

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Condensed Consolidated Interim Financial Statements
For the Three and Six Month Periods ended September 30, 2016

(Unaudited)

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Table of Contents

	Page
Unaudited	
Condensed Consolidated Interim Statements of Financial Position	2
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss	3
Condensed Consolidated Interim Statements of Equity	4
Condensed Consolidated Interim Statements of Cash Flows	5
Notes to the Condensed Consolidated Interim Financial Statements	6 - 22

NOTICE TO SHAREHOLDERS

The accompanying unaudited condensed consolidated interim financial statements of Eco (Atlantic) Oil & Gas Ltd. for the three and six month periods ended September 30, 2016 and September 30, 2015 have been prepared by management in accordance with International Financial Reporting Standards applicable to consolidated interim financial statements (Note 3). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited condensed consolidated interim financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

Under National Instrument 51-102, part 4, sub-section 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)
Condensed Consolidated Interim Statements of Financial Position

	September 30, 2016	March 31, 2016
	Unaudited	Audited
Assets		
Current assets		
Cash and cash equivalents	\$ 1,786,481	\$ 3,463,178
Short-term investments <i>(Note 5)</i>	100,000	100,000
Government receivable	36,990	23,284
Accounts receivable and prepaid expenses	540,043	622,858
	2,463,514	4,209,320
Petroleum and natural gas licenses <i>(Note 6)</i>	3,102,353	3,102,353
Equipment <i>(Note 7)</i>	842	1,101
	\$ 5,566,709	\$ 7,312,774
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities <i>(Note 8)</i>	\$ 1,999,020	\$ 2,027,876
Advance from license partners <i>(Note 6)</i>	799,477	510,703
	2,798,497	2,538,579
Equity		
Share capital <i>(Note 9)</i>	20,744,194	20,838,056
Shares to be issued <i>(Note 9)</i>	269,305	392,694
Stock options <i>(Note 14)</i>	2,421,785	2,400,735
Non-controlling interest	(68,323)	(68,323)
Accumulated deficit	(20,598,749)	(18,788,967)
	2,768,212	4,774,195
	\$ 5,566,709	\$ 7,312,774

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Basis of Preparation and Going Concern *(Note 2)*

Commitments *(Notes 6 and 13)*

Subsequent Events *(Note 17)*

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

	Three months ended		Six months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
	Unaudited		Unaudited	
Revenue				
Interest income	1,093	3,025	3,532	10,035
	1,093	3,025	3,532	10,035
Operating expenses:				
Compensation costs (Note 8)	79,265	152,555	187,177	341,956
Professional fees	91,713	203,937	156,113	303,945
Operating costs (Note 15)	797,681	(235,911)	1,168,884	160,657
General and administrative costs (Note 16)	127,258	153,740	235,264	330,136
Share-based compensation (Note 8, 9(iv) and 14)	64,394	3,500	74,920	7,000
Foreign exchange gain	(16,153)	(236,257)	(9,044)	(66,395)
Total expenses	1,144,158	41,564	1,813,314	1,077,299
Net loss and comprehensive loss	\$ (1,143,065)	\$ (38,539)	\$ (1,809,782)	\$ (1,067,264)
Net comprehensive loss attributed to:				
Equity holders of the parent	(1,143,065)	(33,918)	(1,809,782)	(1,061,723)
Non-controlling interests	-	(4,621)	-	(5,541)
	\$ (1,143,065)	\$ (38,539)	\$ (1,809,782)	\$ (1,067,264)
Basic and diluted net loss per share attributable to equity holders of the parent	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	85,883,719	89,345,558	85,471,322	90,069,080

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Condensed Consolidated Interim Statements of Equity (unaudited)

	Number	Capital	Shares to be issued	Warrants	Stock Options	Deficit	Non- controlling Interest	Equity
Balance, March 31, 2015	91,162,025	\$ 20,636,597	\$ 200,183	\$ 965,000	\$ 2,343,619	\$ (13,683,157)	\$ (66,637)	\$ 10,395,605
Shares issued on vesting of Restricted Share Units	250,000	23,602	192,511	-	-	-	-	216,113
Stock options expensed	-	-	-	-	7,000	-	-	7,000
Share repurchase	-	(392,030)	-	-	-	-	-	(392,030)
Net loss for the period	-	-	-	-	-	(1,061,723)	(5,541)	(1,067,264)
Cancellation of shares	(2,473,000)	-	-	-	-	-	-	-
Balance, September 30, 2015	88,939,025	\$ 20,268,169	\$ 392,694	\$ 965,000	\$ 2,350,619	\$ (14,744,880)	\$ (72,178)	\$ 9,159,424
Stock options expensed	-	-	-	-	50,116	-	-	50,116
Share repurchases	-	(395,113)	-	-	-	-	-	(395,113)
Expiry of options	-	965,000	-	(965,000)	-	-	-	-
Cancellation of shares	(3,895,000)	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(4,044,087)	3,855	(4,040,232)
Balance, March 31, 2016	85,044,025	\$ 20,838,056	\$ 392,694	\$ -	\$ 2,400,735	\$ (18,788,967)	\$ (68,323)	\$ 4,774,195
Stock options expensed	-	-	-	-	21,050	-	-	21,050
Share repurchases	-	(271,121)	-	-	-	-	-	(271,121)
Shares issued on vesting of Restricted Share Units (Note 9)	925,436	177,259	(123,389)	-	-	-	-	53,870
Net loss for the period	-	-	-	-	-	(1,809,782)	-	(1,809,782)
Balance, September 30, 2016	85,969,461	\$ 20,744,194	\$ 269,305	\$ -	\$ 2,421,785	\$ (20,598,749)	\$ (68,323)	\$ 2,768,212

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

	Six months ended	
	September 30,	
	2016	2015
	Unaudited	
Cash flow from operating activities		
Net loss for the period	\$ (1,809,782)	\$ (1,067,264)
Items not affecting cash:		
Share-based compensation	74,920	7,000
Depreciation	259	2,119
Changes in non-cash working capital:		
Government receivable	(13,706)	1,137,358
Accounts payable and accrued liabilities	(28,856)	2,406,292
Accounts receivable and prepaid expenses	82,815	(954,806)
Advance from license partners	288,774	(1,900,021)
	(1,405,576)	(369,322)
Cash flow from investing activities		
Acquisition of license	-	(1,612,382)
	-	(1,612,382)
Cash flow from financing activities		
Share repurchases	(271,121)	(136,445)
	(271,121)	(136,445)
Decrease in cash and cash equivalents	(1,676,697)	(2,118,149)
Cash and cash equivalents, beginning of period	3,463,178	10,490,818
Cash and cash equivalents, end of period	\$ 1,786,481	\$ 8,372,669
Supplementary information		
Cash at banks	\$ 1,191,236	\$ 7,430,527
Cash on deposit	595,245	942,142
	\$ 1,786,481	\$ 8,372,669

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Eco (Atlantic) Oil & Gas Ltd.

(A Development Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Six Month Periods ended September 30, 2016

1. Nature of Operations

The Company's business is to identify, acquire, explore and develop petroleum, natural gas, and shale gas properties. The Company primarily operates in the Republic of Namibia ("Namibia"), the Co-Operative Republic of Guyana ("Guyana") and the Republic of Ghana ("Ghana"). The head office of the Company is located at 181 Bay Street, Suite 320, Toronto, ON, Canada, M5J 2T3

As used herein, the term "Company" means individually and collectively, as the context may require, Eco Atlantic and its subsidiaries.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors of the Company on November 28, 2016.

2. Basis of Preparation and Going Concern

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results in accordance with IFRS have been included.

The ability of the Company to continue as a going concern depends upon the discovery of any economically recoverable petroleum, natural gas and CBM reserves on its licenses, the ability of the Company to obtain financing to complete development, and upon future profitable operations from the licenses or profitable proceeds from their disposition. The Company is a development stage company and has not earned any revenues to date. These condensed consolidated interim financial statements do not reflect any adjustments to the carrying value of assets and liabilities that would be necessary if the Company were unable to achieve profitable operations or obtain adequate financing.

There can be no assurance that the Company will be able to raise funds in the future, in which case the Company may be unable to meet its future obligations. These matters raise significant doubt about the Company's ability to continue as a going concern. In the event the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts recorded on its condensed consolidated interim statements of financial position.

The Company has accumulated losses of \$20,598,749 since its inception and expects to incur further losses in the development of its business.

3. Summary of Significant Accounting Policies

Statement of compliance

The Company has prepared these unaudited condensed consolidated interim financial statements in accordance with IAS 34, Interim Financial Reporting, using policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Six Month Periods ended September 30, 2016

3. Summary of Significant Accounting Policies (continued)

Statement of compliance (continued)

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of November 28, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed consolidated interim financial statements as compared with the most recent audited consolidated financial statements of the Company as at and for the year ended March 31, 2016. Certain information and disclosures normally included in the audited consolidated financial statements prepared in accordance with IFRS have been omitted or are condensed. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended March 31, 2016.

Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2016 could result in restatement of these condensed consolidated interim financial statements.

Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Eco (BVI) Oil & Gas Ltd., Eco Oil and Gas (Namibia) (Pty) Ltd. Eco Oil and Gas Services (Pty) Ltd and Eco Atlantic (Ghana) Ltd., Eco Atlantic Holdings Ltd., Eco Pan African Oil Holdings Ltd. Eco Atlantic Guyana Offshore Inc., Eco (Atlantic) Guyana Inc. and Pan African Oil Namibia Holdings (Pty) Ltd. ("PAO Namibia"), of which the Company owns 90%.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties considered by management.

i) Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

Critical judgments used in applying accounting policies

In the preparation of these condensed consolidated interim financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the condensed consolidated interim financial statements.

Eco (Atlantic) Oil & Gas Ltd.

(A Development Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Six Month Periods ended September 30, 2016

4. Future Accounting and Reporting Changes

Policies not yet adopted

(i) IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB its final form in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS39. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has yet to evaluate the impact of this new standard.

(ii) IFRS 15 - Revenue from contracts with customers (“IFRS 15”) proposes to replace IAS 18 – Revenue, IAS 11 – Construction contracts and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five step analysis of transaction to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the year beginning April 1, 2018 and has not yet considered the potential impact of the adoption of IFRS 15.

(iii) IFRS 16 - Leases (“IFRS 16”) replaces IAS 17, Leases (“IAS 17”). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a ‘right-of-use asset’ with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company has yet to evaluate the impact of this new standard.

5. Short-term Investments

The Company's short-term investments comprise interest bearing deposits with its primary bank of \$100,000 (March 31, 2016 - \$100,000), which are held as collateral for credit-card lines of credit.

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Six Month Periods ended September 30, 2016

6. Petroleum and Natural Gas Licenses

	Balance April 1, 2016	Additions	Impairment and Abandonment	Balance September 30, 2016
Licenses	\$ 3,102,353	\$ -	\$ -	\$ 3,102,353

	Balance April 1, 2015	Additions	Impairment and Abandonment	Balance March 31, 2016
Licenses	\$ 2,685,655	\$ 1,612,382	\$ (1,195,684)	\$ 3,102,353

- (i) The oil and gas interests of the Company are located both onshore and offshore in Namibia and offshore in Guyana.
- (ii) The Company holds four offshore petroleum licenses in the Republic of Namibia being petroleum exploration license number 0030 (the “Cooper License”), petroleum exploration license number 0033 (the “Sharon License”), petroleum exploration license number 0034 (the “Guy License”, together with the Sharon License and the Cooper License, the “ECO Offshore Licenses”), and petroleum exploration license number 0050 (the “Tamar License”).
- (iii) The terms of the Eco Offshore Licenses are governed by a petroleum agreement for each of those licenses (each, an “Eco Petroleum Agreement”), dated March 7, 2011, as amended from time to time, between the Company and the Namibian Ministry of Mines and Energy (the “Ministry”). The terms of the Tamar License is governed by the Tamar Petroleum Agreement (“Tamar Petroleum Agreement”), dated October 28, 2011, between the Company and the Ministry. Pursuant to the Eco Petroleum Agreement and the Tamar Petroleum Agreement, the Company is required to undertake specific exploration activities on each of the Licenses during each phase of development (each, an “Exploration Activity”).
- (iv) In the Eco Petroleum Agreements and the Tamar Petroleum Agreement, monetary values have been allocated to each Exploration Activity based on information available at the time of their execution. In the Eco Petroleum Agreements, the Company will be relieved of quoted expenditures for a given Exploration Activity if the Company completes the Exploration Activity at a lower cost. Based on recent exploration activity in Namibia and the current oil services market, management expects the actual expenditures on the Exploration Activities to be less than that provided in the Eco Petroleum Agreements.
- (v) All Licenses are initially issued for four years with two renewal options of two years each, after which time the licenses revert back to the government, unless a production license is granted at any time within the eight year period. Production licenses are generally granted for a 25-year term. The Licenses are subject to license agreements entered into between the Company and the Ministry.

Eco (Atlantic) Oil & Gas Ltd.

(A Development Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Six Month Periods ended September 30, 2016

6. Petroleum and Natural Gas Licenses (continued)

(vi) The exploration activity on the ECO Offshore Licenses is performed in the framework of joint operating agreements (“JOAs”), pursuant to which the Company is designated the operator. Under the JOAs covering the Guy License and the Sharon License (the “Guy and Sharon JOAs”) entered into between Azimuth, the National Petroleum Corporation of Namibia (“NAMCOR”) and the Company effective January 28, 2013 and the amended and restated joint operating agreement covering the Cooper License, (the “Cooper JOA”) entered into between Tullow, Azimuth, NAMCOR and the Company effective September 24, 2014, certain operating, general and administrative expenses and compensation and professional fees incurred by the Company are recoverable from Tullow and Azimuth.

(vii) The Cooper License

1. The Cooper License covers approximately 5,800 square kilometers (gross area = 1,433,000 acres; net area = 1,003,100 acres) and is located in license area 2012A offshore in the economical waters of Namibia (the “Cooper Block”). The Company holds a 32.5% working interest in the Cooper License, NAMCOR holds a 10% working interest (carried by the Company and Tullow collectively), AziNam Ltd. (“AziNam”), holds a 32.5% working interest, and Tullow Kudu Limited, a wholly owned subsidiary of Tullow Oil plc (“Tullow”), holds a 25% working interest.
2. On April 15, 2016, the Ministry approved the entering into the next phase of the Cooper License which has been extended into the first Renewal Phase until March 14, 2018. The Second Renewal phase is until March 2020. The Ministry also waived the relinquishment requirement (as stipulated in the Petroleum Agreement), and the partners will continue the exploration work on the entire block area.
3. Pursuant to the Azimuth Farm-out Agreement, Azimuth funded 40% of the Company’s share cost for the first 500 square kilometer of a 1,000 square kilometer 3D seismic survey on the Cooper Block (capped at US\$2,080,000).
4. On July 17, 2014, the Company entered into a farm-out agreement with a wholly owned subsidiary of Tullow, pursuant to which Tullow acquired a 25% working interest in the Cooper License in return for a carry (capped at US\$4,103,000), of the Company’s share of costs to execute and process a 1,097 Sq Km 3D seismic survey and the reimbursement of 25% of the Company’s past costs to March 31, 2014 (the “First Tullow Transfer”).
5. Tullow has an option to acquire an additional 15% working interest in the Cooper License in return for a carry of the Company’s share of costs to drill an exploration well on the Cooper Block (capped at \$18.17 million) and the reimbursement of 17.14% of the Company’s past costs (the “Tullow Option”). There is no guarantee that Tullow will exercise the Tullow Option.
6. In connection with the completion of the First Tullow Transfer, the Company’s work commitments on the Cooper License were further amended.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Six Month Periods ended September 30, 2016

6. Petroleum and Natural Gas Licenses (continued)

(vii) *The Cooper License (continued)*

7. As of September 30, 2016, the outstanding Exploration Activities and the aggregate expenditure as estimated by management based on current costs for the Cooper License for each year of exploration is as follows:

Exploration Activities	Expenditure (US\$)	Company's share of Expenditure (US\$)
Year 7 and 8 (ending March 31, 2018 and 2019) • Resource assessment and production assessment	250,000	62,500 ⁽¹⁾
Year 9 (ending March 31, 2020) • After interpretation of 3D survey, drill exploratory well • Offtake/production engineering	55,000,000 500,000	0 ⁽¹⁾ 125,000 ⁽¹⁾
Total	55,750,000	187,500⁽¹⁾

Notes:

- (1) These numbers assume that the Tullow Option will be exercised. There is no guarantee that the Tullow Option will be exercised. If the Tullow Option is not exercised, the 25% from Tullow will be transferred back to the Company at no cost and the Company will be responsible for 63.9% of the listed Expenditure.

(viii) *The Sharon License*

- The Sharon License covers 5,700 (March 31, 2016 – 11,400) square kilometers and is located in license area 2213A and 2213B offshore in the economical waters of Namibia (the “Sharon Blocks”). The Company holds a 60% working interest in the Sharon License, NAMCOR holds a 10% carried interest (by the Company), and AziNam holds a 30% interest.
- On April 15, 2016, the Ministry approved the entering into the next phase of the Sharon License, which has been extended into the first Renewal Phase until March 14, 2018. The Second Renewal phase is until March 2020. The Ministry further approved the Company's request to terminate 50% of its licensing obligation corresponding with the relinquishment of 50% of the acreage in the license which was a requirement of the Petroleum Agreement. This relinquishment pertains to the eastern half of the Sharon Block. The Company considers this shallow section non-prospective.
- Pursuant to the Azimuth Farm-out Agreement, Azimuth funded 100% of the 3,000 kilometer 2D seismic survey recently acquired for the Sharon Block. Furthermore, Azimuth will fund 55% of a 1,000 kilometer square 3D seismic survey on the Sharon Block.

6. Petroleum and Natural Gas Licenses (continued)

(viii) *The Sharon License (continued)*

4. As of of September 30, 2016, the outstanding Exploration Activities and the aggregate expenditure as estimated by management based on current costs for the Sharon License for each year of exploration is as follows:

Exploration Activities	Expenditure (US\$)	Company's share of Expenditure (US\$)
Year 8 (ending March 31, 2018)		
• Complete and interpret a 500 Sq Km 3D seismic survey	3,500,000	1,575,000
• Resource assessment and production assessment	250,000	166,750
Year 7 and 8 (ending March 31, 2018 and 2019)		
• Assuming a target has been defined after interpretation of 3D survey, drill exploratory well	40,000,000	26,680,000
• Offtake/production engineering	500,000	333,500
Year 9 (ending March 31, 2020)		
• Complete and interpret a 500 Sq Km 3D seismic survey	4,000,000	2,668,000
Total	48,250,000	31,423,250

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Six Month Periods ended September 30, 2016

6. Petroleum and Natural Gas Licenses (continued)

(ix) ***The Guy License***

1. The Guy License covers 2,850 (March 31, 2016 - 5,700) square kilometers and is located in license area 2111B and 2211A offshore in the economical waters of Namibia (the “Guy Block”). The Company holds a 50% working interest in the Guy License, NAMCOR holds a 10% carried interest (by the Company) and AziNam holds a 40% interest. As of July 1, 2015 AziNam assumed the role of operator with respect to the Guy License.
2. On May 12, 2016, the Ministry approved the entering into the next phase of the Guy License, which has been extended into the first Renewal Phase until March 14, 2018. The Second Renewal phase is until March 2020. The Ministry further approved the Company's request to terminate 50% of its licensing obligation corresponding with the relinquishment of 50% of the acreage in the license which was a requirement of the Petroleum Act. This relinquishment pertains to the western portion of the Guy block in the ultra-deep section that the Company and its operating partner, AziNam, consider non-prospective.
3. Pursuant to the Azimuth Farm-out Agreement, Azimuth funded 100% of the cost for the shooting and processing of the completed 1,000 kilometer 2D seismic survey on the Guy Block. Additionally, Azimuth funded 66.44% of the costs of an 8,000 square kilometer 3D seismic survey on the Guy Block.
4. The execution of the 3D seismic survey is complete and processing and interpretation of the Guy Survey is due to be completed during the third calendar quarter of 2016.
5. As of September 30, 2016, the outstanding Exploration Activities and the aggregate expenditure as estimated by management based on current costs for the Guy License for each year of exploration is as follows:

Exploration Activities	Expenditure (US\$)	Company's share of Expenditure (US\$)
Year 6 (ending March 31, 2017)		
• Resource assessment and production assessment	250,000	139,000
Year 7 and 8 (ending March 31, 2018 and 2019)		
• Assuming a target has been defined after interpretation of 3D survey, drill exploratory well	100,000,000	55,600,000
• Offtake/production engineering	500,000	278,000
Year 9 (ending March 31, 2020)		
• Complete and interpret a 500 Sq Km 3D seismic survey	5,000,000	2,780,000
Total	105,750,000	58,797,000

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Six Month Periods ended September 30, 2016

6. Petroleum and Natural Gas Licenses (continued)

(x) *The Tamar License*

1. The Tamar License covers approximately 8,070 square kilometers (1,944,140 acres) and is located in license areas 2211B and 2311A offshore in the economical waters of the Republic of Namibia. PAO Namibia holds an 80% working interest in the Tamar License (the Company's net interest is 72% due to its 90% ownership of PAO Namibia), Spectrum Geo Ltd. holds a 10% working interest, and NAMCOR holds a 10% working interest.
2. On March 20, 2016, the Tamar License reached the end of the initial exploration period. The Company is currently in discussions with the Namibia Petroleum Commissioner regarding the approval of an extension of the license based on a revised work program and license terms.
3. As of September 30, 2016, the outstanding Exploration Activities and the aggregate expenditure as estimated by management based on current costs for the Tamar License for each year of exploration is as follows:

Exploration Activities	Expenditure (US\$)	Company's share of Expenditure (US\$)
Year 6 (ending October 31, 2017) <ul style="list-style-type: none"> • Complete and interpret 500 km² 3D seismic survey • Evaluation of farm-out and relinquishment of part (original 25%) or all of the Tamar Block 	8,000,000	8,000,000
Year 8 (ending October 31, 2019) <ul style="list-style-type: none"> • Drill exploratory well (subject to the availability of adequate drilling rigs) 	50,000,000	50,000,000
Total	58,000,000	58,000,000

6. Petroleum and Natural Gas Licenses (continued)

(xi) Tano Cape Three Points Basin (Ghana)

1. On July 29, 2014, the Company announced that the Parliament of the Ghana ratified a petroleum agreement (the “GPA”), pursuant to which the Company, through its wholly-owned subsidiary, Eco Atlantic (Ghana) Ltd. (“Eco Ghana”), acquired an interest in the Deepwater Cape Three Points West Block, located in the Tano Cape Three Points Basin, offshore Ghana (the “Ghana Block”). The parties to the GPA include the Company, the Ghana National Petroleum Company (“GNPC”), GNPC Exploration and Production Company Limited (“GNPCEPCL”), A-Z Petroleum Products Ghana Limited (“A-Z”), and PetroGulf Limited (“PetroGulf”).
2. Pursuant to the GPA, the Company holds a 50.51% interest in the Ghana Block, A-Z holds a 27.79% interest, GNPC holds a 13% interest, and GNPCEPCL and PetroGulf each hold a 4.35% interest (together, the “Ghana Block Interest Holders”). The GPA provides for a term of a total of 25 years, subject to the discovery of oil within the first seven years. Following the payment by the Ghana Block Interest Holders of the payment of the first US\$1,000,000 in respect of a one-time technology fee of US\$2,000,000, an education fee of US\$969,000 and a permit fee of US\$75,000, all the terms of the GPA have been fulfilled. In accordance with its accounting policy, the Company’s portion of direct costs associated with the acquisition of the Ghana Block in the amount of \$1,612,382 have been capitalized to the “Petroleum and natural gas licenses” caption in the Consolidated Statement of Financial Position.
3. A-Z Petroleum Ltd. (“Defaulting Party”) did not pay the last cash call within the time required under the joint operating agreement (“Ghana JOA”) and on February 9, 2016 the Company issued a default letter, requiring the Defaulting Party to pay the cash call within 45 days as prescribed by the Ghana JOA. The cash call has not yet been satisfied.
4. On November 21, 2016, the Company received the necessary approvals from GNPC and GNPC Exploration and Production Company to execute a Share Purchase and Sale Agreement (the “Ghana Agreement”) to which the Company sold its total interest in Eco Ghana to PetroGulf. Pursuant to the Ghana Agreement, the Company is expected to receive US\$576,580 as reimbursement for past operating expenditures owed to the company on the Ghana Block (“Ghana Reimbursement”). As a result of the Ghana Agreement, the Company will have no remaining obligations in Ghana, and in the Ghana Block, specifically, as PetroGulf has fully assumed all obligations of Eco Ghana. As of the date hereof, the Ghana Reimbursement has not been received.

6. Petroleum and Natural Gas Licenses (continued)

(xii) Guyana

- i. The Guyana License is located in the Orinduik block, offshore Guyana. The Orinduik block is situated in shallow water, 170km’s offshore Guyana in the Suriname Guyana basin.
- ii. In January 2016, the Company signed a Petroleum Agreement (“Guyana Petroleum Agreement”) and became party to an Offshore Petroleum License with the Government of Guyana and Tullow Oil plc (“Tullow”) for the Orinduik Block offshore Guyana. Orinduik, is situated in shallow water, 170km’s offshore Guyana in the Suriname Guyana basin, and is located very close to the recent Exxon Lisa discovery.
- iii. In accordance with the Guyana Petroleum Agreement, the Company holds a 40% working interest in the Guyana Licenses and Tullow holds a 60% interest. Under the Guyana

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Six Month Periods ended September 30, 2016

Petroleum Agreement, Tullow will act as operator. Tullow will carry the Company's share of costs of the 3D survey required under the work program for the Guyana License (up to US\$1,250,000).

- iv. As at September 30, 2016, the outstanding Exploration Activities and the aggregate expenditure as estimated by management based on current costs for the Guyana License for each year of exploration is as follows:

Exploration Activities	Expenditure (US\$)	Company's share of Expenditure (US\$)
Year 4 (ending 2020) <ul style="list-style-type: none"> • Review existing regional 2D data and complete 3D survey Complete and interpret 1,000 km² 3D seismic survey • Conduct and process 1,000km² 3D 	3,000,000	-
Year 7 (ending 2023) <ul style="list-style-type: none"> • 1st renewal period – Drill one exploration well (contingent) 	60,000,000	24,000,000
Year 10 (ending 2026) <ul style="list-style-type: none"> • 2nd renewal period – Drill one exploration well (contingent) 	-	-
Total	63,000,000	24,000,000

(xiii) Advance from license partners

As of September 30, 2016, the Company has recorded \$799,477 (March 31, 2016 - \$510,703) as advance from license partners related to funds received in advance of the Company's incurring applicable operating costs to which the advance can be applied.

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Six Month Periods ended September 30, 2016

7. Equipment

	September 30, 2016		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 34,307	\$ 33,465	\$ 842

	March 31, 2016		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 34,307	\$ 33,206	\$ 1,101

8. Related Party Transactions and Balances

Fees for management services paid to private companies which are controlled by directors or officers of the Company and fees to directors were as follows:

	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Salaries, consulting fees and benefits	\$ 164,784	\$ 119,806	\$ 408,671	\$ 373,600
Stock-based compensation	<u>43,852</u>	-	<u>43,852</u>	-
	<u>\$ 208,636</u>	<u>\$ 119,806</u>	<u>\$ 452,523</u>	<u>\$ 373,600</u>

These transactions are in the ordinary course of business and are measured at the amount of consideration set and agreed by the related parties.

As at September 30, 2016, \$ 116,742 (March 31, 2016 - \$120,080) were amounts owing to directors and officers of the Company included in accounts payable and accrued liabilities.

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Six Month Periods ended September 30, 2016

9. Share Capital

Authorized: Unlimited Common Shares		Common Shares	Amount	Shares to be issued
Issued			\$	\$
Balance, March 31, 2015		91,162,025	20,636,597	200,183
Shares issued on vesting of Restricted Share Units	(i)	250,000	23,602	192,511
Repurchase of Shares	(ii)	-	(787,143)	-
Expiry of Warrants	(iii)	-	965,000	-
Cancellation of shares	(ii)	(6,368,000)	-	-
Balance, March 31, 2016		85,044,025	20,838,056	392,694
Repurchase of Shares	(ii)	-	(271,121)	-
Shares issued on vesting of Restricted Share Units	(iv)			
From March 23, 2016		708,700	136,079	(136,079)
From August 5, 2016		216,736	41,180	12,690
Balance, September 30, 2016		85,969,461	20,744,194	269,305

- (i) On January 28, 2015, 500,000 RSU's were granted to an officer of the Company. The RSU's vested immediately on the grant date. These RSU's had a fair value of \$0.09 per unit based on the volume weighted average market price of the Common Shares for the five preceding days before the grant date. As at March 31, 2015, 250,000 shares were issued with the remaining 250,000 recorded as shares to be issued. During the year ended March 31, 2016, the remaining 250,000 shares were issued and \$23,602 was reclassified from shares to be issued to share capital.
- (ii) On February 20, 2015, the Company's Board of Directors authorized a share repurchase program (the "2015 Issuer Bid") of up to 10 percent of the Company's outstanding common shares through a normal course issuer bid (up to 6,171,724 common shares) ("ECO Share Repurchase Program"). Shares can be repurchased from time to time on the open market commencing March 2, 2015 through March 1, 2016, or such earlier time as the Issuer Bid is completed or terminated at the option of the Company, at prevailing market prices. The timing and amount of purchases under the program are dependent upon the availability and alternative uses of capital, market conditions, and applicable Canadian regulations and other factors. On March 10, 2016, the Company announced that it has received an additional exchange approval for its intended normal course issuer bid (the "2016 Issuer Bid"). Under the terms of the 2016 Issuer Bid, the Company may acquire up to 6,491,870 Common Shares from time to time in accordance with Exchange procedures, representing approximately 10% of the total number of the Common Shares held by public shareholders as at the date of the Exchange approval.
- As at September 30, 2016, the Company repurchased a total of 8,157,000, of which 6,368,000 have been cancelled. The Company held shares, as of September 30, 2016, valued at \$287,000 (March 31, 2016 - \$14,190) in treasury.
- (iii) On July 6, 2016, 4,937,341 warrants expired.

Eco (Atlantic) Oil & Gas Ltd.

(A Development Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Six Month Periods ended September 30, 2016

9. Share Capital (continued)

- (iv) During the six months ended September 30, 2016, 708,700 of the 1,002,600 RSU's, granted on March 23, 2016 we issued, and the fair value of those RSU's (\$136,079) were released from Shares to be Issued in the Statement of changes in shareholders' Equity and charged to Contributed Surplus.

In addition, on August 5, 2016, 307,736 RSU's were granted certain directors, officers and consultants of the Company. The RSU's vested immediately on the grant date. These RSU's had a fair value of \$0.19 per unit based on the volume weighted average market price of the Common Shares for the five preceding days before the grant date. As 66,800 underlying shares, have not yet been issued, \$53,870 was recognized as share-based compensation expense for the six month period ended September 30, 2016 and \$12,690 has been recorded as shares to be issued as at September 30, 2016.

10. Asset Retirement Obligations ("ARO")

The Company is legally required to restore its properties to their original condition. Estimated future site restoration costs will be based upon engineering estimates of the anticipated method and the extent of site restoration required in accordance with current legislation and industry practices in the various locations in which the Company has properties.

As of September 30, 2016, and March 31, 2016, the Company did not operate any properties; accordingly, no ARO was required.

11. Capital Management

The Company considers its capital structure to consist of share capital, deficit and reserves. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition, exploration and development of its licenses. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is a development stage entity; as such the Company is dependent on external equity financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2016. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's ability to raise future capital is subject to uncertainty and the inability to raise such capital may have an adverse impact over the Company's ability to continue as a going concern (Note 2).

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Six Month Periods ended September 30, 2016

12. Risk Management

a) Credit risk

The Company's credit risk is primarily attributable to short-term investments and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Short-term investments consist of deposits with Schedule 1 banks, from which management believes the risk of loss to be remote. Amounts receivable consist of advances to suppliers and harmonized sales tax due from the Federal Government of Canada. Government receivable consists of value added tax due from the Namibian government. Management believes that the credit risk concentration with respect to amounts receivable and government receivable is remote. The Company does not hold any non-bank asset backed commercial paper.

b) Interest rate risk

The Company has cash balances, cash on deposit and no interest bearing debt. It does not have a material exposure to this risk.

c) Liquidity risk

The Company ensures, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or harm to the Company's reputation.

As at September 30, 2016, the Company had cash on hand and on deposit of \$1,786,481 (March 31, 2016 - \$3,463,178) to settle current liabilities of \$2,798,497 (March 31, 2016 - \$2,538,579). In addition to current liabilities, the Company has commitments as described in Note 6 which will require the Company to raise funds in the near term in order to maintain its exploration licenses.

The Company utilizes authorization for expenditures to further manage capital expenditures and attempts to match its payment cycle with available cash resources. Accounts payable and accrued liabilities at September 30, 2016 all have contractual maturities of less than 90 days and are subject to normal trade terms.

d) Foreign currency risk

The Company is exposed to foreign currency fluctuations on its operations in Namibia, which are denominated in Namibian dollars. Sensitivity to a plus or minus 10% changes in rates would not have a significant effect on the net loss of the Company, given the Company's minimal assets and liabilities designated in Namibian dollars as at September 30, 2016.

13. Commitments

Licenses

The Company is committed to meeting all of the conditions of its licenses including annual lease renewal or extension fees as needed.

The Company submitted work plans for the development of the Namibian licenses, see *Note 6* for details.

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Six Month Periods ended September 30, 2016

14. Stock Options

The Company maintains a stock option plan (the “Plan”) for the directors, officers, consultants and employees of the Company and its subsidiary companies. The maximum number of options issuable under the Plan shall be equal to ten percent (10%) of the Outstanding Shares of the Company less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement of the Company.

A summary of the status of the Plan as at September 30, 2016 and changes during the period is as follows:

	Number of stock options	Weighted average exercise price \$	Remaining contractual life - years
Balance, March 31, 2015	8,473,400	0.54	2.51
Granted March 2016	650,000	0.30	4.98
Balance, March 31, 2016	9,123,400	0.53	1.76
Expired	(75,400)	2.17	-
Balance, September 30, 2016	9,048,000	0.51	1.25

Share-based compensation expense is recognized over the vesting period of options. During the three and six months periods ended September 30, 2016, share-based compensation of \$10,524 and \$21,050, respectively (September 30, 2015 – \$3,500 and \$7,000, respectively) was recognized based on options vesting during the period.

As at September 30, 2015, 8,608,000 options were exercisable (March 31, 2016 – 8,516,733).

15. Operating Costs

Operating costs consist of the following:

	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Exploration data acquisition and interpretation and technical consulting	\$ 788,820	\$ 1,720,212	\$ 1,061,980	\$ 2,995,455
Exploration license fees	10,268	-	88,505	179,934
Travel	45,673	21,210	79,530	117,228
Recovered under JOAs	(47,080)	(1,977,333)	(61,131)	(3,131,960)
	\$ 797,681	\$ (235,911)	\$ 1,168,884	\$ 160,657

Eco (Atlantic) Oil & Gas Ltd.
(A Development Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Six Month Periods ended September 30, 2016

16. General and Administrative Costs

General and administrative costs consist of the following:

	Three months ended		Six months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Occupancy and office expenses	\$ 37,604	\$ 98,607	\$ 84,562	\$ 223,105
Travel expenses	34,763	38,476	70,766	91,468
Public company costs	4,551	6,907	32,160	22,204
Insurance	50,896	22,072	53,425	42,596
Financial services	2,572	4,840	4,755	7,284
Advertising and communication	1,945	1,264	2,144	2,077
Depreciation	36	223	259	2,119
Recovered under JOAs	(5,109)	(18,649)	(12,807)	(60,717)
	\$ 127,258	\$ 153,740	\$ 235,264	\$ 330,136

17. Subsequent Events

- a) Effective October 31, 2016, the Company entered into two separate Share Purchase Agreements for the reorganization of its corporate structure (the "Reorganization"). The Reorganization will not result in any change in the beneficial ownership to any of the licenses owned by the Company and was undertaken solely for internal efficiency purposes. The Reorganization is conditional upon receiving all relevant regulatory approvals.
- b) On October 11, 2016, the Company approved amendments of the expiry date of 5,670,000 incentive stock options granted to directors and officers (the "Options"). The Options were originally set to expire on January 12, 2017, May 16, 2017 and December 24, 2017. Following the amendments, the Options are set to expire on January 12, 2022, May 16, 2022 and December 24, 2022 respectively.