

FORM 7

MONTHLY PROGRESS REPORT – July 2022

Name of Listed Issuer: **CANADIAN OVERSEAS PETROLEUM LIMITED** (the “Issuer”).

Trading Symbol: **XOP**

Number of Outstanding Listed Securities: **244,449,464 as at July 31, 2022**

Date: **August 5, 2022**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The Issuer continues to grow an oil and gas business in the United States through the acquired Atomic Oil and Gas LLC (“Atomic”) with operations in Wyoming, USA and sub-Saharan Africa through its ShoreCan Joint venture Company in Nigeria, and independently in other countries.

2. Provide a general overview and discussion of the activities of management.

Management focused on oil production at the Barron Flats Shannon Miscible Flood Unit ("BFU") as well as on an acquisition of additional interest in its Wyoming assets, and securing financing for this acquisition. Management is also reviewing other value enhancing asset acquisitions in the state Wyoming.

Management continues to be focused on opportunities that its seasoned technical team has strength in evaluating and developing.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

None to report.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None to report.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

None to report.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None to report.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

On April 19, 2022, the Issuer announced its affiliate, COPL America Inc. ("COPLA") signed an agreement to acquire the assets of Cuda Energy LLC (the "Cuda Acquisition") with the Court Appointed Receiver for Cuda.

On July 26, 2022, the Issuer announced that Issuer's affiliate, COPLA closed an acquisition of the Wyoming assets of Cuda for cash consideration of US\$19.15 million, plus assumed liabilities at closing which are estimated to be approximately US\$1.6 million consisting primarily of Cuda's outstanding Joint Interest Billing obligations.

Cuda's sole assets are non-operating interests in the BFU (27.0% WI), the CCU (33.3% WI) and non-unitized lands complimentary to COPLA's assets. As such, COPLA will become the majority owner of its Wyoming assets with operated interests of 85% to 100% across its three oil producing units in Wyoming, USA.

For more details, please refer to July 26, 2022 press release.

8. Describe the acquisition of new customers or loss of customers.

None to report.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None to report.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None to report.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None to report.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None to report.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

On July 22, the Issuer announced that the Issuer has signed Purchase Agreements for the issue of the two series of convertible bonds with an aggregate principal amount of US\$25.2 million, denominated at US\$200,000 per bond: US\$12.6 million maturing 2024 and US\$12.6 million maturing 2025 (collectively, the "Convertible") at an issue price of 78% or US\$19.7 million.

The Convertible is anchored by a long term, UK based institutional shareholder (the "Lead Investor") and other institutional investors (all investors collectively, "Bondholders"). This instrument is structured to accommodate the implementation of a planned Reserve Based Loan ("RBL") facility.

The Convertible has a 13.0% interest rate per annum in cash and will increase by 0.75% each three months until the Issuer gives notice to the Bondholders that it shall pay all interest coupons in cash. Interest will decrease by 2.0% per annum, and no further quarterly increases will apply from such time as the Issuer provides a notice that it will henceforth pay interest and make whole payments in cash.

The Convertible has a conversion price of £0.1675 (US\$0.2001), which is subject to adjustments including a reset to £0.1325 (US\$0.1583) if, among other things,

an RBL is not secured five months from the issue date, or on the twelfth month anniversary of the issue date of the Convertible.

Warrants expiring 30 months from the issue date were issued to the Bondholders, providing for the right to acquire an aggregate number of 54,792,590 Common Shares at an exercise price of US\$0.2001 (£0.1675). A tap feature to increase the Convertible allows the Issuer to draw further development funds, should it require, with the aim of increasing production or for future drilling plans, subject to mutual agreement with the Lead Investor.

For more details, please refer to July 22, 2022 press release.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Warrants	54,792,590	Exercise price - £0.1675, expiry date – January 26, 2025	

(1) State aggregate proceeds and intended allocation of proceeds.

None to report.

15. Provide details of any loans to or by Related Persons.

None to report.

16. Provide details of any changes in directors, officers or committee members.

None to report.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

During 2022, the global economy showed strong signs of recovery from the impacts of the COVID-19 pandemic. Benchmark oil and natural gas prices have increased significantly due to the easing of COVID19 restrictions, the recent conflict between Russia and Ukraine raising global concern over oil and natural gas supply and other negative economic factors including supply constraints and labour shortages which have increased inflationary pressures on governments, businesses and communities. The COVID-19 pandemic, recent global conflict and other negative economic factors remain evolving situations that have had, and may continue to have, a significant impact on the Issuer's business, results of operations, financial condition and the environment in which it operates. Management cannot reasonably estimate the length or severity of these global events, or the extent to which the disruption will impact the Issuer long-term.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated August 5, 2022.

Ryan Gaffney
Name of Director or Senior
Officer

"Ryan Gaffney"
Signature

CFO
Official Capacity

Issuer Details		For Month End	Date of Report YY/MM/D
Name of Issuer Canadian Overseas Petroleum Limited		July 31, 2022	22/08/5
Issuer Address 3200 – 715 5 th Ave SW			
City/Province/Postal Code Calgary, Alberta, Canada, T2P 2X6		Issuer Fax No. (403) 263 3251	Issuer Telephone No. (403) 262 5441
Contact Name Ryan Gaffney		Contact Position CFO	Contact Telephone No. (403) 262 5441 (403) 513 1903
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