

FORM 7

MONTHLY PROGRESS REPORT – December 2023

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

Trading Symbol: **XOP**

Number of Outstanding Listed Securities: **1,038,771,819 as at December 31, 2023**

Date: **January 8, 2024**

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 operates an oil and gas business in Wyoming, USA.

2. Provide a general overview and discussion of the activities of management.
- Management focused on oil production at the Barron Flats Shannon Unit ("BFU"), and furthering the development of the large conventional oil discovery made in the Frontier sands at Cole Creek Unit.
- Management continues working on refinancing its senior debt and obtaining additional financing for the Issuer's operations.
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.
- On December 29, 2023 the Issuer announced that it has stopped natural gas and NGL purchases.
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.
- On December 18, 2023 the Issuer announced that its non-binding Cole Creek JV Letter of Intent has been terminated and no further discussions has been planned.
- On December 20, 2023, the Issuer announced that the Issuer's indirect affiliate, COPL America, Inc, received a Notice of Default that indicated, among other things, the senior lender is unwilling to further amend or waive the terms of its Senior Credit Facilities, for more details please refer to press release.
- On December 29, 2023 the Issuer entered into financing term sheets and a Forbearance Agreement pursuant to its Senior Credit Facility, including: 1) The execution of a Forbearance Agreement with its senior lender by which, subject to certain conditions precedent and continued compliance with the Forbearance Agreement, the senior lender agrees not to enforce certain rights, remedy, powers and privileges available to it as a result existing defaults under the terms of the senior loan facility before February 29, 2024; 2) US\$2.5 million of committed common share financing and certain amendment to the outstanding Bonds of the Issuer (collectively, the "Financing"). Completion of the Financing is expected by the January 15, 2024; and; 3) A Chief Restructuring Officer was appointed to the

Issuer's US affiliate on this date. For further details please refer to the press release of December 29, 2023.

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.

None to report.

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.

None to report.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common shares	31,545,741	December 13, 2023 - deemed price US\$0.0317 per share	2027 bond conversion US\$1,000,000 principal.
Common shares	53,161,123	December 14, 2023 - deemed price US\$0.0224768 per share	Share settlements of Conversion payment liabilities in respect of two converted 2027 Bonds and three converted 2028 Bonds.

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

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.

On December 22, 2023, the Issuer announced that Mr. John Cowan has resigned as the Chief Executive Officer of the Issuer but remains on the board of directors.

On December 29, 2023, the Issuer announced the appointment of Mr Peter Kravitz of Province Fiduciary Services as Chief Restructuring Officer.

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

Since Russia's invasion of Ukraine in early 2022 and the recent conflict in the Middle East, there have been emerging global concerns over oil and natural gas supply, which has resulted in more volatile benchmark commodity prices. Additionally, these conflicts contribute to increased inflationary pressures on governments, businesses and communities with costs rising since 2021. In response to increasing inflation, central banks around the globe began increasing interest rates. These events and economic conditions remain evolving situations that have had, and may continue to have, a significant impact on the Company's business, results of operations, financial condition and the environment in which it operates. Due to the uncertainty surrounding the magnitude, duration and potential outcomes of the above noted factors, management cannot reasonably estimate the length or severity of these events and conditions, or the extent to which they will impact the Company long-term, but the impact may be material.

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 January 8, 2024.

Ryan Gaffney
Name of Director or Senior
Officer

"Ryan Gaffney"
Signature

CFO
Official Capacity

Issuer Details		
Name of Issuer	For Month End	Date of Report YY/MM/D
Canadian Overseas Petroleum Limited	December 31, 2023	24/01/8
Issuer Address		
3200 – 715 5 th Ave SW		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Calgary, Alberta, Canada, T2P 2X6	(403) 263 3251	(403) 262 5441
Contact Name	Contact Position	Contact Telephone No.
Ryan Gaffney	CFO	(403) 262 5441 (403) 513 1903
Contact Email Address	Web Site Address	
RGaffney@canoverseas.com	www.canoverseas.com	