

FORM 7

MONTHLY PROGRESS REPORT – March 2021

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

Trading Symbol: **XOP**

Number of Outstanding Listed Securities: **14,951,119,791 as at March 31, 2021**

Date: **April 19, 2021**

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.

On March 16, 2021, the Issuer closed the previously announced Atomic Acquisition using cash from a US\$45m credit facility (as further described below) to fund the remaining cash consideration of \$41m from its lender and raised £14m in gross equity proceeds to fund operations at Atomic (as defined below).

2. Provide a general overview and discussion of the activities of management.
Management has focused on Atomic Acquisition (as defined below) and obtaining financing for the acquisition and integration of the Atomic 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.

Issuer became a producing oil company by way of the acquisition of Atomic. Atomic's assets are located in the Powder River Basin in Converse County, Wyoming, USA where it holds operated interests in 58,552 acres (gross) of contiguous leasehold. There are two oil production Units within the lease block: the Barron Flats Shannon Miscible Flood Unit (57.7% WI) and the Cole Creek Unit (66.7%), as well as one unitized exploration area - the Barron Flats Federal Unit (deep). Atomic has two affiliates: Southwestern Production Corp, the operating entity; and Pipeco, a midstream company holding the gas pipeline and facility assets.

1 October 2020 Ryder Scott report summary

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.

See item 5.

4. 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.

5. 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 March 16, 2021, the Issuer closed its acquisition from James W. Williams, Jr. all of the issued and outstanding capital stock of Atomic Oil and Gas LLC ("**Atomic**") and Pipeco LLC (a wholly owned subsidiary of Atomic) and membership interests of Southwestern Production LLC (the "**Atomic Acquisition**"). The effective date of the Atomic Acquisition was December 1, 2020.

The Issuer provided consideration of US\$54,000,000 consisting of US\$50,000,000 in cash and US\$4,000,000 in common shares in capital of the Issuer.

The consideration paid by the Issuer included the following: (i) a non-refundable deposit of US\$1,000,000 paid upon signing of the acquisition agreement; (ii) US\$8,000,000 in exchange for 15% of Atomic's working interests in all of its leasehold on or before December 31, 2020; (iii) a payment of US\$15,000,000 at closing; (iv) assumption of US\$26,000,000 in debt held by Atomic, SWP and their affiliates; and (v) the issuance of US\$4,000,000 worth of common shares in the capital of the Issuer.

The consideration was based in large part on engineering, environmental and economic assessments made by the Issuer and each of its subsidiaries, independent engineers and consultants. The 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.

The acquisition did not involve a Related Person.

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

Oil produced at the Atomic assets is sold pursuant to a Crude Oil Lease Purchase Agreement with Twin Eagle. The contract runs month to month until June 2021 and provides for the sale of oil weekly with true ups at end of month.

7. 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.

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

None to report.

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

None to report.

10. 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.

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

The Issuer's wholly owned subsidiaries, COPL America Inc., ("**Newco**") and COPL America Holdings Inc. ("**COPL Holding**"), are parties to a term loan credit agreement dated 16 March 2021 (the "**Credit Agreement**"). The parties to the Credit Agreement are Newco, as borrower, the COPL Holdings, as guarantor, an

administrative agent and collateral agent, and the lender. Southwestern Production LLC and Pipeco LLC also acted as guarantors.

The Credit Agreement provides for a total senior secured term loan facility of US\$65,000,000 bearing interest at a rate of LIBOR + 10.50% (subject to a 2.00% LIBOR floor) per annum and with a maturity date of 16 March 2025. COPL Holdings, Newco, Atomic, Southwestern Production LLC and Pipeco LLC granted a first priority perfected security interest in all of their respective owned and hereafter acquired property including all oil and gas reserves and equity interests to the lenders.

The Credit Agreement provides Newco with a base loan facility of US\$45,000,000 to fund the Atomic Acquisition and associated refinancing, to retire trade payables owed by Atomic and its affiliates, to fund cash liquidity into Newco and/or to pay financing fees and transaction and legal costs in relation to negotiating the Credit Agreement and facilities thereunder.

The loan facility provided under the Credit Agreement provides Newco with additional flexibility to utilize up to US\$20,000,000 to fund future developments, the approval of which are at the sole discretion of the lender. The process for utilizing the additional incremental amounts (up to US\$20,000,000) is subject to further notice to the lenders under the Credit Agreement and requires Newco to enter into additional loan documentation to evidence these additional amounts.

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

Non-brokered UK Placing

In March 2021, further to non-brokered UK placings (announced on December 30, 2020 and January 8, 2021), the Issuer completed a placement of 209,525,000 units at a price of £0.002 per unit, each unit comprising of one Common share and one half of one common share warrants. Total gross proceeds of placement amounted to £419,050 (approx. \$0.73 million).

104,762,500 Placing warrants were issued on January 8, 2021 in respect of March 2021 settlement for the Placing. Each whole warrant is exercisable into one Common Share at a price of £0.0026 per share.

On March 9, 2021, in connection with the Non-Brokered Placing, the Issuer issued 285,041,750 Common Shares, representing a 7% commission in respect of placings arranged by the Finder.

Brokered UK Placing

On March 11, 2021, further to a brokered placing closed in the UK (the "Brokered Placing"), the Issuer issued total of 4,171,562,500 Common Shares at a price of £0.0032 per unit for gross proceeds of £13.3 million (\$23.4 million).

In connection with the Brokered Placing, the Issuer paid in cash a Broker's fee of approximately £189,000 (\$0.3 million) and issued 203,437,500 Common Shares to its broker in lieu of commission. The Issuer also issued 262,500,000 share purchase warrants ("Broker's Warrants") as an additional compensation for the broker. Each Broker's Warrant entitles the holder thereof to purchase one Common

Share of the Issuer at an exercise price of £0.0032 per Common Share on or before March 8, 2021.

Common shares issued to Atomic's and SWP's previous owner

In connection with the acquisition of Atomic and SWP, the Issuer issued a total of 818,873,319 common shares on March 16, 2021 at a price of £0.003497 (or 0.3497 pence) per common share as consideration to Atomic's and SWP's previous owner.

Warrants exercised

In March and April 2021, further to exercise of Unit Warrants, the Issuer received in total £0.3 million (\$0.45 million) and issued related 102,500,000 Common Shares.

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾
<i>Non-brokered placing</i>			
Common shares	75,000,000	March 9, 2021 - £0.002 per share (non-brokered UK placing)	£150,000 gross proceeds for the acquisition of Atomic and to fund working capital
Common shares	134,525,000	March 12, 2021 - £0.002 per share (non-brokered UK placing)	£269,050 gross proceeds for the acquisition of Atomic and to fund working capital
Common shares	285,041,750	March 9, 2021 – in lieu of Finder fee	
<i>Brokered Placing</i>			
Common shares	4,171,562,500	March 11, 2021 - £0.0032 per share	£13,349,000 gross proceeds for the acquisition of Atomic and to fund working capital
Common shares	203,437,500	March 11, 2021 – in lieu of Broker fee	
Broker warrants	262,500,000	Exercise price £0.0032, expiry date March 8, 2021	
<u>Common shares issued to Atomic's and SWP's previous owner</u>			

Common shares	818,873,319	March 16, 2021 - £0.003497 per share	£2,863,600 - acquisition of Atomic.
<u>Warrants exercised</u>			
Common shares	12,500,000	March 9, 2021 – Exercise of Placing Warrants at £0.0026 per share	£32,500 gross proceeds
Common shares	25,000,000	March 23, 2021 – Exercise of Placing Warrants at £0.0026 per share	£65,000 gross proceeds
Common shares	62,500,000	March 31, 2021 – Exercise of Placing Warrants at £0.0026 per share	£162,500 gross proceeds

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

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

None to report.

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

None to report.

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

The recent outbreak of a strain of coronavirus (commonly known as COVID-19) has negatively impacted global economic conditions, including the demand for oil and gas and the Issuer's stock price. If the coronavirus outbreak continues and results in a prolonged period of travel, commercial and other similar restrictions affecting the Issuer's personnel, contractors and suppliers. A prolonged period of outbreak and depressed share price may also impede the ability of the Issuer to finance its operations through further debt and/or equity raisings.

On March 17, 2021, in anticipation of completing the Atomic Acquisition, the Issuer announced that it had applied for, and as a result of, the Atomic Acquisition becoming unconditional, been granted by the Financial Conduct Authority (the "FCA"), a suspension of the listing of the Issuer's common shares with effect from 7:30 am on March 17, 2021 (the "Suspension"). The Suspension was sought as the Atomic Acquisition amounted to a reverse takeover under the Listing Rules and the Suspension would prevent further trading in the Issuer's common shares. At the time the Suspension was announced, the Issuer advised the market as to its intention to make a further application to the FCA under the Listing Rules for the cancellation of the Issuer's listing of its common shares (the "Cancellation

Application”), ahead of a proposed listing application of the enlarged COPL group following the Atomic Acquisition.

On March 19, 2021, the Issuer announced, that it will formally make the Cancellation Application to the FCA and the cancellation is expected to take effect on April 21, 2021, being 20 business days from the time when the Cancellation Application was made to the FCA.

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 April 19, 2021.

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		March 31, 2021	21/04/19
Canadian Overseas Petroleum Limited			
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.
Arthur S. Millholland		Director, President & CEO	(403) 262 5441 (403) 975 8182
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