oil;
- continue to evaluate opportunities on the West African Transform Margin and OPL 226, that are focused on oil trapped in Late Cretaceous sandstone reservoirs. While some parts of West Africa are relatively lightly explored via exploration drilling, it has the potential to offer high reward for large, undiscovered oil and gas deposits;
- partner with other African operators to explore for, appraise and/or develop properties, in particular with respect to existing interests in Nigeria and Mozambique;
- enter into joint ventures, with entities such as Shoreline, in an effort to diversify and balance its asset portfolio; and
- target desirable exploration and development prospects that contain similar seismic and geological characteristics of nearby existing discoveries or producing fields.

The Company's short term operations will focus on:

- working to progress the planning of future drill locations in Nigeria on OPL 226;
- 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.

The acquisition of new projects and the development of existing projects by the Company are dependent on the Company raising adequate financing for such projects (as required) at the appropriate time.

6. GOVERNANCE POLICIES

The Board is committed to the highest standards of corporate governance. The Board complies with the corporate governance requirements imposed on the Company by the Company's continued listing on the TSX-V.

For further details regarding the Company's corporate governance policies and procedures, please see Part IX*(Directors, Senior Management and Corporate Governance)*.

7. INSURANCE

Currently the only insurance that the Group carries is Directors' and Officers' liability insurance, employee health insurance and office property insurance. To the extent any drilling activities are carried out in the future, it is anticipated that the operator of a particular well (whether the Company or its partner) will carry insurance for such drilling activities, and the non-operating partner will then participate in such insurance by paying its proportionate share.

8. CORPORATE SOCIAL RESPONSIBILITY

The Directors believe that in addition to the Shareholders, there are many other stakeholders to whom the Company is responsible, including the Company's employees, contractors and partners, and local and national governments, citizens and the living creatures that inhabit the offshore and onshore environment in which the Company operates. The Directors strive to govern the Company in a manner that is environmentally, economically, ethically and socially responsible to all of these stakeholders, and demonstrate that the Company is a good steward of the resources entrusted to it.

9. EMPLOYEES

The numbers of employees of the Group at the end of each of the financial years ended 31 December 2015 2016 and 2017 are set out below, on an FTE basis. As at 22 August 2018 (being the latest practicable date prior to publication of this prospectus) the Group had 12 employees (on an FTE basis).

	As at			
	31 December 2015	**31 December2016**	**31 December 2017**	**22 August 2018**
Administration – Calgary	6	7	6	7
Administration – UK	1	1	1	1
Total Administration	7	8	7	8
Exploration / operations – Calgary	3	4	3	3
Exploration / operations – UK	2	2	1	1
Total Exploration / operations	5	6	4	4
TOTALS	**12**	**14**	**11**	**12**

10. TAX

The Company is incorporated and has its head office in Canada, and is considered a Canadian resident for tax purposes. Each member of the Group is and will be managed in such a way that it is resident for tax purposes in its jurisdiction of incorporation. Further details relating to taxation are set out in Part XVII*(Taxation)*.

11. DIVIDEND POLICY

The Company has not paid any dividends on its outstanding Common Shares. The Directors do not anticipate paying dividends in the near future. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of the Company, the need for funds to finance ongoing operations and other considerations as the Board considers relevant.

12. CURRENT TRADING AND PROSPECTS

12.1 *Overview*

The Group has no history of, nor any current, revenue generating operations. The prospects of the Company are dependent on, amongst other things, exploration to be undertaken on its assets. The Directors also intend to evaluate additional prospects with the aim of expanding the Group's portfolio of assets should attractive opportunities arise.

Part IX

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DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. DIRECTORS AND SENIOR MANAGEMENT

1.1 *Board of Directors*

The following table lists the names, ages and positions of the Directors:

Name	Age	Position
Arthur S. Millholland	**58**	President and Chief Executive Officer
Harald Ludwig	**63**	Non-Executive Chairman
Viscount William Astor	**66**	Non-Executive Director
Massimo Carello	**70**	Non-Executive Director
John Cowan	**64**	Non-Executive Director

Arthur S. Millholland, P.Geol – President and Chief Executive Officer

Mr. Millholland has been the President and CEO of the Company since August 2009. Prior thereto, Mr. Millholland was a Director and the President and CEO of Oilexco from 1994 until July 2009. He has been a Professional Geologist for over 35 years. Mr. Millholland has worked in a variety of regions including the UK North Sea, Canada, the Gulf of Mexico, the United States, South America, and West and North Africa. He is a member of the Association of Professional Engineers Geologists and Geophysicists of Alberta, and the American Association of Petroleum Geologists. He is a graduate of the University of Waterloo where he obtained an Honours Bachelor of Science degree in Earth Science.

Harald Ludwig – Non-Executive Chairman

Mr. Ludwig has over 30 years of extensive business and investment experience, and is currently the President of Macluan Capital Corp. (a diversified private equity investment company) and was a member of the Board of Directors of Lions Gate Entertainment Corp. (NYSE) from 30 June 2005 to 13 September 2016. Until recently he was also a Director of West Fraser Timber Co. Ltd. (TSX) and was Chairman of its Compensation Committee, a member of its Governance and Nominating Committee and former Chairman of its Audit Committee. He is a Director of Seaspan Corporation (NYSE) and a member of its Governance and Conflicts Committee. He is a founding partner or private equity investor in a number of North American and international private equity firms, hedge funds, mezzanine lenders, growth capital providers, distressed investment firms and real estate investment vehicles. Mr. Ludwig also serves as a member of the advisory board of Tennenbaum Capital Partners, LLC.

Viscount William Astor – Non-Executive Director

Viscount Astor is an independent businessman and politician who sits as an elected hereditary peer in the House of Lords. Viscount Astor is a director of a number of private companies in the UK and is currently chairman of Silvergate Media Ltd. (since 2011). He served as a director of Nexeo Solutions, Inc. from 2015 to 2017 and as a non-executive director of W L Ross Holdings Corp. from 2000 to 2015. From 2007 to 2015 Viscount Astor was a director of Networkers International Plc, a global recruitment consultancy listed on AIM, specialising in telecommunications, information technology, financial markets, energy and engineering, ERP and managed services and projects. Prior to that, Viscount Astor was Deputy Chairman of Chorion Plc, a media company, which owned, managed, and developed family entertainment brands in the UK (from 1977 to 2011).

Massimo Carello – Non-Executive Director

Mr. Carello has over 35 years of international senior management and board level experience, who in the past ten years has operated as an independent businessman providing services as a consultant and managing his own investment portfolio. Mr. Carello was a director of Orsu Metals Corp. since September 2008 until December 2016. At present is a Board Director of Canaccord Genuity Group Inc. and is a member of the Audit Committee. Before moving to UK in 1990, where he still lives, Mr. Carello was the President and Managing Director of Carello Group SpA. The company was the third largest European headlamp producer before being sold to the Fiat Group. Mr. Carello is a Knight Commander of the Royal Order of Francis I of the Two Sicilies, and has a degree in Political and International Sciences from the University of Turin.

John Cowan – Non-Executive Director

Mr. Cowan, a petroleum geologist, has been involved in the Canadian oil and gas industry for 38 years. During this period he and his team founded three publicly listed Canadian junior exploration, production and storage companies. Mr. Cowan's previous public company committee experience includes: Audit; Corporate Governance and Reserves; Health and Safety; and Compensation. Mr. Cowan was a director of Dundee Energy Ltd. (TSX) from September 2011 until April 2017. Mr. Cowan is the Chair of COPL's Audit Committee and Reserve Committee. In 2004, Mr. Cowan was a founding shareholder and President of Xtivity Inc. a closely held Web Architected, Maintenance Inventory Optimization firm with a Fortune 100 client base. This remains his principal occupation today.

1.2 ***Senior Management***

Day-to-day management of the Company's business is the responsibility of the persons below in addition to the Executive Director.

Rod Christensen – Vice President Exploration and Exploitation

Mr. Christensen has been the Company's Vice President, Exploration and Exploitation since December 2011, and was Manager Exploration and Development from November 2010 to December 2011. Prior thereto, Mr. Christensen was a Consulting Professional Geologist to the Company and other clients from August 2009 to October 2010. Mr. Christensen graduated from the University of Washington with a Bachelor of Geological Sciences Degree. He has over 38 years of experience working in the natural resource industry in Western Canada, the UKCS and throughout the world, and held key positions with Canadian Hunter Exploration, Cuesta Energy, and Oilexco.

Dr Richard Mays – Vice President, Business Development and General Counsel

Dr Mays has been the Company's Vice President, Business Development and General Counsel since 01 September 2014. He has extensive management and leadership experience in oil and gas companies. Prior to joining the Company he has acted as a director of Sallork Limited, a consultancy company, from April 2009, acting for numerous oil and gas clients. Dr Mays was Executive Chairman of Black Star Petroleum plc from November 2012 to January 2014, and Executive Chairman of Peppercoast Petroleum plc from March 2010 to April 2013. From 2010 to 2012 he served as General Counsel and Director of DEO Petroleum plc (an AIM-listed company). He has prior experience as Vice President (Commercial Operations) at Oilexco and Oilexco North Sea Ltd. He was formerly Professor of Law and Deputy Dean of the Aberdeen Business School. He holds LLB (Honours), LLM and PhD degrees and is a Solicitor and Notary Public in Scotland.

Aleksandra Owad – CPA, CGA, FCCA(UK) Chief Financial Officer

Currently the Chief Financial Officer of the Company since 12 May 2016. Previously the Chief Financial Officer of the Company from 2 October 2009 until 9 April 2013 and Chief Accounting Officer of the Company from 9 April 2013 to 16 October 2013. From April 2007 until July 2009, Ms. Owad was the Chief Accounting Officer and since May 2004 a Controller at Oilexco. Ms. Owad's background includes extensive financial advisory and audit services to companies in a variety of sectors in Europe while working with KPMG. She is a Fellow of the Association of Chartered Certified Accountants (FCCA) in the United Kingdom, has her Chartered Professional Accountant designation (CPA, CGA) in Canada and holds a Master of Economics Degree from the Warsaw School of Economics.

2. CORPORATE GOVERNANCE

The Board is committed to the highest standards of corporate governance. The Board continues to comply with the corporate governance requirements imposed on the Company by the Company's continued listing on the TSX-V.

The corporate governance guidelines applicable to the Company as a result of its listing on the TSX-V suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors. Under the applicable guidelines, a Director is considered independent if he or she has no direct or indirect "material relationship" with the Company which could, in the view of the Board, reasonably interfere with the exercise of that Director's independent judgement. Of the current Directors, the President and CEO is an "inside" or management director and, accordingly, Mr. Millholland is not considered to be "independent" within the meaning of the relevant guidelines. Messrs Ludwig, Carello and Cowan, and Viscount Astor are considered by the Board to be "independent" within the meaning of the relevant guidelines.

The Board currently has the following corporate governance procedures and policies in place:

2.1 *Ethical Business Conduct*

The Board has adopted a formal written Code of Business Conduct and Ethics (the "**Conduct Code**"). The purpose of the Conduct Code is to maintain the highest level of integrity in all corporate dealings and is applicable to all directors, officer and employees. All new employees are required to read and sign off on the Conduct Code as part of the orientation process. Employees are reminded annually about the Company's policies, including the Conduct Code, as part of the annual performance review process. On 09 August 2012, the Board adopted an Anti-Bribery and Anti-Corruption Policy.

2.2 *Audit Committee*

The Audit Committee reviews the annual financial statements of the Company and meets with the Company's external independent auditors to review and consider audit procedures and to assess the appropriateness and effectiveness of the Company's policies, business practices, internal controls and management information systems which impact the financial integrity of the Company. The members of the Audit Committee have direct access to the external auditors of the Company. The Audit Committee also reviews the unaudited quarterly financial statements and management's discussion and analysis of financial results.

Messrs Carello, Cowan, Ludwig and Viscount Astor are the members of the Audit Committee, and Mr. Cowan is its Chair. The Audit Committee is comprised of independent Directors and constituted in accordance with applicable securities laws and the policies of the TSX-V. Each of the members of the Audit Committee, in the view of the Board, is "independent" as that term is defined in the relevant applicable regulations. NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. All of the Audit Committee members are financially literate as that term is defined in NI 52-110.

2.3 *Compensation Committee*

The Compensation Committee determines policies for executive compensation, including key human resources policies, the remuneration policy, reviewing management's recommendations and the compensation and performance objectives of COPL's executive officers, and recommending to the Board any bonuses to be paid.

The Compensation Committee assists the Board in overseeing key compensation and human resources policies, CEO and executive management compensation, and executive management succession and development. The committee reports to the Board, as set out in its mandate, and the Board or independent directors give final approval to compensation matters. It is comprised solely of independent directors. The Compensation Committee makes specific recommendations regarding compensation of the Company's executive officers, including the objectives of the compensation program, what the program is designed to reward and the elements of compensation.

The Compensation Committee is responsible for (without limitation): (i) reviewing the compensation philosophy and remuneration policy for employees of the Company including human resources policies and recommending to the Board changes to improve the Company's ability to recruit, retain and motivate employees; (ii) disclosure of compensation policies and analysis in regulatory filings and shareholder materials; (iii) reviewing and recommending to the Board the retainer and fees to be paid to members of the Board; (iv) reviewing and recommending to the Board performance objectives and the compensation package for the Chief Executive Officer and other executive officers; (v) recommending to the Board, on the direction of the Chief Executive Officer, the compensation and benefits package for senior management positions within the Company; (vi) reviewing management's recommendations for proposed stock option or share purchase plans and benefit plans and making recommendations in respect thereof to the Board; (vii) recommending any bonuses to be paid.

It is expected that competitive compensation by way of an annual retainer and meeting fees plus options will form the basis of the Directors' compensation. Such options are set within guidelines prescribed by the TSX-V.

Messrs Carello, Ludwig and Viscount Astor are the members of the Compensation Committee, and Mr. Carello is its Chair. The Compensation Committee is comprised of independent directors and constituted in accordance with applicable securities laws and the policies of the TSX-V.

2.4 *Corporate Governance and Nominating Committee*

The Corporate Governance and Nominating Committee assists the Board in overseeing implementation of the Company's corporate governance programs and evaluating the Board to ensure the Company is implementing best-in-class corporate governance practices.

The Corporate Governance and Nominating Committee is responsible for ensuring that an appropriate corporate governance system is in place for the Board's overall stewardship responsibility and the discharge of its obligations to the stakeholders of the Company. The Corporate Governance and Nominating Committee is also responsible for recommending new nominees to the Board, and assessing the Board's effectiveness as a whole. As the Board is small, there is significant communication among the Directors with respect to effectiveness. This process examines the effectiveness of the Board as a whole and specifically reviews areas that Board members believe could be improved to ensure the continued effectiveness of the Board in the execution of its responsibilities. An assessment of each individual Director is not performed. Board assessment questionnaires are distributed and reviewed periodically by the Board.

Messrs Ludwig, Carello, Cowan and Viscount Astor are the members of the Corporate Governance and Nominating Committee, and Mr. Ludwig is its Chair. The Corporate Governance and Nominating Committee is entirely comprised of independent Directors and constituted in accordance with applicable securities laws and the policies of the TSX-V.

2.5 *Reserves Committee*

The primary function of the Reserves Committee is to assist the Board with respect to the annual review of the Company's petroleum and natural gas activities as required under NI 51-101. The Reserves Committee is also mandated to review the selection of the Company's independent engineers, review the reserves estimates and evaluations prepared by such engineers, including methodologies applied, and review the procedures for providing, and the reliability of the information the Company's independent engineers relied upon in their work.

Messrs Cowan, Viscount Astor and Millholland are the members of the Reserves Committee, and Mr. Cowan is its Chair. One of the three members of the Reserves Committee, Mr. Cowan, is considered an independent Director.

2.6 *Other Board Committees*

As of the date of this Prospectus, the only standing committees of the Board are those mentioned above. The Board expects it will constitute additional formal standing committees, if and to the extent required as the Company's operations and management structure become more complex, such as a Health, Safety and Environment Committee. The Board intends that such committees will be governed by written charters and composed of at least a majority of independent Directors.

2.7 ***Insider trading policy***

The Company has an insider trading policy in place which applies to all Directors and senior officers of the Company, employees who may be in possession of or have access to unpublished price-sensitive information concerning the Company, and their spouses, civil partners or children under 18 (together the "**Designated Persons**"). The policy applies to the Designated Persons whether they are acting directly or through another person or company.

All trading in Common Shares, options or convertible securities in the Company by the Designated Persons must be pre-cleared by the CEO (or by the Chairman of the Audit Committee in the case of the CEO). Clearance will not be given during prohibited periods, defined as being:

(a) blackout periods: these are not regularly scheduled, but prescribed from time to time by the CEO or CFO as a result of special circumstances, i.e. where the Company or Designated Persons are in possession of any unpublished price-sensitive information concerning the Company that is not generally known to the public or at any time it has become reasonably probable that such information will be required to be disclosed to the market under stock exchange policies and applicable legislations; blackout periods end on the second trading day after the information has been made public;

(b) any period where there exists unpublished price sensitive information in relation to the Common Shares and the proposed trading would take place after the time it has become reasonably probable that an announcement will be required; and

(c) any period when the Designated Person or the person responsible for granting clearance has reason to believe the trading would be in breach of the insider trading policy.

The policy also states that the purchase of shares by Designated Persons should be for long term investment and not short term speculation; it therefore prohibits dealing in puts and calls, short selling and other such speculative behaviour, in relation to the Common Shares, and acquiring shares in a company which the Company is contemplating acquiring.

The policy requires Designated Persons to make certain filings with SEDI in relation to their trading in Common Shares.

The Company has also updated its insider trading policy such that it also covers the applicable UK requirements which have applied to the Company since Admission.

Part X

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INDUSTRY OVERVIEW

The information in the following section has been provided for background purposes. The information has been extracted from a variety of sources released by public and private organisations. The industry information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

1. OFFSHORE WEST AFRICA ENERGY INDUSTRY ENVIRONMENT

1.1 *Overview*

Offshore West Africa is an emerging region for offshore oil and gas exploration, and greater political stability in recent years in a number of the countries that comprise the region have encouraged oil and gas companies to engage in drilling activities there. Onshore East Africa opportunities are being pursued in Mozambique that offset a producing gas field with new oil discoveries.

The countries of the Republic of Sierra Leone, Liberia, Côte d'Ivoire and Ghana have long been thought to contain significant offshore oil targets but only recently, because of increased political stability, have been the sites of new exploration drilling. Significant oil reserves have been discovered over the past few years offshore in Senegal along the West African Transform margin.

The primary geological targets offshore West Africa are Cretaceous-aged turbidite fan systems that have high quality sands. The primary geological targets onshore East Africa are Cretaceous aged fluvial and marine sandstones. Secondary geological targets may be encountered in Cretaceous aged limestones.

While the governments in the region are relatively young democracies, the United Nations, foreign governments such as the United States, Japan and China, and other not for profit agencies have provided considerable assistance to these countries to help develop good governance practices and enhanced legal and accounting processes and technology systems to provide a stable working environment within the countries.

1.2 *Competitive Environment*

The African offshore energy industry has an active group of international companies that are participants. They include independent oil companies such as Kosmos Energy Ltd., Cobalt International Energy, Inc., Tullow Oil plc, and OAO Lukoil. The larger independents in the US including Hess, Anadarko and Noble Energy have all made this area part of their portfolios along with European majors such as ENI, Statoil, Repsol and BG Group. The super majors are active in Africa and include ExxonMobil Corp., Chevron, Royal Dutch Shell, and Total S.A. Many larger companies have recently entered the West African Transform Margin through the purchase of exploration rights via farm-in agreements over the last two to three years from other companies.

1.3 *Status of exploration and development activity Offshore West Africa*

Some of the recent and anticipated forthcoming activity offshore West Africa includes the following:

Nigeria

In late July 2017, a joint venture of NNPC and First Exploration & Petroleum Development Co. Ltd. signed an agreement with Schlumberger envisioning combined production of 50,000 bbls/d of oil and 120 MMcf/d of natural gas starting in 2019 from the Anyala Field on the block represented by Oil Mining License 83 and the Madu Field on the block represented by Oil Mining License 85. (Oil and Gas Journal 3 July, 2017) The Anyala Field is immediately adjacent to Block OPL 226.

Mozambique

In the results of an analyst conference call with Sasol's Joint Presidents and Chief Executive Officers: Bongani Nqwababa and Stephen Cornell on 27 February, 2017, they reported on their Mozambique Production Sharing Agreement and the progress Sasol has made with drilling activities that yielded positive results. In particular, that they remained committed to their growth plans and that four wells, two gas wells in the Temane reservoir and two oil wells in the Inhassoro reservoir, had been drilling in the fourth quarter of 2016. Sasol further noted that they had encountered previously unknown accumulations of hydrocarbons within the development and production area indicating the presence of both gas and oil and had issued a Notice of Discovery to the Mozambican authorities. The wells referenced by Sasol in its analyst conference call have been drilled on blocks adjacent to Block PT5-B.

Senegal

Cairn Energy plc discovered the SNE Field upon drilling the SNE-1 well in 2014 with its partners that was classified as an oil discovery. SNE-1 encountered a 95 metre gross oil-bearing column with 36 m of net oil pay in Albian-aged clastics. Samples of 32° API oil were recovered from this zone. In 2016, the SNE-2 follow up well performed a drill-stem test over a 12 metre interval of the lower reservoir unit and flowed a maximum stabilized constrained rate of 8,000 bbls/d of oil. Cairn Energy plc is currently estimating (P50) 2C contingent resources to be 641 MMbo. The SNE discovery has been determined to be a commercially viable project after achieving the Minimum Economic Field Size in 2016. First oil is expected in 2022 with a production plateau of 140,000 bopd.

Côte d'Ivoire

Ophir Energy plc spudded the Ayame-1X NFW in May 2017. Ophir Energy plc announced on 15 May 2017 that the Ayame-1X exploration well in Block CI-513, Cote d'Ivoire, had reached total depth and no "significant hydrocarbons" were encountered. This exploration well was situated in a downdip position along a seismically-mapped turbidite trend adjacent to the Saphir 1XB discovery well in the adjacent Block CI-514 that Total encountered 40 m of net oil pay with a gravity of 34° in April 2014. The Saphir 1XB discovery well was located along the updip pinchout of a mapped turbidite trend but has not been followed by additional drilling.

Ghana

Tullow Oil plc reported in November 2017 that the Tweneboa, Enyenra, Ntomme ("**TEN**") complex was producing at a rate of about 50,000 bopd. Daily oil production from the Jubilee field averaged 31,600 bopd in 2017 according to Tullow. On 6 July, 2017, ENI started production from the Sankofa Field at a rate of about 45,000 bopd. This field is also expected to deliver up to 180 MMCF of gas per day in 2018. Other oil developments (i.e. Pecan) are being considered as go forward projects currently.

Liberia

The Company held a 17% working interest in Block LB-13 offshore Liberia, with the remaining 83% being held by ExxonMobil Liberia, who was the operator under this license. On 22 November, 2016, ExxonMobil Liberia commenced drilling operations on the Mesurado-1 Well utilizing the Drillship Seadrill West Saturn. The obligations under a second exploration period under LB-13 license were completed with the drilling of the Mesurado-1 Well and the second exploration period expired on 25 September, 2017. Both ExxonMobil Liberia and the Company have elected not to enter into third exploration period and accordingly, surrendered their rights to the Block LB-13 license, resulting in the expiration of the related PSC on 25 September, 2017.

2. NIGERIA ENERGY INDUSTRY OVERVIEW

2.1 *Overview of the oil and gas industry in Nigeria*

Development of the oil industry in Nigeria

The history of the oil industry can be traced back to 1908, when a German entity, the Nigerian Bitumen Corporation, commenced exploration activities in the Araromi area, West of Nigeria. These pioneering efforts ended abruptly with the outbreak of World War I in 1914.

Oil prospecting efforts resumed in 1937, when Shell D'Arcy (the forerunner of Shell Petroleum Development Company of Nigeria) was awarded the sole concessionary rights covering the whole territory of Nigeria. Their activities were also interrupted by World War II, but resumed in 1947. Concerted efforts after several years and a significant investment, led to the first commercial discovery in 1956 at Oloibiri in the Niger Delta.

After this discovery, exploration rights in onshore and offshore areas adjoining the Niger Delta were extended to other foreign companies - including Mobil, Agip, Safrap (now Elf), Tenneco and Amoseas (Texaco and Chevron respectively) to join Shell's exploration efforts both in the onshore and offshore areas of Nigeria. This development was enhanced by the extension of the concessionary rights, which were previously a monopoly of Shell, to the newcomers.

Actual oil production and export from the Oloibiri field (in present day Bayelsa State) commenced in 1958 with an initial production rate of 5,100 bbls/d of oil. In 1965 the EA field was discovered by Shell in shallow water southeast of Warri.

In 1970, the end of the Biafran war coincided with the rise in the world oil price. Nigeria joined OPEC in 1971 and established the Nigerian National Petroleum Company in 1977, a state owned and controlled company, which is a major player in both the upstream and downstream sectors.

In 2014, Nigeria's oil and gas industry contributed about 14% to Nigeria's economy. Although Nigeria's economy is more diversified than most people realize, the federal government still relies massively on oil revenues. 75% of government revenues and 90% of foreign exchange earnings come from oil.

There are two types of licenses issued to oil producers in Nigeria namely: the oil prospecting license (OPL) and the oil mining license (OML) with validity periods ranging from 5 to 20 years respectively. Given that the well has not yet been drilled, OPL 226 is currently an Oil Prospecting License. Upon the successful completion of the well and the commencement of extraction from the property, COPL will apply for an upgrade of its license to an Oil Mining License.

Geology

The Niger Delta is situated within the Gulf of Guinea and extends throughout the Niger Delta geological province. From the Eocene to the present, the Niger Delta has built outward to the southwest, forming distinct belts of sand and shale deposition. These belts approximate the paleo shorelines and form one of the largest wave-dominated deltas in the world with an area of about 300,000 km2.

The Niger Delta province contains only one identified petroleum system. This system is referred to as the "Tertiary Niger Delta (Akata – Agbada) Petroleum System". Most of the petroleum is located in fields located both onshore and offshore that are, generally, simple growth-fault controlled structures.

Geological background

The Tertiary section of the Niger Delta is divided into three formations, representing prograding depositional facies that are distinguished on the basis of sand:shale ratios. The Akata Formation at the base of the delta is of marine origin and is composed of thick shale sequences that are potential source rocks, turbidite sands, and minor amounts of clay and silt. From the Paleocene through the Recent, the Akata Formation formed during lowstands when terrestrial organic matter and clays were transported to deep water areas characterized by low energy conditions and oxygen deficiency. This formation underlies the entire Niger Delta and is up to 7,000 m thick and is, typically, overpressured.

Deposition of the overlying Agbada Formation, the major petroleum-bearing unit, began in the Eocene and continues into the Recent. The formation includes belts of quartz-rich clastics that accumulated in delta-front, delta-topset, and fluvio-deltaic environments. During the Tertiary, these clastic belts overstepped each other into the Gulf of Guinea. The Agbada Formation is overlain by the Benin Formation, a continental (latest Eocene to Recent) deposit of alluvial and coastal plain sands and shales.

The depobelts of the Agbada Formation seems to be defined by synsedimentary faulting that occurred in response to variable rates of subsidence and sediment supply. The interplay of subsidence and supply rates resulted in deposition of discrete depobelts. When further subsidence of the basin could no longer be accommodated, the focus of sediment deposition shifted seaward, forming a new depobelt. Each depobelt is a separate unit that corresponds to a break in regional dip of the delta and is bounded (landward) by growth faults and seaward by large counter-regional (antithetic) faults of the next growth fault of the next seaward belt.

On the Niger Delta, gravity "tectonism" became the primary deformational process. Shale mobility induced internal deformation and occurred in response to two processes. First, shale diapirs formed from loading of poorly compacted, over-pressured, prodelta and delta-front clays of the Akata Formation by the higher density, delta-front sands of the Agbada Formation. Second, slope instability occurred due to a lack of lateral, basinward support for the under-compacted delta-slope clays of the Akata Formation.

For each given depobelt, gravity "tectonics" were completed before the deposition of the Benin Formation and are expressed in complex structures, including shale diapirs, growth fault-induced roll-over anticlines, collapsed growth fault crests, and steeply dipping, flank faults.

Petroleum systems evaluation

According to the USGS, there is one petroleum system in the Niger Delta basin that is comprised of the marine interbedded shale in the Agbada Formation and the marine Akata Formation shales. Volumetrically, it is estimated that the Akata shales are present beneath the Agbada Formation and have generated much of the oil for the Niger Delta.

These source rocks contain Type II kerogen with an average total organic carbon content of 2.2% but range up to 14.4%.

The physical and chemical properties of the oil in the Niger Delta are highly variable. The oil within the Niger Delta has an API gravity range of 16o to 40o API. Most oils fall within one of two groups. The first group are light, paraffin-based, waxy oils from deeper reservoirs. The second group of oil are biodegraded and from shallow reservoirs. They have a lower API gravity that averages 26° API. The concentration of sulphur in most oils is low, between 0.1% and 0.3%.

2.2 *Legal framework and process in Nigeria*

Regulation of the oil industry

In the 1960s, government interest in the oil industry was limited to the collection of taxes, royalties and lease rentals. Many developing countries had begun to agitate for greater control over their natural resources in reaction to the continued control of their economies by the old colonial masters. In 1962, the *Resolution on Permanent Sovereignty over Natural Resources* was adopted by a majority of the General Assembly of the United Nations (the "**Resolution**"). The Resolution asserted that the right of people to freely use and exploit their natural wealth and resources is inherent in their sovereignty. In this spirit, in 1969 the Petroleum Act was enacted which vested the entire ownership and control of all petroleum in, under or upon all land or Nigerian territorial waters in the Nigerian government.

In 1971 Nigeria joined OPEC, which was formed to improve the lot of oil producing countries by adopting a "group" stance (all resolutions adopted are binding on every member).

In accordance with OPEC's 1968 and 1971 resolutions urging member countries to participate in oil operations by acquiring ownership in the concessions held by foreign companies, Nigeria's military government in 1971 established the Nigerian National Oil Corporation ("**NNOC**") by Decree. The NNOC was empowered to acquire any asset and liability in existing oil companies on behalf of the Nigerian government, and to participate in all phases of the petroleum industry. In that same year, the government acquired 33% and 35% of the operating interests of Agip and Elf respectively. Further acquisitions occurred in 1973 and 1974 in the operations of all the other foreign oil companies.

Oil & Gas Law

The current climate of the industry has largely been influenced by the passage of various laws and regulations that are administered by local, national and other government organizations representing the interests of state and country. Through these bodies, the Nigerian Government regulates exploration and production of natural gas and crude oil as a result of the authority provided through the *Nigerian Constitution and the Petroleum Act* ("**PA**"), which vests the entire ownership and control of petroleum in the Nigerian Government on behalf of the people of Nigeria.

Amongst the most notable government institutions are the Ministry of Petroleum Resources, Nigerian National Petroleum Corporation and the Department of Petroleum Resources, which ensure that operations within the industry are regulated to a specific standard.

It is with great input from these bodies that various laws and regulations that directly and indirectly regulate the Nigerian oil and gas industry are implemented and monitored. These laws and regulations vary from those applying to the operational aspects, to the fiscal aspects, such as the PA, the P*etroleum Profits Tax Act*, the *Deep Offshore and Inland Basin Production Sharing Contract Act* and regulations which have been made pursuant to the PA, such as the *Petroleum (Drilling & Production) Regulations*, which regulate operational aspects of the drilling and production of crude oil.

To consolidate the objective of increasing Indigenous participation, the Government introduced the *Nigerian Oil and Gas Industry Content Development Act 2010* (the "**Local Content Act**"). This has brought about a significant shift in ensuring an increase in indigenous participation within the industry and therefore trying to achieve the government target of seventy percent (70%) use of indigenous labour, materials and resources in all oil and gas projects in country.

Even though the Local Content Act appears as if it was introduced to consolidate the notion of increasing indigenous participation, it should be noted that this concept has always been at the forefront of the Nigerian government intention to implement.

EITI

Nigeria is a member of the EITI and has been a compliant member since 2011. The petroleum sector is dominated by joint venture operations between the Nigerian government and five major international oil companies—Shell, ExxonMobil, Chevron, ENI, and Total. The Nigeria EITI process has exposed outstanding debts by the national oil company to the Nigerian government, recovered uncollected taxes, identified weaknesses in the regulatory bodies, audited oil-related transfers to subnational government, estimated oil theft, and examined oil sales.

Geopolitical information

Nigeria has a population of approximately 193.0 million inhabitants, and a population growth rate of 2.63% (in 2017). 48.1% of the population lives in urban areas. The life expectancy for the general population at birth is 63.88 years. English is the official language of Nigeria, although Hausa, Igbo, and Yoruba languages are spoken by a significant portion of the population. Literacy (defined as those aged 15 or over who can read and write) is 69.2% for men and 49.7% for women. According to a 2014 study, 50.5% of the population is Christian, with Islam being the second greatest religion with 43.5% (95% Sunni Islam and 5% Shia Islam) with the remainder of the population belonging to traditional or other religions, or having no religion.

Based on the most recent United Nations Human Development Report, Nigeria's Human Development Index ("**HDI**"), a measure of health, education and income, was 0.514 in 2015, giving it a ranking of 152 out of 187 countries with comparable data. The HDI for sub-Saharan Africa as a whole was 0.475, placing Nigeria above the regional average.

Nigeria's GDP per capita for 2013 was estimated at USD $3,005.51, on a purchasing power parity basis. Real gross domestic product growth was estimated at about 5.4% in 2013.

3. MOZAMBIQUE ENERGY INDUSTRY OVERVIEW

3.1 *Overview of the oil and gas industry in Mozambique*

Block PT5-B

COPL has been advised by the government of Mozambique that the Consortium, has been awarded onshore Block PT5-B in the Fifth Licensing Round. Together, the ShoreCan joint venture parties will hold a 57% interest in the Consortium and anticipate that COPL will act as operator in respect of the Block PT5-B project. The interest in Block PT5-B will be dependent on successful negotiation of a new PSC. The Consortium is to be invited to negotiate with the government of Mozambique the terms of the PSC governing the Block PT5-B. These negotiations are expected to commence imminently.

Development of the oil industry in Mozambique

Exploration for hydrocarbons in Mozambique goes back to 1904 when the early explorers discovered thick sedimentary basins onshore Mozambique. Poor technology and lack of funds halted those early exploration attempts.

From 1948 onwards international oil companies moved into Mozambique and carried out extensive exploration, mainly onshore with limited activity offshore. As a result the Pande Gas Field was discovered in 1961 by Gulf Oil followed by the gas discoveries of Búzi (1962) and Temane (1967). Exploration activity declined in the early 1970's due to political unrest. New activity was established in the early 1980's with the enactment of law 3/81 and creation of ENH. In the following years extensive work was carried out to map and appraise the Pande field. A breakthrough was made in 1993 when it became clear that the Pande Field could be mapped using direct hydrocarbon indicators (DHI) from seismic data when it was demonstrated that the gas field could be mapped by an obvious bright spot (amplitude anomaly) at the top of the reservoir. The method was later also used to map the Temane field with good result.

From 1970 to 1980 only 6 wild cat wells were drilling in Mozambique – 3 of them offshore and 3 of them onshore. An extensive drilling campaign conducted by Sasol in 2003, which included exploration and production wells in the Pande/Temane Block, allowed the expansion of gas reserves and the discovery of Inhassoro Gas Field, making a total of 5.504 trillion cubic feet ("**TCF**").

Geology

According to the USGS in the "Assessment of Undiscovered Oil and Gas Reserves of the Mozambique Coastal Province, East Africa" (Michael E. Brownfield), the Mozambique Coastal Geological Province is directly related to the breakup of Gondwanaland in the late Paleozoic and Mesozoic. The geologic province developed in four phases: 1) a pre-rift stage in the Carboniferous when a mantle plume caused uplift, extension, rifting, and volcanism; 2) a syn-rift stage during the Permo-Triassic and continued in to the Jurassic forming grabens and half-grabens with the deposition of lacustrine and continental source rocks; 3) a syn-rift/drift phase that began in the middle Jurassic and continued into the Paleogene, depositing sediments of marine clastic rocks, carbonates, and source rock shales; and 4) a passive-margin phase that began in the late Paleogene and continuing to the present day.

The opening of the Indian Ocean began in the Permian and continued into the Jurassic during the syn-rift stage. In the Middle Jurassic, Madagascar, India and north Mozambique separated from Africa and formed a passive margin and a carbonate platform which was later covered by Upper Jurassic to Cretaceous marine deposits. During the mid-Cretaceous the passive margin basin again became the site for deposition of open-marine sediments.

Geological background

The Pande and Temane gas fields are located along the Uerema Graben of the East African Rift Zone. Gas saturated sands in the Upper Cretaceous-age Grudja Formation sandstones create amplitude anomalies at that stratigraphic level of the 2D seismic that have proven to be very accurate in determining the extent of these gas accumulations. This rift trend (Uerema Graben), that is adjacent to discovered and producing hydrocarbons, is the same trend of the East Africa Rift System that follows through Mozambique and Malawi to the Lake Albert Rift Basin that Tullow and Africa Oil have discovered 1.7 billion barrels of recoverable oil resources, to date.

Sasol became operator of the Pande Field in 2003. An extensive drilling campaign conducted by Sasol in 2003, including exploration and production wells in the Pande/Temane Block, allowed the expansion of gas reserves as well as the discovery of the Inhassoro Gas Field, making a proven reserves total of 2.6 TCF. The porosity in the Grujda sands range from 29-33% and the water saturations range from 27-35%. Core samples indicate permeabilities ranging from 185 to 4000 millidarcies with an average net pay of nearly 9.0 meters. Sasol drilled the Inhassoro-4 well in 2003 and discovered an oil leg under the gas cap in the lower zone (Campanian to Maastrichtian-aged) Lower Grudja sand. In 2007, they drilled the Inhassoro-6 well and discovered an oil leg under the gas cap in the upper portion of the Lower Grudja Formation, as well. In late 2011, Sasol drilled the Inhassoro-9z and put it on an extended well test in March 2012. The extended test flowed over 236,000 barrels of oil to the end of January 2013 (10 months). The average production during that time was over 650 BOPD. The Inhassoro Oil Field was declared "commercial" in February 2013.

These Upper Cretaceous seismic amplitudes need to be mapped across PT5-B. The Pande-Temane gas field may persist over this license. The Company is also interested in trying to map the structurally complex (and oil-prone) Lower Cretaceous (Domo) sands that may have trapped oil in this extensional "East Africa Rift System." Due to clay smear along the fault planes, we would expect to find structural/stratigraphic traps in a few different settings – similar to the traps discovered in the South Lokichar Basin of Kenya and Lake Albert trend in Uganda. The structurally complex area/trend evident on 2D seismic in the PT5-B Block (along with the Pande and Temane Gas Fields) is situated within the Uerema Graben and may represent the southernmost hydrocarbons discovered along the "East Africa Rift System."

Petroleum systems evaluation

Oil and gas generation for the Upper Jurassic source rocks began in the Early Cretaceous. Oil and gas generation for the Barremian to Aptian-age (post-rift) source rocks began in the Late Cretaceous. Generated hydrocarbons migrated into Cretaceous and Paleogene sandstone reservoirs. Hydrocarbon traps are structural within the syn-rift rock units and are both structural and stratigraphic traps in the post-rift rock units. The primary reservoir seals are both Mesozoic and Cenozoic mudstone and shale sequences.

3.2 *Legal framework and process in Mozambique*

Regulation of the oil industry

The highlights of Mozambique's Gas Market Development Strategy include (Resolution No. 64/2009 of 02 November). Royalty gas is to be reserved first for projects with a significant impact on national development. The Government's regulation of the price of domestic gas is for the benefit of final consumers and to promote the participation of national entrepreneurs in the nation's natural gas industry. The 2012 draft Gas Master Plan indicates that the aim of the Government is to develop natural gas resources in a manner that maximises the national interest by supporting both growth in domestic public and private sector institutional competencies and growth in domestic industry and businesses, especially small and medium scale industries.

The aims of the Mozambique oil and gas laws are to increases employment across the country, especially in the less-developed provinces. Infrastructure expansion to support expanded economic activities, especially in less-developed provinces are encouraged. Expanded access to training and education is a necessary by-product from this activities. The goal is to improve the quality of life for the people of Mozambique, while minimising adverse social and environmental impact. To achieve this the Government is firmly committed to encouraging foreign investment in developing Mozambique's oil and gas industry, including the expansion of existing port and rail infrastructure as well as greenfield alternatives

Oil and Gas Law

Petroleum and gas activity falls within the remit of the Ministry of Mineral Resources ("**MIREM**"), represented by the National Petroleum Institute (*Instituto Nacional de Petróleo*) ("**INP**"), an operational entity of MIREM.

The central government authority responsible for environmental affairs is the Ministry for the Co-ordination of Environmental Affairs (*Ministério para a Coordenação da Acção Ambiental*) ("**MICOA**") through the National Directorate of Environmental Impact Assessment ("**DNAIA**"). MICOA is primarily responsible for defining Government environmental plans and strategies. It also approves environmental impact assessments, which are the main mechanism through which the environmental aspects of oil and gas activity are managed, as well as overseeing their application in practice.

In addition to MICOA and INP, the National Marine Institute (*Instituto Nacional da Marinha*) ("**INAMAR**") is relevant for off-shore activities. INAMAR falls under the Ministry of Transport and Communication and is responsible for the marine environment. INAMAR's remit includes developing regulations and taking the necessary measures to prevent, reduce and control marine pollution.

EITI

Extractive industries accounted for 27% of total Mozambique government revenue in 2014. The gas sector contributed 90% of the over USD 1 billion total extractives revenue. The largest revenue streams were capital gains tax (71%) and corporate income tax (19%). The value of gas royalties received in kind was USD 5 million. Extractive revenues have increased nearly ten-fold since 2011. Mozambique was admitted to the EITI as a "compliant country" in late 2012. Expansion of the extractive sector has driven economic growth in recent years, however it is being hit hard by the fall in gas and coal prices. In addition to natural gas and coal, Mozambique has world-class reserves of base metals and gemstones. Petroleum companies and the government are negotiating building an LNG plant in northern Mozambique. In the mining sector, there has been a downturn in the past couple of years. The distribution of benefits from the sector and ensuring that the state's participation in the sector is managed in a transparent and accountable manner are amongst the debates to which the EITI can contribute.

Geopolitical information

Mozambique borders Tanzania, Malawi, Zambia, Zimbabwe, South Africa, and Swaziland. Its long Indian Ocean coastline (of 2,500 kilometers) faces east to Madagascar. About 70% of its population of 30 million (2018) live and work in rural areas. It is endowed with ample arable land, water, energy, as well as newly discovered natural gas and mineral resources offshore; three, deep seaports; and a relatively large potential pool of labor. It is also strategically located, with four of the six countries it borders landlocked and hence dependent on it as a conduit to global markets. Mozambique's strong ties to the region's economic engine, South Africa, underscore the importance its economic, political, and social development to the stability and growth of Southern Africa as a whole.

Mozambique's political landscape bears the scars from the 15-year civil war that followed independence from Portugal in the 1970s, leaving the country and its economy in ruins. The former rebel movements, the Front for the Liberation of Mozambique ("**Frelimo**") and the Mozambican National Resistance ("**Renamo**"), today remain the country's main political forces, followed by the Mozambique Democratic Movement ("**MDM**"). While Frelimo won the most recent presidential elections in 2014 and retains a comfortable majority in parliament, the two main opposition parties, Renamo and MDM, have both gained ground. Renamo has maintained armed militias and from time to time parts of the center of the country have witnessed active conflict between its residual militia and Mozambique's armed forces. Peace talks between the two parties have gathered momentum in 2017, however. President Filipe Nyusi met Renamo leader, Afonso Dhlakama, in August 2017. Working groups are developing recommendations on decentralization and military affairs for endorsement by parliament, set for early 2018. Mozambique's next national election will be in 2019 and certain sources are predicting that the Frelimo Party will win the election.

The Mozambican economy is showing some signs of recovery after a difficult 2016, which saw a sharp slowdown in growth and shocks to both the country's currency and to inflation. First quarter GDP growth in 2017 picked up to 2.9%, more than double the growth rate of the preceding quarter. The *metical*, which had been steadily depreciating in the first ten months of 2016, is now more stable. A strong monetary policy was key to this shift, which also helped inflation to slowly begin easing by mid-2017. Strengthening prices for coal, aluminum, and gas, a post-el Niño recovery in agriculture, and progress in the peace talks, could steer growth to 4.6% in 2017, and toward 7% by the end of the decade. Inflation remains very high at 18%, with direct implications for Mozambican households, and for monetary policy seeking to ensure a stable price environment. Monetary policy has remained tight and has supported a significant adjustment in the external sector. Mozambique's reference lending rate is now amongst the highest in sub-Saharan Africa, however, and average commercial bank lending rates in the region of 30% are prohibitively high for much of the private sector. A stronger exchange rate, easing inflation, and lower credit levels suggest that the monetary policy cycle could begin to loosen as the economy continues to adjust. However, making this transition smoothly will require a coordinated and robust fiscal policy response.

Analysts have provided positive medium-term fiscal and monetary trend projections and indicated that Mozambique is likely to offer investors a more stable macroeconomic environment in the medium to long term. With the particular grade of gas reserves in the country, the expectation of certain analysis is that the current debt crisis will be a relatively short-term challenge that will eventually be offset once liquid natural gas activity is re-ignited. However, despite analyst projections, there can be no certainty as to Mozambique's ongoing economic strength or the stability of the business environment therein.

Mozambique's overarching development challenge is to translate its impressive performance in terms of economic growth to poverty reduction and improved development outcomes. While rapid growth and poverty reduction went largely hand-in-hand immediately after the civil war, the pace of poverty reduction slowed significantly after 2003.

Part XI

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FINANCIAL INFORMATION ON THE GROUP

Section A – Consolidated Financial Statements as at and for the years ended 31 December 2016 and 2015

The consolidated financial statements of the Group for the years ended 31 December 2016 and 2015, and published by the Company on its website (www.canoverseas.com) and the Company SEDAR Page, are incorporated by reference into this Prospectus.

Section B – Consolidated Financial Statements as at and for the years ended 31 December 2017 and 2016

The consolidated financial statements of the Group for the years ended 31 December 2017 and 2016, and published by the Company on its website (www.canoverseas.com) and the Company SEDAR Page, are incorporated by reference into this Prospectus.

Investors must make an investment decision on the basis of this data and such other information contained in this Prospectus.

Section C –Unaudited Condensed Interim Financial Statements as at 30 June 2018 and for the three and six month periods ended 30 June 2018 and 2017

The unaudited condensed interim financial statements of the Group as at 30 June 2018 and for the three and six month periods ended 30 June 2018 and 2017 and published by the Company on its website (www.canoverseas.com) and the Company SEDAR Page, are incorporated by reference into this Prospectus.

Part XII

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OPERATING AND FINANCIAL REVIEW

The following discussion of the financial condition and results of operations of the Group should be read in conjunction with the information incorporated by reference in Part XI (Financial Information on the Group) and with the information relating to the business of the Group referred to elsewhere in this Prospectus. The discussion includes forward-looking statements that reflect the current view of the Directors and involve risks and uncertainties. The actual results of the Group could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus, particularly in Part III (Risk Factors).

1. OVERVIEW

High level overview of the Company, its business, strategy and its management

The Company is an international oil and gas exploration and development company focused in Africa. The Company has six direct and indirect wholly-owned subsidiaries: (i) COPL Services, incorporated under the Business Corporations Act (Alberta); (ii) COPL UK, which is registered under the laws of England and Wales; (iii) COPL Bermuda Holdings, which is registered under the laws of Bermuda; (iv) COPL Bermuda, which is registered under the laws of Bermuda; (v) COPL Namibia, which is registered under the laws of Bermuda and (vi) COPL Ontario, incorporated under the laws of Ontario. The Company also holds an indirect 50% interest in ShoreCan, (which is registered under the laws of Bermuda) through COPL Bermuda.

Senior management and strategic corporate functions are performed by the Company's head office in Calgary, and geological, geophysical, engineering, drilling oversight, accounting and administrative functions are performed by COPL Services. Some geological functions are provided by COPL UK. COPL Bermuda Holdings, COPL Bermuda and COPL Namibia were incorporated for operations in offshore Liberia and potential opportunities elsewhere in Africa

The Company's strategy is to use the expertise and experience of its senior management team to grow its international oil and gas business offshore in Africa and elsewhere in the world (e.g. 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).

In order to execute this strategy the Company plans to:

- exploit management's experience at finding and investing in high return exploration, appraisal or development opportunities focused primarily on oil;
- continue to evaluate opportunities on the West African Transform Margin and OPL 226, that are focused on oil trapped in Late Cretaceous sandstone reservoirs. While some parts of West Africa are relatively lightly explored via exploration drilling, it has the potential to offer high reward for large, undiscovered oil and gas deposits;
- partner with African operators to explore for, appraise and/or develop properties, in particular onshore and offshore Nigeria;
- enter into joint ventures, with entities such as Shoreline, in an effort to diversify and balance its asset portfolio; and
- target desirable exploration and development prospects that contain similar seismic and geological characteristics of nearby existing discoveries or producing fields.

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

- working to progress the planning of future drill locations in Nigeria on OPL 226;
- 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.

The acquisition of new projects and the development of existing projects by the Company are dependent on the Company raising adequate financing for such projects (as required) at the appropriate time.

The Company has also formed a joint venture company with 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, ShoreCan, which was incorporated on 24 October 2014. The Company in turn has a 40% economic interest (through ShoreCan) in OPL 226 pending confirmation by the appropriate government bodies. ShoreCan is focused on acquiring upstream oil and gas exploration, development and producing assets in West African countries, and has and has taken a position in Nigeria while it continues to evaluate a variety of additional assets in Nigeria and Mozambique.

Nigeria operations

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

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

As at the date of this Prospectus, Essar Nigeria is in the final stage of being granted ministerial consent for the change of control of Essar Nigeria pursuant to the Essar Acquisition. ShoreCan has also applied for an extension to the first phase of the PSC beyond 31 December 2017. Given the delay in completing the project financing and receipt of final ministerial consent the timing of the OPL 226 drilling campaign will also be somewhat delayed.

OPL 226 has an area of 1530 km2 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, five wells have been drilled, with the first oil discovery on the block made in 2001 in the fifth well (Noa-1) after earlier drilling encountered predominantly gas-bearing sands. ShoreCan, in the last year, has completed additional seismic processing of the most recent 568 km2 3D seismic survey acquired by Essar Nigeria in 2012. The advanced seismic processing techniques, applied to this data set by ShoreCan, were successfully completed to differentiate oil-bearing sands from gas and water-bearing sands.

At the request of the Company, NSAI prepared the NSAI Report in accordance with Canadian National Instrument 51-101 evaluating the contingent and prospective resources attributed to OPL 226 as of 30 June, 2018.

In the NSAI Report, the Gross (100%) Unrisked Contingent Light/Medium Oil Resources recoverable for the primary Noa West oil discovery on OPL 226 are estimated to be the following: Low Estimate (1C), 11,497.4 Mbbls; Best Estimate (2C), 16,072.9 Mbbls; and High Estimate (3C), 20,653.3 Mbbls. In the NSAI Report, the Gross (100%) Unrisked Prospective Light/Medium Oil Resources recoverable for 16 additional undrilled areas on OPL 226 are estimated to be the following: Low Estimate, 284,156.7 Mbbls; Best Estimate, 532,953.5 Mbbls; and High Estimate, 1,013,743.1 Mbbls. In addition to the oil resources identified, the NSAI Report has estimated significant volumes of Unrisked Gross (100%) Prospective Resources for Conventional Natural Gas on OPL 226 as follows: Low Estimate, 983,784.5 MMcf; Best Estimate, 1,705,468.5 MMcf; and High Estimate, 3,006,306.1 MMcf.

Mozambique operations

In Mozambique, the Company's bidding Consortium was awarded on 15 December 2017, the onshore Block PT5-B under the fifth licensing round.

Block PT5-B is located on the Mozambique coastal plain, 750km north of the capital of Maputo. It is 4,356 sq. km in size and surrounds the north, west and south west margins of the Pande Gas Field, half of the Pande-Temane Gas field complex which has reported gas reserves of 2.6 TCF and production in 2016 of 475 mmcf per day. The gas is primarily exported by pipeline to South Africa. In February 2017, Sasoil, the operator of the Pande-Temane gas complex announced a light oil discovery and the construction of a crude oil and LPG processing facility in an adjacent area to the east called Inhassoro. The Company believes Block PT5-B is prospective for light oil and gas in the productive zones at Pande, Temane and Inhassoro as well as deeper horizons.

The Consortium is to be invited to negotiate with the Government of Mozambique regarding the terms of the production sharing contract governing Block PT5-B. Negotiations are expected to commence imminently. These will include the acquisition of 1600 line km of 2D seismic. According to the Company's Mozambican partner, the Instituto Nacional do petroléo (INP) is currently finalising discussions on a large number of offshore block major companies before they are able to enter into discussions regarding onshore Block PT5-B.

Historic North Sea operations

In 2010, 2011 and the first quarter of 2012, the Company's main focus was on an offshore exploration in the UK North Sea. Three exploration wells were drilled during that period: one unsuccessful, one non-commercial and one successful.

General African operations

In addition, from 2012 to present, the Company has been actively searching for and evaluating other exploration and production opportunities in Africa.

Liberia Operations

The Company's PSC for LB-13 with ExxonMobil terminated with effect from 25 September 2017. The Company sees opportunity in other areas of Block LB-13 and continues to perform geological and geophysical analysis in these areas. Depending on its future financial capabilities, the Company may approach the Government of Liberia with regards to entering into a new contract for Block LB-13, offshore Liberia.

High Level overview of equity financings

Since the change in management and Board of Directors in August 2009, the Company's operations have been financed through issues of equity. Net proceeds obtained from a private placement in May 2010, a public offering in December 2010, a public offerings in July and August 2013, the April 2014 Offer, the August 2014 Offer, the July 2015 Placing, the First Tranche Offering, the Second Tranche Offering, the Issued 2016 First Tranche Offering Warrant Shares and the Issued 2016 Second Tranche Offering Warrant Shares, the June 2017 Placing and October 2017 Placing amounted in aggregate to approximately equivalent to $168 million.

2. SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS

During the period under review the Company has undertaken early stage exploration activities and project evaluation works but has not generated any revenues from its oil and gas operations. Accordingly, the Company has experienced operating losses during the periods under review and expects to incur further operating losses in this and the next financial year as its exploration activities continue. There can be no assurance that the Company will earn significant revenues, achieve profitability and/or obtain additional funds it may require in the future.

The key factors affecting the Company's operating losses and financial conditions during the periods under review and those that are expected to affect its results in the future include:

- project acquisition, exploration expenses and success rates;
- expansion of the Company's operation;
- equity financing;
- oil and gas prices; and
- foreign exchange.

2.1 *Project acquisition, exploration expenses and success rates*

The Company has incurred substantial expenses related to the acquisition and/or farm-in of exploration projects, project evaluations, geological and geophysical analysis, exploration drilling costs and resources reports. In the future, the Company expects to incur additional significant exploration expenses and potential development expenditures if the projects carried out are successful. In particular, the level of the Company's expenditures depends largely on whether the Company is successful in discovering and appraising oil and gas reserves and developing these reserves into oil and/or gas producing assets.

There was no E&E write off in 2015. As at 31 December 2016 the Company derecognized $1.3 million representing capitalized E&E related to Mesurado area (offshore Liberia) as the drilled well was not commercially successful. In September 2017 the whole remaining balance of $15.6 million was impaired as exploration license surrendered and expired.

2.2 ***Company's operations***

The Company's UK office was opened in Aberdeen in June 2011 (and was subsequently closed in 2017), followed by the opening of the Bermuda office in December 2012 and the taking on of a Monrovia office (as part of the Liberia transaction) in April 2013, although the Monrovia office was subsequently closed with effect from 31 December 2013. However, office related costs generally increased during the periods under review.

In 2016, the Company impaired $1.3 million of its E&E assets in respect of its project in Liberia and in September 2017, the Company wrote off the whole remaining balance of $15.6 million as the LB-13 exploration license was surrendered.

The Company's administrative expenses (i.e. after allocations to projects) decreased from $6.4 million for the year ended 31 December 2015 to $5.2 million for the year ended 31 December 2016 and to $4.6 million for the year ended 31 December 2017. The total number of the Company's employees has varied from 12 as at 31 December 2015, to 14 as at 31 December 2016 and 11 as at 31 December 2017.

There were no stock options or Common Shares under the PSU Plan issued during the year ended 31 December, 2015. On 12 May, 2016, 11 August, 2016 and 15 November, 2016, the Company granted 52,680,000 stock options to its directors, officers, employees and consultants and on 27 November 2017, 60,035,000 stock options were granted to the same.

No stock options were exercised during the years ended 31 December 2017, 2016 or 2015. There were 6,950,000 stock options that expired unexercised and 1,800,000 stock options forfeited for the year ended 31 December 2015, 9,490,000 stock options that expired unexercised, 1,500,000 stock options forfeited for the year ended 31 December 2016 and 5,800,000 stock options forfeited during the year ended 31 December 2017, with no stock options having expired unexercised.

No stock-based compensation expense was recognized for 2015. Stock-based compensation expense of $2.1 million was recognized for the year ended 31 December 2016 and an expense of $0.24 million for the year ended 31 December 2017.

2.3 ***Equity financing***

During the periods under review, the Company's operations have been financed through issues of equity. A summary of the Company's offerings is provided below. Detailed description of the changes in the Company's issued share capital over the two years preceding the date of this Prospectus is provided in Section 3 of Part XVIII (*Additional Information*)

Date of fundraising/issuance	Price	Number of Common Shares	Gross amount raised (USD 000s)
July 2015 Placing	CAD 0.12 per July 2015 Placing unit[12]	80,288,699	5,677
First Tranche Offering	GBP 0.035 per First Tranche Unit[13]	22,857,143	1,163
Second Tranche Offering	CAD 0.07 per Second Tranche Unit[14]	101,066,868	5,576
Exercised of Warrants from First Tranche, Second Tranche and 2015 Placing, in aggregate	First Tranche: GBP 0.0475 per Unit Second Tranche: CAD 0.095 per Unit 2015 Placing: CAD 0.12 per Unit	10,876,143	694

[12] Each July 2015 Placing unit comprised one Common Share and one Common Share purchase warrant

[13] Each First Tranche Unit comprised one Common Share and one Common Share purchase warrant

[14] Each Second Tranche Unit comprised one Common Share and one Common Share purchase warrant

Date of fundraising/issuance	Price	Number of Common Shares	Gross amount raised (USD 000s)
June 2017 Placing	£0.005 per Placing Share	656,000,000	4,181
October 2017 Placing	£0.01 per October 2017 Placing Share	250,000,000	3,318

2.4 ***Oil and gas prices***

Although the Company currently does not have any oil and gas production, the Company's exploration and future development strategies are influenced significantly by crude oil and natural gas prices. Crude oil prices have been volatile in the past and are likely to continue to be volatile in the future. Prices for oil that are mainly based on world supply and demand, are also influenced by a number of other factors that are difficult to predict, including governmental regulations and social and political conditions.

The Company's plan is to explore for and/or appraise oil and gas properties which could then lead to eventual development. Changes in world crude oil and natural gas prices may significantly affect the Company's results of operations, the value of the Company's oil and gas properties, the Company's ability to obtain financing and a level of spending for oil and natural gas exploration and development.

2.5 ***Foreign exchange***

Effective 1 January 2015, the functional and presentation currency of the Company was changed from CAD to USD. The measurement change is due to the focus of the Company in Africa, for which costs are denominated in USD. As a result of the Company's focus in areas with USD functional currencies, the Company has also re-denominated the intercompany debt agreements to USD. The change in presentation currency is to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results. The change has been applied retrospectively as if the new presentation currency had always been the Company's presentation currency.

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

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

To mitigate a portion of its exposure to foreign exchange risk and to the extent it is feasible, the Company keeps its funds in currencies applicable to its known short-term obligations.

3. RESULTS OF OPERATIONS

3.1 ***General***

Given the nature of the exploration business and the Company's early stage of development, the Company's historical operating losses are driven mainly by exploration costs, administrative costs and stock-based compensation expense recognised further to stock options' grants.

The following discussion describes line items included in the Company's consolidated statements of comprehensive loss:

Pre-license costs

The Company expenses amounts incurred in the evaluation and development of potential business ventures until the related business arrangements are consummated. The costs incurred prior to the award of oil and as licenses, concessions and other exploration rights are recognized as an expense in the period incurred.

No pre-license costs were incurred in 2016 and in 2017, $0.4 of pre-licence costs were incurred in relation to an acquisition that the Company evaluated but did not pursue . The $0.1 million of pre-licence costs in 2015 related to a project in Africa that was discontinued.

Exploration expenses and E&E assets write off

The cost of exploring, appraising and evaluating oil and gas properties, including costs of farming into or acquiring the rights to explore, geological and geophysical studies, seismic data and modelling, exploration and/or appraisal drilling and directly related overheads are capitalized and classified as intangible E&E assets. These costs are accumulated in cost centres by field or project in anticipation of future allocation to Cash Generating Units.

The E&E phase of a particular project is completed when either the technical feasibility and commercial viability of extracting oil or gas are demonstrable for the project or there is no prospect of a positive outcome for the project. E&E assets with commercial reserves will be reclassified to development and production assets and the carrying amounts will be assessed for impairment and adjusted (if appropriate) to their estimated recoverable amounts. If commercial reserves are not discovered, the E&E asset is written off to exploration expenses in the statement of comprehensive loss.

In December 2016, an exploration well Mesurado-1 was drilled on Block LB-13 offshore Liberia but it was not commercially successful. Exploration costs related to the Company's interest in this well were carried by its partner ("**carried interest**"). At 31 December 2016, the Company reviewed its exploration and evaluation ("**E&E**") balances and derecognized $1.3 million representing capitalized E&E related to Mesurado area. During 2017, Exxon and the Company performed an evaluation of Mesurado-1 results and worked on implementation of these results into a geological and geophysical analysis for the rest of block LB-13. The obligations under a second exploration period under LB-13 license were completed with the drilling of Mesurado-1 and the second exploration period expired on 25 September 2017.

Both Exxon and the Company have elected not to enter into third exploration period and accordingly, surrendered their rights to the LB-13 license, resulting in the expiration of LB-13 production sharing contract and Block LB-13 JOA on 25 September, 2017. Accordingly, the Company derecognized its whole E&E balance of $15.6 million in the third quarter of 2017.

There was no derecognition of E&E in 2015.

Administrative expenses

Administrative expenses include payroll, external directors' fees and related costs (social security, payroll taxes, health benefits), consulting services, professional services (legal, audit, tax advice, reserve reports), office expenses, insurance, travel costs, stock exchange and transfer agent fees, costs allocated to exploration projects and other general administrative costs. The Company currently has a head office in Calgary, Canada and an operational office in Hamilton, Bermuda.

Administrative expenses amounted to $4.6 million for the year ended 31 December 2017, compared to $5.2 million for the year ended 31 December 2016, and are presented net of costs allocated to exploration projects which amounted to $0.2 million in 2017 and $0.3 million in 2016.

The decrease in net administrative expenses of $0.6 million for the year ended 31 December 2017, compared to the same period in 2016 resulted mainly from:

- a decrease in payroll and related costs and travel costs due to lower employment levels in 2017;
- lower external directors' fees in 2017, as a one –time additional fee was incurred in 2016;
- a decrease in fees for UK regulatory agents;

- a decrease in other expenses relating mainly to lower sponsorship costs, as in 2017 the Company did not participate in the "Africa Oil" conference that in 2016 was held in Cape Town; and

- an increase in consulting due to additional consulting services in respect of new projects.

Depreciation

Depreciation relates solely to administrative assets, mainly office furniture, equipment and software and it is calculated on a straight line basis over the estimated useful life of an asset.

Stock-based compensation expense

The Company has the Stock Option Plan, under which the number of Common Shares reserved under the plan shall not exceed 10% of issued and outstanding Common Shares and the number reserved for any one individual may not exceed 5% of the issued and outstanding Common Shares. Exercise prices for stock options granted under the Stock Option Plan are determined by the closing market price on the day before the date of grant. For further information regarding the Stock Option Plan, please see Section 7 of Part XVIII(*Additional Information*).

There were no stock options granted in 2015. During 2016 and 2017, the Company granted following stock options to its directors, officers, employees and consultants:

- on 12 May 2016 - 40,780,000 stock options to acquire the Company's Common Shares at an exercise price of CAD 0.10 ($0.08);

- on 12 August 2016 - 4,400,000 stock options to acquire the Company's Common Shares at an exercise price of CAD 0.115 ($0.088);

- on 15 November 2016 - 7,500,000 stock options to acquire the Company's Common Shares at an exercise price of CAD 0.18 ($0.13); and

- on 27 November 2017, 60,035,000 stock options to acquire the Company's Common Shares at an exercise price of CAD 0.015 ($0.012).

The stock options vest immediately and expire five years from the date of grant.

The related stock-based compensation expense has been recognized in the statement of comprehensive loss of $0.3 million for the year ended 31 December 2017 compared to $2.1 million for the year ended 31 December 2016. No stock-based compensation was recognised for the comparable period of 2015.

The fair value of each option granted is estimated on the date of grant using a Black-Scholes option pricing model with the following assumptions:

	12 May, 2016	**12 August, 2016**	**15 November, 2016**	**27 November, 2017**
Risk-free interest rate	0.64 per cent	0.58 per cent	0.67 per cent.	1.57 per cent
Weighted average life	4.0 years	4.0 years	3.0 years	4.0 years
Expected volatility	90 per cent	90 per cent	90 per cent.	90 per cent
Expected dividend yield	0 per cent	0 per cent	0 per cent.	0 per cent

No stock options were exercised during the years ended 31 December 2017, 2016 or 2015. There were 6,950,000 stock options that expired unexercised and 1,800,000 stock options forfeited for the year ended 31 December 2015, and 9,490,000 stock options that expired unexercised and 1,500,000 stock options forfeited for the year ended 31 December 2016. During the year ended 31 December 2017, 5,800,000 stock options were forfeited and no stock options expired unexercised during the year.

Interest income

Interest income relates to interest earned on cash held at banks.

Foreign exchange loss and gain

The consolidated financial statements of the Company are presented in USD, which is currently the Company's functional and reporting currency. Transactions denominated in foreign currencies are translated at the exchange rate prevailing on the transaction date. At each period end, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate prevailing at the period end date. All differences are recognized in net earnings. Non-monetary assets, liabilities and transactions denominated in a foreign currency and measured at historical cost are translated at the exchange rate in effect at the transaction date. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined. The Company is exposed to foreign exchange fluctuations, mainly CAD and GBP against the U.S. dollar. Accordingly, foreign exchange gains or losses have an impact on its reported results.

In respect of the years ended 31 December 2015 and 2016: A foreign exchange loss of $0.2 million was recognized for the year ended 31 December 2016 (2015 - $0.5 million) and related mainly to loss on translation of cash, cash equivalents and accounts payable denominated in currencies other than USD, compensated with an unrealized foreign exchange gain recognized upon revaluation of derivative liability as at 31 December 2016.

In respect of the years ended 31 December 2016 and 2017: A foreign exchange gain of $0.4 million was recognized for the year ended 31 December 2017 (compared to a loss of $0.2 million in the same period in 2016), which related mainly to a gain on translation of cash, cash equivalents and accounts payable denominated in currencies other than USD.

Gain / loss on translation of foreign subsidiaries

In respect of the years ended 31 December 2015, 2016 and 2017: For the purpose of consolidation, assets and liabilities of foreign subsidiaries are translated from their functional currency to USD using the exchange rate prevailing at the period end date. The statements of comprehensive loss and cash flows are translated using the average exchange rates for the period. Foreign exchange differences resulting from such transactions are recorded in Shareholders' Equity as accumulated other comprehensive loss.

3.2 *Year ended 31 December 2017 compared to the year ended 31 December 2016*

The following table presents data from the Company's audited consolidated statements of comprehensive loss for the years ended 31 December 2017 and 2016.

	For the year ended 31 December	
(in USD 000s)	**2017**	**2016**
Operations		
Impairment of exploration and evaluation assets	(15,642)	(1,321)
Pre-licence costs	(372)	-
Administrative	(4,591)	(5,182)
Depreciation	(22)	(40)
Stock-based compensation	(283)	(2,097)
	(20,910)	(8,640)
Finance income and costs		
Interest income	9	26
Derivative gain/(loss)	436	2,126
Foreign exchange gain/(loss)	394	(193)
	839	1,959
Loss before investments in joint ventures	(20,071)	(6,681)
Loss on investment in joint venture	(76)	(80)

(in USD 000s)	For the year ended 31 December 2017	2016
Net Loss	(20,147)	(6,761)
(Loss) / gain on translation of foreign subsidiaries	(243)	467
Comprehensive Loss	(20,390)	(6,294)

Impairment of Exploration and Evaluation Assets

During 2017, Exxon and the Company performed an evaluation of Mesurado-1 results and worked on implementation of these results into a geological and geophysical analysis for the rest of block LB-13. The obligations under a second exploration period under LB-13 license were completed with the drilling of Mesurado-1 and the second exploration period expired on 25 September, 2017. Both Exxon and the Company have elected not to enter into third exploration period and accordingly, surrendered their rights to the LB-13 license, resulting in the expiration of LB-13 production sharing contract on 25 September, 2017. Accordingly, the Company derecognized its whole E&E balance of $15.6 million in the third quarter of 2017.

Administrative expenses

Administrative expenses amounted to $4.6 million for the year ended 31 December 2017, compared to $5.2 million for the same period in 2016, and are presented net of costs allocated to exploration projects, which amounted to $0.2 million in 2017 and $0.3 million in the same period in 2016.

Depreciation

Depreciation relates to administrative assets, mainly office furniture and equipment, and it is calculated on a straight line basis over their estimated useful life.

Interest income

Interest income earned was $9,000 for the year ended 31 December 2017, compared to $26,000 for the same period ended 31 December 2016. The interest income relates to interest earned on cash held at banks.

Derivative gain

The Company has issued the following Common Share purchase warrants in 2016 and 2017 (which are outstanding as at 31 December 2017) with an exercise price denominated in currencies other than its functional currency:

1. 22,857,143 First Tranche Offering Warrants on 28 April 2016 which entitle the holder to purchase one Common Share until 28 April 2018 at an exercise price of GBP 0.0475 ($0.0695);

2. 1,177,114 Finders Warrants on 28 April 2016 which entitle the holder to purchase one Common Share until 28 April 2018 at an exercise price of GBP 0.035 ($0.051);

3. 101,066,868 Second Tranche Offering Warrants on 3 May 2016 which entitle the holder to purchase one Common Share until 3 May 2018 at an exercise price of CAD 0.095 ($0.075);

4. 5,233,206 Second Tranche Agents' Warrants on 3 May 2016 each of which entitle the holder to purchase one Common Share and one Common Share purchase warrant until 3 May 2018 at an exercise price of CAD 0.07 ($0.055);

5. 39,000,000 June 2017 Placing Broker Warrants on 12 June 2017 each of which entitle the holder to purchase One Common Share of the Company at an exercise price of GBP 0.005 ($0.006); and

6. 15,000,000 October 2017 Placing Broker Warrants on 16 October 2017 each of which entitle the holder to purchase One Common Share of the Company at an exercise price of GBP 0.01 ($0.013).

The foregoing warrants' exercise price is in CAD or GBP and the Common Shares are traded in CAD or GBP and the Company's functional currency is USD. As there is variability in these exchange rates, such warrants are classified as derivative financial instruments and a derivative liability was recognised as at the date of grant in relation to those warrants; subsequently, the derivative liability is revalued at each balance sheet date until the Warrants are exercised or expire.

As at 31 December 2017, the Warrants outstanding as at that date and recognised as derivative financial instruments were revalued and a derivative gain of $0.4 million was recognised, compared to a derivative gain of $2.1 million for the same period of 2016.

The significant derivative gain recorded for recorded for the year ended 31 December 2016 relate to a general decrease in Warrants' fair values during 2016, mainly due to a decrease in the Company's stock price from CAD $0.07 ($0.05) as at 3 May 2016 (when a majority of the 2016 warrants were issued) to CAD $0.03 ($0.02) as at 31 December 2016.

The fair value of warrants recognised as derivative financial instruments was estimated using a Black-Scholes option pricing model.

Foreign exchange loss and gain

A foreign exchange gain of $0.4 million was recognized for the year ended 31 December 2017 (compared to a loss of $0.2 million for the same period in 2016) which relates to a gain on translation of cash, 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 year ended 31 December 2017, the Company charged ShoreCan $1.7 million (2016 - $1.4 million) for management and technical services, which were included in ShoreCan's general and administration expenses for the same period. These amounts of revenue were reversed from the Company's revenue and investment in joint venture.

As at 31 December 2017, the Company's share in ShoreCan's losses of $1.6 million (31 December 2016 – $2.4 million) exceed the Company's net investment in ShoreCan of $76,000 for this period (31 December 2016 – $80,000). Accordingly, under the equity method, the loss on investment recognized by the Company amounted to $76,000 for the year ended 31 December, 2017 (31 December, 2016 – $80,000).

3.3 *Year ended 31 December 2016 compared to year ended 31 December 2015*

The following table presents data from the Company's audited consolidated statements of comprehensive loss for the years ended 31 December 2016 and 2015.

	For the years ended 31 December	
(in USD 000s)	**2016**	**2015**
Operations		
Derecognition of exploration and evaluation assets	(1,321)	-
Pre-licence costs	-	(114)
Administrative	(5,182)	(6,391)
Depreciation	(40)	(59)
Stock-based compensation	(2,097)	_
	(8,640)	(6,564)
Finance income and costs		
Interest income	26	41
Derivative gain	2,126	1,097
Foreign exchange (loss)	(193)	(530)
	1,959	608

(in USD 000s)	For the years ended 31 December 2016	2015
Loss before investments in joint	(6,681)	(5,956)
Loss on investment in joint venture	(80)	(729)
Net loss	(6,761)	(6,685)
Gain on translation of foreign subsidiaries	467	141
Comprehensive Loss	(6,294)	(6,544)

Derecognition of Exploration and Evaluation Assets

In December 2016, an exploration well Mesurado-1 was drilled on Block LB-13 offshore Liberia but it was not commercially successful. Exploration costs related to the Company's interest in this well were carried by its partner ("**carried interest**"). At 31 December 2016, the Company reviewed its exploration and evaluation ("**E&E**") balances and derecognized $1.3 million representing capitalized E&E related to the Mesurado area. Both partners are evaluating the results from Mesurado-1 drilling and performing further geological and geophysical analysis on the rest of Block LB-13.

There was no E&E write-off in 2015.

Pre-licence costs

No pre-license costs were incurred in 2016. The $0.1 million of pre-licence costs in 2015 related to a project in Africa (i.e. Namibia) that was discontinued.

Administrative expenses

Administrative expenses amounted to $5.2 million for the year ended 31 December 2016, compared to $6.4 million for the year ended 31 December 2015, and are presented net of costs allocated to exploration projects which amounted to $0.3 million in 2016 and $0.2 million in 2015.

The decrease in administrative expenses of $1.2 million was mainly due to a decrease in expenses related to professional services of $0.5 million (mainly a decrease in legal services) and consulting services of $0.4 million (mainly a decrease in consulting on financing) as well as a decrease in travel and office costs, partially compensated by an increase mainly in stock exchanges and agents fees. In addition, administrative costs allocated to exploration projects increased in 2016 by $0.1 million.

Depreciation

Depreciation relates to administrative assets, mainly office furniture and equipment, and it is calculated on a straight line basis over their estimated useful life.

Stock-based compensation expense

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

In 2016, the Company granted following stock options to its directors, officers, employees and consultants:

- on 12 May 2016 - 40,780,000 stock options to acquire the Company's Common Shares at an exercise price of CAD 0.10 ($0.08);
- on 12 August 2016 - 4,400,000 stock options to acquire the Company's Common Shares at an exercise price of CAD 0.115 ($0.088); and

- on 15 November 2016 - 7,500,000 stock options to acquire the Company's Common Shares at an exercise price of CAD 0.18 ($0.13).

The stock options vest immediately and expire five years from the date of grant. The fair value of each stock option granted was estimated on the date of grant using a Black-Scholes option pricing model.

The related stock-based compensation expense of $2.1 million has been recognized in the statement of comprehensive loss for the year ended 31 December, 2016. No stock-based compensation expense was recognised for the year ended 31 December, 2015.

During 2016, 9,490,000 stock Options expired unexercised and 1,500,000 stock Options were forfeited. No stock Options were exercised during the years ended 31 December, 2016 and 2015. As at 31 December 31, 2016, a total of 61,005,000 stock Options to purchase Common Shares were outstanding, having a weighted average exercise price of $0.11 per share and a remaining weighted average contractual life of 4.1 years.

Interest income

Interest income earned was $26,000 for the year ended 31 December 2016, compared to $41,000 for the year ended 31 December 2015. The interest income relates to interest earned on cash held at banks.

Derivative Gain / Loss

The Company issued following Common Share purchase warrants ("**Warrants**") with an exercise price denominated in currencies other than its functional currency:

- On 9 July 2015, the Company issued 80,288,699 Warrants, which entitle the holder to purchase one Common Share until 09 July 2017, at an exercise price of CAD 0.12 ($0.09). On 09 July 2015, the Company also issued 4,548,380 Warrants to its agents, which entitle the holder to purchase one Common Share until 09 July 2017, at an exercise price of CAD 0.09 ($0.07).

- On 28 April 2016, the Company issued 22,857,143 Warrants, which entitle the holder to purchase one Common Share until 28 April 2018, at an exercise price of GBP 0.0475 ($0.0695). On 28 April 2016, the Company also issued 1,177,114 Warrants as finder's compensation which entitle the holder to purchase one Common Share until 28 April 2018, at an exercise price of GBP $0.035 ($0.051).

- On 3 May 2016, the Company issued 101,066,868 Warrants, which entitle the holder to purchase one Common Share until 03 May 2018, at an exercise price of CAD 0.095 ($0.075). On 3 May 2016, the Company also issued 5,233,206 Warrants to its agents which entitle the holder to purchase one Common Share until 3 May 2018, at an exercise price of CAD 0.07 ($0.055).

The Warrants' exercise price is in CAD or 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, the 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 31 December 2016, the Warrants outstanding as at that date and recognized as derivative financial instruments were revalued and a derivative gain of $2.1 million was recognized for the year ended 31 December 2016, compared to a derivative gain of $1.1 million for the same period of 2015.

The significant derivative gain recorded for the year ended 31 December 2016 relate to a general decrease in Warrants' fair values during 2016, mainly due to a decrease in the Company's stock price from CAD 0.07 ($ 0.05) as at 3 May 2016 (when a majority of 2016 warrants were issued) to CAD 0.03 ($0.02) as at 31 December 2016.

The fair value of warrants recognized as derivative financial instruments was estimated using a Black-Scholes option pricing model (the assumptions used for the model are discussed in the notes accompanying the Company's audited consolidated financial statements as at 31 December 2016).

Foreign exchange gain

A foreign exchange loss of $0.2 million was recognized for the year ended 31 December 2016 (2015 - $0.5 million) and related mainly to loss on translation of cash, cash equivalents and accounts payable denominated in currencies other than USD, compensated with an unrealized foreign exchange gain recognized upon revaluation of derivative liability as at 31 December 2016.

Loss on Investment in Joint Venture

The Company currently holds a 50% interest in a jointly controlled entity, ShoreCan. For the year ended 31 December 2016, the Company charged ShoreCan $1.9 million for management and technical services, which were included in ShoreCan's general and administration expenses for the same period. These amounts of revenue were reversed from the Company's revenue and investment in joint venture.

As at 31 December 2016, the Company's share in ShoreCan's losses of $2.4 million (31 December 2015 – $3.1 million) exceed the Company's net investment in ShoreCan of $0.1 million for this period (31 December 2015 – $0.7 million). Accordingly, under the equity method, the loss on investment recognized by the Company amounted to $0.1 for the year ended 31 December 2016 (31 December 2015 – $0.7 million).

Gain / loss on translation of foreign subsidiaries

Translation of foreign subsidiaries (denominated in currencies other than USD) into USD for the purpose of consolidation, resulted in a foreign exchange gain of $0.4 million for the year ended 31 December 2016 and a foreign exchange gain of $0.1 million for the year ended 31 December 2015. Foreign exchange differences resulting from such translation were recorded in Shareholders' Equity as decrease in accumulated other comprehensive loss.

4. LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity requirements arise principally from its working capital requirements and capital expenditure investments. For the periods under review, the Company met its liquidity requirements from the proceeds of the equity financings referred to in Section 2.3 of this Part XII above.

The Company intends to fund (and where relevant, has funded in part) its future expenditures with the net proceeds from the Placing and existing cash reserves.

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.

4.1 *Cash flows*

Year ended 31 December 2017 compared to the year ended 31 December 2016

The following table presents data from the Company's audited consolidated statements of cash flows for the years ended 31 December 2017 and 2016.

	For the year ended 31 December	
(in USD 000s)	**2017**	**2016**
Cash used in/from:		
Operating activities	(4,873)	(5,484)
Financing activities	6,469	6,543
Investing Activities	(313)	(331)
Increase in cash and cash equivalents during the period	1,283	728

(in USD 000s)	For the year ended 31 December 2017	2016
Effect of foreign exchange on cash and cash equivalents held in foreign currencies	212	(178)
Cash and cash equivalents, beginning of period	2,565	2,015
Cash and cash equivalents, end of period	4,060	2,565

Cash used in operating activities

For the year ended 31 December 2017, the Company's cash used in operating activities amounted to $4.9 million compared to $5.5 million for year ended 31 December 2016.

Cash provided by financing activities

Cash provided by financing activities amounted to $6.5 million for the year ended 31 December 2017($6.5 million for the same period in 2016) and related mainly to net proceeds from the June 2017 Placing and October 2017 Placing.

Cash used in investing activities

Cash used in investing activities amounted to $0.3 million for the year ended 31 December 2017, compared to $0.3 million for the same period in 2016. The following table summarises the Company's investing activities by line items as presented in the Company's audited consolidated statements of cash flows for the years ended 31 December 2017 and 2016.

(in USD 000s)	For the years ended 31 December 2017	2016
Cash used in investing activities		
Additions to office equipment	(11)	(4)
Additions to E&E assets	(235)	(273)
Additions to investment in joint venture	(76)	(80)
Interest income	9	26
Net change in non-cash working capital	-	-
	(313)	(331)

Year ended 31 December 2016 compared to the year ended 31 December 2015

The following table presents data from the Company's audited consolidated statements of cash flows for the years ended 31 December 2016 and 2015.

(in USD 000s)	For the years ended 31 December 2016	2015
Cash used in/from:		
Operating activities	(5,484)	(6,255)
Financing activities	6,543	4,951
Investing Activities	(331)	(878)
(Decrease) / increase in cash and cash equivalents during the year	728	(2,182)

(in USD 000s)	For the years ended 31 December 2016	2015
Effect of foreign exchange on cash and cash equivalents held in foreign currencies	(178)	(508)
Cash and cash equivalents, beginning of year	2,015	4,705
Cash and cash equivalents, end of year	2,565	2,015

Cash used in operating activities

For the year ended 31 December 2016, the Company's cash used in operating activities amounted to $5.5 million compared to $6.3 million for the year ended 31 December 2015 and related mainly to administrative cost. In addition, in 2015 cash used in operating activities included $0.1 million of pre-license expenses.

Cash from financing activities

Cash provided by financing activities amounted to $6.5 million for the year ended 31 December 2016 (compared to $5.0 million for the same period in 2015) and related mainly to net proceeds from the financing closed on 28 April 2016 and 03 May 2016 and warrants exercised during 2016.

Cash used in investing activities

Cash used in investing activities amounted to $0.3 million for the year ended 31 December 2016 as compared to $0.9 million for the year ended 31 December 2015. The following table summarises the Company's investing activities by line items as presented in the Company's consolidated statements of cash flows for the years ended 31 December 2016 and 2015.

(in USD 000s)	For the years ended 31 December 2016	2015
Cash used in investing activities		
Additions to office equipment	(4)	(40)
Additions to E&E assets	(273)	(150)
Additions to investment in joint venture	(80)	(729)
Interest income	26	41
	(331)	(878)

4.2 *Commitments and contractual obligations*

Commitments

As at 31 December 2017 the Company had the following commitments:

(in USD 000s)	Total	Less than One Year	One to Three Years	Four to Five Years	After Five Years
Office lease	1,008	526	482	-	-

The Company is committed under an operating lease agreement for the rental of office space in Calgary, Canada. The approximate lease payments total $1.0 million and are payable over the next two years.

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 24 October 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 24 October 2020 contingent upon ShoreCan generating its own cashflows. Interest is charged monthly at an annual rate of 3.0% above 12 month USD LIBOR.

On 13 September 2016, ShoreCan closed an acquisition of 80% of the issued share capital of Essar Nigeria, a company which sole asset is a 100% interest in OPL 226 license offshore Nigeria. As part of the shareholder agreement, ShoreCan has agreed to cover the funding of Essar Nigeria's operations. As a party to a PSC for OPL 226, Essar Nigeria is required to seek Nigerian Government ministerial consent for the transaction. The respective application has been made and the parties to the transaction are awaiting its approval.

In 2017, three ShoreCan representatives were appointed directors of Essar Nigeria, gaining a majority on Essar Nigeria board and legal control over Essar Nigeria. ShoreCan has assessed that the transaction does not meet the 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 the 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's audited financial statements as at 31 December 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. Non-controlling interest ("**NCI**"), was recognized at the NCI proportionate share of net assets acquired.

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. ShoreCan has applied for an extension to the first phase of the PSC beyond 31 December 2017 and is currently awaiting a ministerial response. Upon receiving final approval from the Nigerian Government, ShoreCan will finalize the recording of this investment based on the fair values of Essar Nigeria's assets and liabilities referred to above.

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

Contingent liabilities

The Company did not have any contingent liabilities as at 31 December 2017.

5. BALANCE SHEET

The following table summarises the Company's financial position as at 31 December 2017, 2016 and 2015:

	31 December 2017 Audited (in USD 000s)	**31 December 2016 Audited (in USD 000s)**	**31 December 2015 Audited (in USD 000s)**
Cash and cash equivalents	4,060	2,565	2,015
Current assets	4,310	2,954	2,383
E&E assets	-	15,407	16,455
Current liabilities	1,208	991	1,424
Derivative liability	227	335	367

	31 December 2017 Audited (in USD 000s)	31 December 2016 Audited (in USD 000s)	31 December 2015 Audited (in USD 000s)
Share capital	133,650	124,874	120,730
Shareholders' equity	3,211	17,154	17,207

5.1 ***Current assets***

Other than cash and cash equivalents, the Company's current assets include also accounts receivable and prepaid expenses. The accounts receivable and prepaid expenses were not significant as compared to cash balances as the dates under review and amounted to total of $0.25 million as at 31 December 2017, $0.39 million as at 31 December 2016 and $0.4 million as at 31 December 2015. Accordingly, the changes in the Company's current assets were driven by the changes in cash and cash equivalents.

5.2 ***E&E assets***

As at 31 December 2016 and 2015, the Company's E&E assets relate entirely to the Liberia project and consist mainly of 3D seismic of LB-13 and capitalized geological and geophysical evaluation work conducted on the Block LB-13.

The decrease relates mainly to a write off due to the commercially unsuccessful exploration well, Mesurado-1, drilled in December 2016. Exploration costs related to the Company's interest in this well were paid by its partner ("**carried interest**"). However, the Company reviewed its E&E balances and derecognized $1.3 million representing capitalized E&E related to Mesurado area as at 31 December 2016.

In the third quarter of 2017, the Company recognized an impairment of the whole balance of its E&E assets of $15.6 million that related to Block LB-13 offshore Liberia as the license was surrendered and expired on 25 September, 2017.

5.3 ***Current liabilities***

The Company's current liabilities include accounts payable and accrued liabilities as at the balance sheet dates under review.

5.4 ***Derivative Liability - Non-current Financial Liability***

Derivative liability of $0.2 million as at 31 December, 2017, $0.3 million as at 31 December, 2016 and $0.4 million as at 31 December, 2015 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 31 December, 2017, the derivative liability represents a valuation of warrants issued during 2017 and 2016 (as discussed in "Derivative Gain/Loss" section) and outstanding at 31 December 2017. 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 audited consolidated financial statements as at 31 December, 2017.

5.5 ***Shareholders' Equity***

The decrease in shareholders' equity of $14.0 million from $17.2 million as at 31 December, 2016 to $3.2 million as at 31 December 2017 relates to:

- net loss of approximately $20.2 million for the year ended 31 December, 2017 which includes $15.6 million write off of E&E assets;
- an increase in accumulated other comprehensive loss of $0.3 million that represents an unrealized foreign exchange loss on translation of foreign subsidiary accounts;

- offset by an increase in share capital of $6.2 million (net of movement in warrants) as a result of common shares issued for gross proceeds of $7.5 million further to a financing closed in 2017, net of valuation of related broker's warrants of $0.3 million that are recognized as a derivative liability and net of issue costs of $0.1 million; and

- by an increase in contributed capital reserve of $0.3 million that relates to a valuation of stock options granted in 2017.

Shareholders' equity did not change materially and amounted to $17.2 million as at both 31 December 2016 and 2015; the nil effect consisted of:

- an increase in share capital of $4.1 million as a result of Common Shares issued further to a private placement closed in the second quarter of 2016 and further to warrants exercised during 2016, net of valuation of related warrants that are recognized as a derivative liability and net of issue costs;

- an increase in contributed capital reserve of $2.1 million that relates to a valuation of stock options granted in 2016;

- $0.5 million decrease in accumulated other comprehensive loss that relates to an unrealized foreign exchange gain on translation of foreign subsidiary; and

- offset by the net loss of $6.8 million for the year ended 31 December 2016.

6. DISCLOSURE ABOUT MARKET RISK

6.1 *Financial risk management and financial instruments*

The Company's financial instruments consist of cash, short-term deposits, credit card and deposits, accounts receivable, as well as accounts payable, accrued liabilities and derivative liability. The Directors believe 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.

The Company's senior management oversees the management of financial instruments and the Board has established an Audit Committee to assist in the identification and evaluation of significant financial risks.

6.2 *Foreign currency risk*

To mitigate a portion of its exposure to foreign exchange risk 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.

6.3 *Credit risk*

The Company's accounts receivable include mainly amounts due from its partner in ShoreCan joint venture as well as the amounts due from the government (GST in Canada and VAT in the UK) and from its employees in respect of travel advances. The Company believes there is no unusual exposure associated with these receivables. No amounts are considered to be past due and no allowance for doubtful accounts has been recorded in the accounts.

As at 31 December 2016, the Company held $2.6 million of cash and cash equivalents with Canadian and Bermuda chartered banks (31 December 2015 - $2.0 million). Management has assessed the associated credit risk as relatively low.

As at 31 December 2017, the Company held $4.1 million of cash and cash equivalents with reputable Canadian and Bermuda chartered banks and in trust with the Company's lawyers. Management has assessed the associated credit risk as relatively low.

6.4 ***Interest rate risk***

The Company's interest rate risk is currently limited to interest receivable on bank balances and various bank deposits. The Company's policy is to keep its cash, whenever possible, in interest bearing accounts with its banking institutions. The Company periodically monitors the interest rates offered and is satisfied with the credit ratings of its banks.

7. OFF-BALANCE SHEET ARRANGEMENTS

Other than guarantees provided to the Government of Liberia in respect of Block LB-13, the Company has not entered into and/or is a party to any off-balance sheet arrangements.

8. CRITICAL ACCOUNTING POLICIES

The Directors have identified the following IFRS accounting policies as currently the most critical to the Company's business operations and the understanding of its results. Application of these policies requires management to make assumptions and use judgment based on information and financial data available that may change in the future. Different assumptions and judgments could lead to materially different results.

8.1 ***Basis of Preparation and Compliance***

The Company's consolidated financial statements ("**financial statements**") for the years ended 31 December 2017, 2016 and 2015 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") .

The Company's consolidated financial statements have been prepared on an historical cost basis, except for certain financial assets and liabilities that have been measured at fair value.

These consolidated financial statements are presented in United States dollars ("$"), which is both the functional and presentation currency. All financial information presented in tables has been rounded to the nearest thousand United States dollars except where otherwise indicated.

8.2 ***Going Concern***

The Company's financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

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 operating 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. With no assurance that financing will be obtained in 2018, there is material uncertainty that may cast substantial doubt on the Business' ability to continue as a going concern. The Company's financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

8.3 ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. All intercompany transactions and balances have been eliminated on consolidation.

8.4 ***Foreign currency translation***

The consolidated financial statements are presented in USD, which is currently the Company's functional and reporting currency.

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

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

8.5 ***Pre-licence costs***

The Company expenses amounts incurred in the evaluation and development of potential business ventures until the related business arrangements are consummated. The costs incurred prior to the award of oil and gas licenses, concessions and other exploration rights are recognised as an expense in the period incurred.

8.6 ***Exploration and Evaluation ("E&E")***

The cost of exploring, appraising and evaluating oil and gas properties, including costs of farming into or acquiring the rights to explore, geological and geophysical studies, seismic data and modelling, exploration and/or appraisal drilling and directly related overheads are capitalised and classified as intangible E&E assets. These costs are accumulated in cost centres by field or project in anticipation of future allocation to Cash Generating Units.

The E&E phase of a particular project is completed when either the technical feasibility and commercial viability of extracting oil or gas are demonstrable for the project or there is no prospect of a positive outcome for the project.

E&E assets with commercial reserves will be reclassified to development and production assets and the carrying amounts will be assessed for impairment and adjusted (if appropriate) to their estimated recoverable amounts. If commercial reserves are not discovered, the E&E asset is written off to exploration expenses in the statement of comprehensive loss.

8.7 ***Jointly Controlled Assets and Operations***

Certain of the Company's activities are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Company has a direct ownership interest in jointly controlled assets and obligations for liabilities. The consolidated financial statements include the Company's proportionate share of the assets, liabilities, revenues, expenses, and cash flows of this type of arrangement.

Joint ventures arise when the Company has rights to the net assets of the arrangement. For these arrangements the Company uses the equity method of accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, less dividends received thereafter. The transactions between the Company and the joint venture are assessed for recognition in accordance with IFRS.

Under the equity method, losses from the joint venture are applied against the carrying amount of the investment and any loans to the associate that are considered part of the net investment. When the Company's share of losses in a jointly controlled entity exceeds the Company's interest, the Company discontinues recognizing its share of future losses. The Corporation does not recognize further losses unless a legal or constructive obligation exists. If the joint venture subsequently reports profits, the entity resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized. Revenue is only recorded when collection is reasonably assured.

Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment many not be recoverable under the equity method of accounting. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

8.8 ***Stock-Based Compensation***

The Company issues equity-settled stock options under the Stock Option Plan to its employees, directors and consultants and follows the fair value method of accounting. A Black-Scholes option-pricing model is used to determine the fair value of the award at the time the options are granted. The related expense is charged to the statement of comprehensive loss with a corresponding increase in equity as contributed capital reserve over the vesting term. Consideration received on the exercise of an option is credited to share capital, along with the related stock-based compensation previously recognized in contributed capital reserve.

8.9 ***Deferred Income Tax***

The Company uses the liability method of accounting for income taxes, whereby deferred income tax assets and liabilities are recognised based on temporary differences between the tax basis of assets and liabilities and their carrying amount in the consolidated financial statements, and for unused tax loss carry-forwards.

Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred income tax assets are recognized only to the extent it is probable that taxable profit will be available to utilize the associated tax deductions.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same tax jurisdiction.

8.10 ***Significant accounting judgments and estimates***

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions and to use judgment that affects the reported amounts of assets, liabilities, revenues and expenses. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accordingly, actual results may differ from those estimated amounts and differences may be material.

In particular, significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are:

- Stock-based compensation, warrants and derivative liability – the amounts recorded in respect of stock options granted, share purchase warrants granted and the derivative liability for warrants issued are based on the Company's estimation of their fair value, calculated using assumptions regarding the life of the option or warrant, interest rates and volatility. By their nature, these estimates and assumptions are subject to uncertainty, and the actual fair value of options or warrants may differ at any time;

- Impairment of assets – E&E assets and office equipment are assessed for impairment annually and when circumstances suggest that the carrying amount might exceed the recoverable amount. These calculations require the use of estimates and assumptions and are subject to change as new information becomes available. Specifically for E&E assets, these estimates include future commodity prices, quantity of reserves and discount rates, as well as future development and operating expenses;

- Impairment of investment in joint venture – After application of the equity method, the net investment in joint venture is assessed for impairment annually and when circumstances suggest that the carrying amount might exceed the recoverable amount. The Company assesses whether it is necessary to recognize any additional impairment loss with respect to its net investment in the joint venture or any other amount that does not constitute part of the net investment. These estimates include the market, economic, legal and political environment in which the joint venture operates, as well as changes in the joint venture's financial condition. Any reversal of impairment losses is recognized to the extent that the recoverable amount of the investment subsequently increases;

- Deferred income tax – management assesses the likelihood that deferred income tax assets will be realized from future taxable earnings, and the amount of which is subject to measurement uncertainty; and

- Provisions, commitments and contingent liabilities – amounts recorded as provisions and amounts disclosed as commitments and contingent liabilities are estimated based on the terms of the related contracts and management's best knowledge at the time of issuing the consolidated financial statements. The actual results ultimately may differ from those estimates as future confirming events occur.

Significant judgments are involved in the determination of the functional currency of the subsidiaries and the time when exploration and evaluation projects are complete and the technical feasibility and commercial viability of extracting oil or gas are demonstrable for the project or there is no prospect of a positive outcome for the project. Determining the type of joint arrangement as either a joint operation or a joint venture is based on management's determination of whether it has joint control over another entity and considerations include assessment of contractual agreements for unanimous consent of the parties on decision making of relevant activities. Once classified as a joint arrangement, management assesses whether it is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity the direct right to the assets and obligations for the liabilities within the normal course of business, as well as the entity's rights to the economic benefit of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

9. RECENT DEVELOPMENTS

Subsequent to 30 June 2018, ShoreCan entered into a non-legally binding project financing term sheet on 27 July 2018. The term sheet provides for a minimum $30 million investment (to a maximum of $50 million) from the Mauritius Commercial Bank, Trafigura PTE Ltd. and the EFA Group in the form of a senior secured facility for deployment by ShoreCan into Essar Nigeria. Specifically, the Facility would provide funding for all production related expenditures after the drilling and testing of the initial production well to be drilled by Essar Nigeria on OPL 226. The terms of the Facility remain subject to agreement on definitive documentation.

Part XIII

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CAPITALISATION AND INDEBTEDNESS STATEMENT

The following table shows the capitalisation of the Group as at 30 June 2018 and has been extracted without material adjustment from the information incorporated by reference into Part XI (*Financial Information on the Group*).

(in USD 000s)	**As at 30 June 2018**
Current debt	
Guaranteed	-
Secured	-
Unguaranteed / unsecured	-
Non-current debt	
Guaranteed	-
Secured	-
Unguaranteed / unsecured	
Total debt	-
Shareholders' equity[15]	
Share capital	133,650
Share premium	
Other reserves	(2,160)
Capitalisation and reserves	131,490

The following table sets out the Group's net indebtedness as at 30 June 2018 and has been extracted without material adjustment from the information incorporated by reference into Part XI *(Financial Information on the Group)*.

(in USD 000s)	**As at 30 June 2018**
Current financial receivable	
Cash and cash equivalents	1,736
Debt	
Current financial debt	-
Current bank debt	-
Current portion of non-current debt	-
Other current financial debt	-
Non-current financial debt	
Non-current bank loans	-
Bonds issued	-
Other non-current loans	-
Net financial debt	-

Other than the use of cash in the Company's operations in the ordinary course of its business, there has been no material change in the above information since the date of the Company's last published financial information.

[15] Does not include accumulated deficit of $181,353,000, and contributed capital reserve of $50,394,000, each as of 30 June 2018

Part XIV

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RESOURCES REPORT

NSAI Resources Report

Part XV

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DETAILS OF THE PLACING

1. SUMMARY OF THE PLACING

1.1 *General*

The Placing is expected to consist of 895,523,000 Placing Shares at a price of 0.335 pence per Placing Share raising total gross proceeds of a minimum of £3,000,002, which is subject to 6% commissions and other estimated fees and expenses of approximately £170,000 resulting in total net proceeds from the Placing of approximately £2,650,000 (approximately USD 3,373,000). Each Placing Share is a Common Share. See the information at Section 4 of Part XVIII(*Additional Information*) for the terms of the Common Shares.

In the Placing, the Placing Shares have been offered to certain institutional investors in the United Kingdom who could make certain warranties and representations as to their status.

The Placing is subject to satisfaction of the conditions set out in the Placing Agreement, including is conditional upon, among other things, Admission taking place no later than 8:00am on 31 August 2018 (or such later date as may be agreed by the Company and the Broker, which shall be no later than 8:00am on 31 October 2018).

However, any investor that has agreed to subscribe for Common Shares in the Placing has been required to enter into a binding contractual commitment to acquire such Common Shares. Each such investor's commitment is conditional only on Admission occurring.

When admitted to trading, the New Shares will be registered with ISIN CA13643D1078 and SEDOL number BKRVWF4.

The New Shares will rank pari passu in all respects with the issued and outstanding Common Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the share capital of the Company (if any). The New Shares will, immediately following New Shares Admission, be freely transferable under the Articles.

Pursuant to the Placing, the Company is expected to issue an aggregate of 895,523,000 Common Shares. In the event that all of the outstanding Warrants and Options are exercised (including the warrants to be issued in connection with the Warrant Broker Instrument), Shareholders existing prior to the above placings will as a result suffer a maximum aggregate dilution of approximately 0.73 Common Shares for every one Common Share they currently own, which is equivalent to a dilution of approximately 42 per cent.

Immediately following New Shares Admission, a minimum of 25% of the Company's outstanding Common Share capital will be held in public hands, within the meaning of Rule 14.2.2R(3) of the Listing Rules.

1.2 *Reasons for the Placing and use of proceeds*

The Company currently intends to use the net proceeds from the Placing for the following purposes:

- approximately USD 0.2 million to fund a portion of overhead costs for ShoreCan and Essar Nigeria;
- approximately USD 2.85 million to fund general and administrative expenses; and
- approximately USD 0.35 million to fund investors' related promotional and marketing expenses.

2. PLACING AGREEMENT

On 17 August 2018, the Company and the Broker entered into the Placing Agreement. Pursuant to the Placing Agreement, the Broker agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for the Placing Shares. All such subscriptions are at the Placing Price. The Placing Agreement contains provisions entitling the Broker to terminate the Placing (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Placing and these arrangements will lapse and any moneys received in respect of the Placing will be returned to applicants without interest. The Placing Agreement provides for the Broker to be paid commissions in respect of the Placing Shares issued pursuant to the Placing. Any commissions received by the Broker may be retained, and any Placing Shares

acquired by the Broker may be retained or dealt in by the Broker, for the Broker's own respective benefit. The Placing is conditional upon Admission becoming effective and the Placing Agreement becoming unconditional in accordance with its terms.

3. DEALING ARRANGEMENTS

Application has been made to the FCA for the New Shares to be admitted to the standard listing segment of the Official List and to the London Stock Exchange for such Common Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

Dealings in the New Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 31 August 2018.

4. CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and to be transferred otherwise than by a written instrument.

For further details regarding the arrangements for the electronic settlement and transfer of the New Shares, please see Part XVI(*CREST, Depositary Interests and Deed Poll*).

5. LOCK-UP ARRANGEMENTS

None of the Company, the Directors, Senior Management or current Shareholders has entered into any lock-up arrangements in connection with the First Tranche Offering, the Second Tranche Offering, the June 2017 Placing, the October 2017 Placing, or the Placing.

6. SELLING RESTRICTIONS AND RESTRICTIONS ON TRANSFER

The distribution of this Prospectus in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken or will be taken in any jurisdiction that would permit a public offering or sale of the New Shares, or possession or distribution of this Prospectus (or any other offering or publicity material relating to Common Shares), in any country or jurisdiction where action for that purpose is required or doing so may be restricted by law.

None of the Common Shares may be offered for subscription, sale or purchase or be delivered, and this Prospectus and any other offering material in relation to the Common Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission or to make any application, filing or registration.

Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Part XVI

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CREST, DEPOSITARY INTERESTS AND DEED POLL

The Company has entered into depository arrangements to enable investors to settle and pay for interests in the Common Shares through CREST. CREST is a paperless settlement system operated by Euroclear allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. Securities issued by companies not incorporated in the UK, Ireland, Isle of Man or Channel Islands, such as the Company, cannot be held electronically (i.e. in uncertificated form) or transferred in CREST. However, depository interests representing underlying shares can allow securities to be dematerialised and settled electronically.

Pursuant to arrangements put in place by the Company, a depository holds the Common Shares and issued Depositary Interests representing the underlying Common Shares which will be held on trust for the holders of the Depository Interests.

The Depository issues the Depository Interests, which will be independent securities constituted under English law which may be held and transferred in dematerialised form through CREST.

The Depository Interests have been created pursuant to and issued on the terms of a deed poll executed by the Depository on 12 March 2014 in favour of the holders of the Depository Interests from time to time (the "**Deed Poll**"). Holders of Depository Interests should note that they will have no rights in respect of the underlying Common Shares or the Depository Interests representing them against Euroclear or its subsidiaries.

Common Shares are registered in the name of the Depository's nominated custodian (the "**Custodian**") and the Depository will issue Depository Interests to participating members. Although the Company's register shows the Custodian as the legal holder of the Common Shares, the beneficial interest in the Common Shares will remain with the holder of the Depository Interest, who has the benefit of all the rights attaching to the Common Shares as if the Depository Interest holder were named on the certificated Common Share register itself.

Each Depository Interest is treated as one Common Share for the purposes of determining, for example, eligibility for dividends (if any). The Depository Interests have the same ISIN number as the underlying Common Shares and do not require a separate listing on the Official List. The Depository Interests can then be traded and settlement is within CREST in the same way as any other CREST securities.

A holder of the Common Shares on the principal share register of the Company maintained in Canada (the "**Share Register**") (a "**Principal Register Holder**") is able to do the following to obtain a Depositary Interest for its Common Shares: (a) if held directly, send in its Common Share certificates to the Registrar; or (b) if held in a nominee account, provide instructions to its broker who will then obtain a withdrawal of the Common Shares from the system of CDS Clearing and Depositary Services Inc. ("**CDS**"). In addition, the Principal Register Holder, either directly or through its broker, must complete a Depositary Interest issuance request form that may be obtained from the Registrar. The Registrar will then either cancel the Common Share certificate or the CDS position, as applicable. After these steps, a Depositary Interest can be created and is then issued to the CREST participant that the holder, or the holder's broker, requested on the Depositary Interest issuance request form.

If a Principal Register Holder wishes to cancel its Depositary Interest, it will either directly or through its broker instruct the applicable CREST participant to initiate a CREST withdrawal (where such withdrawal is sent to the Depositary) for the name that appears on the Share Register. The Depositary Interest will then be cancelled by the Depositary and the related Common Share will be credited to the account on the Share Register by the Registrar. The Registrar will either send the Principal Register Holder a new Common Share certificate if held directly, or if held in nominee form, by electronically updating the CDS position associated with the holder's broker.

The information included within this Part XVI relating to the obtaining and cancellation of Depositary Interests by a Principal Register Holder is intended to be a summary only and is not to be construed as legal, business or tax advice. Each investor should consult his or her own lawyer, financial adviser, broker or tax adviser for legal, financial or tax advice in relation to Depositary Interests.

1. TERMS OF THE DEED POLL

Shareholders are referred to the Deed Poll available for inspection at the offices of McCarthy Tétrault, 26th Floor, 125 Old Broad Street, London EC2N 1AR. In summary, the Deed Poll contains, inter alia, provisions to the following effect, which are binding on Depository Interest holders:

- The Depositary will hold (itself or through the Custodian), as bare trustee, the underlying Common Shares and all and any rights and other securities, property and cash attributable to the underlying Common Shares pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests as tenants in common. The Depositary will re-allocate securities or Depositary Interests distributions allocated to the Depositary or Custodian pro rata to the Common Shares held for the respective accounts of the holders of Depositary Interests but will not be required to account for fractional entitlements arising from such reallocation.

- Holders of Depositary Interests agree to give such warranties and certifications to the Depositary as the Depositary may reasonably require. In particular, holders of Depositary Interests warrant, inter alia, that the securities in the Company transferred or issued to the Depositary or Custodian on behalf of the Depositary for the account of the Depositary Interest holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's constitutional documents or any contractual obligation, or applicable law or regulation binding or affecting such holder, and holders of Depositary Interests agree to indemnify the Depositary against any liability incurred as a result of any breach of such warranty.

- The Depositary and any Custodian shall pass on to the Depositary Interest holders all rights and entitlements received in respect of the underlying Common Shares. Rights and entitlements to cash distributions, to information, to make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form in which they are received together with amendments and additional documentation necessary to effect such passing-on. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must put the Depositary in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights.

- The Depositary will be entitled to cancel Depositary Interests and treat the holders thereof as having requested a withdrawal of the underlying securities in certain circumstances, including where a Depositary Interest holder fails to furnish to the Depositary such certificates or representations and warranties as to matters of fact, including his identity, as the Depositary may deem necessary or appropriate.

- The Depositary warrants that it is an authorised person under the FSMA and is duly authorised to carry out custodian and other activities under the Deed Poll. It also undertakes to maintain that status and authorisation.

- The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any Depositary Interest holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent. Except in the case of personal injury or death, any liability incurred by the Depositary to a holder under the Deed Poll is limited to the lesser of:

  (a) the value of the Common Shares that would have been properly attributable to the Depositary Interests to which the liability relates; and

  (b) that proportion of £5 million which corresponds to the portion which the amount the Depositary would otherwise be liable to pay to the holder bears to the aggregate of the amounts the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission, or event which gave rise to such liability or, if there are no such amounts, £5 million.

- The Depositary is entitled to charge holders of Depositary Interests fees and expenses for the provision of its services under the Deed Poll.

- Each holder of Depositary Interests is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees), and hold each of them harmless from and against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of that holder, other than those caused by or resulting from the wilful default, negligence or fraud of (i) the Depositary or (ii) the Custodian or any agent if such Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of such Custodian or agent.

- The Depositary is entitled to make deductions from the deposited property or any income or capital arising therefrom, or to sell such deposited property and make deductions from the sale proceeds thereof, in order to discharge the indemnification obligations of Depositary Interest holders.

- The Depositary may terminate the Deed Poll by giving not less than 30 days prior written notice. During such notice period, Depositary Interest holders may cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary shall, as soon as reasonably practicable, and amongst other things, (i) deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holder or, at the Depositary's discretion, (ii) sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll pro rata to the Depositary Interest holders in respect of their Depositary Interests.

- The Depositary may require from any holder or former or prospective holder (i) information as to the capacity in which Depositary Interests are owned or held by such holders and the identity of any other person with any interest of any kind in such Depositary Interests or the underlying Common Shares and the nature of such interests, (ii) evidence or declaration of nationality or residence of the legal or beneficial owner(s) of Depositary Interests and such information as is required to transfer the relevant Depositary Interests or Common Shares to the holder and (iii) such information as is necessary or desirable for the purposes of the Deed Poll or CREST system, and holders are bound to provide such information requested. The holders of Depositary Interests consent to the disclosure of such information by the Depositary or Custodian to the extent necessary or desirable to comply with their respective legal or regulatory obligations.

- Furthermore, to the extent that the Company's constitutional documents or applicable law may require, the disclosure to the Company of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever in the Company's securities, the Depositary Interest holders are to comply with the Company's instructions with respect thereto, as may be forwarded to them from time to time. It should also be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Common Shares, including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Depositary or its nominated Custodian, in accordance with any voting arrangements made available to them, to vote the underlying Common Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depositary Interests to vote such Common Shares as a proxy of the Depositary or its nominated Custodian.

2. DEPOSITARY AGREEMENT

The Depositary Agreement was entered into between the Company and the Depositary on 12 March 2014 and contains the following provisions:

- Under the Depositary Agreement, the Company appoints the Depositary to constitute and issue from time to time, upon the terms of the Deed Poll, a series of Depositary Interests representing Common Shares and to provide certain other services (including depositary services, custody services and dividend services) in connection with such Depositary Interests.

- The Depositary agrees that it will comply with the terms of the Deed Poll and that it will perform its obligations with reasonable skill and care. The Depositary assumes certain specific obligations, including, for example, to arrange for the Depositary Interests to be admitted to CREST as participating securities and provide copies of, and access to, the register of Depositary Interests.

- The Company acknowledges that it shall be its responsibility and undertakes to advise the Depositary promptly of any securities laws or other applicable laws, rules or regulations of the Province of Alberta and of Canada which the Depositary must comply with in providing the services.

- The Company agrees to provide such information, data and documentation to the Depositary as is reasonably required by the Depositary for the purposes of performing its duties, responsibilities and obligations under the Depositary Agreement.

- The Depositary is to indemnify the Company and its officers and employees from and against any loss (excluding indirect, consequential or special loss) which any of them may incur in any way as a result of or in connection with the fraud, negligence or wilful default of the Depositary (or its officers, employees, agents or

sub-contractors).

- Subject to earlier termination, the appointment of the Depositary shall continue for a fixed period of one year and thereafter until terminated in accordance with the terms of the Depositary Agreement. Should the Depositary Agreement be terminated for any reason, other than arising from the Depositary's fraud, negligence, wilful default or material breach of a term of the Depositary Agreement, the Company shall within 30 days of termination pay to the Depositary, the Depositary's reasonable costs and expenses of transferring the Depositary Interest register to its new registrar. Either party may terminate the Depositary Agreement by giving not less than 90 days' notice in writing. Either party may terminate the Depositary Agreement with immediate effect by notice in writing if the other party (i) shall be in persistent breach of any term or material breach of any material term (of the Depositary Agreement) and such breach is not remedied within 30 days of a request for such remedy, (ii) goes into insolvency or liquidation (not being a members' voluntary liquidation) or administration or a receiver is appointed over any part of its undertaking or assets, subject to certain provisos or (iii) shall cease to have the appropriate authorisations which permit it lawfully to perform its obligations under the Depositary Agreement.

- The Depositary will be entitled to employ agents for the purposes of carrying out certain matters of a specialist nature which the Depositary may consider appropriate.

- The Company is to pay to the Depositary an annual fee for the services. The Company shall pay a fixed fee for the deposit, cancellation and transfer of the Depositary Interests and the compilation of the initial Depositary Interests register. The Company shall in addition reimburse the Depositary within 30 days of the Depositary's invoice for all network charges, CREST charges, money transmission and banking charges and other out- of-pocket expenses incurred by it in connection with the provision of the services under the Depositary Agreement.

- The Company will indemnify the Depositary from and against all loss (excluding indirect, consequential or special loss) suffered by the Depositary as a result of or in connection with the performance of its obligations under the Depositary Agreement.

- The aggregate liability of the Depositary to the Company over any 12-month period under the Depositary Agreement will not exceed twice the amount of fees payable in any 12 month period in respect of a single claim or in the aggregate.

Part XVII
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TAXATION

1. UK TAXATION

The following statements are intended only as a general guide to certain UK tax considerations relevant to prospective investors in the Common Shares. They do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Common Shares. They are based on current UK tax law and what is understood to be the current published practice (which may not be binding) of HMRC as at the date of this Prospectus, both of which are subject to change, possibly with retrospective effect. The following statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Common Shares as an investment (other than under an individual savings account or self-invested personal pension) and who are the absolute beneficial owners of both the Common Shares and any dividends paid on them. The statements further assume that holders of Depositary Interests are the beneficial owners of the underlying shares. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Common Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Common Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5% or more of the Common Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme or venture capital scheme, able to claim any inheritance tax relief or holding Common Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

The UK taxation summary below is written on the basis that the Company is and remains resident for tax purposes only in Canada and will therefore be subject to the Canadian tax regime and not (save as in respect of any UK source income) the UK tax regime. Dividends paid by the Company will, on this basis, be regarded as Canadian dividends rather than UK dividends.

Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.

1.1 *Taxation of dividends*

The following paragraphs apply equally to Shareholders and holders of the Depositary Interests.

UK resident individuals

With effect from 6 April 2016, an individual Shareholder who is resident for tax purposes in the UK and who receives a cash dividend from the Company will generally be subject to income tax on the dividend. An individual UK resident Shareholder will generally pay tax at a rate of zero percent (0%) on the first GBP 5,000 of dividends received by such UK resident Shareholder. The GBP 5000 limit was set to be reduced to GBP 2000 with effect from 6 April 2018. This was provided for in Finance (No 2) Bill 2017. However, this reduction was subsequently dropped following the announcement of the UK general election set for 8 June 2017. The reduction of the limit may be re-introduced following such general election. An individual UK resident Shareholder who is subject to income tax at the basic rate will be liable to tax on the dividend at the rate of 7.5% An individual UK resident Shareholder who is subject to income tax at the higher rate (but not the additional rate) will be liable to income tax on the dividend at the rate of 32.5% to the extent that such sum, when treated as the top slice of that Shareholder's income, exceeds the threshold for higher rate income tax.

An individual UK resident Shareholder liable to income tax at the additional rate will be subject to income tax on the dividend at the rate of 38.1% to the extent that the Shareholder's income (including the dividend) exceeds the threshold for the additional rate.

Canadian withholding tax withheld from the payment of a dividend will generally be available as a credit against the income tax payable by an individual shareholder in respect of the dividend.

Companies

Shareholders within the charge to UK corporation tax which are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from the Company provided certain conditions are met (including an anti-avoidance condition).

Other Shareholders within the charge to UK corporation tax will not be subject to UK corporation tax on dividends received from the Company so long as the dividends fall within an exempt class and certain conditions are met. For example, dividends paid on shares that are "ordinary shares" and are not "redeemable" (as those terms are used in Chapter 3 of Part 9A of the Corporation Tax Act 2009), and dividends paid to a person holding less than a 10% interest in the Company, should generally fall within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at the rate of corporation tax applicable to that Shareholder (currently 19% for companies paying the main rate of corporation tax with effect from 01 April 2016), subject to any applicable credit for Canadian withholding tax.

Non-UK resident Shareholders

An individual Shareholder (other than one carrying on a trade, profession or vocation in the UK) who is resident for tax purposes outside the UK will not have any UK tax to pay on dividends received from the Company. A company (that is not otherwise subject to UK tax, e.g. by virtue of carrying on a trade through a UK permanent establishment) will not be required to pay UK tax on dividends received from the Company.

A Shareholder resident outside the UK may be subject to taxation on dividend income under their local law. A Shareholder who is resident outside the UK for tax purposes should consult his (or its) own tax advisers concerning his (or its) tax liabilities on dividends received from the Company.

Withholding taxes

The Company is not required to withhold UK tax at source from dividend payments it makes to Shareholders.

1.2 ***Taxation of disposals***

General

A disposal or deemed disposal of Common Shares by a Shareholder who is (at any time in the relevant UK tax year) resident in the UK for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains depending upon the Shareholder's circumstances and subject to any available exemption or relief.

UK resident individual Shareholders

For an individual Shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of Common Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax is 10% for individuals who are subject to income tax at the basic rate and 20% for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise an exempt amount of gains (currently £11,300) in each tax year without being liable to tax.

UK resident corporate Shareholders

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Common Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax. An indexation allowance on the cost of acquiring the Common Shares may be available to reduce the amount of the chargeable gain which would otherwise arise on the disposal. Corporation tax is charged on chargeable gains at the rate applicable to the relevant company.

Non-UK resident Shareholders

A Shareholder (individual or corporate) who is not resident in the UK for tax purposes is generally not subject to UK capital gains tax. He (or it) may, however, be subject to taxation under his (or its) local law. However, if such a Shareholder carries on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a non-UK resident corporate Shareholder, a permanent establishment) to which the Common Shares are attributable, the Shareholder will be subject to the same rules that apply to UK resident Shareholders.

An individual Shareholder who acquires Common Shares whilst UK resident and who disposes of the Common Shares during a period of temporary non-residence may be liable, on his return to the UK, to capital gains tax in respect of any gain arising from the disposal (subject to any available exemption or relief).

1.3 ***Inheritance tax***

A gift of Common Shares by an individual Shareholder, or the death of an individual Shareholder, may give rise to a liability to UK inheritance tax depending upon the Shareholder's circumstances and subject to any available exemption or relief. A transfer of Common Shares at less than market value may be treated for inheritance tax purposes as a gift of the Common Shares. Special rules apply to close companies and to trustees of certain settlements who hold Common Shares, which rules may bring them within the charge to inheritance tax. The inheritance tax rules are complex and Shareholders should consult an appropriate professional adviser in any case where those rules may be relevant, particularly in (but not limited to) cases where Shareholders intend to make a gift of Common Shares, to transfer Common Shares at less than market value or to hold Common Shares through a company or trust arrangement.

1.4 ***Stamp Duty and Stamp Duty Reserve Tax***

The following comments do not relate to persons such as market makers, brokers, dealers, intermediaries, persons connected with depositary receipt arrangements or clearance services or persons who enter into sale and repurchase transactions in respect of the Common Shares or Depositary Interests, to whom special rules apply.

No UK stamp duty or SDRT should arise on the issue of Common Shares by the Company or on the issue of Depositary Interests by the Depositary.

The transfer on sale of the Common Shares could give rise to a liability to UK stamp duty at a rate of 0.5% of the amount or value of the consideration given for the sale. However, no UK stamp duty should be payable on the transfer of the Common Shares, provided that any instrument of transfer is not executed in the UK and does not relate to any property situate, or to any matter or thing done, or to be done, in the UK.

Provided that the Common Shares are not registered in any register kept in the UK by or on behalf of the Company and the Common Shares are not paired with shares issued by a body corporate incorporated in the UK, any agreement to transfer the Common Shares should not be subject to UK SDRT (which would otherwise be payable at 0.5%).

Assuming that transfers of the Depositary Interests operate without any written instrument of transfer or written agreement to transfer, no UK stamp duty should be payable on the transfer of such Depositary Interests.

On the basis that the Common Shares will be listed on the London Stock Exchange, central management and control of the Company is not exercised in the UK and the Common Shares are not registered in any register kept in the UK by or on behalf of the Company, an exemption should apply so that no SDRT will be payable in respect of any agreement to transfer Depositary Interests.

2. CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations pursuant to the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder generally applicable to a purchaser who acquires the First Tranche Offering Units pursuant to the First Tranche Offering, the Second Tranche Offering Units pursuant to the Second Tranche Offering, or a Placing Share pursuant to the Placing, or any of them, and who, for purposes of the Tax Act, and at all relevant times, (i) acquires and holds the Common Shares, including the First Tranche Offering Warrant Shares, the Second Tranche Offering Warrant Shares and Placing Shares (herein collectively referred to as "Shares"), and the First Tranche Offering Warrants and the Second Tranche Offering Warrants (herein collectively referred to as the "Offer Warrants") as capital property, and (ii) deals at arm's length and is not affiliated with the Company or the Agents (a "Holder"). Generally, the Shares and Offer Warrants will be considered to be capital property to a Holder thereof, provided that the Holder does not use them in the course of carrying on a business and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the facts set out in this Prospectus, the current provisions of the Tax Act and the regulations promulgated thereunder in force as of the date hereof and the current published administrative positions and assessing practices of the CRA. This summary takes into account all specific proposals to amend the Tax Act and the regulations thereunder which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this short form prospectus ("**Proposed Amendments**") and assumes that the Proposed Amendments will be enacted as proposed. This summary does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein. No assurances can be given that the Proposed Amendments will be enacted as proposed, or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is not applicable to a Holder: (i) that is a "financial institution" for purposes of the mark-to-market rules in the Tax Act; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) that makes or has made a "functional currency" reporting election under section 261 of the Tax Act; (iv) an interest in which is a "tax shelter investment" as defined in the Tax Act; (v) that is exempt from tax under Part I of the Tax Act; (vi) that has entered into, with respect to the Shares or the Offer Warrants, a "derivative forward agreement" as that term is defined in the Tax Act; or (vii) a Holder who would receive dividends on the Shares under or as part of a "dividend rental arrangement" (as defined in the Tax Act, including the Proposed Amendments) of the Holder. Such holders should consult their own tax advisors with respect to the purchase of the First Tranche Offering Units, the Second Tranche Offering Units and Placing Shares. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire First Tranche Offering Units pursuant to the First Tranche Offering, Second Tranche Offering Units pursuant to the Second Tranche Offering and/or Placing Shares pursuant to the Placing, or any of them.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes, controlled by a non-resident corporation for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring the First Tranche Offering Units or the Second Tranche Offering Units or the Placing Shares.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax consequences of purchasing the First Tranche Offering Units, the Second Tranche Offering Units or the Placing Shares. Accordingly, this summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Consequently, Holders should consult their own tax advisors for advice with respect to the tax consequences to them, having regard to their particular circumstances.

2.1 *Allocation of Cost*

The total purchase price of a First Tranche Offering Unit, of a Second Tranche Offering Unit or of a Placing Share to a Holder must be allocated on a reasonable basis between the Common Shares and Offer Warrants to determine the cost of each to the Holder for purposes of the Tax Act.

For its purposes, the Company intends to allocate the entire issue price of each First Tranche Offering Unit, each Second Tranche Offering Unit and each Placing Share as consideration for the issue of each Common Share and none of the issue price of each First Tranche Offering Unit for the issue of each First Tranche Offering Warrant and none of the issue price of each Second Tranche Offering Unit for the issue of each Second Tranche Offering Warrant, as the case may be. Although the Company believes that its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder's adjusted cost base of the Common Share comprising a part of each First Tranche Offering Unit, each Second Tranche Offering Unit and each Placing Share will be determined by averaging the cost allocated to the Common Share with the adjusted cost base to the Holder of all Common Shares of the Company owned by the Holder as capital property immediately prior to such acquisition.

2.2 ***Exercise of Offer Warrants***

No gain or loss will be realized by a Holder upon the exercise of an Offer Warrant to acquire a Share. When an Offer Warrant is exercised, the Holder's cost of the Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Offer Warrant and the exercise price paid for the Share. The Holder's adjusted cost base of the Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares of the Company owned by the Holder as capital property immediately prior to such acquisition.

2.3 ***Residents of Canada***

The following section of this summary applies to a Holder who, for the purposes of the Tax Act, and at all relevant times is or is deemed to be resident in Canada ("**Resident Holders**"). Certain Resident Holders who might not be considered to hold their Shares as capital property may, in certain circumstances, be entitled to have them and any other "Canadian security" (as defined in the Tax Act) be treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election does not apply to Offer Warrants. Resident Holders contemplating such election should consult their own tax advisors for advice as to whether it is available and, if available, whether it is advisable in their particular circumstances.

Expiry of Offer Warrants

In the event of the expiry of an unexercised Offer Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Offer Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under "Taxation of Capital Gains and Capital Losses".

Dividends on Shares

Dividends received or deemed to be received on the Shares by a Resident Holder who is an individual (other than certain trusts) will be included in computing the individual's income and will generally be subject to the gross-up and dividend tax credit rules applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. A dividend will be eligible for the enhanced gross up and dividend tax credit, provided that such dividend is designated by the Company as an "eligible dividend" (within the meaning of the Tax Act). There may be limitations on the ability of the Company to designate dividends as eligible dividends. Taxable dividends received by a Resident Holder who is an individual (and certain trusts) may give rise to alternative minimum tax under the Tax Act, depending on the individual's circumstances. Resident Holders should consult their tax advisors with respect to determine the impact of the alternative minimum tax.

Dividends received or deemed to be received on the Shares by a Resident Holder that is a corporation will be included in computing the Company's income and will generally be deductible in computing its taxable income, subject to all restrictions under the Tax Act. A Resident Holder that is a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act on the dividends received or deemed to be received on the Shares to the extent that such dividends are deductible in computing its taxable income under Part I of the Tax Act.

Disposition of Shares and Offer Warrants

A Resident Holder who disposes of or is deemed to have disposed of a Share (other than to the Company) unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market or an Offer Warrant (other than on the exercise or expiry thereof), will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition in respect of such Share or Offer Warrant, as applicable, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. The tax treatment of capital gains and capital losses is discussed in greater detail below under "Taxation of Capital Gains and Capital Losses".

Taxation of Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (the "**taxable capital gain**") realized by the Resident Holder in the year. A Resident Holder must deduct one-half of the amount of any capital loss (the "**allowable capital loss**") realized by the Resident Holder in a taxation year against taxable capital gains realized by the Resident Holder in such year, subject to and in accordance with rules contained in the Tax Act. Any allowable capital losses in excess of taxable capital gains for the year of disposition generally may be carried back up to three years or carried forward indefinitely and deducted from net taxable capital gains realized in such other years to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss on the disposition of Shares realized by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends previously received or deemed to be received by such Resident Holder on the Shares (or shares for which the Shares have been substituted), to the extent and under the circumstances described in the Tax Act. Similar rules apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Shares, directly or indirectly, through a partnership or a trust.

Capital gains realized by a Resident Holder who is an individual (and certain trusts) may give rise to alternative minimum tax under the Tax Act. Resident Holders should consult their tax advisors with respect to determining the impact of the alternative minimum tax.

A Resident Holder that is a "Canadian controlled private corporation" (as defined in the Tax Act), may be liable to pay an additional refundable tax on certain investment income, which includes amounts in respect of taxable capital gains.

2.4 *Non-Residents of Canada*

The following section of this summary is generally applicable to a Holder who for the purposes of the Tax Act, and at all relevant times, (i) is not and is not deemed to be resident in Canada, and (ii) does not use or hold the Shares or Offer Warrants in carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere or an "authorized foreign bank" (as defined in the Tax Act). Such Non-Resident Holders should consult their own tax advisors.

Dividends on Shares

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company are subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable tax treaty. For example, under the *Canada-U.K. Income Tax Convention* (the "**Treaty**") as amended, the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.K. for purposes of the Treaty (a "**U.K. Holder**") is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.K. Holder that is a company beneficially owning at least 10% of the Company's voting shares). Non-Resident Holders should consult their own tax advisors regarding their particular circumstances.

Disposition of Shares and Offer Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share or an Offer Warrant, nor will capital losses arising therefrom (or from the expiry of an Offer Warrant) be recognized under the Tax Act, unless the Share or Offer Warrant constitutes "taxable Canadian property" to the Non-Resident Holder thereof for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Provided the Shares are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the TSX-V), at the time of disposition, the Shares and Offer Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are met concurrently: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons or partnerships, owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, a Share or Offer Warrant may in certain circumstances be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act.

A Non-Resident Holder's capital gain (or capital loss) in respect of Shares or Offer Warrants that constitute or are deemed to constitute taxable Canadian property (and are not "treaty-protected property" as defined in the Tax Act) will generally be computed in the manner described above under the subheading "Residents of Canada – Disposition of Shares and Offer Warrants".

Non-Resident Holders whose Shares or Offer Warrants are taxable Canadian property should consult their own tax advisors.

Part XVIII
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ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors, whose names appear on page 35 of this Prospectus, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

NSAI accepts responsibility for the NSAI Report contained in Part XIV *(Resources Report)*. To the best of the knowledge and belief of NSAI (which has taken all reasonable care to ensure that such is the case), the information contained in the NSAI Report is in accordance with the facts and contains no omissions likely to affect the import of such information.

2. THE COMPANY AND THE GROUP

2.1 *Incorporation*

(a) The Company was incorporated under the CBCA on 8 July 2004 under the name "Aureus Ventures Inc." The Company changed its name to "Velo Energy Inc." on 5 July 2006, and to "Canadian Overseas Petroleum Limited" on 22 July 2010. The Company's registered number is 420463-8.

(b) The principal legislation under which the Company was formed and under which the Company operates is the CBCA. The Company is domiciled in Canada.

(c) The Company's head office is located at Suite 3200, 715 – 5th Avenue S.W., Calgary, Alberta, Canada T2P 2X6 and its registered office is located at Suite 400, 444 – 7th Avenue S.W., Calgary, Alberta, Canada T2P 0X8. Its telephone number is +1 (403) 262 5441.

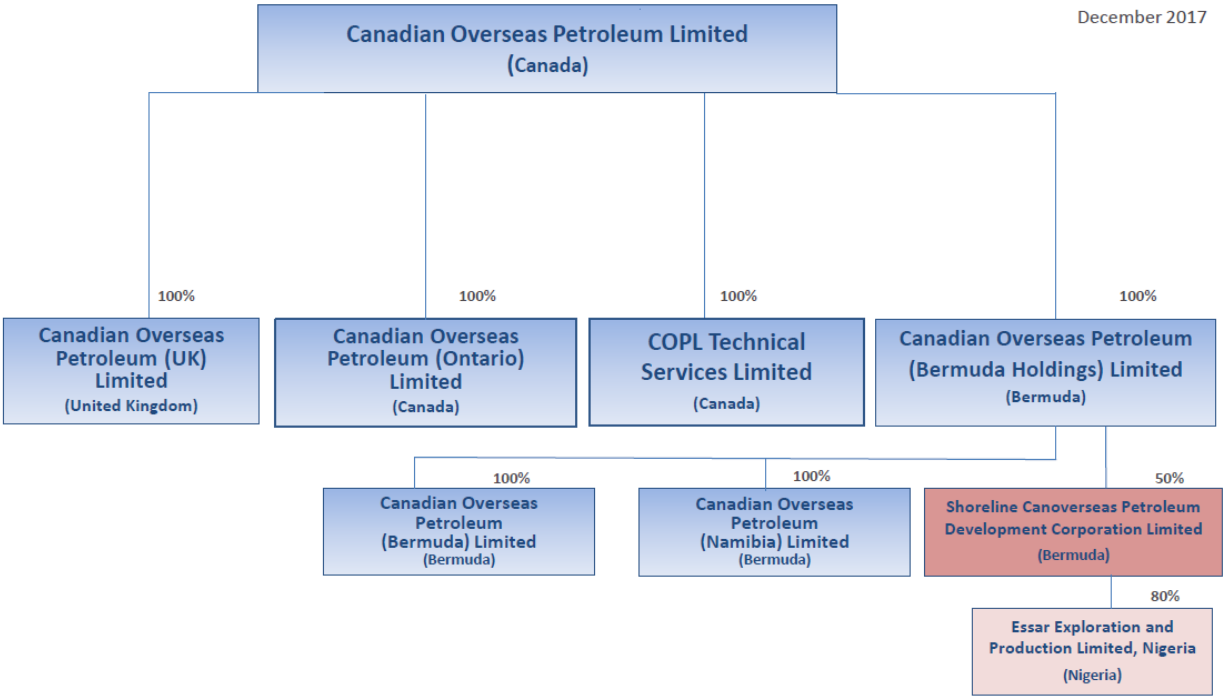
(d) The business address of each of the Directors and Senior Management is Suite 3200, 715 – 5th Avenue S.W., Calgary, Alberta, Canada T2P 2X6.

(e) The business of the Company, and its principal activity, is to act as the ultimate holding company of the Group.

(f) Deloitte LLP has acted as the Group's auditors since August 2009. During October and November 2017, the management of the Company conducted a review of the Group's audit requirements and potential audit service providers and made a recommendation to the COPL's Audit Committee with respect to changing auditors to Ernst & Young LLP. The change of auditor was approved by the COPL's board of directors in March 2018 and by resolution of the Shareholders dated 4 June 2018, Ernst & Young LLP, whose address is Suite 2200, 250 – 2nd Street S.W., Calgary, Alberta Canada T2P 1M4, was appointed as the auditor of the Company for periods commencing January 1, 2018, and the Board was authorised to fix its remuneration. Ernst & Young LLP is licensed to carry out audit work by the Chartered Professional Accountants of Alberta.

2.2 ***The Group and principal activities***

The Company is the holding company of the Group. A chart setting out the intercorporate relationships within the Group (being comprised of the companies highlighted in blue) is set out below. For information, the Company relationship with ShoreCan and Essar Nigeria (neither of which are members of the Group) is also set out below:



The following table sets out further details of the Company's significant subsidiaries and the percentage shareholdings held by the Company (directly or indirectly) in each of them. For ease, details relating to ShoreCan and Essar Nigeria are also set out below (though neither of them is a member of the Group):

Name	**Company Number**	**Place and date of incorporation**	**Percentage shareholding (direct or indirect)**	**Principal activity**
COPL Technical Services Limited	2014713347	Alberta, Canada, 27 May 2009	100	Provision of geological, geophysical, engineering, accounting and administrative functions
Canadian Overseas Petroleum (UK) Limited	06916260	England and Wales, 27 May 2009	100	Geological and projects related functions
Canadian Overseas Petroleum (Bermuda Holdings) Limited	45375	Bermuda, 09 May 2011	100	Holding company
Canadian Overseas Petroleum (Bermuda) Limited	45376	Bermuda, 09 May 2011	100	Formed for operations offshore Liberia
Canadian Overseas Petroleum (Namibia) Limited	49614	Bermuda, 24 October 2014	100	Formed for participation in Namibian opportunities; currently dormant
Canadian Overseas Petroleum (Ontario) Limited	002611340	Ontario, Canada, 15 December 2017	100	Dormant
Shoreline Canoverseas Petroleum Development Corporation Limited	49613	Bermuda, 24 October 2014	50	Joint venture company formed with Shoreline for the purposes of acquiring upstream oil and gas exploration, development and producing assets in Africa

Name	Company Number	Place and date of incorporation	Percentage shareholding (direct or indirect)	Principal activity
Essar Exploration and Production Limited (Nigeria)	RC 692910	Nigeria, 25 May 2007	40	Nigerian company awarded OPL 226 in the 2007 bidding round with a signature bonus payment of USD 37 million. On 14 September 2016, COPL announced that ShoreCan had completed the purchase of 80% of the issued share capital of Essar Nigeria. Essar Nigeria's sole asset is the 100% interest in and operatorship of OPL 226 in Nigeria.

3. SHARE CAPITAL

3.1 The authorised share capital of the Company consists of an unlimited number of Common Shares of no par value and an unlimited number of Preferred Shares issuable in a series. As of the date of this Prospectus, 1,523,139,350 Common Shares were issued and outstanding, each of which is fully paid, and no Preferred Shares were issued and outstanding. As of the date of this Prospectus, there were 54,000,000 Warrants outstanding. The Company does not require authorisation from its Shareholders in order to issue the Placing Shares.

3.2 The legislation under which the Common Shares have been created is the CBCA. The Common Shares are denominated in Canadian dollars.

3.3 The Common Shares are in registered form and are capable of being held in certificated and uncertificated form. Depositary Interests representing the underlying Common Shares are admitted to CREST, and the Depositary Interests are capable of being traded in CREST. The records in respect of Depositary Interests held in uncertificated form are maintained by Euroclear and the Depositary.

3.4 In the three financial years ended 31 December 2015, 2016 and 2017, there have been the following changes to the outstanding Common Share capital of the Company:

(a) on 9 July 2015, the Company issued an aggregate of 80,288,699 units of the Company in connection with the July 2015 Placing, at a price of CAD 0.09 per unit, for aggregate gross proceeds of CAD 7.2 million. Each July 2015 Placing unit consists of one Common Share and one July 2015 Placing Warrant. Each July 2015 Placing Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD 0.12 on or before the date that is 24 months following the closing date of the July 2015 Placing. In connection with the July 2015 Placing, the Company also issued the July 2015 Placing Broker Warrants. Each July 2015 Placing Broker Warrant entitles the holder thereof to purchase one Common Share at a purchase price of CAD 0.09 on or before 9 July 2017;

(b) on 28 April 2016, the Company issued an aggregate of 22,857,143 units of the Company in connection with the First Tranche Offering, at a price of GBP 0.035 per unit, for aggregate gross proceeds of GBP 0.8 million. Each First Tranche Offering Unit consists of one Common Share and one First Tranche Offering Warrant. Each First Tranche Offering Warrant entitles the holder thereof to purchase one Common Share at an exercise price of GBP 0.0475 on or before the date that is 24 months following the closing date of the First Tranche Offering. In connection with the First Tranche Offering, the Company also issued the First Tranche Offering Finder's Warrants. Each First Tranche Offering Finder's Warrant entitles the holder thereof to purchase one Common Share at a purchase price of GBP 0.035 on or before the date that is 24 months following the closing date of the First Tranche Offering;

(c) on 3 May 2016, the Company issued an aggregate of 101,066,868 units of the Company in connection with the Second Tranche Offering, at a price of CAD 0.07 per unit, for aggregate gross proceeds of CAD 7.1 million. Each Second Tranche Offering Unit consists of one Common Share and one Second Tranche Offering Warrant. Each Second Tranche Offering Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD 0.095 on or before the date that is 24 months following the closing date of the Second Tranche Offering. In connection with the Second Tranche Offering, the Company also issued the Second Tranche Offering Broker Warrants. Each Second Tranche Offering Broker Warrant entitles the holder thereof to purchase one Common Share and one Common Share purchase warrant at a purchase price of CAD 0.07 on or before the date that is 24 months following the closing date of the Second Tranche Offering;

(d) during the third and fourth quarters of 2016, further to exercise of certain Warrants, the Company issued the 8,252,142 Common Shares referred to in the definition of "Issued 2016 First Tranche Offering Warrant Shares" for $0.5 million;

(e) during the third and fourth quarters of 2016, further to exercise of certain Warrants, the Company issued the 2,050,000 Common Shares referred to in the definition of "Issued 2016 Second Tranche Offering Warrant Shares" for $0.15 million;

(f) during the fourth quarter of 2016, further to exercise of certain Warrants, the Company issued the 574,000 Common Shares referred to in the definition of "Issued 2015 Placing Warrant Shares" for $0.1 million;

(g) on 12 June 2017, the Company issued 656,000,000 Common Shares at a price of £0.005 for gross proceeds of £3.3 million and 39,000,000 June 2017 Broker Warrants at an exercise price of £0.005 and expiring on 12 June 2019, in connection with the June 2017 Placing;

(h) on 16 October 2017, the Company issued 250,000,000 Common Shares at a price of £0.01 for gross proceeds of £2.5 million and 15,000,000 October 2017 Broker Warrants at an exercise price of £0.01 and expiring on 16 October 2019 in connection with the October 2017 Placing; and

(i) subsequent to the end of the year of 2017, a total of 120,032,188 Warrants expired unexercised on 28 April 2018 and 3 May 2018.

3.5 On New Shares Admission, the Company will have granted in aggregate 115,240,000 options, each of which, upon payment of the subscription or exercise price thereof, will entitle the holder thereof to exercise such option for one Common Share. Further details of the Options outstanding are set out in Section 5.1(c) of this Part XVIII.

3.6 The following table sets the existing Common Share capital of the Company as at the date of this Prospectus and immediately following New Shares Admission.

	Issued and outstanding as at the date hereof and immediately following New Shares Admission
Number	2,418,662,350

3.7 Set out below are details regarding the Common Shares and all securities that are convertible into Common Shares issued by the Company in the 12 month period prior to the date of this Prospectus:

Type of security	Date of issuance / grant	Number	Issue price / exercise price per security	Expiration date
Common Shares	16 October 2017	250,000,000	£0.01	n/a
	12 June 2017	656,000,000	£0.005	n/a
Options	27 November 2017	60,035,000	$0.01	27 November 2022
Warrants	12 June 2017	39,000,000	£ 0.005	12 June 2019
	16 October 2017	15,000,000	£0.01	16 October 2019

3.8 The Common Shares are registered with ISIN CA13643D1078 and SEDOL number BKRVWF4.

3.9 The price of the Common Shares is quoted on the London Stock Exchange in pounds sterling.

3.10 The aggregate market capitalisation of the Common Shares immediately following New Shares Admission will be at least £8,707,184.46 (based on the price of Common Share on as at 22 August 2018, being the latest practicable date prior to the publication of this Prospectus).

4. ARTICLES OF INCORPORATION AND BYLAWS

The Company's Articles do not restrict the objects and purposes of the Company.

4.1 *Board of Directors*

Composition

The Articles provide that the Company will have not less than three and not more than ten directors which number will be determined from time to time by resolution of the directors. The Board presently consists of five Directors. In accordance with the CBCA, at least one-quarter of the directors must be residents of Canada and NI 58-101 requires that a majority of the directors be independent (defined in NI 58-101 as not having a direct or indirect material relationship with the Company which could in the view of the Board, reasonably interfere with the exercise of that director's independent judgment).

The bylaws of the Company provide that Shareholders should receive advance notice of nominations of directors ("Advance Notice") in circumstances where nominations for election to the Board are made by Shareholders other than: (i) pursuant to a requisition of a meeting made pursuant to the provisions of the CBCA or (ii) a shareholder proposal made pursuant to the provisions of the CBCA. The Advance Notice provision sets out a clear process for Shareholders to follow to nominate directors and sets out a reasonable time frame for nominee submissions along with a requirement for accompanying information.

The CBCA and the Articles provide that the directors may, between annual meetings of the Shareholders of the Company, appoint one or more additional directors to hold office for a term expiring not later than the close of the next annual meeting of the Shareholders, but the number of additional directors may not exceed one-third of the number of directors elected at the previous annual meeting of the Shareholders, provided that the total number of directors will not exceed the maximum number of directors fixed pursuant to the memorandum of association.

Powers and Responsibilities

The Board operates by delegating certain matters to management and reserving certain powers to itself. It retains the responsibility of managing its own affairs including selecting its chairman, nominating candidates for election to the Board, constituting committees and determining director compensation. Subject to the Articles, the bylaws and all other applicable laws, the Board may delegate powers duties and responsibilities to committees.

The Board also has the following statutory responsibilities pursuant to the provisions of the CBCA: (i) manage the business and affairs of the Company; (ii) act honestly and in good faith with a view to the best interests of the Company; (iii) exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and (iv) act in accordance with the obligations contained in the Company's memorandum of association and articles and all relevant legislation and regulations.

The Board has also adopted a mandate (the "Mandate") which includes provisions relating to: (i) adoption of a corporate strategic planning process; (ii) managing risks and protecting shareholder value; (iii) succession planning including appointing, developing and monitoring senior management; (iv) communications policy; (v) internal corporate controls and management information systems; (vi) corporate governance; and (vii) knowledge and understanding of the business and business conduct and integrity. The Board has also adopted a code of business conduct and ethics for the Company that is applicable to all directors, officers and employees.

In addition to the statutory responsibilities listed above, the Mandate lists the following responsibilities of the Board, which cannot be delegated by law: (i) any submission to the shareholders of a question or matter requiring the approval of the shareholders; (ii) filling of a vacancy on the Board or the appointment of additional directors; (iii) issuance of securities; (iv) declaration of dividends; (v) purchase, redemption or any other loan or acquisition of securities issued by the Company; (vi) payment of a commission to any person who purchases, agrees to purchase, or facilitates the purchase by others of the Company's securities; (vii) approval of management information circulars of the Company; (viii) approval of financial statements of the Company; and (ix) adoption, amendment or repeal of governing laws of the Company.

Officers

The Board is responsible for appointing the chief executive officer, monitoring and assessing his performance, determining his compensation and providing advice and counsel in the execution of his duties. More broadly, the Board has the responsibility to approve the appointment and remuneration of all officers and to satisfy itself that adequate provision has been made for the training and development of management and for orderly succession.

Governance

The Company is obligated to follow and the Board is responsible for ensuring compliance with the corporate governance provisions of NI 58-201 and NI 58-101. Through collaboration with the Corporate Governance and Compensation Committee, the Board is responsible for risk management, public disclosure and compliance monitoring.

Calling and Notice of Meetings

The bylaws of the Company provide that meetings of the Board will be held when and where the president and chief executive officer, the corporate secretary of the Company or any two directors may determine. Notice of a meeting must be given not less than 48 hours before the time of the proposed meeting.

Quorum and Voting

At any meeting of the Board, the quorum will be a majority of the directors then in office, present in person or by means of telephonic, electronic or other communication facility that permits all participants to communicate adequately during the meeting. Any question to be decided by the Board will be decided by majority of the votes cast on the question and in case of equality of votes, the chairman will not be entitled to a second or casting vote.

Interests of Directors in Contracts

No director will be disqualified by virtue of his office from contracting with the Company nor will any contract entered into by or on behalf of the Company with any director in which such director is in any way interested be liable to be voided nor will any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established provided that, in each case, the director has complied with the provisions of the CBCA.

Liability of Directors

The bylaws of the Company provide that, to the extent permitted by law, no director or officer of the Company will be liable for the acts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense arising on the Company through: (i) the insufficiency or deficiency of title to property acquired by the Company or security in or upon which any of the moneys of or belonging to the Company will be placed; (ii) bankruptcy, insolvency or tortious acts of any person, firm or body corporate with whom or which any moneys, securities or other assets belonging to the Company will be lodged or deposited; (iii) any dealings with any moneys, securities or other assets of the Company; or (iv) any other loss whatever which may happen in the execution of the duties of his or her office, unless caused by such director or officer's failure to act honestly and in good faith with a view to the best interests of the Company and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

A director or officer will not be disentitled from receiving proper remuneration for services provided to the Company if such director or officer is employed by or performs those services for the Company otherwise than as a director or officer.

Indemnification

The Company will indemnify a current or former director (or officer) or another individual who acts or acted at the Company's request as a director or in a similar capacity, of another entity and his or her heirs and legal representatives, and will advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding to the extent permitted by the CBCA.

Banking Arrangements

The banking business of the Company will be transacted with such banks or other financial institutions as the Board may designate, appoint or authorise and all such banking business will be transacted on behalf of the Company by one or more officers or other persons as the Board may designate, direct or authorise from time to time.

4.2 ***Share Capital***

The authorised share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares.

4.3 ***Rights, Preferences and Restrictions Attaching to Shares***

Common Shares

Voting: In respect of the Common Shares, the holders are entitled to notice of and to vote at all meetings of Shareholders (except those at which only holders of a specific class or series of shares are entitled to vote) and are entitled to one vote per Common Share.

Dividends: Subject to the preferences accorded to holders of Preferred Shares and any other shares of the Company ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares are entitled to receive, if, as and when declared by the Board, such dividends as may be declared thereon by the Board from time to time.

In accordance with the provisions of the CBCA, dividends cannot be paid if there are reasonable grounds for believing that the Company cannot meet either of the following tests: (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the Company's assets would, after the payment, be less than the aggregate of its liabilities and stated capital.

Winding-Up: In the event of liquidation, dissolution or winding-up of the Company or any other distribution of assets among the Shareholders for the purpose of winding-up its affairs (a "**Distribution**"), holders of Common Shares, subject to the preferences accorded to holders of Preferred Shares and any other shares of the Company ranking senior to the common shares from time to time with respect to payment on a Distribution, are entitled to share equally, share for share, in the remaining property.

Preferred Shares

In respect of the Preferred Shares, such shares are issuable in series and the Board may fix the number of such Preferred Shares in each series and the designation, rights, privileges, restrictions and conditions attached to each such series. As at the date of this Prospectus, there are no Preferred Shares issued and outstanding.

Warrants

The Warrants entitle the holder thereof to purchase one Common Share, for an exercise price set out in the terms of the agreements governing such Warrants. The 54,000,000 Warrants currently outstanding are broker warrants issued in 2017 that have an average exercise price of USD 0.008 per Common Share and a remaining contractual life of between 10 months to 14 months from the date of this Prospectus and are described further in Section 8 of this Part XVIII.

4.4 ***Alteration of Rights***

Pursuant to the CBCA, the Articles may be revised by a resolution passed by a majority of not less than two thirds of the votes cast by the Shareholders voting, to change the designation of all or any of the Company's shares, and add, change or remove any rights, privileges, restrictions and conditions, including rights to accrued dividends, in respect of all or any of the Company's shares, whether issued or unissued.

Holders of shares of any class or series of any class are not entitled to vote separately as a class upon a proposal to amend the Articles: (i) to increase or decrease any maximum number of authorised shares of such class or any class ranking superior to that class or (ii) to create a new class of shares equal or superior to the shares of such class.

Notwithstanding the above, the approval of the holders of Preferred Shares will be required (if, as and when such Preferred Shares are issued) to add to, change or remove any right, privilege, restriction or condition attaching to the Preferred Shares as a class. Such approval shall be given by resolution passed by the affirmative vote of at least two-thirds of the votes cast at the meeting of the holders of Preferred Shares duly called for that purpose or by written resolution signed by all the holders of the Preferred Shares.

4.5 ***Condition on Registration of Share Transfers***

Subject to the provisions of the CBCA, the bylaws of the Company provide that no transfer of a security issued by the Company will be registered unless and until the certificate representing the security to be transferred has been presented for registration or, if no certificate has been issued, unless and until either: (i) a duly executed transfer in respect thereof has been presented for registration; or (ii) the transfer of ownership is conducted electronically in accordance with the provisions of a direct registration system operated by a clearing agency approved by applicable regulatory authorities, and upon payment of eligible taxes and fees.

4.6 ***Meetings of Shareholders***

The Articles provide that all meetings of Shareholders may be held at any place within Canada or the United Kingdom and may also be held by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. Any meeting of the Shareholders may be postponed or cancelled by the Board at any time prior to the date of the meeting.

Calling and Notice of Meetings

In accordance with the provisions of the CBCA, the directors of the Company will call an annual meeting of Shareholders not later than 18 months after the Company comes into existence and subsequently, not later than 15 months after holding the last annual meeting but no later than six months after the end of the Company's preceding financial year. The directors may call a special meeting at any time. Notice of the time and place of a meeting must be sent to each shareholder entitled to vote, each director and the auditor of the Company, not less than 21 days (excluding the day on which the notice is given and the day of the meeting) and no more than 60 days (including the day the notice is given and the day of the meeting) before the meeting.

Quorum

At any meeting of Shareholders, the quorum will be two persons present in person or by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting and each entitled to vote at the meeting and holding or representing by proxy not less than 10% of the votes entitled to be cast at the meeting (unless a greater number of Shareholders and/or a greater number of shares are required by the CBCA).

Procedure

The bylaws of the Company provide that the Board has the power to determine the procedures to be followed at any meeting of Shareholders including, without limitation, the rules of order. Subject to the foregoing, the chairman of a meeting may determine the procedures of the meeting in all respects.

5. DIRECTORS', SENIOR MANAGEMENT'S AND OTHER INTERESTS

5.1 ***Directors' and Senior Management's interests***

(a) The interests in the share capital of the Company of the Directors and Senior Management (all of which, unless otherwise stated, are beneficial or are interests of a person connected with a Director or member of Senior Management): (i) as at 22 August 2018 (being the latest practicable date prior to the publication of this Prospectus) are set out at the data listed next to "(a)" in the table below and (ii) expected to be, immediately following New Shares Admission, are set out at the data listed next to "(b)" in the table below (not including the options referred to in Section 5.1(c) below):

Name	(a) As at 22 August 2018 (b) Expected to be immediately following New Shares Admission Number of Common Shares	As a percentage of the total outstanding Common Shares
Directors		
Arthur S. Millholland	(a) 41,890,497	**2.75%**
	(b) 41,894,497	**1.73%**
Harald Ludwig[16]	(a) 3,399,215	**0.22%**
	(b) 3,399,215	**0.14%**
Viscount William Astor	(a) 1,789,682	**0.12%**
	(b) 1,789,681	**0.07%**
Massimo Carello	(a) 1,958,929	**0.13%**
	(b) 1,958,929	**0.08%**
John Cowan	(a) 716,742	**0.05%**
	(b) 716,742	**0.03%**
Senior Management		
Rod Christensen	(a) 239,063	**0.02%**
	(b) 239,063	**0.01%**
Richard Mays	(a) 1,000,000	**0.07%**
	(b) 1,000,000	**0.04%**
Aleksandra Owad	(a) 610,000	**0.04%**
	(b) 610,000	**0.03%**

(b) The interests of the Directors and Senior Management together represent approximately 3.39% of the issued and outstanding share capital of the Company as at 22 August 2018 (being the latest practicable date prior to the publication of this Prospectus) and 2.13% immediately following New Shares Admission.

(c) The following unexercised Options over Common Shares have been granted to the Directors and to members of Senior Management under the Stock Option Plan, such options being exercisable at the price and before the expiry date shown below:

[16] These figures include 200,000 Common Shares which are held (in aggregate) by four different members of Mr. Ludwig's family.

Name	Date of Grant	Number of Common Shares under option	Exercise price (CAD)	Expiry date
Directors				
Arthur S. Millholland	19 November 2013	3,250,000	0.23	19 November 2018
	12 May 2016	11,100,000	0.10	12 May 2021
	15 November 2016	2,210,000	0.18	15 November 2021
	27 November 2017	16,000,000	0.015	27 November 2022
Harald Ludwig	19 November 2013	1,600,000	0.23	19 November 2018
	12 May 2016	6,700,000	0.10	12 May 2021
	15 November 2016	1,278,000	0.18	15 November 2021
	27 November 2017	9,500,000	0.015	27 November 2022
Viscount William Astor	19 November 2013	700,000	0.23	19 November 2018
	12 May 2016	3,200,000	0.10	12 May 2021
	15 November 2016	601,000	0.18	15 November 2021
	27 November 2016	4,500,000	0.015	27 November 2022
Massimo Carello	19 November 2013	700,000	0.23	19 November 2018
	12 May 2016	3,200,000	0.10	12 May 2021
	15 November 2016	601,000	0.18	15 November 2021
	27 November 2017	4,500,000	0.015	27 November 2022
John Cowan	12 May 2016	1,700,000	0.10	12 May 2021
	11 August 2016	1,000,000	0.115	11 August 2021
	15 November 2016	416,000	0.18	15 November 2021
	27 November 2017	4,500,000	0.015	27 November 2022
Senior Management				
Rod Christensen	19 November 2013	400,000	0.23	19 November 2018
	12 May 2016	2,400,000	0.10	12 May 2021
	12 August 2016	400,000	0.115	11 August 2021
	27 November 2017	3,200,000	0.015	27 November 2022
Richard Mays	12 May 2016	2,400,000	0.10	12 May 2021
	11 August 2016	200,000	0.115	11 August 2021
	15 November 2016	200,000	0.18	15 November 2021
	27 November 2017	3,200,000	0.015	27 November 2022
Aleksandra Owad	12 May 2016	400,000	0.10	12 May 2021
	11 August 2016	1,600,000	0.115	11 August 2021
	15 November 2016	800,000	0.18	15 November 2021
	27 November 2017	4,000,000	0.015	27 November 2022

(d) As at the date of this Prospectus, no awards have yet been made to Directors or Senior Management under the terms of the LTIP.

(e) As at 22 August 2018 (being the latest practicable date prior to the date of this Prospectus), there were no outstanding loans granted by any member of the Group to any Director or any member of Senior Management, nor by any Director or member of Senior Management to any member of the Group, nor was any guarantee which had been provided by any member of the Group for the benefit of any Director or member of Senior Management, or by any Director or Member of Senior Management for the benefit of any member of the Group, outstanding.

(f) Save as set out in this Part XVIII, it is not expected that any Director or member of Senior Management will have any interest in the share capital of the Company on New Shares Admission and there is no person to whom any capital of any member of the Group is under option or agreed unconditionally to be put under option.

(g) The Directors are not aware of any person who beneficially owns (or who will beneficially own immediately following New Shares Admission), directly or indirectly, or exercises control or direction (or who will exercise control or direction immediately following New Shares Admission) over ten

percent (10%) or more of the issued and outstanding Common Shares of the Company, or of any person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company, or of any arrangements the operation of which would result in a change in control of the Company.

(h) None of the Shareholders above have or will have voting rights attached to their Common Shares which are different to those of any other holder of Common Shares.

(i) None of the Directors has or has had any material interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group and which were affected by the Group during the current or immediately preceding financial year and which remain in any respect outstanding or unperformed.

(j) In addition to their directorships of the Company and other members of the Group, the Directors and members of Senior Management hold, or have held, the following directorships and are or were members of the following partnerships within the past five years:

Name	Position	Name of company / partnership	Stock Exchange	Position still held (Yes / No)
Directors				
Arthur Millholland	Non-Executive Director	Rupert Resources Ltd.	TSX-V	N
Harald Ludwig	Director	Bond Capital Partners (UK) Limited	n/a	Y
	Director	Lions Gate Entertainment Corp.	NYSE	N
	Director	Macluan Capital Corp.	n/a	Y
	Director	Seaspan Corp.	NYSE	Y
	Director	Suntoy Enterprises Inc.	n/a	Y
	Advisory board member	Tennenbaum Capital Partners, LLC	n/a	Y
	Director	West Africa Iron Ore Corp.	TSX-V	N
	Director	West Fraser Timber Co. Ltd.	TSX	N
	Director	Zatikka plc	AIM	N
Viscount William Astor	Director	Agatha Christie Limited	n/a	N
	Director	Ancroft Tractors Limited	n/a	Y
	Director	The Andrew Brownsword Arts Foundation	n/a	N
	Director	Chorion Wheatley Limited	n/a	N
	Director	Cliveden Securities Limited	n/a	Y
	Director	Fairytale HD Limited	n/a	Y
	Director	Georges Simenon Limited	n/a	N
	Director	Marketreach Licensing Services Limited	n/a	N
	Director	Monkey WTB Limited	n/a	Y
	Director	Networkers International plc	AIM	N
	Director	OCT 54 Limited	n/a	Y
	Director	Planet Acquisitions Holdco 1 Limited	n/a	N

Name	Position	Name of company / partnership	Stock Exchange	Position still held (Yes / No)
	Director	Planet Acquisitions Holdco 2 Limited	n/a	N
	Director	Planet Acquisitions Holdings Limited	n/a	N
	Director	Planet Acquisitions Limited	n/a	N
	Director	Prestbury Group	n/a	N
	Director	Prestbury Residual Limited	n/a	N
	Director	Raymond Chandler Limited	n/a	N
	Director	Robert Bolt (1973) Limited	n/a	N
	Director	The Royal Tokaji Wine Company (Hungary) Limited	n/a	N
	Deputy Chairman	Silvergate Media Ltd.	n/a	Y
	Director	Silvergate Media Developments Limited	n/a	Y
	Director	Silvergate Media Holdings Ltd.	n/a	Y
	Director	Silvergate PPL Limited	n/a	Y
	Director	Sunny Styles Productions Limited	n/a	Y
	Director	Tavistock Investments plc	AIM	N
	Director	Vampire Squid Productions Limited	n/a	Y
	Director	W L Ross Holding Corp.	n/a	N
	Director	Nexeo Solutions Inc.	NASDAQ	N
Massimo Carello	Director	Canaccord Genuity Group Inc.	TSX	Y
	Director	Orsu Metals Corp.	TSX/AIM	N
John Cowan	President	Xtivity Inc.	n/a	Y
	Director	Dundee Energy Ltd	TSX	N
Senior Management				
Rod Christensen	n/a	n/a	n/a	n/a
Richard Mays	Director	Arenite Petroleum Limited	n/a	N
	Executive Chairman	Black Star Petroleum plc	n/a	N
	Director	Black Star Petroleum G.B. Limited	n/a	N
	Director	Black Star Petroleum Limited	n/a	N
	Director	DEO Petroleum plc	AIM	N
	Director	DEO Petroleum U.K. Limited	n/a	N
	Director	DEO Petroleum Exploration Limited	n/a	N
	Executive Chairman	Peppercoast Petroleum plc	n/a	N
	Director	The Peppercoast Foundation	n/a	N
	Non-Executive Director	Prospex Oil and Gas plc	AIM	Y
	Director	Prospect Oil and Gas Limited	n/a	Y

Name	Position	Name of company / partnership	Stock Exchange	Position still held (Yes / No)
	Director	Prospex OG Limited	n/a	Y
	Director	Sallork Limited	n/a	Y
	Director	Sallork (Property) Limited	n/a	Y
	Director	Sallork Legal and Commercial Consulting Limited	n/a	Y
Aleksandra Owad	n/a	n/a	n/a	n/a

(k) Save as set out below, as at the date of this Prospectus none of the Directors or member of Senior Management has at any time within the last five years:

(i) any convictions in relation to fraudulent offences;

(ii) been associated with any bankruptcies, receiverships or liquidations acting in the capacity of any of the positions set out against the name of the Director in Section 5.1(j) of this Part XVIII;

(iii) been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including a designated professional body); or

(iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

(l) Arthur Millholland was a director of Oilexco North Sea Ltd., the wholly-owned operating subsidiary of Oilexco, when it was the subject of an order by the UK court for Administration under the provisions of paragraph 22 of Schedule B1 to the Insolvency Act of 1986 on 7 January 2009. Mr. Millholland was a director and officer of Oilexco when it obtained a court order for protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") on 5 February 2009. He served in the same capacity when Oilexco was the subject of a liquidation order from the Alberta Court of Queen's Bench on 16 July 2009. On 9 December 2009 Mr. Millholland was reprimanded by the TSX-V for failing to ensure that Oilexco maintained a transfer agent and for failing to ensure that Oilexco issued press releases or otherwise provided the market place with timely disclosure of the process of the CCAA proceedings in September 2009, notwithstanding that Oilexco had no funds at such time. Mr. Millholland is not the subject of any continuing orders.

(m) John Cowan was a director of Oilexco when it obtained a court order for protection under the CCAA on 5 February 2009. He served in the same capacity when Oilexco was the subject of a liquidation order from the Alberta Court of Queen's Bench on 16 July 2009. Mr. Cowan was a director and officer of Dundee Energy Limited until April 2017. On August 16, 2017, a court order for protection under the CCAA was issued with respect to two wholly-owned entities being Dundee Oil and Gas Limited and Dundee Energy Limited Partnership.

(n) Rod Christensen was the Senior Vice President Exploration and Development and an Officer of Oilexco when it obtained a court order for protection under CCAA on 5 February 2009, and served in the same capacity when Oilexco was the subject of a liquidation order from the Alberta Court of Queen's Bench on 16 July 2009.

(o) Richard Mays was the Vice President (Commercial Operations) and an Officer of Oilexco as well as an Officer of Oilexco North Sea Ltd. when Oilexco North Sea Ltd. was placed in administration by an order of the English High Court on 7 January 2009. Oilexco obtained a court order for protection under CCAA on 5 February 2009, and was the subject of a liquidation order from the Alberta Court of Queen's Bench on 16 July 2009.

(p) Harald Ludwig was the Chairman of Zatikka plc on 5 August 2013, when it was announced that administrators were to be appointed in respect of that company. Mr. Ludwig subsequently resigned as

a director of Zatikka plc with effect from 8 August 2013. On 28 October 2013, the administrators of Zatikka plc announced that they intend to exit the administration of that company by means of a creditors' voluntary liquidation.

(q) Aleksandra Owad was the Chief Accounting Officer of Oilexco when it obtained a court order for protection under the CCAA on 5 February 2009. She served as Chief Financial Officer when Oilexco was the subject of a liquidation order from the Alberta Court of Queen's Bench on 16 July 2009.

5.2 ***Directors' terms of employment and terms of office***

The Directors and their functions are set out in Part VIII (*Directors, Senior Management and Corporate Governance*). The Directors are appointed at each annual general meeting of the Shareholders (each an "AGM") and may also be appointed at a special meeting of shareholders if one of the purposes for which the meeting was called was the election of directors. Directors will hold office until the close of the next AGM or until a successor is duly elected or appointed or his or her office is earlier vacated in accordance with the CBCA and the Articles and by-laws of the Company. Notwithstanding the preceding sentence, incumbent directors continue to hold office until a successor is elected. The Corporate Governance and Nominating Committee reviews the make-up of the Board and committee appointments of all Directors annually and is responsible for identifying new candidates for recommendation to the Board for ultimate recommendation to the shareholders.

The Directors' competitive compensation consists of an annual retainer and meeting fees plus options (which options are set within the guidelines prescribed by the TSX-V). Each Director is also entitled to a fee of $2,000 for each committee of which he is a member. The Independent Directors also receive a fee of $1,500 for each directors' meeting and committee meeting attended. The Compensation Committee is responsible for reviewing and recommending to the Board the retainer and fees to be paid to members of the Board.

A director's term of office is terminable in accordance with the provisions of the CBCA. Pursuant to the CBCA, a director will cease to hold office by reason of: (i) death or resignation; or (ii) removal or disqualification in accordance with the provisions of the CBCA. A director may be removed from office if the shareholders of a corporation so vote by ordinary resolution at a special meeting of shareholders. A director may become disqualified if: (i) he is less than 18 years of age; (ii) is found by a court to be of unsound mind; (iii) is not an individual; or (iv) he acquires the status of bankrupt. Further details of the terms of employment of each Director are set out below.

Arthur S. Millholland

Mr. Millholland has entered into a service agreement with the Company dated 29 March 2011, to act as the President and CEO of the Company, which continues until terminated on written notice by either party. Where termination notice is served by the Company, it is with immediate effect and, unless given for just cause (as defined in the service agreement), entitles Mr. Millholland to a severance package of 1.5 times his annual salary (including any bonus and all benefit payments). Where termination notice is served by Mr Millholland, there is a 30 day notice period which may be waived by the Company save where notice is served within 60 days of a change of control (as defined in the service agreement) of the Company, in which case Mr. Millholland is also entitled to a severance package of 1.5 times his annual salary (including any bonus and all benefit payments). The agreement (as amended in November 2014) provides for an annual salary of CAD 368,550. Mr. Millholland's service agreement contains various post-termination confidentiality and non-compete covenants which are customary in agreements of this nature in order to protect the Group's business. As a Director, Mr. Millholland is also subject to the Canadian common law fiduciary duty in respect of the Company which obliges him not to disclose the confidential information of the Company and to act honestly and in good faith, with a view to the best interests of the Company.

Harald Ludwig

Mr. Ludwig was appointed as a Non-Executive Director of the Company with effect from 5 October 2009. He also acts as Chairman of the Board. The appointment is terminable pursuant to the provisions of the CBCA. Mr. Ludwig receives an annual retainer of CAD 150,000 for his services as Director and an annual retainer of CAD 15,000 for his service as chairman of the Corporate Governance and Nominating Committee. Mr. Ludwig is not entitled to receive any compensation on termination of his appointment. As a Director, Mr. Ludwig is subject to the Canadian common law fiduciary duty in respect of the Company which obliges him not to disclose the confidential information of the Company and to act honestly and in good faith, with a view to the best interests of the Company. Mr. Ludwig does not have a service contract with the Company or any other member of the Group.

Viscount William Astor

Viscount Astor was appointed as a Non-Executive Director of the Company with effect from 28 March 2013. The appointment is terminable pursuant to the provisions of the CBCA. Viscount Astor receives an annual retainer of CAD 95,000 for his services as Director. Viscount Astor is not entitled to receive any compensation on termination of his appointment. As a Director, Viscount Astor is subject to the Canadian common law fiduciary duty in respect of the Company which obliges him not to disclose the confidential information of the Company and to act honestly and in good faith, with a view to the best interests of the Company. Viscount Astor does not have a service contract with the Company or any other member of the Group.

Massimo Carello

Mr. Carello was appointed as a Non-Executive Director of the Company with effect from 5 October 2009. The appointment is terminable pursuant to the provisions of the CBCA. Mr. Carello receives an annual retainer of CAD 75,000 for his services as Director and an annual retainer of CAD 15,000 for his service as chairman of the Compensation Committee. Mr. Carello is not entitled to receive any compensation on termination of his appointment. As a Director, Mr. Carello is subject to the Canadian common law fiduciary duty in respect of the Company which obliges him not to disclose the confidential information of the Company and to act honestly and in good faith, with a view to the best interests of the Company. Mr. Carello does not have a service contract with the Company or any other member of the Group.

John Cowan

Mr. Cowan was appointed as a Non-Executive Director of the Company with effect from 10 November 2015. The appointment is terminable pursuant to the provisions of the CBCA. Mr. Cowan receives an annual retainer of CAD 75,000 for his services as Director, an annual retainer of CAD $15,000 for his service as chairman of the Reserve Committee and an annual retainer of CAD $25,000 for his service as chairman of the Audit Committee. Mr. Cowan is not entitled to receive any compensation on termination of his appointment. As a Director, Mr. Cowan is subject to the Canadian common law fiduciary duty in respect of the Company which obliges him not to disclose the confidential information of the Company and to act honestly and in good faith, with a view to the best interests of the Company. Mr. Cowan does not have a service contract with the Company or any other member of the Group.

5.3 Directors' terms of office

Name	**Date of Birth**	**Position**	**Appointment Date**	**Expiry of current term of office**
Arthur S Millholland	30 October 1959	President and Chief Executive Officer	14 August 2009	To be reappointed at the Company's next AGM
Harald Ludwig	2 November 1954	Non-Executive Chairman	5 October 2009	To be reappointed at the Company's next AGM
Viscount William Astor	27 December 1951	Non-Executive Director	28 March 2013	To be reappointed at the Company's next AGM

Name	Date of Birth	Position	Appointment Date	Expiry of current term of office
Massimo Carello	12 June 1948	Non-Executive Director	5 October 2009	To be reappointed at the Company's next AGM
John Cowan	20 December 1953	Non-Executive Director	16 November 2015	To be reappointed at the Company's next AGM

5.4 Directors' and Senior Management's remuneration

The remuneration (including salary and other benefits) payable under the terms of the applicable service agreements, resolutions and incentive plans for the financial year ended 31 December 2017:

Name	Position	Fees or salary (CAD)	Share based awards (CAD)[17]	Option based awards[18] (CAD)	Non-equity incentive plan compensation (CAD)	Pension value (CAD)[19]	All other compensation (CAD)	Total compensation (CAD)
Arthur S. Millholland	President and Chief Executive Officer	380,000	Nil	96,000	Nil	Nil	Nil	476,000
Harald Ludwig	Non-Executive Chairman	193,000	Nil	57,000	Nil	Nil	Nil	250,000
Viscount William Astor	Non-Executive Director	95,000	Nil	27,000	Nil	Nil	Nil	122,000
Massimo Carello	Non-Executive Director	118,000	Nil	27,000	Nil	Nil	Nil	145,000
John Cowan	Non-Executive Director	139,500	Nil	27,000	Nil	Nil	Nil	166,500
Rod Christensen	Senior Vice President Exploration and Development	285,200	Nil	19,200	Nil	Nil	Nil	304,400
Richard Mays	Vice President, Business Development and General Counsel	329,400	Nil	19,200	Nil	Nil	Nil	348,600
Aleksandra Owad	Chief Financial Officer	253,800	Nil	24,000	Nil	Nil	Nil	277,800

5.5 Under the terms of their applicable service and employment contracts, letters of appointment and applicable incentive plans, the aggregate remuneration and benefits payable to Directors and Senior Management for the financial year ended 31 December 2017 was CAD 2,090,300.

5.6 There is no arrangement under which any Director or member of Senior Management has waived or agreed to

17 The Company did not grant share-based awards.

18 Option-based awards reflect the grant date fair value of options that is estimated using the Black-Scholes option pricing model. The indicated amounts are fair value calculations rather than actual payments by the Company.

19 The Company has no long-term incentive plans or pension plans.

waive future emoluments nor has there been a waiver of emoluments during the financial year immediately preceding the date of this Prospectus.

5.7 Other than as described in Section 5.2 above and as set out below, no benefit, payment or compensation of any kind is payable to any Director or member of Senior Management upon termination of his or her employment. As well as the payments described in Section 5.2 in relation to the Directors, the following payments may be required to be made on termination of the employment of members of Senior Management other than for just cause:

(a) 1.5 times such person's annual base salary;

(b) (other than with respect to Richard Mays who will not receive any termination payment calculated by reference to his bonus) 1.5 times such person's last bonus; and

(c) 18 times the Company's monthly contributions to all benefits received by such person.

5.8 Certain Directors are, and may continue to be, also directors, officers or shareholders of other oil and gas companies whose operations may, from time to time, be in direct competition with those of the Company or with entities which may, from time to time, provide financing to, or make equity investments in competitors of the Company. In accordance with the CBCA, such Directors and executive officers will be required to disclose all conflicts of interest as such conflicts arise. If a conflict of interest arises at a meeting of the Board, any Director in a conflict will disclose his interest and abstain from voting on such matter. As at the date of this Prospectus, the Company is not aware of any potential conflicts of interests between any duties to the Company of any Director or member of Senior Management and such Director or member of Senior Management's private interests and/or other duties.

6. PENSIONS

The Company does not have any defined benefit or defined contribution pension plans or deferred compensation plans for any of its Directors, officers or employees.

7. INCENTIVE ARRANGEMENTS

7.1 *Stock Option Plan*

The Directors believe that the Company will benefit from the added interest that eligible persons under the Stock Option Plan in the welfare of the Company as a result of their proprietary interest in the Company's success. Therefore the Stock Option Plan has been in place since the incorporation of the Company.

The principal terms of the Stock Option Plan are set out below. Under Policy 4.4 of the TSX-V, a floating or "rolling" stock option plan (such as the Stock Option Plan) is subject to the annual approval of the Shareholders by means of ordinary resolution. The continuation of the Stock Option Plan was approved by the Shareholders at the last annual meeting of the Shareholders held on 4 June 2018. The Company therefore intends to continue to seek annual Shareholder approval for the continued operation of the Stock Option Plan following Admission.

7.1.1 *Eligibility*

Under the terms of the Stock Option Plan, options may be granted to directors, officers, employees and consultants of the Company.

7.1.2 *Grant of options*

A committee of the Board appointed in accordance with the Stock Option Plan (or the Board itself if no such committee has been formed) has the discretion to grant options from time to time to eligible persons.

7.1.3 *Exercise price*

The price payable upon the exercise of any option is set at the time of grant, subject to regulatory requirements. The option price must not be less than the market price of the Common Shares as of the date prior to the grant.

7.1.4 *Exercise of options*

The options may be exercised on the dates fixed at the time of the grant of the option and as set out in the option agreement.

7.1.5 *Ceasing to hold office or leaving employment*

In the event that an option holder holds options as an executive of the Company, such options will expire 90 days following the date on which such option holder ceases to be an executive of the Company as a result of: (i) ceasing to meet the legal qualifications applicable to the Company; (ii) a special resolution of the Shareholders removing the option holder as a director of the Company or any Subsidiary; or (iii) an order made by any regulatory authority having jurisdiction to so order.

In the event that an option holder holds options as an employee or consultant, such options will expire 90 days (unless otherwise determined by a committee of the Board) following the date on which such option holder ceases to be an employee or consultant as a result of: (i) termination for cause; or (ii) an order made by any regulatory authority having jurisdiction to so order.

In the event that an option holder ceases to hold the position of executive, employee or consultant for which the option was originally granted, but comes to hold a different position as an executive, employee or consultant prior to the expiry of the option, the committee of the Board responsible for the Stock Option Plan has the discretion to permit the option holder to retain the option.

7.1.6 *Corporate events*

The committee of the Board responsible for the Stock Option Plan may, without the consent of the option holder or holders concerned: (i) cause all or a portion of any of the options granted to terminate on the occurrence of a triggering event; or (ii) cause all or a portion of any of the options granted to be exchanged for incentive stock options of another corporation upon the occurrence of a triggering event, in such ratio and at such exercise price as the committee deems appropriate, acting reasonably.

A "triggering event" for the purposes of this section is: (i) the proposed dissolution, liquidation or winding-up of the Company; (ii) a proposed merger, amalgamation, arrangement or reorganisation of the Company with one or more corporations as a result of which, immediately following such event, the Shareholders as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation; (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more persons or entities; (iv) a proposed change of control of the Company; (v) a proposed sale or other disposition of all or substantially all of the assets of the Company; or (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the committee, is of such a nature that it is not practical or feasible to make adjustments to the Stock Option Plan or to the options granted to permit them to remain in effect.

7.1.7 *Variation of capital*

If there is a material alteration in the capital structure of the Company and the shares in the Company are consolidated, subdivided, converted or reclassified, the committee of the Board responsible for the Stock Option Plan will make such adjustments to the Stock Option Plan and to the options then outstanding as the committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each option holder will, to the extent practicable, be maintained as before the occurrence of such event.

7.1.8 *Plan limits*

The number of shares authorised to be issued under the terms of the Stock Option Plan shall not exceed 10% of the number of outstanding Common Shares. In accordance with the limitations required by the TSX-V, the maximum number of options which may be granted to any one holder within a 12 month period is 5% of the number of shares in issue, or 2% in the case of a consultant or of a consultant or employee engaged in investor relations activities.

7.1.9 *Amendments*

The vesting schedule for the options may be accelerated by the committee of the Board responsible for the Stock Option Plan without the consent of the option holder. The committee may also amend any existing option or the Stock Option Plan from time to time, provided than any amendment which materially decreases the rights or benefits accruing to an option holder or materially increase the obligations of an option holder may only be effected with the written consent of the option holder.

7.2 ***LTIP***

In relation to the Directors' desire to grow the size of the organization and achieve the Company's business plan, the Directors considered the goal of attracting and retaining key personnel and the limited cash flow of the Company to fund compensation programs and proposed a new long term incentive plan (being the PSU Plan) to the Shareholders for approval and adoption. On 12 June 2014, with an effective date of 15 April 2014, the Shareholders approved the PSU Plan which is intended to supplement the Stock Option Plan by providing the Directors with an alternative to issuing options if in the future, they determine that a full value share plan provides an attractive form of long-term incentive for key personnel provided the aggregate of stock-based incentives does not exceed 10% of Common Shares outstanding. As at 22 August 2018, (being the latest practicable date prior to publication of this prospectus), no units have been granted under the PSU Plan.

The principal terms of the PSU Plan are set out below.

(a) *Eligibility*

Under the terms of the PSU Plan, unit awards ("Unit Awards") comprised of units representing the right of a grantee to receive a Common Share, subject to adjustment ("Performance Share Units") may be granted to employees, officers or consultants of the Company or a subsidiary (each a "Service Provider" and collectively, "Service Providers").

(b) *Grant of Unit Awards*

The Directors have the discretion to grant Unit Awards to Service Providers and to determine the number of Performance Share Units to be awarded pursuant to each Unit Award. Until the Common Shares have been delivered in accordance with the PSU Plan, the grantee of a Unit Award will not possess any incidents of ownership of the related Common Shares.

(c) *Common Shares subject to the PSU Plan*

The aggregate number of Common shares which may be issuable on settlement of all Performance Share Units is 5 million, subject to adjustment pursuant to the PSU Plan and disinterested shareholder approval. No further grants may be made until a sufficient number of Common Shares is reserved to meet all commitments to deliver Common Shares under the PSU Plan.

In the sole discretion of the Directors, Common Shares to be delivered under the PSU Plan shall either be: (i) acquired through the facilities of the TSX-V; or (ii) subject to prior Shareholder and TSX-V approval, issued by the Company from treasury.

(d) *Vesting and Performance Factor*

The Directors have the discretion to determine the vesting date for the Performance Share Units issued under the Unit Award, including any upward or downward adjustment, provided that in certain circumstances involving a change of control or unsolicited offer, all Performance Share Units granted but not yet vested as of such time, multiplied by the performance factor determined by the Directors for any fiscal year having regard to certain performance measures and the principal purposes of the PSU Plan shall, unless otherwise determined by the Directors, vest on the earlier of: (i) the next applicable vesting date; and (ii) immediately prior to the effective time of such change of control or on the date an unsolicited offer is made, as applicable.

(e) *Cash Payment Option*

The Directors have the discretion to pay any grantee of Unit Awards a cash amount equal to the aggregate fair market value of the Common Shares which would otherwise be issued on the related vesting date, in lieu of delivering all or any part of such Common Shares, in consideration for the surrender by the grantee of the right to receive all or any part of the Common Shares under such Unit Award.

(f) *Termination and Non-Transferability*

In the event a grantee of a Unit Award is terminated (with or without cause) or ceases to be a Service Provider for reasons other than disability or death, all outstanding Unit Award agreements and unvested performance share units held by such grantee shall be terminated and any future right to receive Common Shares thereunder shall be forfeited. In the event of a disability or death of a grantee, the vesting date shall be accelerated as of the date of the disability or death, as applicable, provided that the Directors have the discretion to determine the performance factor to be applied in determining the number of performance share units which will vest.

All rights to receive Common Shares pursuant to a Unit Award may only be exercised by the Service Provider grantee personally (except in the event of death of such grantee in which case the Common Shares or cash may be delivered to the grantee's estate or designated beneficiary.

(g) *Administration, Amendment and Termination of the PSU Plan*

The Directors will administer the PSU Plan and will have authority in their discretion to make Unit Awards, determine grantees and the timing for such grants, the number of Performance Share Units to be awarded, determine the vesting dates, prescribe, amend and rescind rules and regulations relating to the PSU Plan, interpret the PSU Plan, determine the terms and provisions of any Unit Award agreements and make all other determinations necessary or advisable for the administration of the PSU Plan.

The Directors may also adjust outstanding granted Unit Awards or the terms of the PSU Plan itself to prevent dilution or enlargement in certain circumstances, including a change in the Common Shares through reorganisation or granting rights to shareholders to purchase Common Shares at prices substantially below fair market value.

Through a resolution of the Directors, the Company retains the right to amend, suspend, terminate or discontinue the PSU Plan or any performance share units granted thereunder, subject to the prior consent of any applicable regulatory bodies or shareholder approval, as may be required. Any amendment will affect Unit Awards granted after the effective date of such amendment, provided that any amendment may apply to any outstanding Unit Awards with mutual consent of the Company and the Service Providers to whom Unit Awards have been granted.

8. SHARE WARRANTS

As at 22 August 2018 (being the latest practicable date prior to the publication of this Prospectus) the Company had 54,000,000 common share warrants issued and outstanding. Such share warrants have the following terms:

Name	Date of Grant	Number of share warrants	Exercise price	Expiry date
Shore Capital Stockbrokers Limited	12 June 2017	39,000,000	GBP 0.005	12 June 2019
Shore Capital Stockbrokers Limited	16 October 2017	15,000,000	GBP 0.01	16 October 2019

9. MATERIAL CONTRACTS

Each contract summarised in Sections 9.1 to 9.4 of this Part XVIII, is not a contract entered into in the ordinary course of business, and has been entered into by the Company or another member of the Group within the two years immediately preceding the date of this Prospectus, and is or may be material.

In addition, the Company or another member of the Group has entered into the contract referred to in Section 9.5 of this Part XVIII which is not a contract in the ordinary course of business and which as at the date of this Prospectus contain material terms.

9.1 *Second Tranche Placing Agency Agreement*

On 3 May 2016, the Company entered into an agency agreement (the "**Agency Agreement**") with Dundee Securities Ltd. (the "**Agent**") in relation to the Second Tranche Offering. Under the Agency Agreement, the Agent proposed to offer the relevant Common Shares for sale, as agents of the Company, and agreed to use commercially reasonable efforts to secure subscriptions therefor.

Under the Agency Agreement, the Agent gave a number of representations, warranties and undertakings to the Company, and the Company gave a number of representations, warranties, covenants and undertakings to the Agent as are typical for agreements of this nature. In addition, the Company gave an indemnity to the Agent and others connected with the Agent in relation to certain matters related to the Second Tranche Offering.

The Company agreed in the Agency Agreement to pay the Agent a fee of 6% of the gross proceeds of the Second Tranche Offering (other than proceeds in respect of certain subscribers in the Second Tranche Offering separately agreed between the Company and the Agent for which no fee would be payable), and agreed to pay certain costs/fees/expenses relating to the Second Tranche Offering. In addition, the Company agreed to issue to the Agent the Second Tranche Agent Warrants in a number equal to 6% of the aggregate number of units of the Company sold pursuant to the Second Tranche Offering (other than those units of the Company sold to subscribers in the Second Tranche Offering separately agreed between the Company and the Agent, in respect of which no Second Tranche Agent Warrants will be issued). Each Second Tranche Agent Warrant entitles the holder to acquire one Common Share and one Common Share purchase warrant at CAD 0.07 per share for a period of 24 months following the issuance thereof.

The Agency Agreement also contained a number of termination rights for the Agent.

9.2 *Second Tranche Offering Warrant Indenture*

The Second Tranche Offering Warrants have been issued by the Company pursuant to the Second Tranche Offering Warrant Indenture dated as of 3 May 2016 and entered into between the Company and the Warrant Agent.

The following summarizes certain provisions of the Second Tranche Offering Warrant Indenture, but is not, and does not purport to be, a complete summary and is qualified in its entirety by reference to the provisions of the Second Tranche Offering Warrant Indenture.

Each Second Tranche Offering Warrant entitles the holder thereof to purchase one Common Share at a price of CAD 0.095 any time prior to the Second Tranche Offering Warrant Expiry Time, after which time the Second Tranche Offering Warrants will expire and become null and void. Under the Second Tranche Offering Warrant Indenture, the Company is entitled to purchase in the market, by private contract or otherwise, all or any of the Second Tranche Offering Warrants then outstanding and any Second Tranche Offering Warrants so purchased will be cancelled. Under the Second Tranche Offering Warrant Indenture, the Company has the ability to issue further Common Share purchase warrants, in addition to any Common Share purchase warrants already outstanding and the Second Tranche Offering Warrants to be issued pursuant to the Second Tranche Offering, without consent of the holders of the Second Tranche Offering Warrants.

The Second Tranche Offering Warrant Indenture provides for adjustment in the number of Common Shares issuable upon the exercise of the Second Tranche Offering Warrants and/or the exercise price per Common Share upon the occurrence of certain events, including:

- the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution;

- the subdivision, redivision or change of the Common Shares into a greater number of shares;
- the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Second Tranche Offering Warrant Indenture, for the Common Shares on such record date; and
- the issuance or distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares, evidences of indebtedness or cash, securities or any property or other assets.

The Second Tranche Offering Warrant Indenture provides for adjustment in the class and/or number of securities issuable upon the exercise of the Second Tranche Offering Warrants and/or exercise price per security in the event of the following additional events: (i) reclassifications of the Common Shares; (ii) consolidations, amalgamations, plans of arrangement or mergers of the Company with or into another entity (other than consolidations, amalgamations, plans of arrangement or mergers that do not result in any reclassification of the Common Shares or a change of the Common Shares into other shares); or (iii) the transfer (other than to one of the Company's subsidiaries) of the Company's undertaking or assets as an entirety or substantially as an entirety to another entity. No adjustment in the exercise price or the number of Common Shares issuable upon the exercise of a Second Tranche Offering Warrant will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1% or the number of Common Shares issuable upon exercise of a Second Tranche Offering Warrant by at least 0.1 of a Common Share.

The Company also covenants in the Second Tranche Offering Warrant Indenture that, during the period in which the Second Tranche Offering Warrants are exercisable, it will give notice to the holders of Second Tranche Offering Warrants of certain stated events, including events that would result in the adjustment to the exercise price for the Second Tranche Offering Warrants or the number of Common Shares issuable upon exercise of the Second Tranche Offering Warrants, at least 21 days prior to the record date or effective date, as the case may be, of such event.

9.3 ***May 2017 Placing Agreement***

On 24 May 2017, the Company entered into a placing agreement (the "May Placing Agreement") with Shore Capital Stockbrokers Limited (the "May Placing Agent") in relation to the June 2017 Placing. Under the May Placing Agreement, the May Placing Agent agreed (as agent and on behalf of the Company) to arrange the June 2017 Placing subject to the terms and conditions of the prospectus published on 8 June 2017 and certain other documents. However, under the May Placing Agreement, the May Placing Agent is not obliged to subscribe for any of the Placing Shares and has no absolute obligation to procure placees to subscribe for any of the placing shares.

Under the May Placing Agreement, the May Placing Agent gave certain undertakings to the Company, and the Company gave a number of representations, warranties, covenants and undertakings to the May Placing Agent which might be given in agreements of this nature. In addition, the Company gave an indemnity to the May Placing Agent and others connected with the May Placing Agent in relation to certain matters related to the June 2017 Placing.

The Company agreed in the May Placing Agreement to pay the May Placing Agent a commission of six per cent. of the gross value of the funds raised pursuant to the June 2017 Placing, and agreed to pay certain costs relating to such Placing. In addition, the Company agreed to grant to the May Placing Agent a warrant to subscribe for such number of Common Shares as is equal to the nominal value of six per cent. of the new Common Shares issued by the Company pursuant to the June 2017 Placing, which shall be exercisable at any time from the date of the relevant admission of such Common Shares to listing for two years at the price of 0.5 pence per such Common Share.

The May Placing Agreement also contained a number of termination rights for the May Placing Agent.

9.4 ***October 2017 Placing Agreement***

On 16 October 2017, the Company entered into a placing agreement (the "October Placing Agreement") with Shore Capital Stockbrokers Limited (the "October Placing Agent") in relation to the October 2017 Placing. Under the October Placing Agreement, the October Placing Agent agreed (as agent and on behalf of the Company) to arrange the October 2017 Placing. However, under the October Placing Agreement, the October Placing Agent is not obliged to subscribe for any of the placing shares and has no absolute obligation to procure placees to subscribe for any of the placing shares.

Under the October Placing Agreement, the October Placing Agent gave certain undertakings to the Company, and the Company gave a number of representations, warranties, covenants and undertakings to the October Placing Agent which might be given in agreements of this nature. In addition, the Company gave an indemnity to the October Placing Agent and others connected with the October Placing Agent in relation to certain matters related to the October 2017 Placing.

The Company agreed in the October Placing Agreement to pay the October Placing Agent a commission of £122,488. In addition, the Company agreed to grant to the October Placing Agent a warrant to subscribe for such number of Common Shares as is equal to the nominal value of six per cent. of the new Common Shares issued by the Company pursuant to the October 2017 Placing, which shall be exercisable at any time from the date of the relevant admission of such Common Shares to listing for two years at the price of 1 pence per such Common Share.

The October Placing Agreement also contained a number of termination rights for the October Placing Agent.

9.5 ***August 2018 Placing Agreement***

On 17 August 2018, the Company entered into a placing agreement (the "August Placing Agreement") with Shore Capital Stockbrokers Limited (the "August Placing Agent") in relation to the August 2018 Placing. Under the August Placing Agreement, the August Placing Agent agreed (as agent and on behalf of the Company) to arrange the August 2018 Placing. However, under the August Placing Agreement, the August Placing Agent is not obliged to subscribe for any of the placing shares and has no absolute obligation to procure placees to subscribe for any of the placing shares.

Under the August Placing Agreement, the August Placing Agent gave certain undertakings to the Company, and the Company gave a number of representations, warranties, covenants and undertakings to the August Placing Agent which might be given in agreements of this nature. In addition, the Company gave an indemnity to the August Placing Agent and others connected with the August Placing Agent in relation to certain matters related to the August 2018 Placing.

The Company agreed in the August Placing Agreement to pay the August Placing Agent a commission of six per cent. of the gross value of the funds raised pursuant to the August 2018 Placing, and agreed to pay certain costs relating to such Placing. In addition, the Company agreed to grant to the August Placing Agent a warrant to subscribe for such number of Common Shares as is equal to the nominal value of six per cent. of the new Common Shares issued by the Company pursuant to the August 2018 Placing, which shall be exercisable at any time from the date of the relevant admission of such Common Shares to listing for two years at the price of 0.335 pence per such Common Share.

The August Placing Agreement also contained a number of termination rights for the August Placing Agent.

10. PROPERTY, LEASES, PLANT AND DRILLING EQUIPMENT

The Group's material assets are its exploration and exploitation claims, licences and permits, further details of which are contained in Part XIV.

11. LITIGATION

Save as disclosed at paragraph 4.1(e) in Part VIII in respect of the Agamore proceedings, there are no governmental, legal or arbitration proceedings nor, so far as the Company is aware, are any such proceedings, pending or threatened, which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Group's financial position or profitability.

12. RELATED PARTY TRANSACTIONS

Save for the related party transactions set out in:(i) Note 11 to the annual financial statements of the Company for the financial years ended 31 December 2015, 2016 and 2017, each as incorporated by reference in Part XI *(Financial Information on the Group)*, there were no related party transactions entered into by the Company during the financial years ended 31 December 2015, 2016 and 2017 and during the period up to 22 August 2018 (being the latest practicable date prior to the publication of this Prospectus).

13. INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any Director, executive officer, member of Senior Management. Save as disclosed at paragraph 5 in Part XVIII *(Additional Information)* the is no shareholder who beneficially owns, directly or indirectly, more than 10% of any class or series of the Company's voting securities, or any known associates or affiliates of such persons, in any transaction within the three years before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

14. DISCLOSURE OF SHAREHOLDINGS

14.1 *Canadian requirements*

The Company is a reporting issuer in Canada and is subject to Canadian securities laws. Pursuant to such laws, when a person (an "Acquiror") acquires beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, voting or equity securities of any class of a reporting issuer (such as the Company) that, together with such Acquiror's securities would constitute 10% or more of the outstanding securities of that class, the Acquiror must forthwith issue a news release in Canada announcing, among other things, the number of such securities they hold and their intentions with respect to the securities of the Company. A formal report (an "early warning report") setting forth details regarding the acquisition is also required to be filed with the Securities Commissions of the respective province, within two business days of the acquisition of shares (or convertible securities) that results in the person holding 10% or more of such securities. If an Acquiror's beneficial ownership of, or control or direction over, shares (or securities convertible into Shares) decreases to less than 10% of such securities, the Acquiror must issue a news release and file an early warning report disclosing the same information as described above.

Whenever an Acquiror who has filed an early warning report acquires or disposes beneficial ownership of, or acquires or ceases to have control over, 2% of the Company's shares (including securities convertible into Shares), or if there is a change in a material fact disclosed in a previously filed report, an additional report must be filed within the same time limits.

The Company is required by Form 51-102F5 of NI 51-102 to disclose in its information circulars whether, to the knowledge of the Company's directors or executive officers, any person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company.

14.2 *UK requirements*

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules ("DTR5") apply to the Company and its shareholders. For the purposes of DTR5, the Company is a ''non-UK issuer'' as such term is defined in DTR5.

DTR5 requires a shareholder to notify the Company if the voting rights held by any such shareholder (including by way of certain financial instruments) reach, exceed or fall below 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50% and 75% of the Company's outstanding share capital. Under DTR5, certain voting rights in the Company may be disregarded.

15. TAKEOVER REGULATIONS AND COMPULSORY ACQUISITION

15.1 *Takeover regulation*

The CBCA and Canadian securities legislation govern takeover bids for Canadian companies. A takeover bid is generally defined as an offer to acquire outstanding voting or equity securities of a class, made to any holder in the local jurisdiction of the securities, if such securities, together with the securities held by the offeror and any person acting in concert with the offeror would constitute 20% or more of the outstanding securities of that class, in the aggregate, at the date of the offer. A takeover bid must be made to all holders of securities of the class subject to the bid who are in the local jurisdiction (with limited exceptions) and must allow those holders 35 days to deposit securities pursuant to the bid. Notwithstanding the foregoing, the Canadian Securities Administrators have adopted a policy permitting them to issue a cease trade order in the event the takeover offer is not made to all Canadian security holders.

The availability of a takeover bid to shareholders residing outside Canada will be dependent on whether such takeover bid may be made to such non-Canadian shareholders pursuant to application legislation of the jurisdiction in which the non-Canadian shareholders resides and the actions of the offeror.

A takeover bid circular will be delivered to the security holders by the offeror detailing the terms of the bid. The directors of the reporting issuer (in this case, the Company) would then be required to deliver a directors' circular within 15 days of the date of the bid. The directors' circular would set out the Board's recommendation to accept or reject the bid, including reasons therefor or a statement that the Board is unable to comment and providing reasons in support of that position.

15.2 *Compulsory Acquisition*

Canadian corporate legislation permits an Acquiror who has been successful in acquiring 90% of the shares of a company (excluding those shares already held by the Acquiror), to, within four months of making the offer to acquire such shares, send written notice to any shareholder who did not accept the offer, compelling them to sell their shares on the same terms as contained in the original offer. The tendering obligation is subject to the right of the shareholder to make application to the court, which may set the terms of the transaction and make any other consequential orders it deems fit. There is no reciprocal mechanism under Canadian law permitting a shareholder who refuses the original offer to compel the Acquiror to acquire its shares on the terms of the original offer.

16. WORKING CAPITAL

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Prospectus.

Based on the Company's current cash flow forecasts, the Company anticipates that its existing working capital (excluding any proceeds of the Placing) will be depleted at the end of September 2018, and that at such time, it will need to raise additional capital in order to continue its operations. The Company anticipates that it will be required to raise an additional USD 5.3 million (including the net proceeds of approximately USD 3,373,000 from the Placing) of capital in order to have sufficient working capital for the period of 12 months from the date of this Prospectus. The Company anticipates the shortfall in working capital will be covered by a further equity raise to be completed in or prior to April 2019, as necessary.

The Company's short term financial commitments prior to the end of 30 June 2018 relate to its general and administrative expenses, which are approximately USD 400,000 per month. This amount includes all current operating budget items (including office rental, telephones, insurance, supplies, travel costs and third party service providers), as well as salaries for the Group's staff. The Company's other short term financial commitments for the 12 month period following the date of this Prospectus also include 50% of the costs relating to ShoreCan's commitment to invest up to a maximum of USD 80 million in Essar Nigeria in the form of an interest-free shareholder loan to be used for Essar Nigeria operations and in particular, to cover the work programme obligations, including drilling one well under Phase-1 of the PSC. The Company's share of ShoreCan's commitment equates to approximately USD 40 million.

The Company primarily intends to raise the required additional capital through equity fundraisings. The Company will seek to ensure that any such future equity fundraising is completed prior to the end of April 2019. The Directors are confident that such future equity fundraisings (whether on the London Stock Exchange or the TSX-V) can be achieved on acceptable terms. The Directors' confidence in such equity fundraisings being achievable is based on the following factors:

- the Company has raised a total of: (i) CAD 8.4 million of equity financing during the course of the first and second closings of the marketed offering carried out on the TSX-V and announced in July and August 2013 respectively; (ii) GBP 2.4 million in the April 2014 Offer; (iii) CAD 10.1 million in the August 2014 Offer; (iv) CAD 7.2 million in the July 2015 Placing; (v) GBP 800 thousand in the First Tranche Offering; (vi) CAD 7.1 million in the Second Tranche Offering; (vii) approximately GBP 392 thousand from the exercise of the First Tranche Offering Warrants, approximately CAD 195 thousand from the exercise of the Second Tranche Offering Warrants and approximately CAD 69 thousand from the exercise of the 2015 Offering Warrants each in the second half of 2016; and (viii) approximately £3.25 million from the October 2017 Placing;

- the Directors believe that the Company's Common Shares are attractive to UK institutional investors on the basis that the Common Shares are listed in London as well as in Canada;

- although the fundraising environment in the oil and gas sector remains difficult, the Directors believe that market appetite for the shares in London listed exploration and production companies has improved in recent months;

- the Directors believe that a number of the Company's existing Shareholders may be interested in taking up Common Shares in future fundraisings to prevent dilution of their holdings, as a number of them have done in relation to past equity financings; and

- the Directors believe that the Company's assets are highly prospective, and may be of interest to new investors.

However, in the event that such equity fundraisings are not achieved (or are only achievable on terms which are not acceptable to the Company), a method of ameliorating the adverse working capital situation of the Group is to effect costs reductions. As regards cost reduction, at a minimum the Company reviews its cash position and working capital requirements on a quarterly basis to determine its financial position, so decisions on cost reductions take place as required as part of that process. The timing and means of execution of any decisions regarding cost reductions would therefore take place in the context of the Company's financial position at such time, and the results of any completed fundraisings subsequent to those detailed in this Prospectus. However, the Directors are confident in the Company's ability to effect cost reductions, since such costs are monitored on an ongoing basis and action taken to reduce costs as a matter of course, and this is a process in which the Company's management are well-versed and have been able to successfully achieve a number of times in the past.

The Group will consider obtaining additional capital through either, debt financing, quasi-equity fund raising, an equity fundraising in the private markets of ShoreCan equity (assuming consent for the same is obtained from the Company's joint venture partner in ShoreCan), the disposition of assets or a combination of the above. The timing of such potential ShoreCan equity fundraising or disposition of assets would depend on the amount raised in any future equity fundraisings carried out by the Company, but the Company would seek to ensure that any such ShoreCan equity fundraising or disposition of assets is completed prior to the time at which its working capital (taking into account the net proceeds of the Placing and any amount raised in any future equity fundraisings by the Company) is depleted.

The Directors are confident that the Group would be able to achieve a disposition of its interest in ShoreCan, since the Shareholders' Agreement relating to ShoreCan contains a right of first refusal enabling Shoreline to purchase the Group's interest in the joint venture, and, in the event that Shoreline did not wish to purchase the Group's interest, the Group would be free to sell such interest to a third party. The Directors believe that the Company's interest in ShoreCan would be of interest to a number of potential buyers. The Directors are also confident that it would be possible to effect an equity fundraising of ShoreCan equity in the private markets on the basis that ShoreCan's interests are highly prospective and may be of interest to a number of private investors.

However, in the event that it is not possible to use any such relevant means detailed above to obtain the required additional capital, then the Directors (notwithstanding any cost reductions that may have been or will be effected) do not believe that it will be possible for the Company to continue its operations independently. In such circumstances, the Directors would look to a corporate solution in the event that future equity fundraisings did not succeed. The Directors believe that the value of the Group's assets would be best preserved in a corporate transaction. The Directors are confident that such a corporate solution would be achievable, as the Directors have a vast range of experience in acting as directors of public companies, and have been through similar processes in the past. Any such process would occur in the business and market context of the time it took place. However, as at the date of this Prospectus, the Directors have not actively considered such a corporate solution in relation to the Company as they do not believe that it is necessary at this stage.

If the above actions (future equity fundraisings or a corporate solution) were unsuccessful, the Company would look to restructure its affairs under the supervision of a court appointed monitor and court ordered protection against creditors similar to an administration process in the United Kingdom, under which the Company would obtain a Court order giving it protection from its creditors for an amount of time (usually 30 days) in order to arrange its affairs. The timing of this action would depend on the Company's view as to the point in time at which it was unable to pay its debts as they became due, but assuming that the Company reduces its general and administrative expenses to preserve its existing cash resources, the Company anticipates that any appointment of a monitor, if required, would not occur until March 2019 at the earliest (and potentially a number of months following this date, if the Company is able to reduce costs and therefore preserve its existing cash resources for a longer period of time).

17. NO SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 30 June 2018, the date to which the last published quarterly financial information of the Group was prepared.

18. CONSENTS

NSAI (in its capacity as an independent competent person) has given and not withdrawn their written consent to the inclusion in this Prospectus of its name and report dated 26 July 2018 contained in Part XIV *(Resources Report)*, and references to its name and report in the form and context in which they appear and has authorised the contents of those parts of this Prospectus which comprise the report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

19. GENERAL

The expenses relating to New Shares Admission, including professional fees and expenses are expected to amount to approximately £170,000 (including any applicable VAT) and are payable by the Company.

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following New Shares Admission at the offices of McCarthy Tétrault, 26th Floor, 125 Old Broad Street, London EC2N 1AR:

- the Articles;
- the audited consolidated financial statements of the Company as of and for the years ended 31 December 2015, 2016 and 2017;
- the unaudited interim consolidated financial statements of the Company as at and for the three and six month periods ended 30 June 2018 and 2017;
- the NSAI Report which is set out in Part XIV (*Resources Report*);
- NSAI's consent letter, as referred to in Section 18 (*Consents*) above;
- the Deed Poll; and
- this Prospectus.

Dated: 23 August 2018

Part XIX
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DEFINITIONS

In this Prospectus the following terms shall have the following meanings:

"**Admission**"	admission of all of the Common Shares to the standard listing segment of the Official List maintained by the FCA, and to the London Stock Exchange's main market for listed securities, which took place on 4 April 2014
"**Admission Prospectus**"	the prospectus dated 31 March 2014 and published by the Company in connection with the Admission, available on the Company SEDAR Page
"**African Petroleum**"	African Petroleum plc
"**AGM**"	annual general meeting
"**AIM**"	AIM, the junior market operated by the London Stock Exchange
"**April 2014 Offer**"	the placing by the Company of 17,777,777 Common Shares at a price of £0.135 for gross proceeds of £2,400,000, which completed on 4 April 2014
"**April 2014 Offer Broker Warrants**"	the 888,889 share purchase warrants issued to GMP Securities LLP and finnCap Ltd. as compensation warrants in an amount equal to 5.0% of the aggregate number of Common Shares issued pursuant to the April 2014 Offer
"**Articles**"	the articles of incorporation of the Company
"**Asset Purchase Agreement**"	the asset purchase agreement dated 16 November 2011 between COPL Bermuda and ExxonMobil Liberia, as amended on 8 March 2013
"**Audit Committee**"	the audit committee of the Company
"**August 2014 Offer**"	the marketed short form prospectus offering by the Company in Canada of 50,550,000 units of the Company, each such unit consisting of one Common Share and one Common Share purchase warrant, at a price per unit of CAD 0.20 per unit for net aggregate proceeds of CAD $9.2 million, which completed on 21 August 2014
"**Block PT5-B**"	Block PT5-B on the Mozambique coastal plain, 750km north of the capital of Maput
"**Block LB-13**"	Block LB-13 in the Liberian Basin offshore Liberia
"**Block LB-13 JOA**"	the joint operating agreement dated 08 March 2013 entered into between COPL Bermuda and ExxonMobil Liberia
"**Board**"	the board of directors of the Company from time to time
"**Brent Crude**"	a major trading classification of sweet, light crude oil that is predominantly used in the United Kingdom and elsewhere in the world
"**Broker**"	Shore Capital Stockbrokers Limited
"**Broker Warrant Instrument**"	the warrant instrument to be dated on or about 30 August 2018 and made between the Company and the Broker pursuant to which the Company would grant to the Broker 53,731,380 Common Share purchase warrants ("Broker Warrants") at an exercise price of 0.335 pence per Broker Warrant and expiring on 31 August 2020
"**Camelot**"	Camelot Investment Group (Pty) Ltd
"**Canadian dollars**" or "**CAD** "	Canadian dollars, being the lawful currency from time to time of Canada

"**CBCA**"	the Canada Business Corporations Act
"Consortium"	the consortium in Mozambique comprised of COPL and Shoreline (together, 57%), Bluegreen (23%), Indico Dourado (10%) and Mozambique Empresa Nacional de Hidrocarbonetos (10%), which has been awarded rights to Block PT5-B
"**COPL Bermuda**"	Canadian Overseas Petroleum (Bermuda) Limited
"**COPL Bermuda Holdings**"	Canadian Overseas Petroleum (Bermuda Holdings) Limited
"**COPL Namibia**"	Canadian Overseas Petroleum (Namibia) Limited
"**COPL Nigeria**"	Canadian Overseas Petroleum (Nigeria) Limited
"**COPL NZ**"	Canadian Overseas Petroleum New Zealand Limited
"**COPL Services**"	COPL Technical Services Limited
"**COPL UK**"	Canadian Overseas Petroleum (UK) Limited
"**COPL Ontario**"	Canadian Overseas Petroleum (Ontario) Limited
"**Chevron**"	Chevron Liberia Limited
"**City Code**"	the City Code on Takeovers and Mergers
"**Common Shares**"	common shares of no par value in the capital of the Company
"**Company**" or "**COPL**"	Canadian Overseas Petroleum Limited
"**Company SEDAR Page**"	the Company's SEDAR page, at http://www.sedar.com/DisplayProfile.do?lang=EN&issuerType=03&issuerNo=00021327
"**CREST**"	the computerised transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear
"**Deed Poll**"	the deed poll relating to the holding of Common Shares and the issue of the Depositary Interests, dated 12 March 2014, and made by the Depositary
"**Depositary**"	Computershare Investor Services PLC, of The Pavilions, Bridgewater Road, Bristol, BS99 6ZZ, United Kingdom
"**Depositary Agreement**"	the depositary agreement relating to the issue of the Depositary Interests, dated 12 March 2014, and entered into between the Company and the Depositary
"**Depositary Interests**"	dematerialised depositary interests representing entitlements to Common Shares issued by the Depositary
"**Directors**"	the directors of the Company whose names are listed on page 35 of this Prospectus, comprising the Executive Director and the Non-Executive Directors
"**Disclosure and Transparency Rules**"	the disclosure rules and transparency rules made by the FCA under Part VI of FSMA
"**EEA**"	the European Economic Area
"**EFA Group**"	the EFA Syndicated Commodity Trade Finance Master Fund Ltd
"**EG-18**"	the off shore block EG-18 in Equatorial Guinea
"**EITI**"	the Extractive Industries Transparency Initiative

"**ENI**"	ENI S.p.A.
"**Equatorial Guinea**"	The Republic of Equatorial Guinea
"Essar Acquisition"	has the meaning ascribed to that term set out in B.3 of the Summary to this Prospectus
"**Essar Nigeria**" or "**EEPL**"	Essar Exploration and Production Limited (Nigeria)
"**Euroclear**"	Euroclear UK & Ireland Limited
"**European Union**" or "**EU**"	an economic and political union of 28 member states which are located primarily in Europe
"**Executive Director**"	Arthur Millholland
"**Existing Shareholders**"	the holders of Common Shares as at the date of this Prospectus
"**ExxonMobil Liberia**"	ExxonMobil Exploration and Production Liberia Limited
"**Facility**"	the facility described in section 4.1(f) of Part VIII *(Information on the Group)* of this Prospectus
"**Finders Warrants**"	the 1,177,114 finders warrants issued on 28 April 2016 to Shore Capital Stockbrokers Limited which entitle the holder to purchase one Common Share until 28 April 2018 at an exercise price of GBP 0.035 ($0.051);
"**First Tranche Offering**"	the non-brokered private placement offering carried out by the Company in 2016 which closed on 28 April 2016
"**First Tranche Offering Closing Shares**"	the 22,857,143 Common Shares issued by the Company pursuant to the First Tranche Offering
"**First Tranche Offering Price**"	CAD 0.07 per First Tranche Offering Unit
"**First Tranche Offering Units**"	the 22,857,143 units in the Company offered to investors in the First Tranche Offering, each such First Tranche Offering Unit comprising one First Tranche Offering Closing Share and one First Tranche Offering Warrant
"**First Tranche Offering Warrant Expiry Time**"	28 April 2018
"**First Tranche Offering Warrants**"	the 22,857,143 share purchase warrants created and issued by the Company in connection with the First Tranche Offering
"**First Tranche Offering Warrant Shares**"	the 22,857,143 Common Shares issuable by the Company on exercise of the First Tranche Offering Warrants
"**Ghana**"	the Republic of Ghana
"**Group**"	the Company and each of its subsidiaries and subsidiary undertakings and references to a "member of the Group" shall be construed accordingly
"**HMRC**"	HM Revenue & Customs
"**IFRS**"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"**ISIN**"	International Securities Identification Number

"**Issued 2016 First Tranche Offering Warrant Shares**"	the 8,252,142 Common Shares for proceeds of $0.5 million issued by the Company during third and fourth quarter of 2016, further to an exercise of First Tranche Offering Warrants
"**Issued 2016 Second Tranche Offering Warrant Shares**"	the 2,050,000 Common Shares for proceeds of $0.147 million issued by the Company during third and fourth quarter of 2016, further to an exercise of Second Tranche Offering Warrants
"**JSE**"	Johannesburg Stock Exchange
"**July 2015 Placing**"	the marketed short form prospectus offering by the Company in Canada of 80,288,699 units of the Company, each such unit consisting of one Common Share and one Common Share purchase warrant, at a price per unit of CAD 0.09 per unit for gross aggregate proceeds of CAD 7.2 million, which completed on 9 July 2015
"**July 2015 Placing Broker Warrants**"	the 4,548,380 share purchase warrants issued to GMP Securities Ltd. and Dundee Securities Ltd. as compensation warrants in an amount equal to 6.0% of the aggregate number of units of the Company issued pursuant to the July 2015 Placing
"**June 2017 Placing**"	the placing by the Company of 656,000,000 Common Shares at a price of £0.005 for gross proceeds of £3,280,000, which completed on 12 June 2017
"**June 2017 Placing Broker Warrants**"	the 39,000,000 share purchase warrants issued to Shore Capital Stockbrokers Limited as compensation warrants in an amount equal to 6.0% of the aggregate number of Common Shares issued pursuant to the June 2017 Placing
"**Liberia**"	the Republic of Liberia
"**Liberian PSC**"	the restated and amended production sharing contract dated 8 March 2013 in relation to Block LB-13
"**Listing Rules**"	the listing rules of the FCA relating to the admission of securities to the Official List
"**London Stock Exchange**" or "**LSE**"	The London Stock Exchange plc
"**LTIP**"	the Company's long-term incentive plan, approved by the Shareholders on 12 June 2014
"**Mesurado-1 Well**"	the Mesurado-1 exploration well drilled by ExxonMobil Liberia during the fourth quarter of 2016
"**Member State**"	a member state of the European Union
"**MMIE**"	Minister of Mines, Industry and Energy of Equatorial Guinea
"**MOU**"	the memorandum of understanding signed by ShoreCan and the MMIE in Malabo, Equatorial Guinea on 27 May 2015 with respect to EG-18.
"**Namibia**"	the Republic of Namibia
"**New Shares**"	the Placing Shares
"**New Shares Admission**"	admission of all of the New Shares to the standard listing segment of the Official List maintained by the FCA, and to the London Stock Exchange's main market for listed securities
"**NI 51-101**"	National Instrument 51-101, *Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators*
"**NI 51-102**"	National Instrument 51-102, *Continuous Disclosure Obligations of the Canadian Securities Administrators*

"**NI 52-110**"	National Instrument 52-110, *Audit Committees of the Canadian Securities Administrators.*
"**NI 58-101**"	National Instrument 58-101, *Disclosure of Corporate Governance Practices of the Canadian Securities Administrators*
"**NI 58-201**"	National Instrument 58-201, *Corporate Governance Guidelines of the Canadian Securities Administrators*
"**Non-Executive Directors**"	Harald Ludwig, Viscount William Astor, Massimo Carello and John Cowan
"**NSAI**"	Netherland, Sewell & Associates, Inc., independent competent person
"**NSAI Report**"	the report of NSAI dated 26 July, 2018 (and providing estimates as of 30 June, 2018) on the "*Estimates of Contingent and Prospective Resources to the Canadian Overseas Petroleum Limited Interest in Certain Discoveries and Prospects Located in Oil Prospecting License 226 Offshore Nigeria*"
"NYSE"	New York Stock Exchange
"**October 2017 Placing**"	the placing by the Company of 250,000,000 Common Shares at a price of £0.01 for gross proceeds of £2,500,000, which completed on 16 October 2017
"**October 2017 Placing Broker Warrants**"	the 15,000,000 share purchase warrants issued to Shore Capital Stockbrokers Limited as compensation warrants in an amount equal to 6.0% of the aggregate number of Common Shares issued pursuant to the October 2017 Placing
"October 2017 Placing Shares"	the 250,000,000 new Common Shares issued to UK investors at a price of £0.01 per share pursuant to the October 2017 Placing.
"**Official List**"	the Official List maintained by the FCA
"**Oilexco**"	Oilexco Incorporated
"**OPEC**"	the Organisation of the Petroleum Exporting Countries
"**OPL 226**"	Oil Prospecting License block 226 in Nigeria
"**OPL 226 Transaction**"	the acquisition of 80% of Essar Nigeria shares by Shoreline Canoverseas Petroleum Development Corporation Limited on 13 September 2016
"**OPL 2010**"	the non-binding agreement-in-principle with GPDC, a Nigerian oil and gas company, to enter into an option agreement concerning GPDC's prospecting licence
"**Options**"	the 115,240,000 options to purchase Common Shares of the Company, which are issued but not exercised pursuant to the Stock Option Plan as at 22 August 2018, being the latest practicable date prior to publication of this Prospectus
"**Placing**"	the placing of the Placing Shares described in Part XV*(Details of the Placing)* being made by way of this Prospectus
"**Placing Agreement**"	the placing agreement relating to the Placing, dated 17 August 2018, and entered into between the Company and Broker
"**Placing Price**"	0.335 pence per Placing Share
"**Placing Shares**"	the 895,523,000 Common Shares to be issued by the Company pursuant to the Placing
"**Petroleum Law**"	the 2002 Petroleum Act of Liberia
"**pounds sterling**" "**GBP**" or "**£**"	pounds sterling, being the lawful currency of the United Kingdom

"**Preferred Shares**"	preferred shares of no par value in the capital of the Company
"**Previous Prospectus**"	the prospectus dated 8 June 2017 published by the Company in connection with the admission of the Second Tranche Offering Closing Shares and shares previously issued by the Company pursuant to the June 2017 Placing, available on the Company SEDAR Page
"**Prospectus**"	this document
"**Prospectus Directive**"	the EU Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means EU Directive 2010/73/EU)
"**Prospectus Rules**"	the prospectus rules of the FCA made under Part VI of FSMA relating to offers of securities to the public and admission of securities to trading on a regulated market
"**PSC**"	production sharing contract
"**PSU Plan**"	a Performance Share Unit Plan of the Company approved by the Board on 15 April 2014 whereby a maximum of 5,000,000 Common Shares may be issuable to officers, employees and consultants of the Company and its subsidiaries under the same terms as the Stock Option Plan
"**Registrar**"	Computershare Trust Company of Canada, of Suite 600, 530 – 8th Avenue S.W., Calgary, Alberta, Canada T2P 3S8
"**Relevant Member State**"	a member state of the EEA which has implemented the Prospectus Directive
"**Sasol**"	Sasol Petroleum Mozambique
"**SDRT**"	Stamp Duty Reserve Tax
"**Second Tranche Agent Warrants**"	the 5,233,206 warrant units granted to Dundee Securities Ltd on 3 May 2016 each of which entitle the holder to purchase one Common Share and one Common Share purchase warrant until 3 May 2018 at an exercise price of CAD 0.07 (USD 0.055)
"**Second Tranche Offering**"	the brokered private placement offering carried out by the Company in 2016 which closed on 3 May 2016
"**Second Tranche Offering Closing Shares**"	the 101,066,868 Common Shares issued by the Company pursuant to the Second Tranche Offering
"**Second Tranche Offering Price**"	CAD 0.07 per Second Tranche Offering Unit
"**Second Tranche Offering Units**"	the 101,066,868 units in the Company offered to investors in the Second Tranche Offering, each such Second Tranche Offering Unit comprising one Second Tranche Closing Share and one Second Tranche Offering Warrant
"**Second Tranche Offering Warrant Indenture**"	the warrant indenture dated as of 3 May 2016 and made between the Company and the Warrant Agent thereunder in respect of the Second Tranche Offering Warrants
"**Second Tranche Offering Warrant Expiry Time**"	3 May 2018
"**Second Tranche Offering Warrants**"	the 99,016,868 share purchase warrants created and issued by the Company in connection with the Second Tranche Offering
"**Second Tranche Offering Warrant Shares**"	the 99,016,868 Common Shares issuable by the Company on exercise of the Second Tranche Offering Warrants pursuant to the terms of the Second Tranche Offering Warrant Indenture

"**SEDI**"	System for Electronic Disclosure by Insiders
"**SEDOL**"	Stock Exchange Daily Official List
"**Senior Management**"	Rod Christensen, Arthur Millholland, Richard Mays and Aleksandra Owad
"**Shareholder**"	a holder of Common Shares from time to time
"**ShoreCan**"	Shoreline Canoverseas Petroleum Development Corporation Limited, the joint venture partnership in which the Company and Shoreline each hold a 50% interest
"**Shoreline**"	Shoreline Energy International Limited, a corporation that has entered into a joint venture partnership with the Company
"**Sierra Leone**"	the Republic of Sierra Leone
"**Stock Option Plan**"	the stock option plan of the Company (as described in section 7 of Part XVIII of this Prospectus)
"**Tanzania**"	the United Republic of Tanzania
"**Transform Margin**" or "**West African Transform Margin**"	the emerging formation for offshore oil and gas exploration located offshore West Africa
"**TSX**"	Toronto Stock Exchange
"**TSX-V**"	TSX Venture Exchange, the junior market of the TSX
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland
"**UKLA**"	the FCA, in its capacity as the UK Listing Authority
"**US**" or "**United States**"	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
"**USD**", "**$**",or "**US dollars**"	United States dollars, being the lawful currency of the United States
"**USGS**"	United States Geological Society
"**VAT**"	United Kingdom value added tax
"**Warrants**"	the 54,000,000 Common Share purchase warrants of the Company, issued but not exercised as at 22 August 2018, being the latest practicable date prior to publication of this Prospectus, each such warrant entitling the holder thereof to purchase one Common Share at a specified exercise price prior to the specified expiry date
"**Warrant Agent**"	Computershare Trust Company of Canada as warrant agent under (as relevant) the Second Tranche Offering Warrant Indenture, the August 2014 Offer or the July 2015 Placing

Part XIX
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GLOSSARY OF TECHNICAL TERMS

2D seismic	seismic data acquired in a single traverse or series of traverses. 2D seismic data provides single cross sections through the subsurface
3D seismic	seismic data acquired as multiple, closely spaced traverses. 3D seismic data typically provides a more detailed and accurate image of the subsurface than 2D seismic data
2P	proved plus probable reserves
aeromagnetic data	measurements of the Earth's magnetic field gathered from an aerial survey which is interpreted in order to determine differences between the measured and theoretical values which represent changes in rock type or thickness
aeromagnetic survey	an aerial survey of an area performed to collect aeromagnetic data
Albian	the youngest age of the Early Cretaceous epoch. Its approximate time range is 112.0 to 99.6 million years ago
amplitude	functions of the magnitude of the difference between the variable's extreme values
anoxic	without or lacking in oxygen
API	an indication of the specific density of crude oil measured on the American Petroleum Institute scale
Aptian	a subdivision of the Early Cretaceous epoch. Its approximate time range is 125.0 to 112.0 million years ago
AVO	amplitude versus offset, a general term for referring to the dependency of the seismic attribute, amplitude, with the distance between the source and receiver (offset)
basin	a large area with a general containment and an often thick accumulation of rock
bbl	barrel, representing 34,972 Imperial gallons or 42 US gallons barrels per day
bbls/d or bopd	barrels per day or barrels of oil per day
Best Estimate	this is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate
block	term commonly used to describe areas over which there is a petroleum or production licence or production sharing contract
Campanian	the fifth of six ages of the late Cretaceous epoch. Its approximate time range is 83.6 to 72.1 million years ago
carry	agreement between two parties according to which one of the two agrees to pay for ("carry") all or part of the costs attributable to the other, typically conditional on later reimbursement by the latter to the former
Cenomanian	the oldest age of the Late Cretaceous epoch. Its approximate time range is between 99.6 and 93.5 million years ago

concession	a grant extended by a government to permit a company to explore for and produce oil, gas or mineral resources within a geographic area
condensate	hydrocarbons which are in the gaseous state under reservoir conditions and which become liquid when temperature or pressure is reduced
contingent resources	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not considered commercially recoverable because of one or more contingencies
Cretaceous	the final epoch of the Mesozoic era ranging from approximately 144 to 66 million years ago
deepwater	any area of water over 250 m in depth
E&E	exploration and evaluation
E&P	exploration and production
farm in	a term used to describe when an oil and gas company buys a portion of the acreage in a block from another company, usually in return for consideration and for taking on a portion of the selling company's work commitments
farm out	a term used to describe when an oil and gas company sells a portion of the acreage in a block to another company, usually in return for consideration and for the buying company taking on a portion of the selling company's work commitments
FPSO	a floating production, storage and offloading unit which is a vessel used for processing hydrocarbons
G&A	general and administrative expense
gas chimney	a subsurface leakage of gas from a poorly sealed hydrocarbon accumulation. The gas can cause overlying rocks to have a low velocity_ Gas chimneys are visible in seismic data us areas of poor data quality or push-downs
geophysical	association with the earth science concerned with the physical properties. Geophysical exploration is concerned with measuring the earth's physical properties to delineate structure, rock type and fluid content; these measurements include electrical, seismic, gravity and magnetics
High Estimate	this is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.
hydrocarbon	a compound containing only the elements hydrogen and carbon, which may exist as a solid, liquid or gas. The term is mainly used as a catch-all description for oil, gas and condensate
lacustrine	of or pertaining to a lake
licence	an exclusive right to explore for petroleum, usually granted by a national governing body
light oil	crude oil with a density greater than 31.1° API

Low Estimate	this is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate
JOA	joint operating agreement
km	kilometre
m	metre
md	millidarcy, a unit of permeability
Mesozoic	an interval of geological time from approximately 252 to 66 million years ago
migration	the process by which oil and gas moves from source to reservoir
Mbbls	thousands of barrels
MMbbls	millions of barrels
MMcf	millions of cubic feet
offshore	that geographic area that lies seaward of the coastline
onshore	that geographic area that lies landward of the coastline
operator	the company that has legal authority to drill wells and undertake production of oil and gas. The operator is often part of a consortium and acts on behalf of this consortium
P10	a high estimate. Means that there is at least a 10% probability that, assuming the prospect is discovered and developed, the quantities actually recovered will equal or exceed the high estimate
P45 to P15	the mean estimate. Means the probability of a prospect or accumulation containing the probability-weighted average volume or greater is usually between 45 and 15%. The mean estimate is the preferred probabilistic estimate of resources volumes.
P50	the best (median) estimate. Means that there is at least a 50% probability that, assuming the prospect is discovered and developed, the quantities actually recovered will equal or exceed the best estimate
P90	means that there is at least a 90% probability that, assuming the prospect is discovered and developed, the quantities actually recovered will equal or exceed the low estimate.
Paleogene	a geologic period and system that lasted from approximately 66 to 23 million years ago
Paleocene	a geologic epoch that lasted from approximately 66 to 56 million years ago
Paleo-temperature	the temperature at a location in the geologic past
petroleum system	geologic components and processes necessary to generate and store hydrocarbons. including a mature source rock, migration pathway, reservoir rock, trap and seal
Pd	the probability of development. Pd is defined as the probability that a given discovery will be a viable development project. It takes into account the chance that the discovery target zone will flow the predicted hydrocarbon phase(s) at a commercial rate. It also considers the chance that the target zone can be mechanically completed and appraised in a reasonable time and in compliance with the projected cost schedule. The Pd is estimated by the quantification and product of these two factors

Pg	the probability of discovering reservoirs that flow petroleum at a measurable rate. Pg is estimated by quantifying the probability of each of the following individual geologic chance factors: trap, source, reservoir, and migration. The product of these four probabilities or chance factors is Pg
probable reserves	Those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
prospect	a potential accumulation that is sufficiently well defined to be a viable drilling target. For a prospect, sufficient data and analyses exist to identify and quantify the technical uncertainties, to determine reasonable ranges of geologic chance factors and engineering and petrophysical parameters, and to estimate prospective resources
prospective resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and chance of development
proved reserves	those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves
PSC	a production sharing contract, under which for example the contractor agrees to fund and carry out pre-agreed work programmes on behalf of the concession owner in return for a share of production revenues
pseudo-well	a methodology with the aim of simulating, from available wells, seismic data representative of a given geological setting
psi	pounds per square inch
reservoir	a porous and permeable subsurface rock formation that contains a separate accumulation of petroleum that is confined by impermeable rock or water barriers and is characterised by a single pressure system where oil and gas has accumulated
resources	a general term that may refer to all or a portion of total resources rest of block
RoB	Rest of block
royalty	a percentage share of production, or the value derived from production, paid from a producing well
Scf/bbl	standard cubic feet per barrel
seal	a relatively impermeable rock, commonly shale, anhydrite or salt, that forms a barrier or cap above and around reservoir rock such that fluids cannot migrate beyond the reservoir. A seal is a critical component of a complete petroleum system
seismic	a survey method by which an image of the earth's subsurface is created through the generation of shockwaves and analysis of their reflection from rock strata
shot	the process of gathering seismic data
source	characteristic of organic-rich rocks to contain the precursors to oil and gas, such that the type and quality of expelled hydrocarbon can be assessed
spud	to start the well drilling process by removing rock, dirt and other sedimentary material with the drill bit
Sq. km	square kilometres

strike	the horizontal or compass direction of a stratum, fault or other geological feature
strike-slip	a fault in which the major displacement is parallel to the strike of a vertical or sub vertical fault plane
sweet crude	a type of oil that meets certain content requirements, including low levels of hydrogen sulphide and carbon dioxide
tie-back	the connection of additional risers to a floating vessel or platform.
tight oil	conventional oil that is found within reservoirs with very low permeability
TOC	total organic carbon
trap	a configuration of rocks suitable for containing hydrocarbons and sealed by a relatively impermeable formation through which hydrocarbons will not migrate. Traps are described as structural traps (in deformed strata such as folds and faults) or stratigraphic traps (in areas where rock types change, such as unconformities, pinch outs and reefs)
transpressional	a tectonic regime which combines both transcurrent strike-slip movement with oblique compression
transtensional	a tectonic regime which combines both transcurrent strike-slip movement with oblique extension
turonian	the second age in the Late Cretaceous epoch, spanning the time between approximately 93.5 and 89.3 million years ago
turbidite	the geologic deposit of a turbidity current, a type of sediment gravity flow responsible for distributing sediment into the deep ocean
UK Brent Standard	a benchmark crude oil from the UK North Sea against which other crude oils arc priced. It is widely used as an indicator of the price of oil beyond energy markets. It is traded on forward markets and is the basis of futures and options contracts listed on the International Petroleum Exchange in London
UKCS	UK continental shelf
ultra-deepwater	referring to any water over 1,000 m in depth
unconventional resource	hydrocarbon from unconventional and more difficult to produce resources such as shale gas, shale oil, heavy and viscous oil, hydrates, tight gas, etc.