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

Condensed Consolidated Interim Financial Statements
For the Three and Nine Month Periods ended December 31, 2016

(Unaudited)

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NOTICE TO SHAREHOLDERS

The accompanying unaudited condensed consolidated interim financial statements of Eco (Atlantic) Oil & Gas Ltd. for the three and nine month periods ended December 31, 2016 and December 31, 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

	December 31, 2016 Unaudited	March 31, 2016 Audited
Assets		
Current assets		
Cash and cash equivalents	**$ 1,141,402**	$ 3,463,178
Short-term investments *(Note 5)*	**49,818**	100,000
Government receivable	**22,494**	23,284
Accounts receivable and prepaid expenses (*Note 6)*	**1,542,777**	622,858
	2,756,491	4,209,320
Petroleum and natural gas licenses *(Note 7)*	**1,489,971**	3,102,353
Equipment *(Note 8)*	**842**	1,101
	$ 4,247,304	$ 7,312,774
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(Note 9)*	**$ 558,089**	$ 2,027,876
Advances from and amounts owing to license partners *(Note 7)*	**784,445**	510,703
	1,342,534	2,538,579
Equity		
Share capital *(Note 10)*	**20,698,713**	20,838,056
Shares to be issued (*Note 10)*	**355,427**	392,694
Restricted share units *(Note 10)*	**782**	-
Stock options *(Note 15)*	**2,943,564**	2,400,735
Non-controlling interest	**(68,323)**	(68,323)
Accumulated deficit	**(21,025,393)**	(18,788,967)
	2,904,770	4,774,195
	$ 4,247,304	$ 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 7 and 14)*

Subsequent Event *(Note 19)*

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

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	**2016**	2015
	Unaudited		Unaudited	
Revenue				
Interest income	**$ 303**	$ 1,107	**$ 3,835**	$ 11,142
	303	1,107	**3,835**	11,142
Operating expenses:				
Compensation costs *(Note 9)*	**60,478**	62,435	**247,655**	404,391
Professional fees	**104,360**	29,677	**237,634**	322,683
Operating costs *(Note 16)*	**417,333**	(144,607)	**1,555,171**	(371,091)
General and administrative costs *(Note 17)*	**78,048**	120,944	**313,175**	416,951
Share-based compensation *(Note 9,*	**608,569**	5,800	**683,603**	12,800
Foreign exchange gain	**(20,389)**	(212,908)	**(29,433)**	(279,470)
Total expenses	**1,248,399**	(138,659)	**3,007,805**	506,263
Net income (loss) and comprehensive income (loss) from continuing operations	**$ (1,248,096)**	$ 139,766	**$ (3,003,970)**	$ (495,121)
Discontinued operations *(Note 18)*	**821,452**	(195,902)	**767,544**	(628,279)
Net loss and comprehensive loss	**$ (426,644)**	$ (56,136)	**$ (2,236,426)**	$ (1,123,400)
Net comprehensive loss attributed to:				
Equity holders of the parent	**(426,644)**	(33,918)	**(2,236,426)**	(1,061,723)
Non-controlling interests	**-**	(4,621)	**-**	(5,541)
	$ (426,644)	$ (38,539)	**$ (2,236,426)**	$ (1,067,264)
Basic and diluted net income (loss) per share fom continuing operations	**(0.02)**	0.00	**(0.04)**	(0.01)
Basic and diluted net income (loss) per share from discontinuing operations	**0.01**	(0.00)	**0.01**	(0.01)
Basic and diluted net loss per share attributable to equity holders of the parent	**$ (0.01)**	$ (0.00)	**$ (0.03)**	$ (0.01)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	**85,969,461**	87,482,284	**85,161,992**	89,273,425

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	Restricted Share Units	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	(23,602)	-	-	-	-	-	-
Stock options expensed	-	-	-	-	-	12,800	-	-	12,800
Share repurchase	-	(748,925)	-	-	-	-	-	-	(748,925)
Expiry of warrants	-	965,000	-	-	(965,000)	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(1,106,057)	(17,343)	(1,123,400)
Cancellation of shares	(4,561,000)	-	-	-	-	-	-	-	-
Balance, December 31, 2015	**86,851,025**	**$ 20,876,274**	**$ 176,581**	**$ -**	**$ -**	**$ 2,356,419**	**$ (14,789,214)**	**$ (83,980)**	**$ 8,536,080**
Stock options expensed	-	-	-	-	-	44,316	-	-	44,316
Shares issued on vesting of Restricted Share Units (Note 10)	-	-	216,113	-	-	-	-	-	216,113
Share repurchases	-	(38,218)	-	-	-	-	-	-	(38,218)
Cancellation of shares	(1,807,000)	-	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(3,999,753)	15,657	(3,984,096)
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	-	-	-	-	-	126,505	-	-	126,505
Stock options extended	-	-	-	-	-	416,324	-	-	416,324
Share repurchases	-	(316,602)	-	-	-	-	-	-	(316,602)
Shares issued on vesting of Restricted Share Units (Note 10)	925,436	177,259	(132,659)	-	-	-	-	-	44,600
Issunace of Restricted Share Units (Note 10)	-	-	95,392	782	-	-	-	-	96,174
Cancellation of shares	(1,823,500)	-	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(2,236,426)	-	(2,236,426)
Balance, December 31, 2016	**84,145,961**	**$ 20,698,713**	**$ 355,427**	**$ 782**	**$ -**	**$ 2,943,564**	**$ (21,025,393)**	**$ (68,323)**	**$ 2,904,770**

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

	December 31,	
	2016	2015
	Unaudited	
Cash flow from operating activities		
Net loss for the period	**$ (3,003,970)**	$ (495,121)
Net loss from discontinues operations	**767,544**	(628,279)
Items not affecting cash:		
Share-based compensation	**683,603**	12,800
Depreciation	**259**	2,342
Changes in non-cash working capital:		
Government receivable	**790**	1,147,448
Accounts payable and accrued liabilities	**(3,075,539)**	(284,132)
Accounts receivable and prepaid expenses	**(919,919)**	(644,549)
Advance from and amounts owing to license partners	**273,742**	(2,590,701)
	(5,273,490)	(3,480,192)
Net change in non-cash working capital items relating to discontinued operations	**1,605,752**	635,830
Cash flow from investing activities		
Short-term investments	**50,182**	-
Acquisition of license	**-**	(1,612,382)
	50,182	(1,612,382)
Net change in investment activities relating to discontinued operations	**1,612,382**	-
Cash flow from financing activities		
Share repurchases	**(316,602)**	(748,925)
	(316,602)	(748,925)
Decrease in cash and cash equivalents	**(2,321,776)**	(5,205,669)
Cash and cash equivalents, beginning of period	**3,463,178**	10,490,818
Cash and cash equivalents, end of period	**$ 1,141,402**	$ 5,285,149
Supplementary information		
Cash at banks	**$ 545,423**	$ 4,693,017
Cash on deposit	**595,979**	592,132
	$ 1,141,402	$ 5,285,149

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

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 Co-Operative Republic of Guyana ("Guyana") and the Republic of Namibia ("Namibia"). 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 February 27, 2017.

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 $21,025,393 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").

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 February 28, 2017, 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, 2017 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 (Barbados) Oil and Gas Holdings Ltd., Eco Namibia Oil and Gas (Barbados) Ltd. (Barbados), Eco Guyana Oil and Gas (Barbados) Ltd., Eco (BVI) Oil & Gas Ltd., Eco Oil and Gas (Namibia) (Pty) Ltd. Eco Oil and Gas Services (Pty) Ltd, Eco Atlantic (Ghana) Ltd. (“Eco Ghana”), 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.

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 $49,818 (March 31, 2016 - $100,000), which are held as collateral for credit-card lines of credit.

6. Accounts receivable and prepaid expenses

As at December 31, 2016, $582,812 expenses incurred in connection with the admission and listing on the AIM stock exchange in London, England (Note 19) are included in account receivable and prepared expenses (March 31, 2016 - $Nil) and, a receivable in respect of the sale of ECO Ghana (Note 18) (March 31, 2016 - $Nil).

7. Petroleum and Natural Gas Licenses

	Balance April 1, 2016	**Additions**	**Impairment, Sale and Abandonment**	**Balance December 31, 2016**
Licenses	**$ 3,102,353**	**$ -**	**$ (*)1,612,382**	**$ 1,489,971**

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

(*) See Note 17.

(i) The oil and gas interests of the Company are located both offshore in Guyana and offshore in Namibia.

Guyana

(ii) Eco Guyana, the Company's 94% owned subsidiary, holds a 40% interest in the Orinduik offshore petroleum license in Guyana (the "Guyana License").

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.

In January 2016, the Company and Tullow Oil plc ("Tullow") signed a Petroleum Agreement ("**Guyana Petroleum Agreement**") and became parties to an Offshore Petroleum License with the Government of Guyana and 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 updip to the recent Exxon Lisa and Payara discoveries.

In accordance with the Guyana Petroleum Agreement, the Company holds a 40% working interest in the Guyana Licenses and Tullow holds the balance 60% interest. Under the Guyana Petroleum Agreement, Tullow will act as operator. Tullow will also carry the Company's share of costs of a 1,000km2 3D survey as required under the work program for the Guyana License (and up to US$1,250,000).

7. Petroleum and Natural Gas Licenses (continued)

As at December 31, 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[1]	Expenditure (US$)	Company's share of Expenditure (US$)
Year 4 (ending 2020) • Review existing regional 2D data and complete 3D survey Complete and interpret 1,000 km^2 3D seismic survey • Conduct and process 1,000km^2 3D	3,000,000	-
Year 7 (ending 2023) • 1st renewal period – Drill one exploration well (contingent)	35,000,000	14,000,000
Year 10 (ending 2026) • 2nd renewal period – Drill one exploration well (contingent)	-	-
Total	38,000,000	14,000,000

(1) Exploration Activities are not currently committed and cost estimates are based on management estimates for the costs if the relevant Exploration Activity was to be undertaken as at the date of this document.

Namibia

(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.

7. 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.

The Cooper License

1. The Cooper License covers approximately 5,000 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 Namibia 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 Azinam Farm-out Agreement, Azinam 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.

7. Petroleum and Natural Gas Licenses (continued)

The Cooper License (continued)

7. As of December 31, 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[1]	Expenditure (US$)	Company's share of Expenditure [2] (US$)
Year 7 and 8 (ending March 31, 2018 and 2019) • Resource assessment and production assessment	250,000	62,500
Year 9 (ending March 31, 2020) • After interpretation of 3D survey, drill exploratory well	35,000,000	[1]-
• Offtake/production engineering	500,000	125,000
Total	35,750,000	187,500

Notes:
(1) Exploration Activities are not currently committed and cost estimates are based on management estimates for the costs if the relevant Exploration Activity was to be undertaken as at the date of this document.
(2) See Note 19.

The Sharon License

1. The Sharon License covers 5,000 (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.
2. 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.
3. 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.

7. Petroleum and Natural Gas Licenses (continued)

The Sharon License (continued)

4. As of of December 31, 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[(1)]	Expenditure (US$)	Company's share of Expenditure (US$)
Year 7 (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 8 and 9 (ending March 31, 2018 and 2019)		
• Assuming a target has been defined after interpretation of 3D survey, drill exploratory well	20,000,000	13,340,000
• Offtake/production engineering	500,000	333,500
Year 10 (ending March 31, 2020)		
• Complete and interpret a 500 Sq Km 3D seismic survey	4,000,000	2,668,000
Total	28,250,000	18.083,250

(1) Exploration Activities are not currently committed and cost estimates are based on management estimates for the costs if the relevant Exploration Activity was to be undertaken as at the date of this document.

(1) Exploration Activities are not currently committed and cost estimates are based on management estimates for the costs if the relevant Exploration Activity was to be undertaken as at the date of this document.

7. Petroleum and Natural Gas Licenses (continued)

The Guy License

1. The Guy License covers 5,000 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 December 31, 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[(1)]	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	35,000,000	19,460,000
• 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	40,750,000	22,657,000

(1) Exploration Activities are not currently committed and cost estimates are based on management estimates for the costs if the relevant Exploration Activity was to be undertaken as at the date of this document.

7. Petroleum and Natural Gas Licenses (continued)

The Tamar License

1. The Tamar License covers approximately 7,500 square kilometres 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 December 31, 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[1]	Expenditure (US$)	Company's share of Expenditure (US$)
Year 6 (ending October 31, 2017) • Complete and interpret 500 km^2 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) • Drill exploratory well (subject to the availability of adequate drilling rigs)	35,000,000	35,000,000
Total	43,000,000	43,000,000

(1) Exploration Activities are not currently committed and cost estimates are based on management estimates for the costs if the relevant Exploration Activity was to be undertaken as at the date of this document.

8. Equipment

	Cost	Accumulated Depreciation	December 31, 2016 Net Book Value
Equipment	**$ 34,307**	**$ 33,465**	**$ 842**

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

9. Related Party Transactions and Balances

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

	Three months ended December 31,		Nine months ended December 31,	
	2016	**2015**	**2016**	**2015**
Salaries, operating and consulting fees and benefits	**$ 181,751**	$ 163,136	**$ 590,422**	$ 493,718
Stock-based compensation	**482,665**	-	**526,517**	-
	$ 664,417	$ 163,136	**$ 1,116,940**	$ 493,718

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 December 31, 2016, $148,983 (March 31, 2016 - $120,080) were amounts owing to directors and officers of the Company included in accounts payable and accrued liabilities.

10. Share Capital

Authorized: Unlimited Common Shares

Issued		**Common Shares**	**Amount $**	**Shares to be issued $**	**Restricted share units $**
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	-
Expiry of Warrants	*(iii)*	-	965,000	-	-
Repurchase and cancellation of shares	*(ii)*	(6,368,000)	(787,143)	-	-
Balance, March 31, 2016		**85,044,025**	**20,838,056**	**392,694**	**-**
Repurchase and cancellation of Shares	*(ii)*	(1,823,500)	(316,602)	-	-
Shares issued on vesting of Restricted Share Units					
From March 23, 2016	*(iv)(a)*	708,700	136,079	(136,079)	-
From August 5, 2016	*(iv)(b)*	216,736	41,180	3,420	-
From November 28, 2016	*(iv)(c)*	-	-	95,392	782
Balance, December 31, 2016		**84,145,961**	**20,698,713**	**355,427**	**782**

(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 is 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 December 31, 2016, the Company repurchased a total of 8,377,500, of which 8,191,500 have been cancelled. The Company held shares, as of December 31, 2016, valued at $29,937(March 31, 2016 - $14,190) in treasury.

(iii) On July 6, 2016, 4,937,341 warrants expired and therefore the company has no outstanding warrants

10. Share Capital (continued)

(iv) During the nine months ended December 31, 2016, the Company issues the following RSU's

a. 708,700 of the 1,002,600 RSU's, granted on March 23, 2016 were issued, and the fair value of those RSU's ($136,079) were released from Shares to be Issued in the Statement of Equity and charged to Contributed Surplus.

b. On August 5, 2016, 234,736 RSU's were granted to 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. The total fair value of the RSU's amounted to $44,600. As 18,000 underlying shares, have not yet been issued, $41,180 was recognized as share-based compensation expense for the nine month period ended December 31, 2016 and $3,420 has been recorded as shares to be issued the Statement of Equity as at December 31, 2016.

c. On November 28, 2016, 833,600 RSU's were granted to certain officers and consultants of the Company. These RSU's had a fair value of $0.22 per unit based on the volume weighted average market price of the Common Shares for the five preceding days before the grant date. The total far value of the RSU's amounted to $183,392.

i. 433,600 RSU's vested immediately on the grant date, however, these shares have not been issued. As such, $95,392 was recognized as share-based compensation expense for the nine-month period ended December 31, 2016 with a corresponding credit to Shares to be issued in the Statement of Equity.

ii. 400,000 RSU's will vest upon the achievement of certain milestones and expire on November 27, 2026. Management estimates that there is currently a 100% probability that the milestone will be achieved, and as such, the fair value of the RSU's are charged to share-based compensation over the period of the RSU. $782 was recognized as share-based compensation expense for the nine-month period ended December 31, 2016 with a corresponding credit to Shares to be issued in the Statement of Equity.

11. 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 December 31, 2016, and March 31, 2016, the Company did not operate any properties; accordingly, no ARO was required.

12. 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 December 31, 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).*

13. 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 December 31, 2016, the Company had cash on hand and on deposit of $1,141,402 (March 31, 2016 - $3,463,178) to settle current liabilities of $1,342,534 (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 December 31, 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 December 31, 2016.

14. 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 7* for details.

15. 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 December 31, 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, December 31, 2016	**9,048,000**	**0.51**	**1.01**

a) 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. The fair value of the options at the amendment date was estimated at $416,324 using the Black-Scholes option pricing model, using the following assumptions: Expected option life 5 years and 3 months, 5 years and 8 months and 5 years and 6 years and 2 months, Volatility 65.36%, Risk-free interest rate 0.64%, Dividend yield 0%. During the nine month period ended December 31, 2016, $416,324 was recognized in share-based compensation in the condensed consolidated interim Statement of Operations and Comprehensive Loss.

b) Share-based compensation expense is recognized over the vesting period of options. During the three and nine months periods ended December 31, 2016, share-based compensation of $10,524 and $31,579, respectively (December 31, 2015 – $5,800 and $12,800, respectively) was recognized based on options vesting during the period.

c) As at December 31, 2016, 7,741,052 options were exercisable (March 31, 2016 – 8,516,733).

16. Operating Costs

Operating costs consist of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2016	**2015**	**2016**	**2015**
Exploration data acquisition and interpretation and technical consulting	**$ 352,032**	$ 178,687	**$ 1,382,966**	$ 2,787,001
Exploration license fees	**85,312**	-	**173,817**	179,934
Travel	**88,818**	6,992	**168,348**	124,220
Recovered under JOAs	**(108,829)**	(330,286)	**(169,960)**	(3,462,246)
	$ 417,333	$ (144,607)	**$ 1,555,171**	$ (371,091)

17. General and Administrative Costs

General and administrative costs consist of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2016	**2015**	**2016**	**2015**
Occupancy and office expenses	**$ 17,764**	$ 56,702	**$ 102,189**	$ 245,678
Travel expenses	**35,520**	48,591	**106,286**	140,059
Public company costs	**15,945**	7,627	**48,105**	29,831
Insurance	**10,583**	11,441	**64,008**	54,037
Financial services	**2,354**	4,335	**7,109**	11,619
Advertising and communication	**247**	812	**2,391**	2,889
Depreciation	**-**	223	**259**	2,342
Recovered under JOAs	**(4,365)**	(8,787)	**(17,172)**	(69,504)
	$ 78,048	$ 120,944	**$ 313,175**	$ 416,951

18. Discontinued Operations

a) On July 29, 2014, the Company, through its wholly-owned subsidiary, Eco Atlantic (Ghana) Ltd. ("Eco Ghana"), acquired a 50.51% 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").

b) 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 entitled 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.

c) The Company's operating results from discontinued operations in Eco Atlantic (Ghana) Ltd. are summarized as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2016	**2015**	**2016**	**2015**
	Unaudited		**Unaudited**	
Revenues				
Operator Fees	**$ 4,233**	$ 7,551	**$ 11,804**	$ 7,551
Expenses				
Professional Fees	**-**	4,579	**30,410**	15,518
Operating costs	**43,065**	191,539	**74,111**	578,680
General and administrative costs	**23**	11,457	**160**	45,586
Foreign exchange	**(200)**	(4,122)	**(314)**	(3,955)
Write off of license *(Note 7)*	**1,612,382**	-	**1,612,382**	-
Write off of Liabilities/Obligations	**(1,698,315)**	-	**(1,698,315)**	-
Pre-tax operating income (loss) from discontinued operations	**$ 47,278**	$ (195,902)	**$ (6,630)**	$ (628,279)
Income tax on operations	**-**	-	**-**	-
Operating income (loss) from discontinued operations	**$ 47,278**	$ (195,902)	**$ (6,630)**	$ (628,279)
Proceeds of sale of operations	**774,174**	-	**774,174**	-
Profit (loss) on sale of discontinued operations	**$ 821,452**	$ (195,902)	**$ 767,544**	$ (628,279)

19. Subsequent Events

a. Admission and listing on the AIM stock exchange in London, England.

On February 8, 2016, the Company completed an admission and listing on the AIM market of the London Stock Exchange ("AIM"). The Company raised £5.09 million (CDN $8.4 million) before expenses by placing 31,781,250 new Common Shares (the "UK Placing") with investors at a placing price of £0.16 per share (CDN $26.5 per share (the "Placing Price") (the "Placing"). Following Admission, the Company had 118,249,833 common shares in issue (excluding treasury shares).

In addition to securities issued pursuant to the UK Placing, common shares and warrants were issued to the UK advisors in relation to the Company's Admission to AIM in the aggregate amount of 812,500 common shares and 3,835,311 warrants and one Canadian service provider subscribed for 306,748 common shares at CDN$0.26 per share for total cash consideration of CDN $79,754.48. The exercise period for the warrants includes 12, 24, and 30 months and the related exercise prices are 17.6, 19.2 and 16 pence per share, respectively (CDN $0.29, $0.32 and $0.27 per share, respectively).

The UK Advisors were also paid aggregate cash advisory fees of £215,000 (CDN $356,126) and aggregate cash commissions of £256,950 (CDN $425,612).

All common shares being issued by the Company pursuant to this offering will be freely transferable outside of Canada, however these shares are subject to a four-month restricted hold period in Canada which will prevent such common shares from being resold in Canada, through a Canadian exchange or otherwise, during the restricted period without an exemption from the Canadian prospectus requirement.

b. Updated agreement with Tullow

Pursuant to the company's farmout agreement with Tullow Namibia Limited ("Tullow") as amended on February 1, 2017 (the "Tullow Amended Farmout Agreement") if Tullow elects to proceed into the second renewal exploration period or commits to drill an exploration well on the Cooper License before such time, Tullow will acquire from the Company an additional up to 15% working interest in the Cooper License and become the Operator of the Cooper License. In addition, subject to a minimum contribution of US $2.25 million by the Company, Tullow will carry the Company in respect of the Company's share of any drilling costs in relation to the first exploration well (if proposed and drilled by Tullow) up to a total well cost of US $35 million.

In addition, Tullow will reimburse the Company for 17.14% of all past costs incurred and paid for by the Company in respect of the Cooper License (save for any costs already reimbursed, paid or carried by AziNam or Tullow). If Tullow elects not to proceed into the second renewal exploration period, then it will be deemed to have transferred back to the Company its entire 25% working interest and will remain obliged to carry the Company in respect of: (i) the Company's working interest share of the costs, which the Company has agreed to participate in and which were approved by the operating committee and the parties to the Cooper JOA (as hereinafter defined); and (ii) the seismic carry (to the same extent Tullow would have been liable for had it not elected to transfer its working interest).