THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under FSMA if you are in the United Kingdom or, if not, you should immediately consult another appropriately authorised independent professional adviser.

Eco (Atlantic) Oil & Gas Ltd (the "Company"), its directors and proposed director (together, the "Directors"), whose names appear on page 18 of this document, accept responsibility, collectively and individually, for the information contained in this document and for compliance with the AIM Rules for Companies (the "AIM Rules"). To the best of the knowledge and belief of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent that information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as set out in this document.

This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules. This document does not contain an offer of transferable securities to the public within the meaning of sections 85 and 102B of FSMA and is not a prospectus for the purposes of the Prospectus Rules. Accordingly, this document has not been prepared in accordance with the Prospectus Rules, nor has it been approved by the FCA pursuant to section 85 of FSMA and a copy has not been delivered to the FCA under regulation 3.2 of the Prospectus Rules. Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective, and that dealings in the Enlarged Share Capital will commence, on 8 February 2017.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ AND IN PARTICULAR YOUR ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" SET OUT IN PART II OF THIS DOCUMENT THAT DESCRIBES CERTAIN RISKS ASSOCIATED WITH AN INVESTMENT IN THE COMPANY.

ECO (ATLANTIC) OIL & GAS LTD.

(incorporated in Canada and continued under the Business Corporations Act (British Columbia) with registered number C0926072)

ADMISSION DOCUMENT

PROPOSED PLACING OF 30,000,000 NEW COMMON SHARES AT 16 PENCE PER SHARE ADMISSON OF THE ENLARGED SHARE CAPITAL TO TRADING ON AIM

Lead Broker to the Placing
Brandon Hill Capital Limited

Financial & Nominated Adviser
Strand Hanson Limited

Co-Broker to the Placing
Peterhouse Corporate Finance Limited

Strand Hanson, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial and nominated adviser to the Company in connection with the Placing and the proposed admission of the Enlarged Share Capital to trading on AIM. Its responsibility as the Company's nominated adviser under the AIM Rules for Nominated Advisers is owed solely to the London Stock Exchange and is not owed to the Company or to any Director or to any other person in respect of their decision to acquire shares in the Company in reliance on any part of this document. Strand Hanson is acting exclusively for the Company and for no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for

providing advice in relation to the contents of this document or the Placing or the proposed admission of the Enlarged Share Capital to trading on AIM.

Brandon Hill Capital, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as lead broker to the Company in connection with the Placing and the proposed admission of the Enlarged Share Capital to trading on AIM. Brandon Hill Capital is acting exclusively for the Company and for no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this document or the Placing or the proposed admission of the Enlarged Share Capital to trading on AIM.

Peterhouse, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as co-broker to the Company in connection with the Placing and the proposed admission of the Enlarged Share Capital to trading on AIM. Peterhouse is acting exclusively for the Company and for no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this document or the Placing or the proposed admission of the Enlarged Share Capital to trading on AIM.

The Placing is conditional on, *inter alia*, Admission taking place on or before 8 February 2017 (or such later date as the Company, Strand Hanson, Brandon Hill Capital and Peterhouse may agree), but in any event not later than 28 February 2017. The Placing Shares will, on Admission, rank in full for all dividends or other distributions hereafter declared, made or paid on the Enlarged Share Capital and will rank *pari passu* in all other respects with the Existing Common Shares.

None of Strand Hanson, Brandon Hill Capital nor Peterhouse have authorised the contents of this document and no representation or warranty, express or implied, is made by any of Strand Hanson, Brandon Hill Capital or Peterhouse as to the accuracy or contents of this document or the opinions contained herein, without limiting the statutory rights of any person to whom this document is issued. The information contained in this document is not intended to inform or be relied upon by any subsequent purchasers of any common shares in the capital of the Company (''Common Shares'') (whether on or off exchange) and accordingly no duty of care is accepted by any of Strand Hanson, Brandon Hill Capital or Peterhouse in relation to them. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document will not, under any circumstances, be deemed to create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct at any time subsequent to its date.

This Document does not constitute an offer to issue or sell, or the solicitation of any offer to subscribe for or buy, any of the Common Shares in any jurisdiction where it may be unlawful to make such offer or solicitation. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any such distribution could result in a violation of the laws of such jurisdictions. In particular, this document is not for distribution in or into the United States, Canada, Australia, Japan or the Republic of South Africa and is not for distribution directly or indirectly to any US Person. The Common Shares have not been and will not be registered under the US Securities Act, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of any province or territory of Canada or under the securities laws of Australia, Japan or the Republic of South Africa.

Copies of this Document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) from the offices of Strand Hanson Limited from the date of this document and for at least one month from Admission and from the Company's website: www.ecooilandgas.com.

Forward looking statements

Certain statements in this Document are ''forward looking statements'' including without limitation, statements containing the words ''believes'', ''anticipates'', ''expects'', ''target'', ''estimate'', ''will'', ''may'', ''should'', ''would'', ''intend'' and similar expressions. These forward looking statements are not based on historical facts but rather on the expectations of the Directors regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), planned expansion and business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. Forward looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements, including risks associated with vulnerability to general economic market and business conditions, competition, environmental and other regulatory changes or actions by governmental authorities, the availability of capital, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although the forward looking statements contained in this document are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward looking statements.

Market and financial information

The data, statistics and information and other statements in this Document regarding the markets in which the Company operates, or its market position therein, are based upon the Company's records or are taken or derived from statistical data and information derived from the sources described in this Document.

In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this Document may vary slightly from the actual arithmetical totals of such data.

All times referred to in this Document are, unless otherwise stated, references to London time.

United States securities law

The Common Shares have not been and will not be registered under the Securities Act or securities laws of any US state or other jurisdiction and will not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other applicable laws.

The Common Shares are generally only being offered and sold outside the United States to persons who are not US Persons (within the meaning of Regulation S) in transactions complying with Regulation S, which provides an exemption from the requirement to register the offer and sale under the Securities Act.

The Common Shares have not been approved or disapproved by, nor will they be registered under the Securities Act or with, the US SEC or by any US state securities commission or authority, nor has any such US authority reviewed, approved or confirmed on the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.

The issuance of the Placing Shares will be exempt from the prospectus requirements of the securities legislation of the provinces and territories of Canada. The Placing Shares have not been qualified for sale in Canada, and may not be offered or sold in the Canada, directly or indirectly, on behalf of the Company.

This Document has been provided to you on the basis that you are at the time of the offer and sale of the Placing Shares resident outside of Canada and are acquiring the Placing Shares for investment purposes only, and not with a view to resale of the Placing Shares to a person resident in Canada for a period of four months and one day from the time of the offer and sale of the Placing Shares. Persons who do not fall within the foregoing criteria should not rely on or act upon this Document. If you are uncertain whether or not you fall within the above categories, you should consult a professional adviser for advice.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication date of this Document	2 February 2017
Admission becomes effective and dealings in the Enlarged Share Capital expected to commence on AIM	8.00 a.m. on 8 February 2017
CREST accounts expected to be credited (where applicable) with Depositary Interests in respect of Placing Shares	8.00 a.m. on 8 February 2017
Definitive share certificates expected to be despatched in respect of the Placing Shares (where applicable)	By 22 February 2017

Each of the times and dates in the above timetable is subject to change without further notice. All references are to London time unless otherwise stated. Temporary documents of title will not be issued.

PLACING STATISTICS

Number of Existing Common Shares	85,349,335
Placing Price per Placing Share	16 pence
Number of Placing Shares to be issued pursuant to the Placing	30,000,000
Number of Adviser Fee Shares	1,119,248
Enlarged Share Capital at Admission	116,468,583
Market capitalisation on Admission at the Placing Price	£18.63 million
Percentage of the Enlarged Share Capital represented by the Placing Shares	25.76 per cent.
Percentage of the Enlarged Share Capital held by the Directors at Admission	16.56 per cent.
Percentage of Enlarged Share Capital represented by Options, Warrants and RSUs outstanding at Admission	10.92 per cent.
Estimated gross proceeds of the Placing	£4.80 million
Estimated proceeds of the Placing receivable by the Company net of unpaid transaction fees	£4.06 million
Estimated proceeds of the Placing net of total costs associated with the Placing	£3.73 million
AIM symbol	ECO
TSX-V symbol	EOG
ISIN	CA27887W1005
SEDOL	BYVQ3W7

EXCHANGE RATES

For reference purposes only, the following exchange rates have been used in this Document:

£1:CAD $1.6532

£1:US $1.2567

All amounts referred to in Parts I-VI of this document expressed in the above currencies have, unless otherwise stated, been calculated using the above exchange rates.

DEFINITIONS

The following definitions apply throughout this document, unless otherwise stated or the context requires otherwise:

''Admission''	admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules for Companies;
''Adviser Fee Shares'' or **''Fee Shares**	the Strand Hanson Fee Shares, the Peterhouse Fee Shares and the Chitiz Pathak Fee Shares;
''AIM''	the AIM market operated by the London Stock Exchange;
''Amis''	Amis Oil and Gas (Proprietary) Limited;
''AIM Rules'' or **''AIM Rules for Companies''**	the AIM Rules for Companies published by the London Stock Exchange from time to time;
''AIM Rules for Nominated Advisers''	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time;
''Amended AziNam Farmout Agreement''	the amended and restated farmout agreement dated 31 December 2014 between Eco Namibia, the Company, AziNam and Azimuth, pursuant to which Eco Namibia transferred further part of its Working Interest in the Cooper Licence, Sharon Licence and the Guy Licence to AziNam;
''Angula Agreement''	has the meaing given to it in paragraph 11.9 of Part V in this Document;
''Articles'' or **''Articles of Continuance''**	the articles of continuance of the Company as amended from time to time;
''Azimuth''	Azimuth Limited;
''AziNam''	Azimuth Namibia Limited, a wholly owned subsidiary of Azimuth;
''AziNam Farmout Agreements''	The Initial AziNam Farmout Agreement and the Amended AziNam Farmout Agreement;
''A-Z Petroleum''	A-Z Petroleum Products Ghana Limited;
''BCA'' or **''Business Corporations Act''**	Business Corporations Act (British Columbia), as amended from time to time;
''Board'' or **''Directors''**	the directors of the Company and Proposed Director of the Company, whose names are set out on page 18 of this document;
''Brandon Hill Capital''	Brandon Hill Capital Limited, lead broker to the Company;
''Brandon Hill Warrant Deed''	the warrant instrument dated 2 February 2017 pursuant to which the Brandon Hill Warrants are constituted, details of which are set out in paragraphs 14.5.2 of Part V of this Document;
''Brandon Hill Warrants''	the warrants to be granted to Brandon Hill Capital by the Company, conditional on Admission, to subscribe for up to 975,750 Common Shares at the Placing Price, pursuant to the Brandon Hill Warrant Deed;
''BVI''	British Virgin Islands;
''$'' or **''CAD $''**	Canadian Dollars, the lawful currency of Canada from time to time;
''Chitiz Pathak Fee Shares''	the 306,748 Common Shares that Chitiz Pathak LLP have agreed to be issued credited as fully paid at the Placing Price in satisfaction of part of the fees due to Chitiz Pathak LLP in respect of the Placing and Admission;
''City Code''	the City Code on Takeovers and Mergers;
''Common Shares''	the common shares of no par value in the capital of the Company;

''Companies Act'' or **''Act'' or ''CA 2006''**	the UK Companies Act 2006 (as amended from time to time);
''Company'' or **''Eco Atlantic''**	Eco (Atlantic) Oil & Gas Ltd., a company incorporated in Ontario, Canada and continued in British Columbia, Canada under the Business Corporations Act (British Columbia) with registered number C0926072, whose registered office is at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8;
''Competent Person'' or **''Gustavson''**	Gustavson Associates LLC, an oil and gas consulting firm;
''Cooper Block''	licence area 2012A offshore in the economic waters of Namibia;
''Cooper JOA''	the second amended & restated joint operating agreement between NAMCOR, Eco Namibia, AziNam and Tullow governing the exploration activity on the Cooper Licence;
''Cooper Licence''	petroleum exploration license number 0030 issued under the Petroleum Act in respect of the Cooper Block;
''Competent Person's Report'' or **''CPR''**	the Competent Person's Report as prepared by Gustavson and which appears in Part IV of this Document;
''CREST''	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
''CREST Regulations''	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
''Deed Poll''	the deed poll dated 6 January 2017 executed by the Depositary in relation to the issue of Depositary Interests by the Depositary, described in paragraph 20.1 of Part V of this Document;
''Deepwater Cape Three Point West Offshore Block''	Deepwater Cape Three Point West Offshore Block in Ghana's economic waters;
''Depositary''	Computershare Investor Services Plc;
''Depositary Interests''	uncertificated depositary interests issued by the Depositary and representing Common Shares, pursuant to the Deed Poll;
''Document''	this document dated 2 February 2017;
''Eco BVI''	Eco (BVI) Oil & Gas Ltd;
''Eco Ghana''	Eco Atlantic Oil and Gas Ghana Limited;
''Eco Guyana''	Eco (Atlantic) Guyana Inc., the Company's 94 per cent. owned indirect subsidiary;
''Eco Guyana Barbados''	Eco (Guyana) Oil and Gas (Barbados) Ltd., the Company's wholly owned indirect subsidiary;
''Eco Guyana Minority Shareholders''	the shareholders of, in aggregate, 6 per cent. of Eco Guyana, as set out in paragraph 14.1.14 of Part V pursuant to the Guyana Consultancy Agreements;
''Eco Holdings Barbados''	Eco (Barbados) Oil and Gas Holdings Ltd., the Company's wholly owned subsidiary;
''Eco Namibia''	Eco Oil & Gas (Namibia) (Pty) Limited, the Company's wholly owned indirect subsidiary;
''Eco Namibia Barbados''	Eco Namibia Oil & Gas (Barbados) Ltd., the Company's wholly owned indirect subsidiary;
''Eco Namibia Licences''	together, the Cooper Licence, the Sharon Licence and the Guy Licence;

''Eco Namibia Petroleum Agreements''	the agreements dated 7 March 2011 between Eco Namibia and the Ministry of Namibia, pursuant to which the Cooper Licence, the Sharon Licence and the Guy Licence are governed respectively;
''EIA''	Environmental Impact Assessment;
''Enlarged Share Capital''	the total number of Common Shares in issue on Admission, comprising the Existing Common Shares, the Placing Shares and the Fee Shares;
''Euroclear''	Euroclear UK & Ireland Limited, a company incorporated in England & Wales with registration number 02878738, being the Operator of CREST;
''Existing Common Shares''	the 85,349,335 existing Common Shares in issue in the capital of the Company as at the date of this Document;
''ExxonMobil''	ExxonMobil Corporation;
''FCA''	the United Kingdom's Financial Conduct Authority;
''Fladgate''	Fladgate LLP, the Company's solicitors as to English law;
''FSMA''	the Financial Services and Markets Act 2000 of the UK as amended;
''Ghana''	Republic of Ghana;
''Ghana Block''	the contract area of 944km^2 located in the Deepwater Cape Three Point West Offshore Block;
''Ghana Block Parties''	together, Eco Ghana, the Government of Ghana, GNPC, GNPC ExploreCo, A-Z Petroleum and PetroGulf;
''Ghana Petroleum Agreement''	the petroleum agreement between the Ghana Block Parties in relation to the Ghana Block;
''Ghana SPA''	the agreement dated 21 October 2016 between Eco BVI, Petrogulf and Eco Ghana, pursuant to which Eco BVI sold its interest in Eco Ghana;
''GNPC''	Ghana National Petroleum Company;
''GNPC ExploreCo''	GNPC Exploration and Production Company Limited;
''Government of Guyana''	the Government of Guyana;
''Government of Namibia''	the government of the Republic of Namibia
''Group''	the Company together with its subsidiaries from time to time;
''Guy Block''	licence areas 2111B and 2211A offshore in the economic waters of Namibia;
''Guy Licence''	petroleum exploration license number 0034 issued under the Petroleum Act in respect of the Guy Block;
''Guyana''	Co-Operative Republic of Guyana:
''Guyana Block'' or ''Orinduik Block''	blocks 115K, 124K, 125K, 126K, 127K. 128K, 129K, 136K, 137K, 138K, 139K, 140K, 141K, 142K, 4Q, 5Q, 6Q, 7Q, 1OQ, 19Q, 22Q, comprising the Orinduik Block, offshore Guyana;
''Guyana Licence''	the petroleum prospecting licence governing the Guyana Block;
''Guyana Petroleum Act''	the Guyana Petroleum (Exploration and Production) Act Cap. 65:04;

''Guyana Petroleum Agreement''	the agreement dated 14 January 2016 between Eco Guyana, the Government of Guyana and Tullow Guyana BV, a subsidiary of Tullow, governing the Guyana Block;
''Guyana Petroleum Regulations''	the regulations published under the Guyana Petroleum Act;
''Guyanese Minister''	the minister in Guyana responsible for petroleum;
''Hess''	Hess Corporation;
''Initial AziNam Farmout Agreement''	the farmout agreement between Eco Namibia, Eco Atlantic, AziNam and Azimuth, dated 12 April 2012, pursuant to which Eco Namibia transferred part of its Working Interest in the Cooper Licence, Sharon Licence and the Guy Licence to AziNam;
''ISIN''	International Securities Identification Number;
''JOAs''	Joint Operating Agreement and, in relation to the Sharon Block and Guy Block, has the meaning given to it in paragraph 14.1.6 of Part V in this Document;
''Kinley Exploration''	Kinley Exploration LLC, a company wholly owned by Mr. Kinley, the Company's Chief Operating Officer, and his business partner Andrew Mac Ewen;
''Colin Kinley Agreement''	an amended and restated supplemental consulting services agreement with Colin Kinley, dated 6 January 2016, as described in paragraph 11.6.4 of Part V of this Document;
''Kinley Exploration Agreement''	has the meaning given to it in paragraph 14.2 of Part V in this Document;
''Liza Field''	the Offshore Discovery made by ExxonMobil and Hess in the Guyana Surinam Basin;
''Locked In Shareholders''	the Directors, Jose Luis Bastos, Alan Rootenberg, Phillipine Yuleity Angula, Noa Holzman, Michelle Friedman and Karen Kinley;
''London Stock Exchange''	London Stock Exchange plc;
''Managers''	Alan Rootenberg and Philipinne Angula, as set out in paragraph 2.2 of Part V;
''Market Abuse Regulation'' or **''MAR''**	The Market Abuse Regulation (EU 596/2014);
''Ministry of Namibia''	Namibia's Ministry of Mines and Energy;
''NAMCOR''	National Petroleum Corporation of Namibia;
''NAMCOR Farmout Agreement''	has the meaning given to it in paragraph 14.1.2 of Part V in this Document;
''Namibia''	Republic of Namibia;
''Namibia Licences''	together, the Cooper Licence, the Sharon Licence, the Guy Licence and the Tamar Licence;
''Namibian Minister''	the Minister of Mines and Energy for Namibia
''NI 51-101''	National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities by the Canadian Securities Administrators;
''Nomad Warrant Deed''	the warrant instrument dated 2 February 2017 pursuant to which the Strand Hanson Warrants are constituted, details of which are set out at paragraph 14.5.2 of Part V of this Document;
''NP 58-201''	National Instrument 58-101 – Disclosure of Corporate Governance Practices, issued by the Canadian Securities Administrators, which prescribes effective corporate governance guidelines;
''NSX''	Namibian Stock Exchange;

''OBCA''	Business Corporations Act (Ontario);
''Official List''	the Official List of the UK Listing Authority;
''Options''	the existing options to subscribe for Common Shares, details of which are set out in paragraph 5.6 of Part V of this Document;
''Panel''	The Panel on Takeovers and Mergers;
''PAO''	Pan African Oil Limited;
''PAO Namibia''	Pan African Oil Namibia (Pty) Ltd., a 90 per cent. owned subsidiary of the Company;
''PAO Holdings Namibia''	Pan African Oil Namibia Holdings (Pty) Ltd., the Company's wholly owned indirect subsidiary;
''Peterhouse''	Peterhouse Corporate Finance Limited, co-broker to the Company
''Peterhouse Fee Shares''	the 343,750 Common Shares that Peterhouse have agreed to be issued credited as fully paid at the Placing Price in satisfaction of part of the fees due to Peterhouse in respect of the Placing and Admission;
''Peterhouse Warrants''	the warrants to be granted to Peterhouse by the Company conditional on Admission, to subscribe for up to 1,562,500 Common Shares at a price of £0.176 per share exercisable for a period of one year from Admission;
''PetroGulf''	PetroGulf Corporation;
''Petroleum Act''	Petroleum (Exploration and Production) Act 2 of 1991 (Namibia);
''Petroleum Agreement''	each of the Eco Namibia Petroleum Agreements and the Tamar Petroleum Agreement;
''Petroleum Concession''	any concession licence, production sharing agreement, production sharing concession, risk service contract, petroleum agreement or lease whereby a party or parties are granted rights by a government entity to explore, develop and appraise a designated block and produce any discovered hydrocarbons from the designated block in accordance with its terms;
''Placing''	the conditional placing of the Placing Shares by Brandon Hill Capital and Peterhouse at the Placing Price pursuant to the Placing Agreement;
''Placing Agreement''	the conditional agreement dated 2 February 2017 between (1) the Company, (2) the Directors, (3) Strand Hanson (4) Brandon Hill Capital and (3) Peterhouse further details of which are set out in paragraph 14.5.4 of Part V of this Document;
''Placing Price''	16 pence per Placing Share;
''Placing Shares''	the 30,000,000 new Common Shares to be issued by the Company and subscribed for pursuant to the Placing;
''Proposed Director''	Derek Norman Linfield, a Non-Executive Director of the Company with effect from Admission;
''Prospectus Rules''	the prospectus rules of the UK Listing Authority made in accordance with section 73A of FSMA as amended from time to time brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No.809/2004 and the Prospectus Regulations 2005 (SI 2005/1433);
''Regulatory Information Service''	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
''RSU''	restricted share unit, granted under the RSU Plan;
''RSU Plan''	the Company's 2013 restricted share unit plan;
''Seacrest''	Seacrest Capital Ltd.;

''Securities Act''	the United States Securities Act of 1933, as amended;
''Share Dealing Policy''	the policy on share dealing and insider trading in relation to the Company's securities adopted by the Company, that complies with MAR and rule 21 of the AIM Rules for Companies.
''Shareholders''	the holders of Common Shares from time to time;
''Sharon Block''	licence areas 2213A and 2213B offshore in the economic waters of Namibia;
''Sharon Licence''	petroleum exploration license number 0033 issued under the Petroleum Act in respect of the Sharon Block;
''Spectrum''	Spectrum Geo Limited;
''Spectrum Agreement''	the agreement dated 30 June 2012 between PAO Namibia (formerly Amis Energy (Pty) Limited) and Spectrum, pursuant to which PAO Namibia carries Spectrum's 10 per cent. Working Interest in the Tamar Block;
''Stock Option Plan''	the Company's 2011 Stock Option Plan, as amended on 11 December 2013 and further detailed in paragraph 12 of Part V;
''Strand Hanson''	Strand Hanson Limited, the financial and nominated adviser to the Company;
''Strand Hanson Fee Shares''	the 468,750 Common Shares that Strand Hanson have agreed be issued credited as fully paid at the Placing Price in satisfaction of part of the fees due to Strand Hanson by the Company in respect of the Placing and the Admission;
''Strand Hanson Warrants''	the warrants to be granted to Strand Hanson by the Company, conditional upon Admission, to subscribe for up to 1,164,685 Common Shares at the Placing Price, pursuant to the Nomad Warrant Deed;
''subsidiary'' or **''subsidiary undertaking''**	have the meanings given to them in the Act;
''Tamar Block''	licence areas 2211B and 2311A offshore in the economic waters of Namibia;
''Tamar Licence''	petroleum exploration license number 50 issued under the Petroleum Act in respect of the Tamar Block, the status of which is further described in the Tamar Risk Factor;
''Tamar Petroleum Agreement''	the agreement dated 28 October 2011 between PAO Namibia and the Ministry of Namibia governing the Tamar Licence;
''Tamar Risk Factor''	the risk factor in on page 55 of Part II of this Document regarding the status of the Tamar Licence (''Tamar Licence Renewal'');
''TSX''	the Toronto Stock Exchange;
''TSX-V''	the TSX Venture Exchange, on which the Existing Common Shares are currently listed for trading;
''TSX-V Rules''	the rules and policies, appendices and forms of TSX-V as set forth in the TSX-V Corporate Finance Manual, as amended from time to time;
''Tullow''	Tullow Oil plc;
''Tullow Amendment and Assignment Agreement''	the agreement dated 1 February 2017 between Tullow Namibia and Eco Namibia as summarised in paragraph 14.1.3 of Part V;
''Tullow Farmout Agreement''	the agreement dated 17 July 2014 between Eco Namibia and Tullow Namibia, as summarised in paragraph 14.1.3 of Part V;
''Tullow Guyana''	Tullow Guyana B.V.;
''Tullow Namibia'' or **''Tullow Kudu''**	Tullow Namibia Limited, a wholly owned subsidiary of Tullow (which was formerly called Tullow Kudu Limited);

''UK'' or **''United Kingdom''**	the United Kingdom of Great Britain and Northern Ireland, its territories and dependencies;
''UK Listing Authority''	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
''uncertificated'' or **''in uncertificated form''**	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
''US''	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and all other areas subject to its jurisdiction;
''US $''	United States Dollars, the lawful currency of the United States of America from time to time;
''Warrant Deeds''	together the Brandon Hill Warrant Deed and the Nomad Warrant Deed;
''Warrants''	together the Brandon Hill Warrants, the Strand Hanson Warrants and the Peterhouse Warrants;
''Working Interest''	means a party's share (expressed as a percentage of the total share of all the parties under a Petroleum Concession) in the rights and obligations under a Petroleum Concession, to the extent that such rights and obligations have not been otherwise varied by the parties to that Petroleum Concession;
''£'' or **''Pounds Sterling''**	pounds sterling, the lawful currency of the UK from time to time.

A glossary of technical terms and expressions is set out on pages 14 to 17 of this Document.

GLOSSARY

The following table provides an explanation of certain technical terms and abbreviations used in this Document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

''2D seismic''	geophysical data that depicts the subsurface strata in two dimensions;
''3D seismic''	geophysical data that depicts the subsurface strata in three dimensions. 3D seismic typically provides a more detailed and accurate interpretation of the subsurface strata than 2D seismic;
''appraisal well''	a well drilled as part of an appraisal drilling programme which is carried out to determine the physical extent, reserves and likely production rate of a field;
''AVO''	amplitude versus offset;
''barrels'' or **''bbl''**	a unit of volume measurement used for petroleum and its products (for a typical crude oil 7.3 barrels = 1 tonne: 6.29 barrels = 1 cubic metre);
''bcf''	billion standard cubic feet; 1 bcf is approximately equal to 172,414 boe or 23,618 tonnes of oil equivalent;
''Best Estimate''	an estimate representing the high technical assessment of projected volumes. Often associated with a central P50 value;
''block''	an aerial subdivision of Subdivision of sea area for the purpose of licensing to a company or companies for exploration/production rights;
''blow-out''	when well pressure exceeds the ability of the wellhead valves to control it. Oil and gas ''blow wild'' at the surface as a result;
''boe''	barrels of oil equivalent. One barrel of oil is approximately the energy equivalent of 5,800 cf of natural gas;
''bopd''	barrels of oil per day;
''CAPEX''	capital expenditure
''carried interest''	an arrangement whereby a carrying party pays the costs in relation to a Petroleum Concession that would otherwise fall to be paid by another party to the Petroleum Concession (the carried party) in accordance with the carried party's Working Interest (the carried interest). Unless otherwise agreed, the carried party will not receive any production revenue applicable to its Working Interest under a Petroleum Concession until a certain amount of money (capital expenditure) has been recovered by the carrying party.
''CBM''	Coal Bed Methane, a form of natural gas extracted from coal beds;
''cf''	cubic feet;
''Chance of Success'' (''COS'') or **''Probability of Success'' (''POS'')**	the estimated geological chance, or probability, of making an oil and gas discovery in an exploration well;
''commercial discovery''	discovery of hydrocarbons which the holder(s) of the oil and gas asset determines to be commercially viable for appraisal and development;
''Cretaceous''	geological strata formed during the period 140 million to 65 million years before the present;

''crude oil''	hydrocarbons that at atmospheric temperature and pressure are in a liquid state, including crude mineral oil, asphalt and ozokerites, and liquid hydrocarbons that are obtained by the separation treatment, processing or extraction;
''dip''	the inclination of a horizontal structure from the horizontal;
''discovery''	an exploration well which has encountered hydrocarbons for the first time in a structure;
''drilling rig''	a drilling unit that, if offshore, can be located on a drillship, a semi-submersible, a jack-up or a fixed platform;
''exploration well''	a well drilled to find hydrocarbons in an unproved area or to extend significantly a known oil or natural gas reservoir;
''farm-in''	when a company acquires an interest in a block by taking over all or part of the financial commitment for drilling and exploration including seismic, exploration science and drilling a well and developing a field to commercial production;
''farm-out''	to assign an interest in a licence to another party by way of the other party farming-in;
''fault'' or **''faulting''**	a displacement (vertical, inclined or lateral) below the earth's surface that acts to offset rock layers relative to one another. Faulting can create traps for hydrocarbons;
''field''	an area consisting of either a single reservoir or multiple reservoirs, all grouped on or related to the same individual geological structural feature and/or stratigraphic condition;
''formation''	a layer or unit of rock. A productive formation in the context of reservoir rock;
''geophysical''	measurement of the earth's physical properties to explore and delineate hydrocarbons by means of electrical, seismic, gravity and magnetic methods;
''High Estimate''	an estimate representing the high end of the technical assessment of projected volumes. Often associated with a high P10 resource value;
''hydrocarbon''	a compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term is mainly used in a catch-all sense for oil, gas and condensate;
''IOC''	international oil company;
''km''	kilometre;
''km^2''	square kilometres;
''lead''	a conceptual exploration idea usually based on minimal data but with sufficient support from geological analogues, data, and the like to encourage further data acquisition and/or study on the basis that hydrocarbon accumulations of unknown size may be found in the future;
''licence''	an exclusive right to search for or to develop and produce hydrocarbons within a specific area. Usually granted by the Nation State authorities and may be time limited;
''Low Estimate''	an estimate representing the low end of the technical assessment of projected volumes. Often associated with a low P90 resource value;
''m''	metres;
''mmbbl''	millions of barrels of oil;
''mmbo''	millions of barrels of oil;
''mmboe''	millions of barrels of oil equivalent;

''natural gas''	hydrocarbon that at a standard temperature of sixty degrees Fahrenheit (60ºF) and a standard pressure of one atmosphere are in a gaseous state, including wet mineral gas and dry mineral gas, casing head gas, residual gas remaining after separation treatment, processing, or extraction of liquid hydrocarbons;
''oil equivalent''	international standard for comparing the thermal energy of different fuels;
''Operator''	the entity that has legal authority to drill wells and undertake production of hydrocarbons found. The Operator is often part of a consortium and acts on behalf of this consortium;
''P10'' or **''high estimate''**	there should be at least a 10 per cent. probability that the quantities actually recovered will equal or exceed the high estimate;
''P50'' or **''Best Estimate''**	there should be at least a 50 per cent. probability that the quantities actually recovered will equal or exceed the best estimate;
''P90'' or **''Low Estimate''**	there should be at least a 90 per cent. probability that the quantities actually recovered will equal or exceed the low estimate;
''petroleum''	a generic name for hydrocarbons, including crude oil, natural gas liquids, natural gas and their products;
''permeability''	a measure of the ability of a material (such as rocks) to transmit fluids;
''play''	a project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects;
''porosity''	the percentage of void in a porous rock compared to the solid formation;
''prospect''	a project associated with a potential accumulation of oil or natural gas that is sufficiently well defined to represent a viable drilling target;
''Prospective Resources''	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects;
''reserves''	those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions;
''reservoir''	a subsurface body of rock having sufficient porosity and permeability to store and transmit fluids. A reservoir is a critical component of a complete petroleum system;
''resources''	deposits of naturally occurring hydrocarbons which, if recoverable, include those volumes of hydrocarbons either yet to be found (prospective) or if found the development of which depends upon a number of factors (technical, legal and/or commercial) being resolved (contingent);
''seismic survey''	a method by which an image of the earth's subsurface is created through the generation of soundwaves and analysis of their reflection from rock strata. Such surveys can be done in two or three dimensional form;
''stratigraphic''	a mode of trapping hydrocarbons which is not dependent on structural entrapment;
''Tertiary''	geological strata formed during the period from 65 million to 1.8 million years before the present;

‘‘TVDSS’’	true vertical depth sub-sea;
‘‘downdip’’	down the plane of the dip or downhill; and
‘‘updip’’	up the plane of the dip or uphill.

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Moshe Peterburg – *Non-Executive Chairman* Gil Holzman – *Chief Executive Officer* Colin Brent Kinley – *Chief Operating Officer* Gadi Levin – *Finance Director* Alan Mark Friedman – *Executive Director* Kangulohi Helmut Angula – *Non-Executive Director* Peter William Nicol – *Non-Executive Director* Derek Linfield – *Proposed Non-Executive Director*
Company Secretary:	Alan Mark Friedman
Head Office:	181 Bay Street, Suite 320, Toronto, Ontario, M5J2T3
Registered office:	Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C2X8 Registration No: C0926072
Nominated & Financial Adviser:	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Lead Broker to the Placing:	Brandon Hill Capital Limited Fifth Floor 1 Tudor Street London EC4Y 04H
Co-Broker to the Placing:	Peterhouse Corporate Finance Limited 15 Eldon Street London EC2M 7LD
Solicitors to the Company as to English law:	Fladgate LLP 16 Great Queen Street London WC2B 5DG
Solicitors to the Company as to Canadian law:	ChitizPathak LLP 320 Bay Street, Suite 1600 Toronto, Ontario M5H 4A6
Solicitors to the Company as to Guyana law:	Luckhoo & Luckhoo Main Office Whitehall, 1 Croal Street Georgetown Guyana
Solicitors to the Company as to Namibia law:	Ellis Shilengudwa Incorporated 24 Orban Street Windhoek Namibia PO Box 3300
Solicitors to the Nominated Adviser and Brokers	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT

Reporting Accountants to the Company:	Crowe Clark Whitehill LLP St. Brides House 10 Salisbury Square London EC4Y 8EH
Auditors to the Company:	MNP LLP 50 Burnhamthorpe Road West Mississauga Ontario L5B 3C2, Canada
Competent Person:	Gustavson Associates LLC 5757 Central Avenue Suite D Boulder, CO 80301 Unites States
Financial PR:	Yellow Jersey PR Limited Unit G014, Metal Box Factory 30 Great Guildford Street Southwark London SE1 0HS
Registrar:	Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey, JE1 – 1ES
Depositary	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS13 8AE
Transfer Agent	TSX Trust Company 200 University Avenue Suite 300 Toronto ON M5H 4H1
Company's website:	www.ecooilandgas.com

PART I

INFORMATION ON THE GROUP

1. INTRODUCTION

Eco Atlantic is continued into British Columbia, Canada, with its head office in Toronto. The Company's shares were admitted to trading on the TSX-V in November 2011.

The Group's business is to identify, acquire and explore petroleum, natural gas, and shale gas assets. The Company acts as the ultimate holding and management company for Eco Namibia Barbados and Eco Guyana Barbados, which, through their respective direct and indirect subsidiaries (namely, Eco Namibia, PAO Namibia and Eco Guyana), hold and manage interests in petroleum exploration licences in Namibia and Guyana, respectively, details of which are set out below.

The Company is seeking Admission to AIM and to raise £4.80 million before expenses for the Group to further develop its assets. Details of the proposed use of funds are outlined in paragraph 12 of Part I of this Document.

Portfolio of Exploration Assets

Namibia

Eco Namibia holds three offshore petroleum licences in the economic waters offshore Namibia, all of which are governed by petroleum agreements dated 7 March 2011 between Eco Namibia and the Ministry of Namibia, being:

(i) the Cooper Licence (PEL 30) (32.5 per cent. Working Interest);

(ii) the Sharon Licence (PEL 33) (60 per cent. Working Interest); and

(iii) the Guy Licence (PEL 34) (50 per cent. Working Interest).

In addition, PAO Namibia holds an 80 per cent. interest (72 per cent. net to the Company) in the Tamar Licence (PEL 50), located offshore in the economic waters of Namibia.

The Group's partners across its Namibia Licences include Tullow, AziNam and NAMCOR. The Namibia Licences cover over 22,500km^2 in the Walvis Basin offshore Namibia and current estimates for the gross Prospective Resource across the three principal Namibia Licences are in excess of 4.5 billion barrels gross (approximately 2.3 billion barrels net) unrisked.

Guyana

Eco Guyana, of which 94 per cent. is held by Eco Guyana Barbados and the remainder held by the Eco Guyana Minority Shareholders, holds a 40 per cent. Working Interest in one offshore petroleum licence covering the Orinduik Block in Guyana, with the balance of 60 per cent. held by Tullow Guyana, the designated Operator. The Guyana Licence covers an area of approximately 1,800km^2 in shallow water in the Suriname Guyana basin. The terms of the Guyana Licence are governed by the Guyana Petroleum Agreement and are further detailed in paragraph 4.2.3 of this Part I and 14.1.12 of Part V of this Document.

Board and management

The Board, which includes the Group's senior management, has significant experience in establishing, growing, financing and subsequently monetising early stage mining and oil & gas companies across Africa and South America. The Board comprises four executive directors based in Israel, USA and Canada and four non-executive directors (of which one is proposed to join on Admission) based in Israel, Namibia and the United Kingdom. On Admission, the Directors will hold approximately 16.56 per cent. of the Enlarged Share Capital. Further information on the Board is set out in paragraph 9 Part I and paragraph 11 of Part V of this Document.

Key Licence Partners

Tullow

Tullow is a multinational oil and gas exploration and production company founded in 1985. It has a premium listing on the Official List and is a constituent of the FTSE 250 Index. It also has secondary listings on the Ghana Stock Exchange and Irish Stock Exchange and a market capitalisation of approximately £2.9 billion as at 13 January 2017. Tullow is focused on and has a history of finding and monetising oil assets in Africa and the Atlantic Margins with partners and has

a portfolio of interests in over 120 licences covering exploration and production acreage in Africa, Latin America, the Caribbean and Europe.

In 2015, Tullow operated in 22 countries with 1,403 employees and had revenue of US $1.6 billion.

Tullow has oil and gas reserves and resources as at 30 June 2016 of approximately 1,108 mmbbl, of oil, 974.2 bcf of gas and 1,270 mmboe of petroleum. Tullow's total production for the year to 31 December 2015 was approximately 27 million barrels.

Tullow is partnered with Group companies in respect of the Cooper Licence through Tullow Namibia and in the Guyana Licence through Tullow Guyana, both of which are its wholly owned subsidiaries.

AziNam

AziNam is a private oil and gas exploration and production company, incorporated in Bermuda, focused on oil & gas opportunities in Namibia. AziNam has interests in six offshore oil and gas assets offshore Namibia, including the Cooper Licence, the Sharon Licence and the Guy Licence. AziNam is controlled and backed by Seacrest, a Bermuda based private equity company, and Petroleum Geo-Services ASA that operates and invests solely in the global offshore oil & gas industry. Seacrest has invested in a number of portfolio companies dedicated to the exploitation of offshore opportunities globally.

NAMCOR

NAMCOR is the National Petroleum Corporation of Namibia, an integrated oil and gas company, wholly owned by the Government of Namibia. Under the Petroleum Act, NAMCOR engages in reconnaissance, exploration, production and supply operations either on its own or in partnership with other organisations in the oil and gas industry. NAMCOR is a 10 per cent. partner to the Group across all of the Namibia Licences.

Placing and Admission

Eco Atlantic is proposing to raise approximately £4.80 million (before expenses) through the issue of 30,000,000 new Common Shares at the Placing Price, representing approximately 25.76 per cent. of the Enlarged Share Capital. It is intended that the net proceeds of the Placing will principally be utilised, *inter alia*, to allow the Group to progress seismic and exploration work across certain of its licences, to identify potential acquisition opportunities and for the Group's general working capital requirements. Further details regarding the use of proceeds are summarised in paragraph 12 of this Part I.

2. KEY INVESTMENT PROPOSITION

The objective of the Group is to deliver material value for its stakeholders through oil exploration, appraisal and development activities, in partnership with reputable partners and in stable jurisdictions in emerging markets. The Directors believe that an investment in the Company should be attractive to prospective investors for the following reasons:

- Prospective Assets

  The Group's principal assets are three blocks in Namibia (Cooper, Sharon and Guy) and one in Guyana (Orinduik). The three blocks in Namibia are assessed by Gustavson Associates to contain 2.3 billion barrels of Prospective Resource (P50) net to the Group (unrisked). Risking, as set out in the CPR, reflects the stage of exploration of the three blocks, but the Directors believe that recent exploration and farm-in activity from international oil companies confirms their positive outlook for the blocks. In Guyana, the Orinduik block is situated only 6.5km from Exxon's recent Liza well discoveries, which is considered to be 'world class'*, with up to 1.4 billion barrels estimated to be recoverable, and approximately 8.5km from the Payara prospect, a further oil discovery announced by Exxon on 12 January 2017. The Guyana-Suriname basin is thought to be the second most prospective underexplored offshore basin globally.

- The Group has entered into agreements with its licence partners which provide for significant financial carry arrangements in respect of operational exploration expenditures. In particular, the Group is carried by Tullow in respect of its costs for an initial exploration well on the Cooper Licence (up to a total well cost (100 per cent.) of approximately US $35 million and

* John Hess, Chief Executive Officer of the Hess Corporation

subject to a minimum contribution by the Group of US $2.25m, as detailed in paragraph 4.1.1 of Part I) and Eco Guyana is carried up to a maximum of US $1.25 million in respect of a 1,000km^2 3D seismic survey on the Orinduik Block in Guyana.

- The Group's licences are located in Namibia and Guyana, both of which the Directors deem to be stable jurisdictions with functional democracies and established legal frameworks.
- The Group has farmed-out interests in its licences to reputable partners, including Tullow and AziNam as described in paragraph 1 above, demonstrating the Group's ability to engage with reputable industry players with a successful track record in exploiting early stage oil and gas exploration opportunities, and the attractiveness of the Group's licences to international and reputable players.
- The Board has significant experience in establishing, growing, financing and subsequently monetising early stage oil & gas and mining companies across Africa and South America.
- The Board endeavours to operate the Group at a cost level that is appropriate for an exploration business in the oil and gas sector. To this end, the Board seeks to keep G&A costs to a minimum.

3. GROUP STRUCTURE AND DEVELOPMENT OF THE GROUP

Company history

Eco Oil and Gas Ltd. was incorporated as a private company in the BVI in 2011 to identify, acquire, explore and develop petroleum, natural gas and CBM licenses. Having through its subsidiaries acquired five petroleum exploration licences in Namibia (including the Eco Namibia Licences issued in March 2011), on 25 November 2011, Eco Oil and Gas Ltd. completed a merger with Goldbard Resources Inc., a wholly owned subsidiary of Goldbard Capital Corporation. On completion of the merger, Goldbard Capital Corporation changed its name to ''Eco (Atlantic) Oil & Gas Ltd'' and was re-admitted to trading on the TSX-V by that name.

Key milestones

2012

In April 2012, the Group agreed farm-out arrangements with NAMCOR and AziNam pursuant to which AziNam acquired a 20 per cent. Working Interest in the Eco Namibia Licences and contributed CAD $3.0 million in cash towards a placing undertaken by the Company at that time, and which documented NAMCOR's 10 per cent. Working Interest in the Eco Namibia Licences. AziNam retains a holding of 5,125,000 Common Shares as at the date of this Document.

2013

In July 2013, the Ministry of Namibia approved an extension of the initial exploration period for the Sharon Licence and the Guy Licence, respectively to 14 March 2016, with a corresponding extension to the Group's work programmes on each licence.

2014

On 12 February 2014, a one-year extension to 14 March 2016 was also granted by the Ministry of Namibia in respect of the Cooper Licence, with a corresponding extension to the Group's work programme on the licence.

On 17 July 2014, the Group entered into the Tullow Farmout Agreement, pursuant to which it was agreed, *inter alia*, that Tullow Namibia would be assigned a 25 per cent. Working Interest in the Cooper Licence and would carry the Group's then Working Interest in a 3D seismic acquisition programme. Should Tullow Namibia elect to progress into the second renewal exploration period, which effectively requires the drilling of an exploration well, Tullow Namibia will receive a further 15 per cent. Working Interest from Eco Atlantic (of which up to 7.5 per cent. may be transferred by AziNam instead, if it exercises its tag along right) and become Operator on the licence. Tullow Namibia will be required to fund and manage the drilling of the exploration well on the block (subject to certain conditions as set out in the Tullow Farmout Agreement).

On 31 December 2014, the Group entered into the Amended AziNam Farmout Agreement, pursuant to which Eco Namibia transferred a portion of its Working Interest in the Cooper Licence, the Sharon Licence and the Guy Licence to AziNam for consideration of, in aggregate, of US $4.74 million. Pursuant to the Amended AziNam Farmout Agreement, AziNam became operator of the Guy Licence and the resulting interests of the parties to the Eco Namibia Licences, as

approved and transferred by the Ministry of Namibia, were as follows (subject to certain carry arrangements further detailed in paragraph 4 of this Part I):

Cooper Licence:	**Guy Licence:**	**Sharon Licence:**
Eco Namibia: 32.5 per cent.	Eco Namibia: 50 per cent.	Eco Namibia: 60 per cent.
Tullow Namibia: 25 per cent.	AziNam: 40 per cent.	AziNam: 30 per cent.
AziNam: 32.5 per cent.	NAMCOR: 10 per cent.	NAMCOR: 10 per cent.
NAMCOR: 10 per cent.		

2015

On 28 January 2015, the Group completed a share for share merger with PAO, which held cash resources of approximately CAD $3 million and three licence interests including the Tamar Licence (the others since having been relinquished).

On 9 October 2015, the Group as Operator and together with the block partners announced the processing of the 1,097km^2 3D seismic survey on the Cooper Block.

2016

On 14 January 2016, Eco Guyana and Tullow Guyana jointly acquired the Guyana Licence and entered into the Guyana Petroleum Agreement and subsequently announced that the Group had entered into the Guyana JOA. As a result of this acquisition, the Group holds a 37.6 per cent. interest in the Guyana Licence (through its 94 per cent. interest in Eco Guyana which holds the 40 per cent. interest in Orinduik) and Tullow Guyana, the Operator, holds a 60 per cent. interest.

On 25 January 2016, the Company announced the completion of an 870km^2 3D survey on the Guy Block.

On 15 April 2016, the Group's Eco Namibia Licences were extended into the first renewal phase under the Petroleum Agreement for each licence, until 14 March 2018. In addition, the Ministry of Namibia waived the relinquishment requirement under the Petroleum Act for the Cooper Licence. Under the terms of the Petroleum Act, and based on geological analysis, the Group relinquished 50 per cent. of the acreage under the Sharon Licence and the Guy Licence. The Ministry of Namibia also approved the Company's request to terminate 50 per cent. of its corresponding obligations under the Sharon Licence and the Guy Licence.

On 21 October 2016, the Group sold 100 per cent. of the issued share capital of Eco Ghana, a wholly-owned indirect subsidiary which held a 50.42 per cent. participating interest in the Ghana Block, to Petrogulf Limited pursuant to the Ghana SPA. Further details on the Ghana SPA are provided in paragraph 5 of this Part I.

In December 2016, the Company completed the restructuring of the Group to create Eco Holdings Barbados, Eco Namibia Barbados and Eco Guyana Barbados as new holding companies for the Group's operating subsidiaries which directly hold its licence interests.

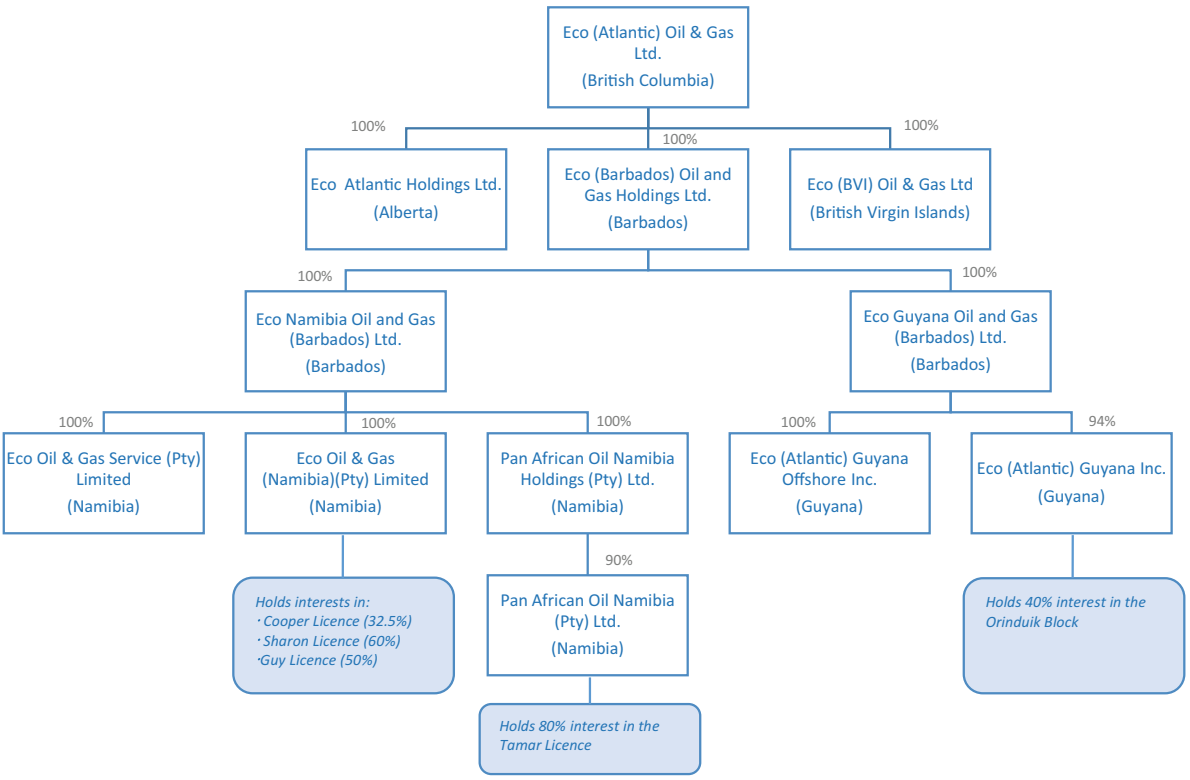
In December 2016, the Group contracted RBS, a specialised consulting firm in Windhoek, Namibia, with the support of its partners on the Cooper Licence, to assist with an EIA survey and the filing of the associated documentation in respect of the Cooper Block, as is pre-requisite for the issue of drilling permits which the Directors hope to receive in the second half of 2017.

In January 2017, the Group agreed with Tullow Namibia to amend certain terms in the Tullow Farmout Agreement dated 17 July 2014, reducing Tullow Namibia's obligation to carry Eco Namibia in respect of an exploration well on the Cooper Block.

Group structure

The Company was originally incorporated in Ontario under the OBCA and continued into British Colombia under the Business Corporations Act. As shown in Figure 1 below, the Company acts as the ultimate holding and management company for the Group's operating subsidiaries. All of the Group's subsidiaries are wholly owned, directly or indirectly, by the Company with the exception of PAO Namibia, of which the Group owns 90 per cent. of the issued share capital, and Eco Guyana, of which the Group owns 94 per cent. of the issued share capital. Eco Atlantic Holdings Ltd. (Alberta) and Eco (Atlantic) Guyana Offshore Inc. are both dormant shell companies.

Figure 1: Corporate Structure Chart



4. DESCRIPTION OF PRINCIPAL INTERESTS AND KEY PARTNERSHIPS

4.1 Namibia

The tables below summarise the Group's licence interests in Namibia. Further details on the respective licences, and associated legal arrangements, are set out below, in paragraph 14 of Part V of this Document.

Table 1: Commercial summary of the Group's Namibia licences

Licence	Licence Working Interests	Eco Atlantic's paying interest for future activities[1]	Partners	Operator	Status of Licence
Cooper	Eco Atlantic 32.5 per cent. Tullow 25 per cent. AziNam 32.5 per cent. NAMCOR 10 per cent.	Partially carried through the first exploration well, if drilled[2], in consideration for transferring Operatorship and a further up to 15 per cent. Working Interest to Tullow Namibia	Tullow AziNam NAMCOR	Eco Namibia *(Eco Atlantic subsidiary)*	Entered first renewal phase on 15 April 2016 which expires on 14 March 2018.
Guy	Eco Atlantic 50 per cent. AziNam 40 per cent. NAMCOR 10 per cent.	Working Interest plus Working Interest share of NAMCOR's Working Interest	AziNam NAMCOR	AziNam	Entered first renewal phase on 15 April 2016 which expires on 14 March 2018.
Sharon	Eco Atlantic 60 per cent. AziNam 30 per cent. NAMCOR 10 per cent.	46.67 per cent. in respect of 3D seismic survey. Working interest in respect of an exploration well, if drilled, plus Working Interest share of NAMCOR's Working Interest	AziNam NAMCOR	Eco Namibia *(Eco Atlantic subsidiary)*	Entered first renewal phase on 15 April 2016 which expires of 14 March 2018.
Tamar	Eco Atlantic 72 per cent. NAMCOR 10 per cent. Spectrum 10 per cent. Amis 8 per cent.	100 per cent.	NAMCOR Spectrum Amis	PAO Namibia *(Eco Atlantic subsidiary)*	See Tamar Risk Factor

[1] Subject to certain limits and further conditions as detailed below in paragraph 4.1.1.4 below.

[2] Eco Namibia is required to pay US $2.25m in respect of drill costs, beyond which Tullow Namibia will carry Eco Namibia's share of any drill costs up to a total (100 per cent.) well cost of US $35m. Further details are set out in paragraph 4.1.1.4 of this Part I and paragraph 14.1.3 of Part V.

Table 2: Technical summary of the Group's Namibia Licences

	Cooper	Sharon	Guy	Tamar*
Block Size	5,000 km^2	5,000 km^2	5,000 km^2	7,500 km^2
Water Depth	100 m to 500 m	100 m to 500 m	1,500 m to 3,000 m	2,500 m to 3,000 m
Licence Terms	5 years + 2 renewal terms of 2 years	5 years + 2 renewal terms of 2 years	5 years + 2 renewal terms of 2 years	2 renewal terms of 2 years (to 2020)
Recent Developments	1,100 km^2 3D programme completed	Acquired 3,692 km^2 of existing 2D seismic data which is being reviewed and interpreted	1,000 km 2D survey completed and 870 km^2 of 3D seismic data acquired, which is currently in the process of being interpreted	1,000 km 2D survey complete and interpreted
Target	• Upper Cretaceous Clastics • Turbidites • Albian fan/ channel • Lower Cretaceous Carbonates	• Basal Tertiary Clastics and Turbidites • Upper Cretaceous Clastics • Turbidites • Lower Cretaceous Carbonates	• Basal Tertiary Clastics and Turbidites • Upper Cretaceous Clastics • Turbidites • Lower Cretaceous Carbonates	• Basal Tertiary Clastics and Turbidites • Upper Cretaceous Clastics • Turbidites • Lower Cretaceous Carbonates

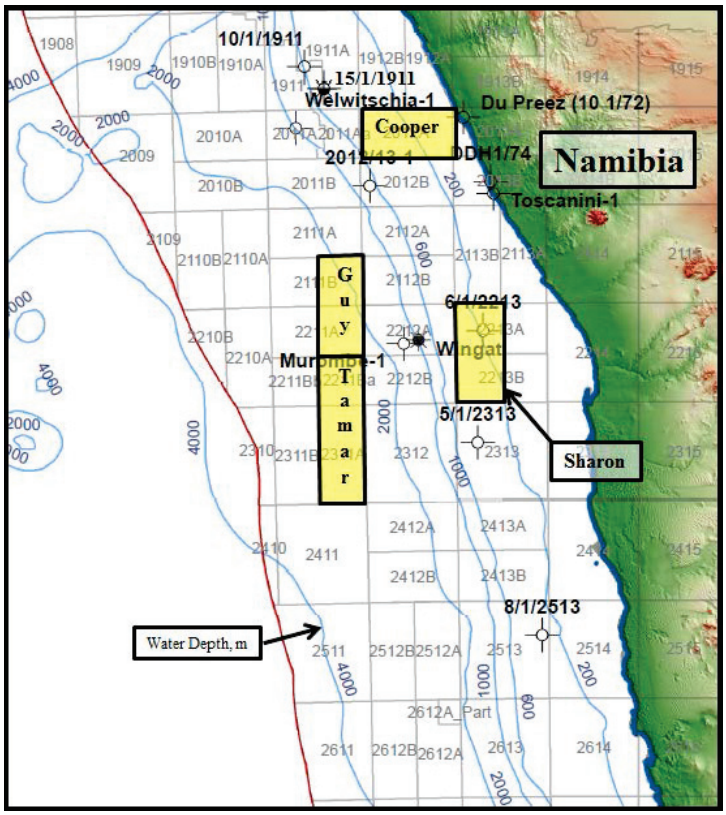
* *Subject to renewal (see the Tamar Risk Factor for further details regarding the status of the Tamar Licence).*

4.1.1 The Namibia Licences

Through its wholly owned subsidiaries, Eco Namibia Barbados and Eco Namibia, the Company holds interests in three offshore petroleum licences, being (i) the Cooper Licence, (ii) the Guy Licence and (iii) the Sharon Licence, as shown in Tables 1 and 2 above. The terms of the Eco Namibia Licences are governed by the respective Eco Namibia Petroleum Agreements.

Through PAO Namibia, the Company's 90 per cent. owned subsidiary, the Company holds a net 72 per cent. Working Interest in the Tamar Licence, the terms of which are governed by the Tamar Petroleum Agreement. The first exploration period for the Tamar Licence expired in March 2016 and has not yet been formally extended, however, the Directors believe that the Group still retains the Tamar Licence and it has received a letter from the Petroleum Commissioner of Namibia confirming that all work required the first exploration period on the Tamar Licence was completed. No exploration activity is currently ongoing or planned on the Tamar Licence and there are no prospective resource volumes applied to the licence given the early stage of its development.

Figure 2: Map of the Group's Namibia Licences



The offshore areas of Namibia form part of the rifted African Atlantic margin which extends from the southern tip of Africa to the straits of Gibraltar. This area – and its counterpart on the South American side of the Atlantic – has proved to be a prolific hydrocarbon province. These margins were formed initially in Jurassic times, with the rifting and opening up of the South Atlantic causing the separation of the African and South American continents. Thick wedges of Cretaceous and Tertiary age sediments derived from the continents have built up along these ocean margins over much of the past 150 million years, with a largely consistent pattern of sedimentation becoming increasingly deepwater and "basinal" towards the spreading axis of the ocean. Within the basinal areas, a number of distinct periods were favourable for the formation of organic rich shales, notably during the 'Mid' Cretaceous when the widespread, Aptian, Albian, Cenomanian and Turonian oil source rocks were deposited. These source horizons, buried by thick Late Cretaceous and Tertiary sediments, form an active petroleum system along much of the margin, including offshore Namibia.

The Namibian offshore area remains very lightly explored, with only 20 wells drilled to date over a vast area (more than half a million km^2) of which five are in and around the Namibia gas field, discovered in the 1970's in the south, close to South African waters. Following an initial phase of seismic exploration and drilling in the 1990's, which was concentrated mainly in shallower waters, there have been a number of wells drilled since 2012 which have moved exploration further offshore (e.g. Tapir South-1, Wingat-1, Murombe-1, Moosehead-1, Welwitschia-1). A number of interesting reservoir horizons have been discovered in the Cretaceous and Palaeocene sections, including deepwater marine turbidite sands, and carbonate horizons, along with well-developed source rocks. Some oil and gas shows have been found, and these, together with the observation of offshore oil seeps, suggest that an active petroleum system is present, but no new discoveries have been made.

However, the strong geological analogies with the Campos and other basins offshore Brazil, the numerous play types which exist, along with the large scale of the leads and prospects identified and the significant areas of un-explored or under-explored acreage, mean Namibia remains one of the most interesting of exploration frontiers.

Table 3: Gross Unrisked Prospective Resources Estimates across the Eco Namibia Licences

	Oil in Place, MMBbl			Prospective Oil Resources, MMBbl			Prospective Associated Gas Resources, BCF		
Block	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
Cooper Block	1,896.1	3,166.0	5,036.7	434.3	752.8	1,241.8	404.8	735.8	1,274.9
Guy Block	2,194.9	6,903.0	16,906.8	489.4	1,581.4	4,009.9	478.2	1,545.3	3,932.4
Sharon Block	3,136.4	9,658.5	23,345.3	701.9	2,211.7	5,518.4	668.3	2,175.6	5,465.9
TOTAL	**7,227.3**	**19,727.4**	**45,288.9**	**1,625.6**	**4,546.0**	**10,770.2**	**1,551.2**	**4,456.7**	**10,673.2**

Table 4: Net Unrisked Prospective Resource Estimates across the Eco Namibia Licences with risking range indicated

	Oil in Place, MMBbl			Prospective Oil Resources, MMBbl			Prospective Associated Gas Resources, BCF			Risk*
Block	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	POS Range,%
Cooper Block	616.2	1,029.0	1,636.9	141.2	244.7	403.6	131.6	239.1	414.3	3.0 -17.9
Guy Block	1,097.4	3,451.5	8,453.4	244.7	790.7	2,005.0	239.1	772.6	1,966.2	1.9 – 3.5
Sharon Block	1,881.1	5,795.1	14,007.2	421.2	1,327.0	3,311.0	401.0	1,305.4	3,279.6	2.0 – 2.5
TOTAL	**3,595.5**	**10,275.5**	**24,097.6**	**807.0**	**2,362.4**	**5,719.6**	**771.6**	**2,317.1**	**5,660.1**	

The information in the tables above relating to the Group's gross and net unrisked Prospective Resources has been extracted without amendment from the CPR in Part IV, as shown on page 76 of this Document.

All of the Group's licences in Namibia were issued on the basis of a 4-year initial term followed by two two-year renewal periods. The initial exploration periods for each of the Eco Namibia Licences were extended to a five-year initial term which ran until 14 March 2016 and included certain minimum work requirements. The Company has completed the minimum work requirements and now entered the first renewal period in respect of the Eco Namibia Licences.

Pursuant to the terms of the Eco Namibia Petroleum Agreements, specific exploration activities are required on each of the Namibia Licences during each phase of development and estimated monetary values have been allocated to each exploration activity based on information available at the time of their execution. These values are estimated for information purposes only, and each respective petroleum agreement defines that the Group is not bound to spend any fixed amount of money and is only required to meet work programme objectives, independent of the total cost. Eco Namibia is relieved automatically of the estimated quoted expenditures for a given exploration activity if it completes the relevant exploration activity at a lower cost. The Directors expect that, in light of current prices for oil related services and based on their experience to date, the actual expenditures on the exploration activities will be less than that provided in the Eco Namibia Petroleum Agreements. Under the terms of the Eco Namibia Petroleum Agreements, and as has been confirmed by the Ministry of Mines and Energy of Namibia, an exploration well will not be required to be drilled until the Operator of the relevant licence has confirmed that it deems a viable target for a well to have been identified.

4.1.1.1 The Cooper Licence

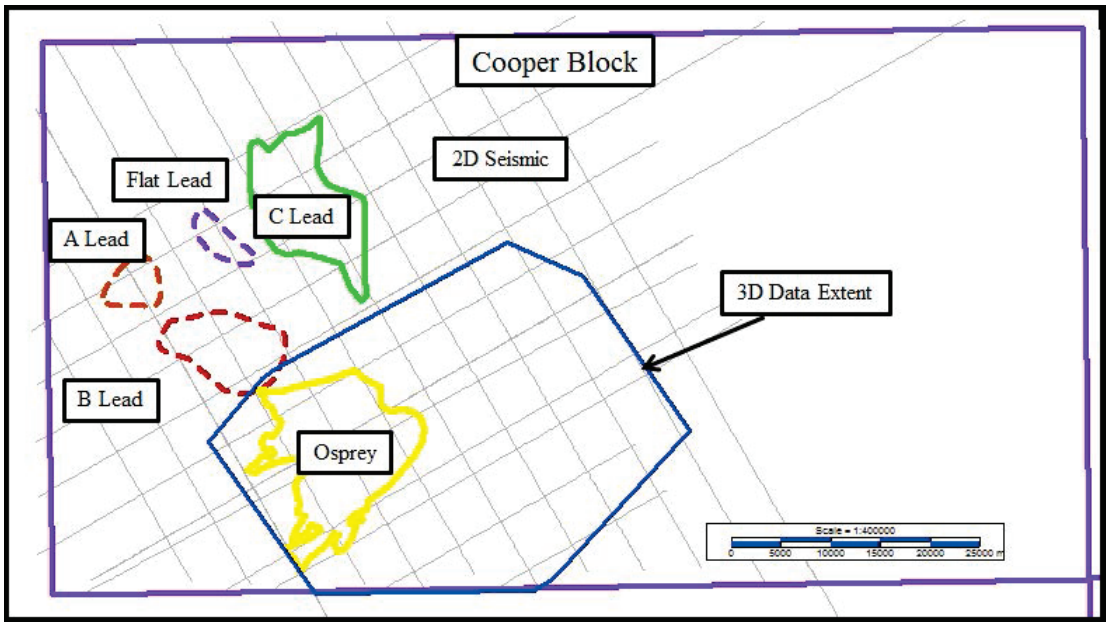
The Cooper Licence was first issued to the Group on 14 March 2011 and covers the Cooper Block, comprising an area of approximately 5,000km^2 offshore in the economic waters of Namibia. Eco Namibia is the Operator of the Cooper Licence and holds a 32.5 per cent. Working Interest. Its partners on the Cooper Licence are NAMCOR, which holds a 10 per cent. Working Interest, AziNam which holds a 32.5 per cent. Working Interest, and Tullow, which (through Tullow Namibia) holds a 25 per cent. Working Interest, subject to certain carry arrangements and conditions as set out below.

4.1.1.2 Description of the Cooper Block

The Cooper Block is located in relatively shallow waters, 100 to 500m deep, immediately off the coast of Namibia, and is thought to be prospective for oil in predominantly marine sediments of Cretaceous age. A 2D seismic dataset of around 1,450 km has identified a number of exploration Leads in the western part of the block. These are mainly fault-bounded structural features,

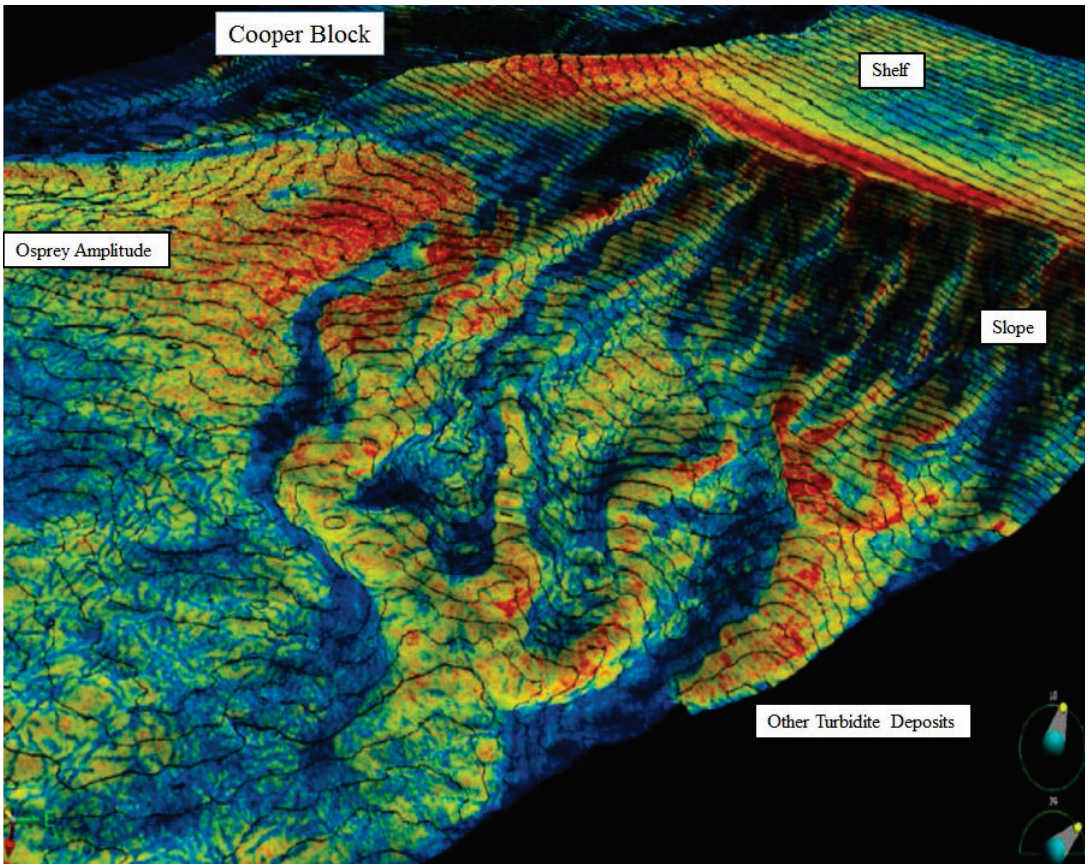
extending down through the Cretaceous section, with apparent individual closure areas of 8 to more than 50 km^2. The Company has quantified a total of four of these features (**Leads 'A', 'B', 'C' and 'Flat'** – see Figure 3), which together are thought to have an aggregate "Best Estimate" potential of around 500 MM bbl Gross Unrisked Prospective Resources, in predominantly Upper Cretaceous (Campanian) clastic reservoirs. However, given the very early stage of exploration these leads have been assigned a high Risk Factor (Chance of Success approximately 3 to 3.5 per cent.). Further seismic data is required to delineate these features, establish their structural integrities and reduce risks and uncertainties.

Figure 3: Cooper Block with Lead and Prospect Area Outlines



A large 3D seismic survey covering 1,100 km^2 of the Cooper Block was acquired by the Company in November 2014, and this high quality dataset clearly demonstrates the potential for stratigraphic traps in Cretaceous deepwater sediments in this area. The data clearly defines a series of channels along the Cretaceous shelf/slope margin, with associated channel and turbidite fan sand bodies highlighted as seismic amplitudes (Figure 5). These are thought to be favourably located to have been charged with hydrocarbons generated from underlying Lower Cretaceous (Aptian) source rocks.

Figure 4: Image from Cooper 3D seismic data set



The Osprey Prospect is the largest and best defined feature identified to date on this 3D dataset (Figure 5). It shows the geometrical configuration of a large, turbidite slope-fan extending from the lower part of the Cretaceous slope out into the basin, with a series of well-defined channels to the SE. The seismic amplitude characteristics suggest the presence of sand within the feature, while several of the associated channels appear to be shale-filled. Initial estimations are that the feature could be around 85 ft thick with a high net sand content, and could contain gross Prospective Resources in the region of 245 MM bbl. The geological Chance of Success for this feature is currently assessed to be 17.9 per cent., although further technical work is required before any drilling locations could be considered.

Table 5 – Cooper Block Lead and Prospect Areas and P50 Gross Unrisked Prospective Resources with POS

Lead / Prospect	Minimum (P10) km^2 / Acres	Most Likely (P50) km^2 / Acres	Maximum (P90) km^2 / Acres	Gross Unrisked Prospective Oil Resources (P50) Most Likely MMBO	Risk POS%
Lead A	4.4 / 1,087	11.0 / 2,718	14.1 / 3,494	70.5	3.2
Lead B	14.1 / 3,494	35.3 / 8,735	70.7 / 17,470	205.3	3.5
Lead C	22.8 / 5,634	57.0 / 14,085	114.0 / 28,170	179.3	3.5
Lead Flat	3.2 / 791	8.0 / 1,977	16.0 / 3,954	52.3	3.0
Osprey	49.8 / 12,300	89.8 / 22,200	175.0 / 43,250	245.5	17.9

4.1.1.3 Current Status

On 15 April 2016, the Ministry of Namibia approved Eco Namibia's progression into the next phase of exploration on the Cooper Licence. Accordingly, the work programme for the Cooper Licence has been extended into its first two-year renewal phase, until 14 March 2018. The Ministry of Namibia also waived the relinquishment requirement for the Cooper Block (as required under the

Eco Namibia Petroleum Agreement), and accordingly the Cooper JOA partners may continue the exploration work on the entire block area.

In November 2016, the Group completed the execution, processing and interpretation of a 1,100km^2 3D seismic survey. In accordance with the Tullow Farmout Agreement, Tullow paid US $4.103 million towards Eco Namibia's share of costs in respect of the Cooper Licence and, pursuant to the Amended AziNam Farmout Agreement, AziNam paid US $2.08 million towards Eco Namibia's share of costs in respect of the Cooper Licence.

The Group has now completed analysis and interpretation of its 3D seismic survey on the Cooper Block and will work alongside its partners to seek to establish a viable drilling target for an exploration well. An Environmental Impact Assessment survey over Cooper block (Namibia) has also been approved to be carried out in 2017 by the partners in the Cooper Licence, in preparation for any future applications for drilling permits. In accordance with the written confirmation by the Petroleum Commissioner of the Ministry of Namibia, there is no requirement under the terms of the Cooper Licence to drill an exploratory well on the Cooper Block until such time as the parties to the Cooper Licence deem an economically viable well target to have been established.

4.1.1.4 Summary of the Tullow Farmout Agreement (as amended by the Amendment and Assignment Agreement)

If Tullow Namibia elects to proceed into the second renewal exploration period or commits to drill an exploration well on the Cooper Block before such time, Tullow Namibia will acquire from Eco Namibia an additional up to 15 per cent. Working Interest in the Cooper Licence and become the Operator of the Cooper Licence. In addition, subject to a minimum contribution of US $2.25m by Eco Namibia, Tullow Namibia will carry Eco Namibia in respect of its share of any drill costs in relation to the first exploration well (if proposed and drilled by Tullow Namibia) up to a total (100 per cent.) well cost of US $35 million. In addition, Tullow Namibia will reimburse Eco Namibia for 17.143 per cent. of all past costs incurred and paid for by Eco Namibia in respect of the Cooper Licence (save for any costs already reimbursed, paid or carried by AziNam or Tullow Namibia). If Tullow Namibia elects not to proceed into the second renewal exploration period, then it will be deemed to have transferred back to Eco Namibia its entire 25 per cent. Working Interest and will remain obliged to carry Eco Namibia in respect of (a) its Working Interest share of the costs, which it has agreed to participate in and which were approved by the operating committee and the parties; and (b) the seismic carry (to the same extent Tullow Namibia would have been liable for had it not elected to transfer its Working Interest).

For further details regarding the Tullow Farmout Agreement and the Tullow Amendment and Assignment Agreement, please see paragraph 14.1.3 in Part V of this Document.

4.1.1.5 Summary of the AziNam Farmout Agreements

Background

Pursuant to the Initial AziNam Farmout Agreement and the Amended AziNam Farmout Agreement, AziNam acquired Working Interests in the Cooper Licence, the Sharon Licence and the Guy Licence from the Group and became the Operator of the Guy Block. In conjunction with the acquisition of the initial 20 per cent. Working Interest in the Eco Namibia Licences, Azimuth invested CAD $3,000,000 in the private placement financing of Eco Atlantic and received 5,000,000 units, consisting of 5,000,000 Common Shares and warrants to purchase up to an additional 2,500,000 Common Shares at CAD $1.00 per share. In consideration for the acquisition of 20 per cent. Working Interest in the Eco Namibia Licences, AziNam also agreed to pay 40 per cent. of all cash requirements related to/arising from 3D G&G survey.

Pursuant to the Amended AziNam Farmout Agreement, AziNam acquired an additional 12.5 per cent Working Interest in the Cooper Licence, 20 per cent. Working Interest in the Guy Licence and 10 per cent. Working Interest in the Sharon Licence. In consideration of the acquisition of such additional interests, AziNam paid to Eco Namibia:

(i) US $3,500,000 in respect of the 12.5 per cent. Working Interest in the Cooper Block and Cooper Licence;

(ii) US $1,000,000 in respect of 2D survey and processing plus US $150,000 in respect of AziNam becoming the Operator of the Guy Block; and

(iii) US $90,000 in respect of the Sharon seismic programme 2D data acquisition from NAMCOR.

If Tullow Namibia proceeds into the second renewal exploration period, AziNam will be entitled to exercise a tag along right *pro rata* to Eco Namibia in respect of the 15 per cent. Working Interest in the Cooper licence to be transferred to Tullow Namibia.

For further details regarding the AziNam Farmout Agreements, please see paragraph 14.1.4 and 14.1.5 in Part V of this Document.

4.1.1.6 NAMCOR Working Interest

NAMCOR is effectively carried until completion of the first exploration well, beyond which Eco Namibia, Tullow Namibia and AziNam carry NAMCOR proportionally to their respective Working Interests.

As from the end of the first quarter in which hydrocarbons are produced and/or saved from the Cooper Block (as is also the case for the Sharon and Guy Blocks), Eco Namibia is entitled to 80 per cent. of the proceeds of sale (net of taxes) of NAMCOR's Working Interest share, and NAMCOR is entitled to the remaining 20 per cent. or all proceeds of sale (net of taxes arising from the NAMCOR's participating interest), until Eco Namibia recovered the following:

(i) 120 per cent. of 10 per cent. of the costs and expenses incurred by Eco Namibia in the period from March 2011 until April 2012; and

(ii) 120 per cent. of the costs and expenses attributable to NAMCOR's Working Interest incurred by Eco Namibia from April 2012 to the end of the first quarter in which hydrocarbons are produced and/or saved from the Cooper Block

4.1.1.7 Principal Terms of the Cooper JOA

Exploration activity on the Cooper Licence is governed by the Cooper JOA, pursuant to which the Company is currently designated the Operator. Tullow will replace the Company as the Operator either (i) upon the closing of the transfer to Tullow Namibia of an additional 15 per cent. Working Interest in the Cooper Licence pursuant to the Tullow Farmout Agreement, or (ii) on an earlier date, provided Tullow commits to the drilling of an exploration well on the Cooper Block. Further details regarding the Cooper JOA are set out in paragraph 14.1.7 of Part V of this Document.

4.1.2.1 The Sharon Licence

The Sharon Licence covers approximately 5,000km^2 and is located in blocks areas 2213A and 2213B offshore in the economic waters of Namibia. Eco Namibia holds a 60 per cent. Working Interest in the Sharon Licence, NAMCOR holds a 10 per cent. Working Interest and AziNam holds a 30 per cent. Working Interest, subject to certain carry arrangements and conditions as set out below and in paragraph 14.1 of Part V of this Document. Eco Namibia and AziNam proportionally carry NAMCOR's Working Interest during the exploration period.

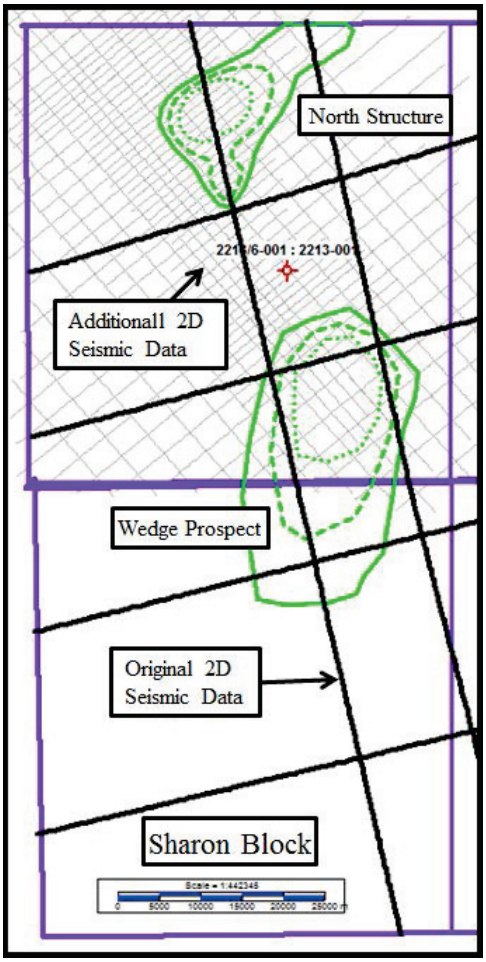
The Sharon Licence Block, lies to the SE of the Cooper Block, in water depths of 100 to 500 m. Exploration plays are again in the Cretaceous section, with potential for both structural and stratigraphic traps. A reconnaissance seismic survey, comprising 606 km of widely spaced 2D lines, was used to identify two large potential structural closures on the block known as **'North' and 'Wedge' Leads** – lying immediately north and south of the 2213/6-1 well, a dry hole drilled by Ranger Oil. A much more closely spaced, 3,086 km 2D seismic dataset has been purchased by the Company over the North Lead area and is currently being evaluated.

The two leads identified are both very large, with potential closure areas in excess of 100 km^2, and could have Prospective Resources in the billion bbl range, although the high Risks attributed (CoS of 2 to 3.5 per cent.) reflects the limited extent of technical evaluation at this time. Evaluation of the new seismic data should allow a better definition of the area, and the development of drillable prospects.

Table 6 – Sharon Block Lead Areas and P50 Gross Unrisked Prospective Resources with POS

Lead	Minimum (P10) km² / Acres	Most Likely (P50) km² / Acres	Maximum (P90) km² / Acres	Gross Unrisked Prospective Oil Resources (P50) Most Likely MMBO	Risk POS%
North Structure	47.5 / 11,737	112.7 / 27,849	230.0 / 56,834	909.4	1.9
Wedge	125.0 / 30,890	294.0 / 72,650	564.9 / 139,600	1,302.3	3.5

Figure 5: Location of leads and current 2D seismic data in Sharon Block



4.1.2.2 Current Status

The Group has acquired 3,692km of 2D seismic data, which is being reviewed and interpreted. On 15 April 2016, the Ministry of Namibia approved the Group's progression into the next phase of exploration on the Sharon Licence. Although no firm further commitments have been made in respect of the work programme on the Sharon Licence, the next phase of exploration activity would be the acquisition and interpretation of 3D seismic over the areas containing the leads identified to date in order to seek to identify a viable target for the drilling of an exploration well.

The Sharon Licence has been extended into its first two-year renewal phase, until 14 March 2018. Following the relinquishment of 50 per cent. of the acreage on the Sharon Licence on 15 April 2016, as required under the terms of the Eco Namibia Petroleum Agreement, Eco Namibia's exploration obligations were reduced by 50 per cent. The Company considers this shallow section to be non-prospective.

4.1.2.3 Relevant Terms of the Initial and Amended AziNam Farmout Agreement in respect of the Sharon Licence

Under the terms of the Amended AziNam Farmout Agreement, AziNam funded Eco Namibia's share of costs for the acquisition of 2D seismic data on the Sharon Block. Furthermore, AziNam has agreed to fund 53.33 per cent. of a 1,000km^2 square 3D seismic survey on the Sharon Block.

For further details regarding the AziNam Farmout Agreements, please see paragraph 14.1.4 and 14.1.5 in Part V of this Document.

4.1.2.4 NAMCOR Working Interest

Eco Namibia and AziNam proportionally carry NAMCOR's Working Interest during the exploration period, being the period until the end of the first quarter in which hydrocarbons are produced and/or saved from the Sharon Block. Further details on the arrangement thereafter are described in paragraph 4.1.1.6 above and in paragraph 14.1 of Part V.

4.1.2.5 Principal Terms of the Sharon JOA

Exploration activity on the Sharon Licence is governed by the Sharon JOA. The Sharon JOA determines that the parties will establish an operating committee and a technical advisory committee. It further sets out the general obligations of the Operator and provisions relating to decision making and notifications. Pursuant to the terms of the Sharon JOA, Eco Namibia is designated the Operator of the Sharon Licence. Further details regarding the Sharon JOA are set out in paragraph 14.1.6 of Part V of this Document.

4.1.3.1 The Guy Licence

The Guy Licence covers approximately 5,000km^2 (following the 50 per cent. relinquishment of the Guy Licence area as described below) and is located in blocks 2111B and 2211A offshore in the economic waters of Namibia. Eco Namibia retains a 50 per cent. Working Interest in the Guy Licence, with NAMCOR holding a 10 per cent. Working Interest and AziNam holding the balancing 40 per cent. Working Interest, subject to certain carry arrangements and conditions as set out below.

The Guy Licence is a deep water license, lying off the coast of Namibia in water depths of 1,500 to 3,000 m. The principal exploration targets in this zone are thought to be stratigraphic traps – turbidite fans and channels – within deepwater sediments of broadly "mid" Cretaceous age (Albian – Cenomanian). An initial reconnaissance seismic dataset, comprising 675 km of 2D data, has identified a number of leads which included potential structural closures as well as stratigraphic traps. In 2014, the Company recently purchased an additional 473 km of 2D seismic and acquired 1,012 km of new 2D seismic data, which better defines the various leads and establishes a tie into the Murombe-1 well, drilled by HRT Participaçõs en Petróleo S.A. in 2013 to the east of the block.

The Murombe-1 well encountered a thick (36 metre) channel sand body of Cenomanian age, known as the Baobab Sand, which can be traced on seismic downdip towards the west, as part of a channel complex which extends into the southern part of the Guy Block. An 870 km^2 3D seismic survey was acquired in late 2015 in order to better define this Cenomanian channel play; processing is now complete and interpretation is underway.

The structural leads defined so far (Leads '5' and 'Far West 2') are fault bounded structural closures which are potentially very large (up to 150 km^2) but are defined on only a few 2D seismic lines. Prospective resource potential is thought to be large – 100 to 750 MM bbl in the 'Best Estimate' case – but exploration risk and potential sizes are very uncertain. Reflecting the limited data, a geological CoS of 2 per cent. has been assessed. Leads '1' and '2' in the south of the block are stratigraphic in nature with prospectivity in the Albian-Cenomanian channelized section and individual Prospective Resources thought to be in the 100 to 650 MM bbl range. Again, the currently assessed exploration risks are high (CoS 2 per cent.), although the recent 3D survey and ties into the Murombe-1 well should allow much better definition of these leads on the near future, both in terms of prospective volumes and exploration risks.

Table 7: Guy Block leads and areas and P50 Gross Unrisked Prospective Resources with COS

Lead	Minimum (P10) km2 / Acres	Most Likely (P50) km2 / Acres	Maximum (P90) km2 / Acres	Gross Unrisked Prospective Oil Resources (P50) Most Likely MMBO	Risk COS per cent.
Far West 2	60.7 / 15,000	157.8 / 39,000	232.3 / 57,400	744.3	2.0
Cretaceous 1	37.0 / 9,143	100.0 / 24,711	201.0 / 49,668	640.4	2.2
Cretaceous 2	17.0 / 4,201	38.0 / 9,390	68.0 / 16,803	100.9	2.5
Cretaceous 5	40.0 / 9,884	67.0 / 16,556	130.0 / 32,100	95.9	2.0

The information in table 7 above regarding the Guy Block has been extracted without amendment from the CPR in Part VI, as shown on page 133 of this Document.

4.1.3.2 Current Status

On 15 April 2016, the Ministry of Namibia approved the Eco Namibia's progression into the next phase of exploration on the Guy Licence, being the first two-year renewal phase, until 14 March 2018. The Group has completed a 1,000km^2 2D survey and an 870km^2 3D seismic survey on the Guy Block and is now working with its partners towards identifying a viable well target for the drilling of an exploration well.

As was also the case for the Sharon Licence, the Group's exploration obligations in respect of the Guy Licence have been reduced by 50 per cent. to correspond with the relinquishment of 50 per cent. of the acreage in the licence, as required under the terms of the Eco Namibia Petroleum Agreement. This relinquishment pertains to the western portion of the Guy Block in the ultra-deep section, which the Company and its operating partner, AziNam, considered non-prospective.

4.1.3.3 Relevant Terms of the AziNam Farmout Agreements

Pursuant to the Amended AziNam Farmout Agreement, AziNam funded Eco Namibia's share of costs for the shooting and processing of a 1,000km^2 2D seismic survey on the Guy Block. Additionally, AziNam funded 66.44 per cent. of the costs of an 870km^2 3D seismic survey on the Guy Block.

For further details regarding the AziNam Farmout Agreements, please see paragraph 14.1.4 and 14.1.5 in Part V of this Document.

4.1.3.4 NAMCOR Working Interest

Eco Namibia and AziNam proportionally carry NAMCOR's working interest during the exploration period, being the period until the end of the first quarter in which hydrocarbons are produced and/or saved from the Guy Block. Further details on the arrangement thereafter are described above and in paragraph 14.1.2 of Part V.

4.1.3.5 Principal Terms of the Guy JOA

The exploration activity on the Guy Licence is performed pursuant to the terms of the Guy JOA. The Guy JOA determines that the parties will establish an operating committee and a technical advisory committee. It further sets out the general obligations of the Operator and provisions relating to decision making and notifications. Pursuant to the Amended AziNam Farmout Agreement, AziNam has been designated the Operator of the Guy Licence. Further details regarding the Guy JOA are set out in paragraph 14.1.6 of Part V of this Document.

4.1.4.1 The Tamar Licence

The Tamar Licence covers approximately 7,500km^2 and is located in licence areas 2211B and 2311A offshore in the economic waters of Namibia. PAO Namibia holds an 80 per cent. Working Interest in the Tamar Block (Eco Namibia's net interest is 72 per cent. due to its 90 per cent. ownership of PAO Namibia), Spectrum holds a 10 per cent. Working Interest, and NAMCOR holds a 10 per cent. Working Interest, subject to certain carry arrangements and conditions as set out below.

Tamar is a deepwater licence block, adjacent to and south of the Guy Block and in similar water depths (approximately 2,000m). There are about 1,000 km of 2D seismic data over the block, with widely spaced lines; this is currently being reviewed by the Company, and although encouraging amplitude events can be seen, no assessment of Prospective Resources has been made. The play types anticipated include Cenomanian channel complexes and Albian age turbidite fans, as seen on the Guy Block to the north.

Current Status

The Group has acquired a 1,000km of 2D seismic data in the Tamar Block. The Group, alongside its partner, have no committed further work in respect of the Tamar Licence.

The Tamar Licence technically expired in March 2016, although the Directors are confident that the licence will be extended (as further explained in the "Tamar Licence Renewal" risk factor in Part II of this Document). The Tamar Licence is currently deemed by the Directors to be the least prospective of the Group's currently held licence interests and no exploration activity is currently ongoing or planned.

4.1.4.2 Spectrum Agreement

On August 31, 2012, PAO Namibia entered into an agreement (the "**Spectrum Agreement**") with Spectrum, pursuant to which PAO Namibia granted a 10% carried working interest in the Tamar Block to Spectrum. Pursuant to the Spectrum Agreement, under certain conditions, including without limitation, the farm-in by a third party into to the Tamar Block (a "**Farm-In**"), Spectrum's working interest may be reduced to 5%. The Spectrum Agreement further provides that PAO Namibia has an option to buy back the carried interest by paying Spectrum US $1,450,000 prior to a Farm-In or US $900,000 after a Farm-In.

4.1.4.3 NAMCOR Working Interest

Pursuant to the Tamar Petroleum Agreement, NAMCOR obtained a right to participate in the petroleum operations relating to the Tamar Licence, on a 10 per cent free carried interest basis. PAO Namibia carries NAMCOR's 10 per cent. Working Interest entirely.

4.2 Eco Guyana

Eco Guyana holds a 40 per cent. Working Interest in a highly prospective licence (Orinduik) offshore Guyana, within the Guyana-Suriname Basin. The licence was acquired in January 2016, and is operated by Tullow Guyana. The Company owns 94 per cent. of Eco Guyana, hence a net interest of 37.6 per cent in the licence, with the balance held by the Eco Guyana Minority Shareholders.

The Eco Guyana Minority Shareholders are not required to contribute to the costs of any 3D seismic exploration work by the Company and are not subject to dilution in respct of any 3D seismic exploration on the Guyana Licence.

The Guyana-Suriname Basin is part of a passive margin formed by Triassic to Jurassic rifting and separation of South America from Africa. This basin is primarily offshore and is bounded to the south by crystalline basement and to the east by the Demerara High, a remnant of continental crust from the separation

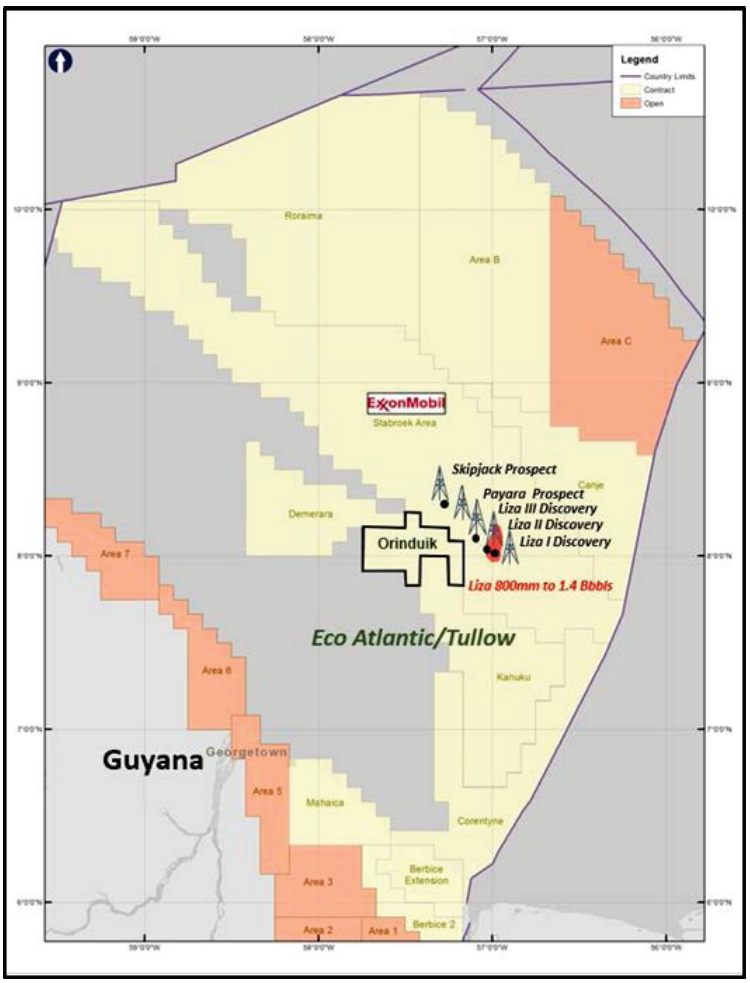
The basin fill comprises mainly clastic deposits from the South American continent, with a fill of Cretaceous and Tertiary sediments up to 7 km thick forming deltas along a passive margin shelf and slope, and with carbonate depositional settings located towards the shelf edge. Miocene uplift changed the drainage of the continent and reduced the clastic sedimentation from the continent replacing the coarse-grained clastics and shelf edge carbonates with fine-grained clastics.

In common with other Atlantic Margin basins (including offshore Namibia), organic rich shales occur within the 'Mid' Cretaceous section and form an active oil source rock in the Canje Formation of Albian to Santonian age. This is known to be mature for oil within the basin, generating oil since Late Palaeocene time, and has sourced a number of onshore oil fields on the basins western margin as well as recent discoveries offshore in the basin. An additional oil source rock is thought to be present within the Jurassic syn-rift section.

The offshore Guyana-Suriname Basin is relatively lightly explored, with 16 wells drilled prior to 2006. However, exploration activity has increased with the discovery and appraisal of ExxonMobil's giant Liza field. Three wells have penetrated an Upper Cretaceous deepwater, turbidite sandstone

oil reservoir 60 to 90 m thick, with potential commercial reserves reported to be up to 1.4 billion bbl.

Figure 6: Index map of Guyana offshore



4.2.1 Orinduik Block

The Orinduik Block is situated in relatively shallow water, 170 km offshore Guyana in the Suriname-Guyana basin and is adjacent to ExxonMobil's Liza discovery. The Group's interest in the Orinduik Block is governed by the Guyana Petroleum Agreement, entered into between Eco Guyana, Tullow Guyana and the Government of Guyana, and the Guyana Licence. In addition, Eco Guyana and Tullow Guyana have entered into the Guyana JOA, which sets out the participating interests of each party in the Guyana Licence, being 40 per cent. and 60 per cent. respectively.

The Guyana Licence comprises an 1,800 km^2 block lying immediately west of the Liza discovery and Payara discoveries announced recently by Exxon, in shallower water and geologically updip (Figure 8). Tullow, the Operator of the Orinduik Block, has over 9,000 km of 2D seismic data covering large areas offshore Guyana, including the Orinduik Block, which the Directors believe forms the basis of an initial evaluation by Tullow Guyana, as shown in Figure 8.

A number of preliminary leads have been identified by the operator within the prospective Upper Cretaceous (Campanian and Maastrichtian) section, with the identification of potential shelf-edge canyon systems related to the Liza turbidite sands to the east. One such lead, Amatuk, is thought by the Operator to have a prospective unrisked resource potential of up to 700 MM bbls and another, Kurutuik, over 200 MM bbls, although it should be noted that these are Tullow's internal estimates which have not been independently assessed by Gustavson. Eco Atlantic, after consulting and as agreed with the Competent Person, has not conducted an independent evaluation of the data at this stage, as it is considered to been too early to do so and the Company considers it more prudent to await the arrival of the extensive new 3D survey in 2017.

Figure 7: Schematic section from Tullow (courtesy of Tullow)

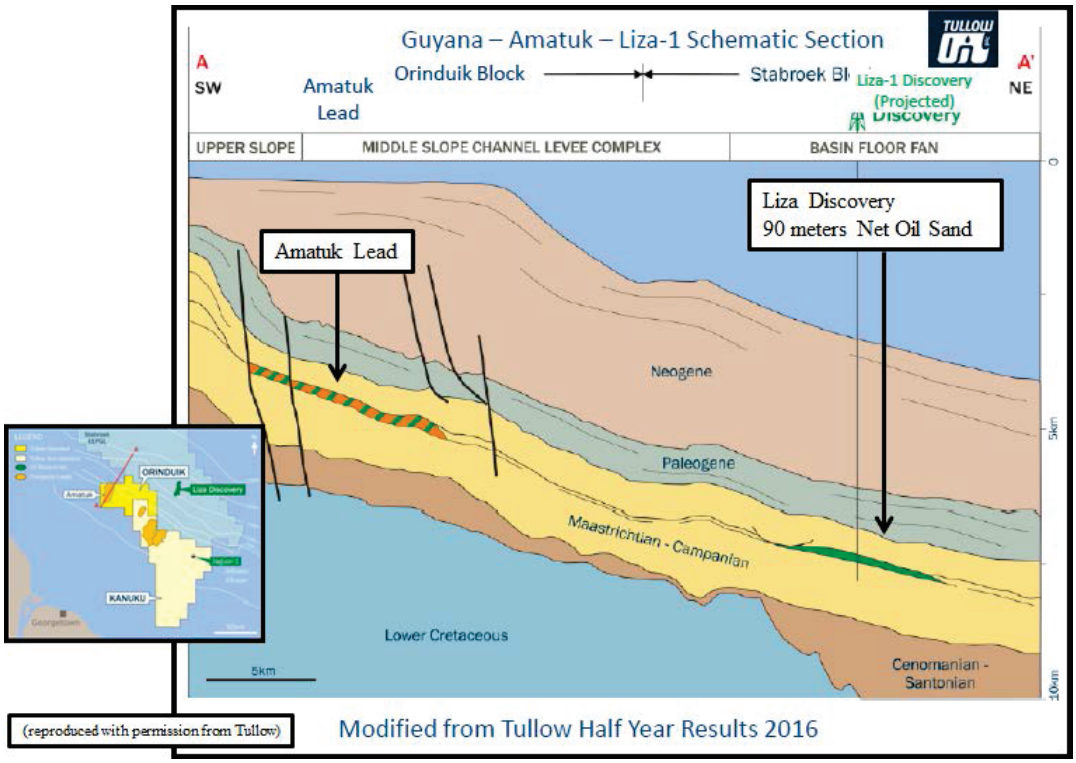
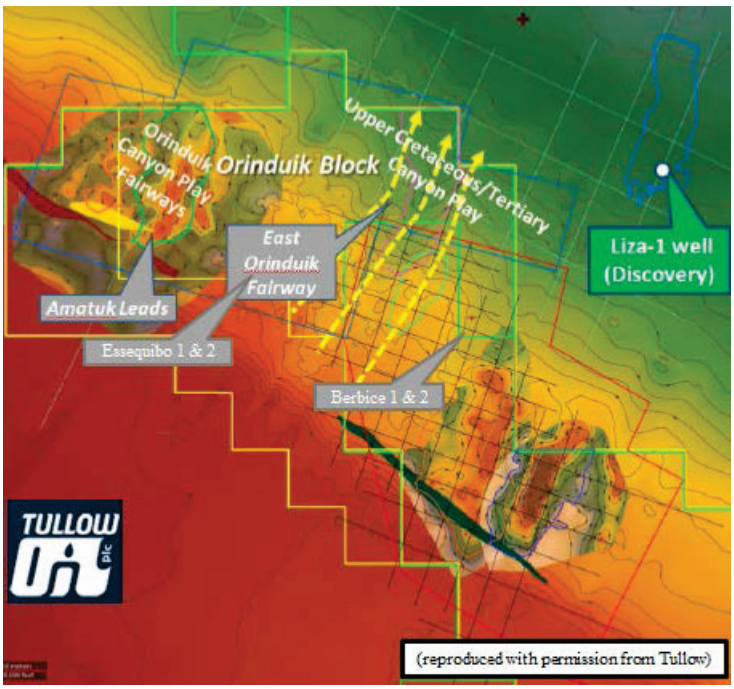


Figure 8: Play map from Tullow interpretation (courtesy of Tullow)



4.2.2 ExxonMobil discoveries

The Orinduik concession is adjacent to ExxonMobil's Stabroek Block (Esso Exploration and Production Guyana 45 per cent., Hess Guyana Exploration 30 per cent., CNOOC Nexen Petroleum Guyana Limited 25 per cent.) on which the Liza-1 (see Figure 9 above) discovery was made in May 2015. The Liza-1 play concept is a turbidite sandstone in Cretaceous fans. As reported by ExxonMobil, the well encountered 90 metres of high quality oil-bearing sandstone reservoirs and was thought to be within a newly discovered field that could contain upwards of 800,000 to 1.4 Billion barrels of oil. That initial discovery was confirmed by drilling an offsetting Liza 2 well this year, and more recently the Liza 3 well in November 2016, and ExxonMobil's estimates for recoverable resources in the field have been revised upwards towards 1.4 billion barrels. These three wells are only a few kilometres from the Orinduik Block. Official notice of the discovery of commercial quantities of oil, estimated to be in excess of one billion barrels, was issued by ExxonMobil to Minister Raphael Trotman, Guyana's Minister of Natural Resources. This notice is required by Guyana's Petroleum Act and it is the first time in the country's history that such notice has been made. The Liza Field is the first commercial discovery in the South American country and one of the largest most recent discoveries in the world.

In January 2017, ExxonMobil and Hess Corporation announced a second oil discovery on the Stabroek Block offshore Guyana, with the Payara-1 well, which indicated 95 feet of high quality oil bearing sandstone reservoirs and two side track wells. Eco Guyana's Orinduik Block (owned in partnership with Tullow Oil) is adjacent, updip and close to the Payara-1 well. In January 2017, Hess also announced that in addition to the Payara discovery, the Liza-3 appraisal well identified an additional high-quality, deeper reservoir directly below the Liza Field, which is estimated to contain between 100-150 million barrels of oil equivalent, and this additional resource is expected to be developed in conjunction with the Liza discovery.

4.2.3 Principal Terms of the Guyana Petroleum Agreement, and carry arrangements for the Guyana Licence

The Group's interest in the Orinduik Block is governed by the Guyana Petroleum Agreement, entered into between Eco Guyana, Tullow Guyana and the Government of Guyana. In addition, Eco Guyana and Tullow Guyana have entered into the Guyana JOA, which governs the terms of the Operatorship in relation to the Guyana Block.

The Guyana Petroleum Agreement stipulates that Tullow Guyana is the Operator of the Guyana Licence and sets out a 10-year work programme comprising an initial four-year term and two three-year renewal periods. The work programme, which is outlined below, includes the requirement for a 3D site survey to be completed within the initial four-year term and a decision regarding the drilling and completion of an exploration well to be reached in years 5 and 6 of the 10-year period, being the first 2 years of the first renewal period. Completion and processing of the 3D seismic survey, currently planned to commence in later in 2017, would satisfy the obligation to complete a 3D seismic programme in the initial 4-year term.

Tullow Guyana will bear all costs, including in respect of Eco Guyana's Working Interest, for the costs of a 1,000km^2 3D seismic survey up to a maximum of US $1.25 million in respect of Eco Guyana's share.

Current Status

In light of recent exploration and drilling activity in the region, Tullow Guyana and the Company have concluded an accelerated detailed review of regional 2D seismic data and have established credible leads in the Orinduik Canyon Play Fairways that warrant a comprehensive 3D survey. A 1,000km^2 3D seismic survey is anticipated to commence in 2017, although the partners to the Orinduik Block have not yet formally committed to the shooting of a 3D survey. The extent of the 3D seismic survey may be extended beyond the initial 1,000km^2 expected survey; any such additional work programme will be dependent upon the availability of funding for the Group's share of the financing obligations.

In the ordinary course of business, the Group also has applications for other licences submitted in Guyana which the Directors hope will lead to the issuance to the Group of additional licence interests. Whilst there can be no certainty as to the success or timing thereof in respect of these applications, the Directors hope that new licences interests will be granted to the Group in the future.

Minimum work programme

The Guyana Petroleum Agreement sets out the following 10-year work programme for the Guyana Licence:

Initial 4-year licence term January 2016 – December 2019	• Review and complete analysis of existing regional 2D data and complete 3D survey • Complete and process 1,000km^2 3D program
First 3-year renewal period January 2020 – December 2022	• Drill one exploration well
Second 3-year renewal period January 2023 – December 2025	• Drill one exploration well

4.2.4 Principal terms of the Guyana JOA

The Guyana JOA designates Tullow Guyana as the Operator and sets out Tullow Guyana's rights and obligations as the Operator.

Pursuant to the Guyana JOA, a Joint Operating Committee is established to provide an overall supervision and direction of joint operations. It is composed of representatives of each party holding a participating interest.

In addition, the Guyana JOA provides that a party subject to a change in control (where the market value of that party's participating interest represents more than 20 per cent. of the total market value of that party and its affiliates that are subject to the change of control) will obtain any necessary government approval and provide evidence to the other parties that after the change in control such party will continue to have both the financial and the technical capability to satisfy its obligations under the Guyana Petroleum Agreement and the Guyana JOA.

5. SALE OF LICENCE INTEREST IN GHANA

In October 2016, Eco BVI entered into the Ghana SPA, pursuant to which Eco BVI sold its entire interest in Eco Ghana to PetroGulf.

Eco Ghana held the Group's interest in the Ghana Block. Eco BVI is entitled to receive US $576,580 as reimbursement for past operating expenditures owed to the Group in relation to the Ghana Block, provided that a certain debtor repays any of its total debt of US $2,168,838 owed by it to Eco Ghana. There can be no guarantee that such funding will be received or the timing of any payment.

As a result of the Ghana SPA the Group will have no remaining obligations in Ghana, as PetroGulf has fully assumed all obligations of Eco Ghana in relation to the Ghana Petroleum Agreement. The sale of Eco Ghana extinguished approximately CAD $1.7 million of liabilities that are included in current liabilities in the Company's Statement of Financial Position as at 30 September 2016.

6. NAMIBIA – COUNTRY, FISCAL ENVIRONMENT AND OIL AND GAS INDUSTRY OVERVIEW

Country Overview

Namibia occupies 824,292 km^2 of South West Africa, bordering Angola and Zambia to the north, Botswana to the east, Zimbabwe to the north east, South Africa to the south and the Atlantic Ocean to the west. Namibia has a population of approximately 2.1 million, with approximately 34 per cent. of the population living in urban areas. Windhoek, the capital of, and largest city in, Namibia, has a population of approximately 342,000.

Namibia achieved full independence from South Africa on 21 March 1990. Hage Geingob is the President of Namibia, succeeding Hifikepunye Pohamba in 2015, who served two terms as President of Namibia from 2004. The South West Africa People's Organisation has been in power since independence.

Namibia's constitution was adopted on 9 March 1990 (as amended, the "Constitution") and provides for a bill of rights, a President, a Parliament and an independent judiciary. The Parliament comprises of two chambers, the National Assembly, the lower chamber, and the National Council, the upper chamber. The National Assembly is made up of 72 members elected for five-year terms. The National Council, has 26 members, two members from each region in Namibia, who are elected for five-year terms.

Fiscal environment overview

The Namibian economy is significantly influenced by the mining sector and the extraction and processing of minerals for export, particularly diamonds and uranium. Namibia is the world's fourth largest producer of uranium. Namibia also produces large quantities of zinc and smaller amounts of gold and other minerals such as copper and lead. Namibia's other principal economic sectors include fishing, manufacturing and agriculture. Namibia's principal exports include metal ores, diamonds, fish and manufactured products while its principal imports include machinery and equipment, transport equipment, food and beverages and chemical rubber and plastic products.

The Namibian economy is closely linked to South Africa with the Namibia dollar pegged to the South African rand on a one to one basis. Namibia is a member of the Southern African Customs Union, which provides for common external and excise tariffs throughout South Africa, Botswana, Lesotho, Namibia and Swaziland which are pooled and paid out to member countries based on an agreed formula.

Oil and gas industry overview

Overview of Oil and Gas Resources

Despite an offshore exploration history dating back to the first exploration well in 1974, the four offshore sedimentary basins (from north-to-south the Namibe, Walvis, Luderitz and Orange Basins) can still be considered significantly underexplored, with various petroleum exploration licence holders currently in the process of acquiring 2D and 3D seismic data and a few having started drilling exploration wells.

The Namibia Gas Field in the Orange Basin was discovered in 1974 and is still the only commercial discovery of hydrocarbons offshore Namibia.

Licensing regime

Petroleum exploration and production in Namibia is regulated by the Petroleum Act and the regulations published under the Petroleum Act. All rights in relation to reconnaissance, exploration, production and disposal and the exercise of control over petroleum vest in the Government of Namibia.

The Petroleum Act authorises the Namibian Minister to issue three different types of licences:

1. reconnaissance licences;
2. exploration licences; and
3. production licences.

Reconnaissance, exploration or production operations can be conducted in Namibia only under the authority of an appropriate licence issued by the Namibian Minister under the Petroleum Act. The Petroleum Act does not provide for different licences for offshore and onshore areas.

Except in the case of a reconnaissance licence, the licence must be granted to a company and no interest in any such licence shall be ceded or assigned to any person other than a company. However, there is no requirement that the grantee company is a Namibian registered company. Licences under the Petroleum Act are granted only upon application submitted to the Namibian Petroleum Commissioner and the grant may be subject to payment of fees. Applications for these licences are required to conform to the requirements of the Petroleum Act. The Namibian Minister, in granting licences, does so subject to conditions. Such conditions are in practice contained in a petroleum agreement entered into between the licence holder and the Government of Namibia and are in addition to any conditions imposed by the Petroleum Act.

The Namibian Minister is required by the Petroleum Act to enter into a petroleum agreement with an applicant for a petroleum exploration licence before he grants such licence. In order to facilitate the discharge of this statutory obligation, the Government of Namibia has prepared and published a Model Petroleum Agreement ("Model") to serve as a basis of negotiation with applicants for exploration licences.

The Petroleum Act also specifies what matters shall be and may be dealt with in a petroleum agreement. This Model is a concession type agreement and its clauses draw from international petroleum industry practice.

Among the more important clauses in the Model is the one that gives an applicant for an exploration licence a right to the grant of an initial exploration licence for a period not to exceed four years. This may be renewed twice for a further period not exceeding two years on each

occasion. In accordance with the Petroleum Act the Namibian Minister shall not grant an application to renew a licence if the licensee(s) is in default of any term or condition of the licence at the time of the application, provided that the Namibian Minister may not refuse the application for renewal before the Namibian Minister has issued a notice to the licensee(s) indicating his intention to refuse the application and setting out the particulars of the licensee's alleged failure and requiring the licensee(s) to make representations in relation thereto before the date specified in the notice. The Petroleum Act also permits the Namibian Minister to extend the initial exploration period and the renewal period by up to 12 months each, where a licensee shows good cause to him. This discretion is intended to enable the Namibian Minister to respond to the operational exigencies of particular licences.

The Model makes provision for an applicant for a licence to commit to a minimum exploration work programme and minimum expenditure obligations. The Government of Namibia will negotiate specifically tailored work programmes for each area in respect of which it grants a licence.

The Model sets out the procedure to be followed by a licensee on discovery of petroleum. The licensee is forthwith to inform the Commissioner for Petroleum Affairs and then to evaluate the discovery to determine whether it is of potential commercial interest. If it is, the licensee has to take steps to appraise the discovery in accordance with an appraisal programme in conformance with the requirements of the petroleum agreement. The holder of an exploration licence who makes a commercial discovery is entitled to apply for a production licence and, subject to complying with the requirements of the Petroleum Act, is entitled to the grant of such licence. A production licence may be granted for a period not exceeding 25 years and may be renewed for such further period, not exceeding ten years, as the Minister may determine at the time of such renewal. A production licence may be renewed only once.

The Model provides for a Technical Advisory Committee ("TAC") consisting of an equal number of Government of Namibia nominees and nominees of the licensee to monitor the petroleum operations of the licensee. In addition, the terms of the petroleum agreement include relinquishment of portions of the exploration area, obligations on the licensees in respect of the environment and health and safety and discovery and development of petroleum. The Model also regulates royalties, surface area rental payments, the provision of payment guarantees and performance guarantees and additional taxes. The Model creates obligations in respect of employment and training of Namibians, which must be repeated in any subcontracts, and financial contributions towards the Petroleum Training and Education Fund.

The licensees are jointly liable for performance of their obligations under a petroleum agreement. The licensees may regulate their liability between themselves, but this will not however affect their liability vis-à-vis the Government.

The Petroleum Act imposes conditions upon the holders of a licence, which include: local content obligations, such as giving preference to products, equipment and services available in Namibia and Namibian citizens who possess the appropriate qualifications as well as training and skills development obligations, health and safety compliance, prevention of pollution and damage to the environment, decommissioning obligations, undertaking operations in accordance with good oilfield practice and reporting. The Petroleum Act also prohibits the flaring of combustible gas, except for purposes of testing such gas, or for operational reasons or with prior approval of the Namibian Minister in writing.

A petroleum exploration licence imposes specific conditions on the licensees, which include an obligation to comply with all applicable laws relating to labour, health and safety and security and to comply with the Petroleum Act in relation to non-interference with fishing or marine navigation without prior approval of the Namibian Minister.

7. GUYANA – COUNTRY, FISCAL ENVIRONMENT AND OVERVIEW OF OIL AND GAS REGIME

Country overview

Guyana is a former British colony and is the only English-speaking country in South America. It shares its borders with the Atlantic Ocean in the north, Suriname in the East, Venezuela in the west and Brazil to the South. In 2015, Guyana had a population of approximately 767,000 people and GDP of approximately US $3.2 billion. Guyana is well endowed with natural resources, fertile agricultural lands, bauxite, gold and extensive tropical forests which cover more than 80 per cent. of the country.

Guyana is a democratic republic which gained independence from the United Kingdom in 1966. Politics in Guyana has long been influenced by racial issues however in recent years there has been a change in favour of multiracial parties which led to the 2015 election victory of the multi-racial coalition of A Partnership for National Unity and the Alliance (APNU-AFC).

Fiscal environment

The Guyanese economy is based largely on agriculture and extractive industries. The economy is heavily dependent upon the export of six commodities – sugar, gold, bauxite, shrimp, timber and rice – which represent nearly 60 per cent. of the country's GDP and are highly susceptible to adverse weather conditions and fluctuations in commodity prices. The collapse in commodity prices led to Guyana's real GDP growing by only 3 per cent. in 2015 compared to 4.7 per cent. in 2013. However, increased production of gold (two new mines opened in 2015), rice and sugar compensated for lower global prices and balanced out contractions in construction, forestry and bauxite production.

Guyana's entrance into the CARICOM Single Market and Economy in 2006 has expanded the country's export market, primarily in the raw materials sector. The economy is expected to grow by around 4 per cent. in 2016. Most of this growth is expected to come from continued rapid growth of gold production and rebounding performance in construction as well as the wholesale and retail trade industries.

Oil and gas industry overview

The United States Geological Survey ranks the Guyana-Suriname basin as the world's second-most prospective, underexplored offshore basin, with an estimated 13.6 billion barrels of oil and 32 trillion cubic feet of natural gas yet to be discovered.

ExxonMobil and Hess recently confirmed the largest oil discovery in two years off the coast of Guyana. The deep-water Liza Field is estimate to contain as much as 1.4 billion barrels of oil equivalent, making it one of a handful of billion-barrel discoveries in the last half-decade. The Liza Field is close to Eco Atlantic's Orinduik Block.

Licensing regime

Petroleum exploration and production in Guyana is regulated by the Guyana Petroleum Act, the Guyana Petroleum Regulations and the Petroleum (Production) Act Cap. 65:05. Pursuant to the Petroleum (Production) Act, the property in petroleum existing in its natural condition in strata in Guyana is vested in the State and the State has the exclusive right of searching and getting such petroleum. No person is permitted to search for in, or get from, any land in Guyana petroleum except under and in accordance with a licence granted by the Minister under the Guyana Petroleum Act.

The Guyana Petroleum Act authorises the Guyanese Minister responsible for Petroleum (oil/gas) to issue two types of licences:

(a) Petroleum Prospecting Licence

(b) Petroleum Production Licence

Licences can be granted to an individual who is a citizen of Guyana or to company or corporation. There is no restriction on licences being granted to companies owned/controlled by overseas shareholders. However, external companies are required to be registered in Guyana before beginning or carrying on any undertaking in Guyana. Where a licensee is constituted of two or more persons, the obligations to be observed and performed by the licensee are joint and several obligations but without prejudice to any right of contribution which may exist between all or any of them.

Licences are granted only upon application submitted to the Guyanese Minister and applications must be in the form set out in the Guyana Petroleum Regulations and accompanied by such fees as may be prescribed. In addition to granting a licence, the Guyanese Minister is authorised under the Guyana Petroleum Act to enter into an agreement (not inconsistent with the Guyana Petroleum Act) with any other person in respect of the grant of a licence, the conditions to be included in the licence, the exercise of any discretion by the Guyanese Minister or any matter incidental to or connected with the foregoing. Conditions to which the licence is subject may be set out in both the licence and the agreement. Such conditions may include provisions for conditions such as the payment of fees, functions of the Guyana Geology and Mines Commission, and other obligations of the licensee including local content obligations and environmental obligations.

The holder of a petroleum prospecting licence may, subject to the Guyana Petroleum Act and Guyana Petroleum Regulations, apply for the renewal of the licence, but not more than twice for a period not exceeding 3 years on each occasion. Under the Guyana Petroleum Act, the number of blocks in respect of which an application for the renewal of a petroleum prospecting licence may be made shall not exceed the number which is one-half in total of the number of blocks in respect of which the licence was granted or the licence was first renewed, as applicable. This is however subject to the terms of the agreement. A petroleum production licence shall be in force for a period of 20 years and may be renewed only once for a period which shall not exceed 10 years. Pursuant to the Guyana Petroleum Act the Guyanese Minister shall refuse to grant a renewal of a petroleum prospecting licence or a petroleum production licence if the licensee is in default unless in the opinion of the Guyanese Minister special circumstances exist which justify the granting of the renewal notwithstanding the default.

The Guyana Petroleum Act sets out the procedure to be followed by a licensee on discovery of petroleum. The licensee is to forthwith inform the Guyanese Minister of the discovery and then run tests to determine whether the discovery is of potential commercial interest and submit to the Minister evaluated test results in respect of the discovery. The holder of a petroleum prospecting licence who makes a commercial discovery is entitled to apply for the grant of a petroleum production licence within a period of two years after the date on which notice of the discovery of commercial interest is served on the Guyanese Minister.

No transfer of a licence or instrument by which a legal or equitable interest in or affecting a licence is created, assigned, effected or dealt with, whether directly or indirectly shall be effective unless approved by the Minister. Further, a body corporate which is the holder of a petroleum production licence must obtain the prior consent in writing of the Guyanese Minister to register the transfer of any equity share or shares in the body corporate to any particular person or his nominee or enter into any agreement, arrangement, or understanding (whether or not having legal or equitable force) with any particular person if the effect of doing so would be to give, to the particular person or any other person, control of the body corporate.

Licences may be terminated by effluxion of time, surrender by the licensee or lawful cancellation by the Guyanese Minister. Before cancelling a licence on the ground of default, the Guyanese Minister is required to give the licensee not less than thirty days' notice of the intention to cancel the licence on that ground and specifying a reasonable date before which the licensee may, in writing, submit any representation which he wishes the Guyanese Minister to consider. The Guyanese Minister must take into account any action taken by the licensee to remove that ground or, where the default cannot be remedied, any offer by the licensee to the Guyanese Minister of adequate compensation in respect thereof and any action by the licensee to prevent the recurrence of similar grounds and any representation by the licensee.

8. FINANCIAL INFORMATION, CURRENT TRADING AND PROSPECTS FOR THE GROUP

Part VI of this Document contains the historically published audited Consolidated Financial Statements of the Group for the three years covering the period from 1 April 2013 to 31 March 2016 and unaudited Interim Financial Statements in respect of the three-month period to 30 June 2016 and the three and six month periods to 30 September 2016. All such financial statements have been reproduced without amendment from the documents previously published by the Company and are available to view on SEDAR at www.sedar.com. Part III contains an unaudited *pro forma* statement of net assets based on the Company's unaudited balance sheet as at 30 September 2016. For the avoidance of doubt, any statements regarding working capital or future operational activity contained within the Group's accounts in Part VI of this Document are superseded by such statements in Parts I to V of this Document.

Since 30 September 2016, the Group has continued with its exploration activities in Namibia and Guyana, but, as announced in November 2016, it sold its interest in Eco Ghana.

Pursuant to the Ghana SPA, as described in paragraph 5 of this Part I, the Group is entitled to receive US $576,580 provided that a certain debtor repays any of its total debt of US $2,168,838 owed by it to Eco Ghana, although there can be no guarantee that such funding will be received or the timing of any payment. The Group currently has no remaining obligations in Ghana, as PetroGulf has fully assumed all obligations of Eco Ghana in relation to the Ghana Petroleum Agreement, and the sale of Eco Ghana extinguished approximately CAD $1.7 million of liabilities that are included in current liabilities in the Company's Statement of Financial Position as at 30 September 2016.

The Group does not currently generate any operating revenue and controls costs and expenses carefully. Other than the sale of Eco Ghana, there have been no significant changes to the Group's financial position during October and December 2016, and all payments made during that period have been normal course business payments. As at 31 December 2016, the Group had a consolidated cash balance of approximately CAD $1.1 million.

The Directors are confident in the current business activities and future prospects of the Group, which will be centred around the continued execution of the Group's business plan. The Group, with its partners, may choose to accelerate its strategy in which case it, to the extent not carried by its partners, may require the raising of additional finance and the recruitment of further staff as operations expand. The Directors believe that they have the necessary skills and experience to deliver on the strategy as set out in this Document.

9. DIRECTORS, SENIOR MANAGEMENT AND CONSULTANCY ARRANGEMENTS

The Board and the Group's senior management have significant experience in establishing, growing, financing and subsequently monetising early stage oil & gas companies across Africa and South America. The Board comprises four executive directors based in Israel, USA and Canada and four non-executive directors based in Israel, Namibia and England.

All of the Group's executive Directors, key management and executives are employed by the Group on a consultancy basis and therefore the Group does not have any direct employees. From Admission, the Company's Directors will be issued letters of appointment, to record the terms on which they are appointed, or continue to serve. The executive directors will be entitled to receive fees under their respective consultancy agreements. The non-executive directors will be entitled to fees as agreed with the Company in writing from time to time.

On Admission, the Directors will hold approximately 16.56 per cent. of the Enlarged Share Capital of the Company.

Directors

Moshe Peterburg, aged 63 (known as Peter Peterburg) *(Non-Executive Chairman)*

Mr Peterburg is a private investor with over 25 years of investment experience in Africa and Eastern Europe. He is the founder of Peterburg Holdings, a private investment company with investments across many sectors including infrastructural and resource sectors, mining and exploration.

Mr Peterburg holds a B.Sc. in Electronic Engineering from the Haifa Technion and an M.B.A. in Finance from Tel Aviv University. In addition, he is the chairman of the board of trustees of the Design Museum Holon and is a member of acquisition committee of the Tate Modern Museum.

Gil Holzman, aged 44 *(President & Chief Executive Officer)*

Mr Holzman has 12 years' of experience in the mining and energy resource sectors throughout Africa. Between 2003 and 2006, was the Managing Director, Middle East of Bombardier Transportation, the rail equipment division of Bombardier Inc. Before this, Mr Holzman held a variety of strategic consultancy roles, including co-founding political consultancy, GCS Issue Management Ltd.

Mr Holzman has a B.A. in Business Management and Finance and an L.L.B in Israeli and International Law from IDC Herzilya. He also has an MBA from The Arison School of Business.

Colin Brent Kinley, aged 56 *(Chief Operating Officer)*

Mr Kinley is CEO of Kinley Exploration LLC, leading a team of industry experts providing professional, technical and oversight expertise to international resource companies within the upstream sector. With 35 years of international expertise in integrated energy project management and the development of new energy companies, Mr Kinley has served as a senior executive to several E&P companies and oilfield service companies, as well as possessing significant experience in frontier resource development. Mr Kinley is also President and CEO of Jet Mining Pty LLC and a Non-Executive Director of TSX-V listed companies, Coro Mining Corp and Excelsior Mining Corp.

Gadi Levin, aged 44 *(Finance Director)*

Mr. Levin is a chartered accountant with many years of experience in the public and private equity markets. His experience spans multiple jurisdictions including South Africa, England and Israel. He is currently the chief financial officer of TSX-V listed companies Vaxil Bio Ltd., Briacell Therapeutics Corp. and Adira Energy Ltd.

He has a Bachelor of Commerce degree in Accounting and Information Systems, has received his Chartered Accountant designation in South Africa and has an MBA from Bar Ilan University in Israel.

Mr Levin has acted as financial controller for the Group on a consultancy basis since November 2014 and was appointed as Finance director of the Company on 28 November 2016. Mr Levin will devote such time as is necessary to enable him to fulfil his duties to the Company.

Alan Mark Friedman, aged 45 *(Executive Director)*

Mr Friedman, a South African qualified attorney, has been connected with the North American public markets for 15 years and has a depth of experience in representing, advising, and assisting small-medium cap companies in acquiring asset, accessing capital, advising on mergers and acquisitions and managing emerging growth businesses.

He is the owner and founding CEO of Rivonia Capital Inc, a company involved in the business of identifying, financing and managing a portfolio of companies across a wide range of sectors. Mr Friedman is also the co-founder and Managing Director of Tembo Financial and is an executive director of TSX-V listed companies, Adira Energy Ltd. and Cronos Group.

Mr Friedman's role on the Board includes advice in relation to corporate development and marketing, and he also acts as the Company Secretary. Mr Friedman will devote such time as is necessary to enable him to fulfil his duties to the Company.

Kangulohi Helmut Angula, aged 71 *(Non-Executive Director)*

Mr Angula has served as the Finance Minister and Deputy Minister of Mines and Energy, as well as five other cabinet portfolios within the Government of Namibia for a period spanning over 20 years. Since leaving the Government of Namibia, Mr Angula has focused on private business opportunities and is a consultant to the mining, energy, infrastructure and real estate industries in Namibia.

Peter William Nicol, aged 59 *(Non-Executive Director)*

Mr Nicol has over 30 years' experience in the oil and gas sector. Prior to joining the Board of Eco Atlantic, he was a partner at GMP Securities Europe as the Head of Oil and Gas Research, and was responsible for initiating coverage of over 36 international E&P companies. Mr. Nicol also previously held positions with ABN AMRO as Global Sector Director of Oil and Gas research, and as Executive Director, Head of European Oil and Gas Research at Goldman Sachs. Mr. Nicol holds a BSc in Mathematics and Economics from Strathclyde University in Glasgow.

Derek Norman Linfield, aged 60 *(Non-Executive Director)*

Mr Linfield is a legal consultant with Fasken Martineau Ltd and, between 2005 and 2015, was the Managing Partner of Stikeman Elliott (London) LLP, the London office of Canadian law firm Stikeman Elliott LLP. He has practiced as a Canadian lawyer in London for over 20 years, where he focuses on cross-border financings and M&A in the mining and oil & gas sectors, including taking internationally managed companies to the TSX and the TSX-V as well as Canadian companies to the London Stock Exchange. He is currently the Non-Executive Chairman of AIM-quoted and TSXV listed Mkango Resources Ltd. and a director of Cornish Lithium Ltd and a number of other private companies.

A former teacher, Mr Linfield holds BA(Ed) and BSc degrees from Memorial University of Newfoundland as well as LLB and MBA degrees from McGill University. He is a Director of MUN (UK) Limited, the UK campus of Memorial University of Newfoundland, as well as past chairman of Canada Day in London and the Foundation for Canadian Studies in the UK as well as a former Director of the Canada UK Chamber of Commerce where he is now an advisor to the Board.

Senior Management / Technical Team

The Group currently has no direct full time employees. Management and additional staff are employed on a consultancy basis, as required, although the Group will seek to employ additional staff on a permanent basis as its operations evolve.

Kinley Exploration LLC

Kinley Exploration LLC, a company wholly owned by Mr. Kinley, the Company's Chief Operating Officer and his business partner Andrew Mac Ewen, provides technical consultancy services to the Group as required under the Kinley Exploration Agreement, further details of which are set out in paragraph 14.2 of Part V of this Document. Mr. Mac Ewen is Senior Vice President of Kinley Exploration, providing strategic operational and business planning and financial oversight for both private and public companies within the upstream resource space. Mr. Mac Ewen has extensive experience in Operations Management including all aspects of drilling, completions, government contract management, Working Interest management, offtake infrastructure and negotiating offtake agreements.

10. DETAILS OF THE PLACING

Pursuant to the Placing, Brandon Hill Capital and Peterhouse have conditionally raised approximately £4.80 million (before expenses) for the Company though the placing of the Placing Shares with investors at the Placing Price conditional, *inter alia*, upon Admission. It is expected that the net proceeds of the Placing will be received by the Company by 8 February 2017.

Following Admission, the Placing Shares will collectively represent approximately 25.76 per cent. of the Enlarged Share Capital. The Placing, which is not underwritten, is conditional, *inter alia*, on Admission becoming effective by 8 February 2017 (or such later date as Brandon Hill Capital, Peterhouse and Strand Hanson may agree, not being later than 28 February 2017) and on the Placing Agreement not being terminated prior to Admission. The Placing Shares will rank *pari passu* in all respects with the Existing Common Shares, including the right to receive all dividends and other distributions declared, paid or made after the date of issue, and will be placed free of any expenses and stamp duty. In the case of investors receiving Common Shares in uncertificated form, it is expected that the appropriate CREST accounts will be credited with Depositary Interests representing such Common Shares with effect from 8 February 2017. In the case of investors receiving Common Shares in certificated form, it is expected that certificates will be despatched by post within 14 days of Admission.

Following Admission, the Directors will, between them, hold 19,284,327 Common Shares, representing approximately 16.56 per cent. of the Enlarged Share Capital. Following Admission, certain other significant shareholders, as referred to in paragraph 10.1 of Part V of this Document, will hold three per cent. or more of the Enlarged Share Capital. There will be a total of 116,468,583 Common Shares, 1,145,500 RSUs, 7,870,000 Options and 1,789,000 Treasury Shares in issue upon Admission. The existing aggregate shareholdings of Shareholders prior to the Placing will be diluted to 73.28 per cent. of the Enlarged Share Capital.

Further details of the Placing Agreement are set out in paragraph 14.5.4 of Part V of this Document.

11. TSX-V APPROVAL

Pursuant to the rules of the TSX-V, the Company is required to seek approval from the TSX-V for the Placing. The Company has applied for this approval from TSX-V and will ensure the approval is granted prior to Admission.

12. REASONS FOR ADMISSION AND USE OF PROCEEDS

The Directors' reasons for seeking Admission are as follows:

- to provide the Group with the required capital to enable it to enhance its seismic exploration programme on the Orinduik Block in Guyana;
- to provide the Group with the required capital to enable it to continue to pursue existing licence applications and identify and assess additional potential licences;
- to provide the Group with the required capital to enable it to progress its exploration programmes across the Eco Namibia Licences, including the EIA survey over the Cooper Block;

- to enable the Group to access a wider range of potential investors and broaden its investor base;
- to improve the Group's ability to access further funding from international capital markets and to finance the future growth of the business consistent with its stated strategy; and
- to enhance the Group's reputation and financial standing with its key partners and suppliers and with potential vendors of additional assets.

The gross proceeds of the Placing to the Company are expected to be approximately £4.80 million and are currently intended to be applied as follows:

Table 8: Use of Proceeds

Use	*CAD $ million*	*US $ million*	*£ million*
Enhanced 3D seismic data programme on Orinduik Block, the extent of which is to be agreed following a tendering process led by Tullow Guyana	2.40	1.82	1.45
Providing funding towards the Group's ongoing exploration programmes across the Eco Namibia Licences, including the EIA survey over the Cooper Block	1.36	1.03	0.82
Providing funding towards the pursuit of existing licence applications and the identification and acquisition of potential new licences	1.55	1.18	0.94
General Working Capital	0.86	0.65	0.52
IPO Costs*	1.77	1.35	1.07
Total*:*	**7.94**	**6.03**	**4.80**

* Total cash costs, of which approximately £0.32 million has already been paid.

13. SETTLEMENT, DEALINGS, CREST AND ADMISSION

The Common Shares are listed and traded on the TSX-V. Application has been made to the London Stock Exchange for the Company's entire issued and to be issued share capital to be admitted to trading on AIM. It is expected that Admission will be effective and that dealings in the Common Shares (through Depositary Interests in the case of uncertificated dealings) on AIM will commence on 8 February 2017.

CREST is a computerised paperless share transfer and settlement system which allows securities to be transferred by electronic means, without the need for a written instrument of transfer. Securities issued by non-UK companies cannot be held or traded in the CREST system. To enable investors to settle such securities through the CREST system, a depositary or custodian can hold the relevant foreign securities and issues dematerialised depositary interests representing the underlying securities.

With effect from Admission, it will be possible for CREST members to hold and transfer interests in Common Shares of the Company within CREST pursuant to a depositary interest arrangement established by the Company with the Depositary. CREST is a voluntary system and holders of Common Shares who wish to remain outside CREST may do so and will have their details recorded on the Company's share register in accordance with applicable laws.

The Depositary will issue Depositary Interests in respect of the underlying Common Shares pursuant to the terms of the Deed Poll. Under the terms of the Deed Poll, the Depositary will hold as bare trustee all of the rights pertaining to the relevant underlying securities for the benefit of, and on behalf of, the Depositary Interest holder. Any rights or entitlements to cash distributions, to information to make choices and elections, and to attend and vote at general meetings shall be passed to the Depositary Interest holder by the Depositary, to the extent possible. Under the Deed Poll, a Depositary Interest holder can cancel or transfer its Depositary Interests by giving instructions to the Depositary.

The Depositary Interests will be independent securities constituted under English law and will be held on a register maintained by the Depositary. Depositary Interests will have the same ISIN as the underlying Common Shares and do not require a separate admission to AIM.

Each Depositary Interest will be treated as one Common Share for the purposes of, for example, determining eligibility for dividend payments. Any payments received by the Depositary, as holder of the Common Shares, will be passed on to each Depositary Interest holder noted on the Depositary Interest register as the beneficial owner of the relevant Common Shares.

All Common Shares will remain listed on the TSX-V. Shareholders wishing to migrate their holdings of Common Shares between the TSX-V and AIM and vice versa can do so by contacting the Depositary, save for certain restrictions during the four months following Admission as set out below.

Application has been made by the Depositary for Depositary Interests, which represent the underlying Common Shares, to be admitted to CREST on Admission. Further details are set out in paragraph 20 of Part V of this Document.

The issuance of the Placing Shares will be completed in reliance upon exemptions from the prospectus requirements of the securities legislation of the provinces and territories of Canada. Accordingly, certificates representing the Placing Shares may include legends in accordance with applicable Canadian securities laws and regulatory policies, in addition to the TSX-V Rules, which shall state that unless permitted under securities legislation, the holder of such securities shall not trade them until the date that is four months and one day after the date of distribution thereof.

In addition, Computershare Investor Services (Jersey) Limited will place a restriction on the Company's Common Shares issued and traded outside of Canada, such that such shares cannot be transferred through CREST to the Company's Canadian share register for a period of four months and one day from Admission. For the avoidance of doubt, any Common Shares transferred to the Company's Jersey branch register during this period will be subject to these restrictions.

Notwithstanding the imposition of such legends and restrictions, such trading restrictions in relation to the Placing Shares will not restrict the settlement of trades in the form of Depositary Interests through CREST provided that certain conditions are satisfied in order for the Company to rely upon exemptions from the prospectus and registration requirements under applicable Canadian securities laws. In particular, each of the following conditions must be satisfied:

(a) each of Brandon Hill and Peterhouse Capital agrees in the Placing Agreement that it will: (i) not offer or sell any Placing Shares to any resident of Canada; (ii) on Admission, provide a certificate confirming that it has not, to its knowledge, offered or sold any Placing Shares to any residents of Canada; and (iii) ensure that confirmation slips provided to the Placees confirming the sale of the Placing Shares contain a statement that it is Brandon Hill and Peterhouse Capital's understanding that the Placee is not a resident of Canada;

(b) the Placing Shares are not sold to a purchaser resident in Canada;

(c) the Placee certifies in a placing letter to be provided by Brandon Hill and Peterhouse Capital in connection with the Placing that the Placee is not resident of Canada and the Company does not believe, and has no reasonable grounds to believe, that the certification is false;

(d) the Placee acknowledges and confirms in a placing letter to be provided by Brandon Hill and Peterhouse Capital in connection with the Placing that it is not a resident of Canada and is not acquiring the Placing Shares with a view to reselling the Placing Shares, for a period of four months and one day from Admission to a resident of Canada.

Brandon Hill and Peterhouse Capital have agreed, pursuant to the Placing Agreement not to place the Placing Shares with investors that are resident in Canada.

14. LOCK-INS AND ORDERLEY MARKET ARRANAGEMENTS

The Locked In Shareholders have, or will by Admission have, agreed with the Company, Brandon Hill Capital and Strand Hanson to accept certain restrictions on the disposal of their interests in Common Shares for a period of at least 12 months from the date of Admission, save in certain limited circumstances.

Each Locked In Shareholder has agreed with the Company, Brandon Hill Capital and Strand Hanson:

- not to dispose of any of their interests in Common Shares for a period of at least 12 months from the date of Admission, save in those circumstances expressly permitted by the AIM Rules and the Lock-In Agreements (as described in paragraph 14.5.5 of Part V); and
- not to dispose of any of their interests in Common Shares for a period of 12 months from the first anniversary of the date of Admission, except with the consent of Brandon Hill Capital, so as to maintain an orderly market in the Common Shares.

The aggregate interests following Admission which shall be subject to the lock-in and orderly market arrangements as described above will amount to 23,610,721 Common Shares, which is equivalent to approximately 20.27 per cent. of the Enlarged Share Capital.

Further details of the lock-in and orderly market arrangements described above are set out in paragraph 14.5.5 of Part V of this document.

15. CORPORATE GOVERNANCE

General

The Company is subject, among other laws and regulations, to instruments published by relevant Canadian securities regulators. One such instrument, NI 58-101, prescribes certain disclosure by the Company of its corporate governance practices and NP 58-201, provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101 and NP 58-201.

As a result of its listing on the TSX-V and being a reporting issuer in the Canadian provinces of Alberta, Ontario and British Columbia, the Company has already established corporate governance practices and procedures appropriate for a publicly listed company of its size and stage of development. The Company complies with relevant Canadian corporate governance standards to the extent that the Directors reasonably consider appropriate for a company of Eco Atlantic's size and type. In particular, the Company has established and properly constituted an Audit Committee, a Compensation Committee and an African Relations Committee. In addition, the Company will, from Admission, have in place an AIM Rules Compliance Committee with formally delegated duties and responsibilities.

Board Structure

On Admission, the Board will consist of four executive directors and four non-executive directors, of whom four are deemed to be independent under Canadian securities laws (being Derek Linfield, Peter Nicol, Moshe Peterburg and Helmut Angula) and three, (being Derek Linfield, Peter Nicol and Helmut Angula) are considered to be independent by the Company's Nominated Adviser. The Non-Executive Chairman is responsible for leadership of the Board and for the efficient conduct of the Board's function.

The Board considers that the Company is not currently of sufficient size to justify the formation of a nomination committee and as at this stage of the Company's development the Directors consider it is appropriate for the Board to retain responsibility for nominations to the Board.

Set out below is a description of the Company's proposed corporate governance practices:

Compensation Committee

The Company has adopted and, with effect from Admission, amended a charter for its Compensation Committee which establishes the Compensation Committee purpose and responsibilities, establishment, composition, authority and duties. The Compensation Committee is chaired by Mr Peterburg and comprised of three members (Mr Peterburg, Mr Nicol and Mr Linfield).

The Compensation Committee assumes general responsibility for assisting the Board in respect of compensation policies for the Company and to review and recommend remuneration strategies for the Company and proposals relating to compensation for the Company's officers, directors and consultants and to assess the performance of the officers of the Company in fulfilling their responsibilities and meeting corporate objectives. It has the responsibility for, *inter alia*, administering share and cash incentive plans and programmes for Directors and employees and for approving (or making recommendations to the Board on) share and cash awards for Directors and employees.

Audit Committee

The Company has adopted and, with effect from Admission, amended a charter for the Audit Committee which establishes the Audit Committee's purpose and responsibilities, establishment and composition, authority, duties and responsibilities. The Audit Committee is chaired by Mr Nicol comprised of three members (Mr Nicol, Mr Peterburg and Mr Angula).

The Audit Committee's overall goal is to ensure that the Company adopts and follows a policy of proper and timely disclosure of material financial information and reviews all material matters affecting the risks and financial position of the Company. The Audit Committee, *inter alia*, meets with the Company's external auditor and its senior financial management to review the annual and interim financial statements of the Company, oversees the Company's accounting and financial reporting processes, the Company's internal accounting controls and the resolution of issues identified by the Company's auditors.

AIM Rules Compliance Committee

The Company has established an AIM Rules Compliance Committee that will, following Admission, ensure that procedures, resources and controls are in place to ensure AIM Rules compliance by the Company is operating effectively at all times and that the executive directors are communicating as necessary with the Company's nominated adviser regarding ongoing compliance with the AIM Rules and in relation to all announcements and notifications and proposed or potential transactions. The AIM Rules Compliance Committee is chaired by Mr Linfield comprised of three members (Mr Nicol, Mr Linfield and Mr Levin).

African Relations Committee

The Company has in place a charter for its African Relations Committee which establishes the African Relations Committee's purpose, responsibilities, establishment, composition, authority and duties. The African Relations Committee is currently chaired by Mr Angula and comprised of Mr Angula and Mr Holzman.

The purpose of the Committee is to advise the Board and the rest of the management team on all local and regional issues within Namibia.

Share Dealing Policy

The Company currently operates an insider trading and confidential information policy in respect of its listing on the TSX-V which applies to the Directors, officers and certain employees of the Company. The Company has adopted, with effect from Admission, a revised policy on trading and confidentiality of insider information for the Directors, officers and certain employees which contains provisions appropriate for a company whose shares are admitted to trading on AIM and which is governed by the Market Abuse Regulation and the Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with such policy.

Share Issues

Whilst the Company is not required under Canadian law to offer new Common Shares to existing Shareholders on a pre-emptive basis, as is required of companies incorporated under the UK Companies Act, the Company is subject to a number of anti-dilution provisions under the rules of the TSX-V. Should the Company cease to be listed on the TSX-V, the Company has undertaken to Strand Hanson, and will undertake in similar terms to the nominated adviser to the Company from time to time, pursuant to the nominated adviser agreement, to adopt appropriate anti-dilution provisions for as long as the Company remains on AIM. Further details on this arrangement are set out in paragraph 7 of Part V of this Document..

With respect to the issuance of Common Shares, the pricing must be done in accordance with the polices of the TSX-V at all times that the Common Shares are posted and listed for trading thereon, which mandate, *inter alia*, that the maximum discount to the prevailing market price can't exceed 25 per cent. if the Common Shares trade below CAD $0.50 (or 20 per cent. in the event that the Common Shares trade between CAD $0.51 and CAD $2.00, or 15 per cent. in the event that the Common Shares trade at a price above CAD $2.00).

16. CANADIAN TAKEOVER LAW & CITY CODE

It is emphasised that, although the Common Shares will be admitted to trading on AIM, the Company will not be subject to takeover regulation in the UK and the City Code will not apply to

the Company. However, Canadian laws applicable to the Company provide for early warning disclosure requirements and for takeover bid rules for bids made to security holders in various jurisdictions in Canada, a summary of which is set out below.

In Canada, takeover bids are governed by applicable corporate and securities legislation in each province or territory in addition to policy and instruments implemented by Canadian Securities Administrators, which is an umbrella organisation of Canada's provincial and territorial securities regulators. Under the laws of the Province of Alberta, Ontario and British Columbia, the jurisdictions in Canada in which the Company is a reporting issuer, when any person (an "offeror") acquires, except pursuant to a formal take-over bid, beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, voting or equity securities of any class of a reporting issuer that, together with such offeror's securities of that class, would constitute 10 per cent or more of the outstanding securities of that class, the offeror must immediately issue and file a press release announcing the acquisition and file a report of such acquisition with the applicable securities regulatory authorities within two business days of the acquisition.

Once an offeror has filed such a report, the offeror is required to issue further press releases and file further reports (again, within two business days) each time that the offeror, or any person acting jointly or in concert with the offeror, acquires beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, an increase or decrease of two per cent or more of the outstanding securities of the applicable class, decreases to less than ten per cent or if there is a change in any other material fact, such as the consideration paid or the purpose of the transaction, set out in previous reports. A determination of whether any parties are acting "jointly or in concert" is a question of fact that is deemed to exist in certain circumstances such as when one party is dealing with an affiliate, or the existence of an agreement, commitment or understanding with the other party. Certain institutional investors, such as investment managers acting on behalf of investors on a fully discretionary basis, financial institutions, pension funds and private mutual funds, may elect an alternative monthly reporting system whereby they report changes, on a monthly as opposed to a two business day basis, of at least 2.5 per cent from the last reported position or that the position has decreased below 10 per cent.

In Alberta, Ontario and British Columbia and other Canadian jurisdictions, a take-over bid is generally defined as an offer to acquire outstanding voting or equity securities of a class made to any holder in the jurisdiction of securities subject to the offer to acquire, if the securities subject to the offer to acquire, together with securities held by the offeror and any person acting jointly or in concert with the offeror, constitute in aggregate 20 per cent, or more of the outstanding securities of that class of securities at the date of the offer to acquire. Subject to limited exemptions, a take-over bid must generally be made to all holders of securities of the class that is subject to the bid who are in the jurisdiction and must allow such security holders 105 days to accept the bid unless otherwise agreed to by the board of the target company that a shorter timeframe shall apply. Unless exemptions are available, the offeror must deliver to the security holders a takeover bid circular which describes the terms of the take-over bid and the directors of the reporting issuer must deliver a directors' circular not later than 15 days after the date of the bid, either making or declining to make a recommendation to security holders to accept or reject the bid and the reasons for their making or not making a recommendation.

While provincial securities laws in Canada only regulate offers to residents of the particular province, the Canadian Securities Administrators have adopted a policy whereby they may issue a cease trade order prohibiting the trading of the securities of a company if a takeover bid is not made to all Canadian security holders. It should be noted that one exemption from the aforementioned provisions is in the case of a "foreign take-over bid". Such an exemption from the takeover bid regime may be available where, among other criteria:

(a) security holders whose last address as shown on the books of the offeree issuer is in Canada hold less than 10 per cent of the outstanding securities of the class subject to the bid at the commencement of the bid;

(b) the offeror reasonably believes that security holders in Canada beneficially own less than 10 per cent of the outstanding securities of the class subject to the bid at the commencement of the bid;

(c) the published market on which the greatest volume of trading in securities of that class occurred during the 12 months immediately preceding the commencement of the bid was not in Canada;

(d) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class; and

(e) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction.

17. RULE 17 OF THE AIM RULES & CHANGES TO THE COMPANY'S ARTICLES

As a company existing under the laws of the province of British Columbia, Shareholders will not be subject to any UK requirement to disclose to the Company their holdings of Common Shares. Under the Business Corporations Act (British Columbia), there are no statutory obligations on shareholders (other than insider and early warning reporting obligations) to disclose to the Company the level of their interests in Common Shares. However, the early warning reporting obligations require any Shareholder to make certain disclosures when it acquires ownership or control or direction over voting or equity securities, or any other securities convertible into voting or equity securities, of any class of a public company that constitutes 10 per cent or more of the outstanding securities of that class and acquisitions of every 2 per cent thereafter.

When acquiring shares in the Company, shareholders are entitled under Canadian securities laws to categorise themselves as ''objecting'' (''OBO'') or ''non-objecting'' (''NOBO'') shareholders. By registering as such through the entity through which they acquired their shares, such as a broker, bank, or trust company, OBO's are noting that they object to their interest and their details being disclosed to the Company, subject to the 10 per cent threshold at which Canadian securities law makes disclosure mandatory. NOBO's do not object to their shareholdings and their details being disclosed to the Company. Rule 17 of the AIM Rules requires, *inter alia*, that an AIM quoted company must notify the market of any changes of which it is aware to its shareholders' interests in three per cent. or more of the common shares and changes thereto (of any movements through a percentage point upwards or downwards).

On 30 December 2016, the shareholders of the Company approved an amendment to the Articles to provide that at any time when the shares of the Company are listed or admitted to trading on an exchange other than the TSX-V (which would therefore include AIM), all shareholders in the Company holding an interest in three percent (3 per cent.) or more of the Company's shares (including all legal and beneficial interests, direct or indirect, or interests in financial instruments which are referenced to such shares, of such shareholder) will be required, with effect from Admission, to notify the Company of their interest and of any subsequent relevant changes to their holdings which changes shall include any increase or decrease to such holdings through any single percentage threshold. Shareholders are requested to notify the Company in accordance with Rule 17 of the AIM Rules.

Notwithstanding the change to the Articles, under the Business Corporations Act (British Columbia), the provisions of the Articles are not legally binding on the shareholders of the Company to disclose their holdings of Common Shares, other than those applicable securities laws requirements as outlined above.

18. DIVIDEND POLICY

The Group's current assets are generally at an early exploration and appraisal stage and therefore it is not anticipated that there will be any significant earnings arising from the Group's activities in the short to medium term. Accordingly, the Board does not expect to recommend or pay any dividends in the foreseeable future.

The Directors will consider an appropriate dividend policy at such time as the Company is generating an operating profit. The declaration and payment by the Company of any future dividends, and the amount of such dividends, will ultimately be dependent upon the Group's financial condition, future prospects, profits legally available for distribution, the need to maintain an appropriate level of dividend cover and other factors deemed by the Board to be relevant at that time, in accordance with the Articles and subject to compliance with the Act.

19. TAXATION

Information regarding taxation in the United Kingdom and Canada is set out in paragraphs 8 and 9 of Part V of this Document. These details are intended as a general guide only to the current tax position in the United Kingdom and Canada regarding withholding taxes and are not intended to constitute personal tax advice for any person. Prospective investors are strongly advised to consult their own independent professional tax advisers regarding the tax consequences of purchasing and owning Common Shares.

20. OPTIONS, WARRANTS AND RESTRICTED SHARE UNITS (RSUs)

The Company has issued or committed to issue:

- 7,870,000 Options
- 1,145,500 RSUs outstanding, of which none have vested.
- 3,702,935 Warrants

The Company maintains a Stock Option 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 per cent. of the outstanding Common Shares of the Company from time to time less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement of the Company.

The purpose of the RSU Plan is to advance the interests of the Company by providing with incentives to and rewarding the performance of directors, officers, employees and consultants. The RSU Plan allows the Company to grant RSUs, each of which is a unit that is equivalent in value to a Common Share and that upon vesting results in the holder thereof being issued, at the discretion of the Board, either (i) a Common Share, or (ii) an amount of cash equal to the Fair Market Value (as defined in the RSU Plan) of a Common Share. There are currently 1,145,500 RSUs in issue and outstanding. Under the terms of the RSU Plan, there remains outstanding authority for the issue of up to 8,534,933 RSUs as at the date of this Document. For further details regarding the RSU Plan, please refer to paragraph 13 of Part V.

Further details on the Options, RSUs and Warrants are set out in paragraphs 5.6-5.7 and 11 to 14 of Part V of this Document.

21. RISK FACTORS AND ADDITONAL INFORMATION

Your attention is drawn to the additional information set out in Parts II to V (inclusive) of this Document. You are recommended to read all the information contained in this Document and not just rely on the key or summarised information. In particular, the attention of prospective investors is drawn to Part II: ''Risk Factors'' of this Document which contains certain risk factors relating to any investment in Common Shares, and Part VI: ''Competent Person's Report'' of this Document which contains a copy of the CPR on the Company's material assets

The technical information contained in this Document has been reviewed and approved by Gustavson. Gustavson has consented to the inclusion of the technical information in this Document in the form and context in which it appears.

PART II

RISK FACTORS

The investment detailed in this Document may not be suitable for all of its recipients and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under FSMA who specialises in advising on investments of the kind described in this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

The exploration for and development of natural resources is a highly speculative activity which involves a high degree of risk. Accordingly, the Common Shares should be regarded as a highly speculative investment and an investment in the Company should only be made by those with the necessary expertise to evaluate the investment fully.

The Group's business, financial condition or results of operations could be materially and adversely affected by any of the risks described below. In such cases, the market price of the Common Shares may decline and investors may lose all or part of their investment.

In addition to the other relevant information set out in this document, the Directors consider that the following risk factors, which are not set out in any particular order of priority, magnitude or probability, are of particular relevance to the Group's activities and to any investment in the Company. It should be noted that additional risks and uncertainties not presently known to the Directors or which they currently believe to be immaterial may also have an adverse effect on the Group's operating results, financial condition and prospects. Any one or more of these risk factors could have a materially adverse impact on the value of the Group and should be taken into consideration when assessing the Company and whether to participate in the Placing.

There can be no certainty that the Group will be able to implement successfully the strategy set out in this document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives.

RISKS RELATING TO THE COMPANY & ITS BUSINESS

Title matters and payment obligations

An unforeseen defect in title, changes in law (or interpretations thereof) or political events may arise or occur to defeat or impair the claim of the Group to some or all of the rights in properties which it currently owns or is interested or may acquire which could result in a material adverse effect on the Group, including a reduction in any revenues generated. A specific risk in this regard is as follows:

Tamar Licence Renewal

In a letter dated 1 October 2016, the Petroleum Commissioner of the Republic of Namibia confirmed that POA Namibia had fulfilled its obligations under the Tamar Licence and the Tamar Petroleum Agreement and will be permitted to proceed to continue its exploration on the Tamar Block. However, the Group's Namibian lawyers have advised that in their opinion the Tamar Licence expired on 19 March 2016 in law, that it has not been extended into the first renewal period and that it would be a criminal offence to continue with exploration operations over the Tamar Block. In the opinion of the Directors, the fact that POA Namibia had fulfilled its obligations under the Tamar Licence and the Tamar Petroleum Agreement, coupled with the Commissioner's October 2016 letter and as followed by a formal Technical Advisory Committee meeting on 6 December 2016 in Windhoek, Namibia with the Ministry, means that the Tamar Licence has been extended. The Directors are therefore highly confident that the Tamar Licence has been extended, and that the legal extension of the licence can be provided for in due course. There can however be no guarantee that the Petroleum Commissioner of the Republic of Namibia will in fact approve of the extension of the Tamar Licence. It should also be noted that as of the date of this Admission Document no exploration activity is currently ongoing or planned on the Tamar Licence and there are no prospective resource volumes applied to the Tamar Licence given the early stage of development of the block.

Eco Ghana Sale

In October 2016, Eco BVI entered into the Ghana SPA pursuant to which Eco BVI sold its total interest in Eco Ghana to PetroGulf.

Eco BVI is entitled to receive US $576,580 as reimbursement for past operating expenditures owed to the Group on the Block, and will be reimbursed such amounts by Eco Ghana only to the extent that a certain debtor repays its total debt of US $2,168,838 owed by it to Eco Ghana. There can be no guarantee that such indebtedness will be repaid and that such funding will be received by Eco BVI or the timing of any payment. If such funding is not received, the Company will clearly have less funds for exploration activity on its assets in Namibia and Guyana. The payment to Eco BVI has not been taken into account in making the working capital statement in paragraph 16 of Part V.

Offshore Operations

The Group intends to actively explore for hydrocarbons offshore the coast of Guyana and Namibia. Offshore operations involve a higher degree of risk than onshore operations due to their remoteness. Fires and explosions on drilling rigs and other offshore platforms are more likely to result in personal injury, loss of life and damage to property due to the remote locations and time required for rescue personnel to get to the location. Blow-outs and spills are more likely to result in significant environmental damage to the marine environment and can be difficult to contain and difficult and expensive to remediate. Drilling activities may be unsuccessful and the actual costs incurred in drilling, operating wells and completing well workovers may exceed budget. There may be a requirement to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. The occurrence of any of these events, or events such as those outlined above, could have a material adverse effect on the Group's business, prospects, financial condition and operations.

Although the Group intends to operate in accordance with all recommended and required health, safety and environmental practices which will reduce such risks, there can be no assurance that these risks can be avoided.

Regulatory

Petroleum operations are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time, such as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of petroleum and many other aspects of the petroleum business. The Group's operations may require licences and permits from various governmental authorities. There can be no assurance the Group will be able to obtain all necessary licences and permits that may be required to carry out exploration and development at its projects. It is not expected that any of these controls or regulations will affect the operations of the Group in a manner materially different than they would affect other petroleum companies of similar size.

Political Risks

The majority of the Group's current operations are presently conducted in Guyana and Namibia and, as such, the Group's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary and can include, but are not limited to: currency exchange rates; high rates of inflation; labour unrest; border disputes between countries; renegotiation or nullification of existing concessions, licences, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Future political actions cannot be predicted and may adversely affect the Group. Changes, if any, in petroleum or investment policies or shifts in political attitude in the country of Guyana and border disputes affecting the Group's rights to explore and develop for oil and gas may adversely affect the Group's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income

taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people and water use. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out.

Failure to comply strictly with applicable laws or regulations relating to the petroleum regime, including licences to blocks and petroleum agreements governing exploration activity on the blocks, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Group's consolidated business, results of operations and financial condition.

Early stage of operations and resource estimate

The Group's operations are at an early stage of exploration and future success will depend on the Directors' ability to successfully manage and exploit the current asset portfolio and to take advantage of further opportunities which may arise. There can be no guarantee that the Group can or will be able to, or that it will be commercially advantageous for the Group to, develop its assets. The Competent Person's Report sets out volumes of Prospective Resource for three blocks in Namibia. By definition Prospective Resources are uncertain, being quantities of petroleum which are estimated to be reasonable from undiscovered accumulations. Furthermore, the risking applied by the Competent Person (being in the range of 1.9 per cent. to 17.9 per cent. probability of success) reflects the high risk nature of these assets. The Orinduik Block and the Tamar Block are at an even earlier stage of development and therefore have no Prospective Resource assessed by the Competent Person.

No assurance can be given that Prospective Resources reported by the Group will be discovered and then developed so that they can be brought into profitable production. Hydrocarbon resource estimates may require revisions and/or changes (either up or down) based on new technical information. If resources are identified in the future these can change up or down based on actual production experience and in light of the prevailing market price of oil and gas.

Unless stated otherwise, the Prospective Resources data contained in this Document is taken from the Competent Person's Report. The resources data contained in this Document has been certified by the Competent Person unless stated otherwise. Specifically, the Competent Person has not certified the Tullow internal estimates mentioned in the CPR for the Orinduik Block as the Competent Person and the Company consider the Orinduik Block to be at too early a stage to attribute Prospective Resource estimates to this asset. They therefore should not be considered part of the Group's Prospective Resources. There are uncertainties inherent in estimating the quantity of Prospective Resources, including factors beyond the Group's control. Estimating the amount of Prospective Resources is an interpretive process and, in addition, results of further exploration work subsequent to the date of an estimate may result in material revisions to original estimates.

The Prospective Resources data contained in this Document and in the Competent Person's Report are estimates only and should not be construed as representing exact quantities. The nature of resource quantification studies means that there can be no guarantee that estimates of quantities and quality of the resources disclosed will be discovered and then commercially viable to develop. Any resource estimates contained in this Document are based on ownership, geophysical, geological and engineering data, and other information assembled by the Group (which it may not necessarily have produced). The estimates may prove to be incorrect and potential investors should not place reliance on the forward looking statements contained in this Document (including data included in the Competent Person's Report or taken from the Competent Person's Report and whether expressed to have been certified by the Competent Person or otherwise) concerning the Group's resources.

If the assumptions upon which the estimates of the Group's Prospective Resources have been based prove to be incorrect, the Group (or the Operator of an asset in which the Group has an interest) may not discover the estimated levels or quality of hydrocarbons set out in this Document and the Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

An investment in the Company is subject to certain risks related to the nature of the Company's business in the acquisition, appraisal, exploitation, development and production of oil and natural gas assets and their early stage of development. There can be no assurance that the Company's business will be successful or profitable.

Further, the Group has no assets producing positive cash flow and its ultimate success will depend on, *inter alia*, the Group's success in discovering oil and natural gas, the Directors' ability to implement their strategy, generate cash flow from economically viable projects and access equity markets. Whilst the Directors are optimistic about the Group's prospects, there is no certainty that sustainable revenue streams and sustainable profitability will be achieved. The Group will not generate any material income until it has a commercial discovery which is then developed and production has successfully commenced or producing assets have been acquired and in the meantime the Group will continue to expend its cash reserves.

The Group's business plan to exploit and commercialise its assets will require significant capital expenditure. The Group will also be required to make substantial capital expenditure for the identification, acquisition, appraisal, exploration, development and production of oil and gas resources and/or reserves in the future.

In the opinion of the Directors, the net proceeds of the Placing receivable by the Company will be sufficient to finance the activities described in Table 8 of paragraph 12 of Part I of this Document, and beyond this, the Group will need to enter into arrangements for further financing, most likely in the form of equity, for its exploration operations and potentially later debt or equity for appraisal, development or production plans. However, there is no assurance that the Group will be able to generate sufficient internal cash flow, or that any internal cash flow or sufficient additional debt or equity financing will be available to meet the Group's funding requirements in the longer term to pursue its future strategic decisions. Furthermore, if additional debt or equity financing is available, it may not be on terms acceptable to the Group given, for example in the context of debt financing, the limited amount of cash reserves the Group may have at that time. The Group's inability to access sufficient capital for its operations may have a material adverse effect on its business, financial condition, results of operations and prospects.

Expiry and/or Termination of Petroleum Agreements and Petroleum Concessions

The Group's interests are held by way of participating interests in Petroleum Concessions governed by various petroleum agreements. If the Group, or its joint licencees under an applicable Petroleum Agreement or licence, fail to meet the specific requirement(s) of a particular petroleum agreement or licence, such as operational or capital committments to a government or regulatory body, their interest may terminate or expire. There can be no assurance that any of the obligations required to maintain the Group's interests will be met and that the Group will not lose any of its participating interests in such petroleum agreements and licences.

Governmental relations may change

To protect the Group's licences and permits to operate and its ability to secure new resources it is important that the Group should maintain strong positive relationships with the governments of, and communities in, the countries where its business is conducted. The Group's business principles govern how the Group conducts its affairs. Failure – real or perceived – to follow these principles, or any of the risk factors described in this document materialising, could harm the Group's reputation, which could, in turn, impact the Group's licences, financing and access to new opportunities.

Although the Company believes it has good relations with the governments in the countries where its business is conducted, there can be no assurance that the actions of present or future governments of the countries in which the Group operates or may operate, directly or indirectly, in the future, will not materially adversely affect the business or financial condition of the Group.

Ability to acquire and develop further assets

The success of the Group's strategy will, in part, depend on the Directors' ability to identify potential assets, and the acquisition of the assets on favourable terms and to generate value from the assets. No assurance is given that the strategy to be used will be successful under all or any market conditions or that the Group will be able to invest capital directly or indirectly to acquire assets on attractive terms and to generate returns for investors.

In order to expand its operations, the Group may expend significant costs on, *inter alia*, conducting due diligence into potential investment opportunities in further businesses, assets or prospects/ projects that may not be successfully completed or result in any acquisition being made, which failure to complete or acquire could have a material adverse effect on its business, operating results and financial condition.

Non-Operator of certain assets

The Group does not act as Operator in respect of certain of its licences. The Group will generally have limited control over the day-to-day management or operations of those assets and will therefore be dependent upon the third party Operator. A third party Operator's mismanagement of an asset may result in significant delays or materially increased costs to the Group or the cancellation of the licence. The Group's return on assets operated by others will therefore depend upon a number of factors that may be outside the Group's control, including the timing and amount of capital expenditures, the Operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Generally, a failure by any licence partner (whether the Operator or otherwise) to fulfil its financial obligations may increase the Group's exposure related to the licence in question. Any significant increase in costs as a consequence of joint and several liabilities may materially adversely affect the financial condition of the Group.

Dependence on key executives and personnel

The future performance of the Group will be dependent, to a significant extent, on its ability to retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel to form a high calibre management team. Such key executives are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers.

Further, the Group may struggle to recruit engineers and other important members of the workforce required to run a full exploration or appraisal programme. Shortages of labour, or of skilled workers, may cause delays or other stoppages during exploration activities. Many of the Group's competitors are larger, have greater financial and technical resources, as well as staff and facilities, and have been operating in a market-based competitive economic environment for much longer than the Group.

There can be no assurance that the Group will retain the services of any key executives, advisers or personnel who have entered, or will subject to Admission enter, into service agreements or letters of appointment with the Group. The loss of the services of any of the key executives, advisers or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Group.

Labour and health & safety

The exploration for oil and gas resources and, if successful, the development of reserves into commercial production, involves a high degree of risk. The Group's exploration operations are subject to all the risks common in its industry. These hazards and risks include encountering unusual or unexpected rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, natural gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure.

If any of these types of events were to occur, they could result in failure to discover hydrocarbons and, if discovered, delay in or loss of production, environmental damage, injury to persons or loss of life. They could also result in significant delays to drilling programmes, a partial or total shutdown of operations, significant damage to equipment owned or used by the Group and personal injury, wrongful death or other claims related to loss being brought against the Group. These events could result in the Group being required to take corrective measures, incurring significant civil liability claims, significant fines or penalties as well as criminal sanctions potentially being enforced against the Group and/or its officers. The Group may also be required to curtail or cease operations on the occurrence of such events. Any of the above could have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

Whilst the Group intends to implement certain policies and procedures to identify and mitigate such hazards, develop appropriate work plans and approvals for high-risk activities and prevent accidents from occurring, these procedures may not be sufficiently robust or appropriately followed by the Group's staff or third-party contractors to prevent accidents.

Risks associated with the need to maintain an effective system of internal controls

The Group faces risks frequently encountered by developing companies such as under-capitalisation, under-capacity, cash shortages and limited resources. In particular, its future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

Retention of key business relationships

The Group will rely significantly on strategic relationships with other entities, on good relationships with regulatory and governmental departments and upon third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the Group could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts could adversely impact the Group, its business, operating results and prospects.

Project development risks

There can be no assurance that the Group will be able to manage effectively the expansion of its operations or that the Group's current personnel, systems, procedures and controls will be adequate to support the Group's operations. Any failure of the Board to manage effectively the Group's growth and development could have a material adverse effect on the Group's business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Group's current strategy will develop as anticipated and that the Group will be profitable.

Foreign subsidiaries

The Group conducts most of its operations through its subsidiaries located outside of Canada. Therefore, if the Company is successful in finding hydrocarbons and developing a commercial field, it will be dependent on distributions to shareholders will ultimately be dependent on the ability of the Group to transfer funds to the Company. The ability of a subsidiary to make payments to the Company may be constrained by, among other things, the level of taxation, particularly in relation to corporate profits and withholding taxes, in the jurisdiction in which it operates, and the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

Taxation

Any change in the Group's tax status or the tax applicable to a holding of Common Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. It should be noted that the information contained in paragraphs 8 and 9 of Part V of this Document relating to the taxation of the Group and its investors is based upon current tax law and practice which is subject to legislative change. The taxation of an investment in the Company depends on the individual circumstances of investors. Changes in the tax laws of countries that are applicable to the Group, in particular Namibia, Guyana, Canada, the BVI and the UK or any other subordinate legislation or the practice of any relevant taxation authority could have a material adverse effect on the Group. An investment in the Company may involve complex tax considerations which may differ for each investor and each investor is advised to consult their own tax advisers. Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Company may change at any time.

Canadian corporate income taxes

The Company has filed and will file income tax returns. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company whether by re-characterisation of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Exchange rate fluctuations

Currency fluctuations may affect the Group's operating cash flow since certain of its costs are likely to be denominated in currencies other than Pounds Sterling such as Canadian Dollars and United States Dollars. Fluctuations in exchange rates between currencies in which the Group operates may cause fluctuations in its financial results which may be material and which are not necessarily related to its underlying operations. In addition, an adverse change in exchange rates may result in the Company having less funds available for its ongoing operations. The Group does not currently have a formal foreign currency hedging policy in place. If and when appropriate, the adoption of such a policy will be considered by the Board.

Exchange controls

If restrictions on exchange controls are changed in a manner detrimental to the Group, the Group, its business, prospects results of operations or financial conditions could be materially adversely affected, as would its ability to pay dividends on the Common Shares, should any be declared.

Market perception

Market perception of junior exploration and extraction companies, in particular those operating in energy markets, as well as all oil and gas companies in general, may change which could impact on the value of investors' holdings and the ability of the Group to raise further funds through the issue of further Common Shares or otherwise.

Insurance coverage and uninsured risks

While the Board will determine appropriate insurance coverage, it may elect not to have insurance for certain risks due to the high premium costs associated with insuring those risks or for other reasons, including an assessment in some cases that the risks are remote.

No assurance can be given that the Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it or any relevant Operator obtains and the proceeds of insurance will be adequate and available to cover any claims arising. The Group may become subject to liability for pollution, blow-outs or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible. The Group will exercise due care in the conduct of its business and obtain insurance prior to commencing operations in accordance with industry standards to cover certain of these risks and hazards. However, insurance is subject to limitations on liability and, as a result, may not be sufficient to cover all of the Group's losses. The occurrence of a significant event against which the Group is not fully insured, or the insolvency of the insurer of such event, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Any indemnities the Group may receive from such parties may be difficult to enforce if such sub-contractors, Operators or joint venture partners lack adequate resources. In the event that insurance coverage is not available or the Group's insurance is insufficient to fully cover any losses, claims and/or liabilities incurred, or indemnities are difficult to enforce, the Group's business and operations, financial results or financial position may be disrupted and adversely affected. Further, even where the Group is insured, its contractors may themselves be insufficiently insured, or uninsured, in respect of damage they may cause to the Group's property or operations. In such cases, the Group may be required to incur additional costs to extend its cover to its contractors, from whom it may be unsuccessful in recovering such costs in full or at all.

The payment by the Group's insurers of any insurance claims may result in increases in the premiums payable by the Group for its insurance cover and adversely affect the Group's financial performance. In the future, some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

Functioning insurance market

Operational insurance policies are usually placed in one year contracts and the insurance market can withdraw cover for certain risks which can greatly increase the costs of risk transfer. Such increases are often driven by factors unrelated to the Company such as well control elsewhere in the world and wind storm damage.

Future litigation

From time to time, the Group may be subject, directly or indirectly, to litigation arising out of its proposed operations. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may materially impact the Group's business, results of operations or financial condition. Whilst the Group will assess the merits of each lawsuit and will defend itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Group's business.

GENERAL EXPLORATION, DEVELOPMENT AND PRODUCTION RISKS

Exploration, development and production risks

There can be no guarantee that any hydrocarbons will be discovered in commercial quantities or developed to profitable production. If discovered, developing a hydrocarbon production field, requires significant investment, generally over several decades, to build the requisite operating facilities, drilling of production wells along with implementation of advanced technologies for the extraction and exploitation of hydrocarbons with complex properties. Making these investments and implementing these technologies, normally under difficult conditions, can result in uncertainties about the amount of investment necessary, operating costs and additional expenses incurred as compared with the initial budget, thereby negatively affecting the business, prospects, financial condition and results of operations of the Group. In addition, hydrocarbon deposits assessed by the Group may not ultimately contain economically recoverable volumes of resources and even if they do, delays in the construction and commissioning of production projects or other technical difficulties may result in any projected target dates for production being delayed or further capital expenditure being required.

The operations and any planned drilling activities of the Group and its partners may be disrupted, curtailed, delayed or cancelled by a variety of risks and hazards which are beyond the control of the Group, including unusual or unexpected geological formations, formation pressures, geotechnical and seismic factors, environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharge of toxic gases, industrial accidents, occupational and health hazards, technical failures, mechanical difficulties, equipment shortages, labour disputes, fires, power outages, compliance with governmental requirements and extended interruptions due to inclement or hazardous weather and ocean conditions, explosions, blow-outs, pipe failure and other acts of God. Any one of these risks and hazards could result in work stoppages, damage to, or destruction of, the Group's or its partners' facilities, personal injury or loss of life, severe damage to or destruction of property, environmental damage or pollution, clean-up responsibilities, regulatory investigation and penalties, business interruption, monetary losses and possible legal liability which could have a material adverse impact on the business, operations and financial performance of the Group. Although precautions to minimise risk are taken, even a combination of careful evaluation, experience and knowledge may not eliminate all of the hazards and risks. In addition, not all of these risks are insurable.

As is common with many exploration ventures, there is uncertainty and therefore risk associated with the Group's operating parameters and costs which can be difficult to predict and are often affected by factors outside of the Group's control. Few exploration assets are ultimately developed into producing assets. There can be no guarantee that any estimates of quantities of hydrocarbons discovered by the Group will be available to exploit or extract. If hydrocarbons are discovered and reserves are developed, it can take significant expenditure and a number of years from the initial phases of drilling and identification of hydrocarbons until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish hydrocarbon reserves through drilling and, in the case of new properties, to construct processing facilities and other relevant infrastructure. With many natural resources operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions.

Environmental Regulation and Risks

Extensive national, state and local environmental laws and regulations in foreign jurisdictions affect nearly all of the operations of the Group. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish in certain circumstances obligations to

remediate current and former facilities and locations where operations are or were conducted. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation. There can be no assurance that the Group will not incur substantial financial obligations in connection with environmental compliance and that the cost of such compliance will not have a material adverse effect on the Group. Significant liability could be imposed on the Group for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties purchased by the Group or non-compliance with environmental laws or regulations. Such liability could have a material adverse effect on the Group. Moreover, the Group cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require material expenditures by the Group for the installation and operation of systems and equipment for remedial measures, any or all of which may have a material adverse effect on the Group.

Capital expenditure estimates may not be accurate

Estimated capital expenditure requirements are estimates based on anticipated costs of exploration and are made on certain assumptions. Should the Group's capital expenditure requirements turn out to be higher than currently anticipated the Group or its partners may need to seek additional funds which it may not be able to secure on reasonable commercial terms to satisfy the increased capital expenditure requirements. If this happens, the Group's business, cash flow, financial condition and operations may be materially adversely affected and the Company may not be able to meet its licence obligations.

Exploration activities are expensive and there is no guarantee of success

Exploration activities are capital intensive and their successful outcome cannot be assured. The Group intends to undertake exploration activities and incur significant costs with no guarantee that such expenditures will result in the discovery of commercially deliverable oil or gas. The Group intends to explore in geographic areas, where environmental conditions are challenging and costs can be high. The costs of drilling, completing and operating wells are often uncertain. As a result, there may be cost overruns or requirements to curtail, delay or cancel drilling operations because of many factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with environmental regulations, governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment.

Increase in drilling costs and the availability of drilling equipment

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the Group's ability to invest directly or indirectly in prospects and to purchase or hire equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling operations outside or in the Group's intended area of operations may reduce the availability of equipment and services to the Group and to the companies with which it operates. The reduced availability of equipment and services may delay the Group's ability, directly or indirectly, to exploit reserves and adversely affect the Group's operations and profitability.

Delays in production, marketing and transportation

In the event that the Company discovers hydrocarbons and develops them into production then various production, marketing and transportation conditions may cause delays in oil production and adversely affect the Group's then business. Drilling wells in areas remote from distribution and production facilities may delay production from those wells until sufficient reserves are established to justify expenditure on construction of the necessary transportation and production facilities. The Group's inability directly or indirectly to complete wells in a timely manner would result in production delays.

The marketability and price of oil and natural gas that may directly or indirectly be acquired or discovered by the Group will be affected by numerous factors beyond the control of the Group. The Group would also be subject to market fluctuations in the prices of oil and natural gas,

deliverability uncertainties related to the proximity of reserves to adequate pipeline and processing facilities, and extensive government regulations relating to price, taxes, royalties, licences, land tenure, allowable production, the export of oil and natural gas, and many other aspects of the oil and natural gas business. Moreover, weather conditions may impede the transportation and delivery of oil by sea. Any or all of these factors may result in an adverse impact on any financial returns anticipated by the Company.

Oil exploration and production and the sale of such production depends on adequate infrastructure. Reliable roads, bridges, power sources and water supplies are important determinants which affect capital and operating costs.

The Group would suffer, indirectly, from delays or interruptions due to lack of availability of drilling rigs or construction of infrastructure, including pipelines, storage tanks and other facilities, which would adversely impact the operations and could lead to fines, penalties, criminal sanctions against the Group and/or its officers or its current or future licences. Delays in obtaining licences, permissions and approvals required by the Group or its partners in the pursuance of its business objectives could likewise have a material adverse impact on the Group's business and the results of its operations.

Failure to meet contractual work commitments may lead to penalties

The Group may, indirectly, be subject to contractual work commitments, from time to time, which may include minimum work programmes to be fulfilled within certain time restraints. Specifically, these commitments may cover certain depths of wells to be drilled, seismic surveys to be performed and other data acquisition. Failure to comply with such obligations, whether inadvertent or otherwise, may lead to fines, penalties, restrictions and withdrawal of licences with consequent material adverse effects.

Decommissioning costs may be greater than initially estimated

In the event that, the Group, through its licences, drills or participates in drilling, it expects to assume certain obligations in respect of the decommissioning of its wells, fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Group to make provisions for and/or underwrite the liabilities relating to such decommissioning. It is difficult to accurately forecast the costs that the Group would incur in satisfying any decommissioning obligations. When such decommissioning liabilities crystallise, the Group would be liable either on its own or jointly and severally liable for them with any other former or current partners in the field. In the event that it is jointly and severally liable with other partners and such partners default on their obligations, the Group would remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that the Group incurs may adversely affect its financial condition.

Emerging markets risk

Investors in emerging markets, such as Namibia and Guyana, should be aware that these markets are subject to greater risk than more developed markets, including, in some cases, significant legal, fiscal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved in an investment in the Company and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging and developing markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

INVESTMENT AND AIM RISKS

Share price volatility and liquidity

Although the Company is applying for the Enlarged Share Capital to be admitted to trading on AIM, there can be no assurance that an active or liquid trading market for the Common Shares will develop or, if developed, that it will be maintained. AIM is a market designed primarily for emerging or smaller growing companies which carry a higher than normal financial risk and tend to experience lower levels of liquidity than larger companies. Accordingly, AIM may not provide the liquidity normally associated with the Official List or some other stock exchanges. The Common Shares may therefore be difficult to sell compared to the shares of companies listed on the Official

List and the share price may be subject to greater fluctuations than might otherwise be the case. An investment in shares traded on AIM carries a higher risk than those listed on the Official List.

The Company is principally aiming to achieve capital growth and, therefore, Common Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares traded, and thus the Common Shares may be difficult to sell at a particular price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Common Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company will increase. Investors may therefore realise less than, or lose all of, their original investment.

The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Common Shares are quoted and the price which investors may realise for their Common Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Group and its operations. These factors include, without limitation, (i) the performance of the Company and the overall stock market, (ii) large purchases or sales of Common Shares by other investors, (iii) results of exploration, development and appraisal programmes and production operations, (iv) changes in analysts' recommendations and any failure by the Group to meet the expectations of the research analysts, (v) changes in legislation or regulations and changes in general economic, political or regulatory conditions, and (vi) other factors which are outside of the control of the Company.

Shareholders may sell their Common Shares in the future to realise their investment. Sales of substantial amounts of Common Shares following Admission and/or termination of the lock-in restrictions (the terms of which are summarised in paragraph 14.5.5 of Part V of this Document), or the perception that such sales could occur, could materially adversely affect the market price of the Common Shares available for sale compared to the demand to buy Common Shares. Such sales may also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate. There can be no guarantee that the price of the Common Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Common Shares may decline below the Placing Price.

No Takeover Code protection

The Company is not subject to the provisions of the City Code and it is emphasised that, although the Common Shares will be admitted to trading on AIM, the Company will not be subject to takeover regulation in the UK. However, Canadian laws applicable to the Company provide for early warning disclosure requirements and for takeover bid rules for bids made to security holders in various jurisdictions in Canada, a summary of which is set out in paragraph 7 of Part V of this Document.

Investment risk

An investment in the Company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time. While various oil and gas investment opportunities are available, potential investors should consider the risks that pertain to oil and gas development projects in general.

Reporting Currency

The Group reports its results of operations and financial condition in Canadian Dollars. Following Admission, the Company's share price will be quoted on the London Stock Exchange in Pounds Sterling. As a consequence, shareholders may experience fluctuation in the market price of the Common Shares as a result of, amongst other factors, movements in the exchange rate between Pounds Sterling and Canadian Dollars.

Dilution and Pre-Emption Rights

The Company is not required under Canadian law to offer new Common Shares to existing Shareholders on a pre-emptive basis as is required of companies incorporated under CA 2006. As such, it may not be possible for existing Shareholders to participate in future share issues, which may dilute an existing Shareholder's interest in the Company. However, there are various

protections afforded to Shareholders as a result of Canadian Securities laws. Pursuant to the nominated adviser agreement and as set out in paragraph 7 of this Part V, the Company and the Directors have undertaken to Strand Hanson (and will undertake in similar terms to the nominated adviser to the Company from time to time) that for as long as the Common Shares remain quoted on AIM but are no longer listed on the TSX-V or the TSX and as a result are no longer subject to the rules of those exchanges, the Company will obtain approval by special resolution for issuance of Common Shares.

Shareholders not participating in future offerings may be diluted. The Company may in the future issue options, RSUs and/or warrants to subscribe for new Common Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options would result in dilution of the shareholdings of other investors.

No Record of Dividends

The Group has not paid dividends and it is unlikely to pay dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of the Board and will depend upon, among other things, the Group's results of operations, financial condition, contractual restrictions, capital expenditure and working capital requirements, restrictions imposed by applicable law and other factors the Board deems relevant.

It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Group.

If any of the risks referred to in this Part II crystallise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its Common Shares could decline and investors may lose all or part of their investment.

Although the Directors will seek to minimise the impact of the risk factors listed above, investment in the Group should only be made by investors able to sustain a total loss of their investment.

PART III

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

Section A: Accountants' Report on the Unaudited Pro Forma Financial Information

Crowe Clark Whitehill LLP
Chartered Accountants
Member of Crowe Horwath International
St Bride's House
10 Salisbury Square
London EC4Y 8EH, UK
+44 (0)20 7842 7100
+44 (0)20 7583 1720
DX: 0014 London Chancery Lane
www.croweclarkwhitehill.co.uk

2 February 2017

The Directors
Eco (Atlantic) Oil & Gas Ltd
181 Bay Street, Suite 320
Brookfield Suite
Toronto
Ontario M5J ET3

The Directors
Strand Hanson Limited
26 Mount Row
London W1K 3SQ

Dear Sirs,

Introduction

We report on the unaudited *pro forma* statement of net assets of Eco (Atlantic) Oil & Gas Ltd. (the "Company") and its subsidiaries, (together, the "Group") (the "Pro Forma Financial Information") set out in Part VI(B) *"Unaudited Pro Forma Financial Information"* of the Company's AIM admission document dated 2 February 2017 (the "Admission Document"). The Pro Forma Financial Information has been prepared on the basis of the notes thereto, for illustrative purposes only, to provide information about how the placing and admission of the Company and its securities to trading on AIM, might have affected the financial information presented on the basis of the accounting policies adopted by the Group in preparing its financial information for the period ended 30 September 2016. This report is required by Schedule Two of the AIM Rules for Companies (the "AIM Rules") and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro Forma Financial Information. It is our responsibility to form an opinion on the Pro Forma Financial Information as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting 4000 as issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial information with the Directors.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully,

Crowe Clark Whitehill LLP
Chartered Accountants

Section B: Unaudited Pro Forma Financial Information

Set out below is an unaudited pro-forma statement of net assets of the Group (the "Pro-Forma Financial Information), which has been prepared on the basis of the Group's consolidated financial statements at 30 September 2016, as adjusted for:

- the sale of Eco Ghana;
- the receipt of net proceeds from the Placing,

as set out in the notes below. The unaudited *pro forma* statement has been prepared for illustrative purposes only and because of its nature will not represent the actual consolidated financial position of the Company at the date of Admission.

Unaudited pro-forma statement of net assets

		Adjustment 1	Adjustment 2	
	Group (unaudited) (Note 1) CAD $	**Sale of Eco Ghana (Note 2) CAD $**	**Placing (Note 3) CAD $**	**Pro forma Financial information (Unaudited) CAD $**
Non-current assets				
Petroleum and natural gas licences	3,102,353	(1,612,000)	—	1,490,353
Equipment	842	—	—	842
Total non-current assets	**3,103,195**	**(1,612,000)**	**—**	**1,491,195**
Current assets				
Cash and cash equivalents	1,786,481	—	6,229,917	8,016,398
Short term investments	100,000	—	—	100,000
Government receivable	36,990	—	—	36,990
Accounts receivable and prepayments	540,043	749,000	(57,480)	1,231,563
Total current assets	**2,463,514**	**749,000**	**6,172,437**	**9,384,951**
Total assets	**5,566,709**	**(863,000)**	**6,172,437**	**10,876,146**
Current liabilities				
Accounts payable and accruals	1,999,020	(1,704,000)	—	295,020
Advance from licence partners	799,477	—	—	799,497
Total current liabilities	**2,798,497**	(1,704,000)	**—**	**1,094,497**
Total liabilities	**2,798,497**	**(1,704,000)**	**—**	**1,094,497**
Net assets/liabilities	**2,768,212**	**841,000**	**6,172,437**	**9,781,649**

Notes:

1. The financial information relating to the Group has been extracted, without further adjustment, from the Group's unaudited financial statements for the period ended 30 September 2016, and appended in Part VI section A. No account has been taken of the activities of the Group subsequent to 30 September 2016.
2. The Company entered into a share purchase and sale agreement on 21 October 2016 pursuant to which the Company sold its 100% interest in Eco Atlantic Ghana Limited ("Eco Ghana") to PetroGulf Ghana Limited ("PetroGulf"). Eco Ghana held petroleum and natural gas licences of CAD $1,612,000 and accounts payable of CAD $1,704,000. The consideration due from PetroGulf is CAD $749,000 (US $576,000).
3. The Company raised CAD $7,935,360 (£4,800,000) (gross) from the Placing. Associated costs of the Placing were approximately CAD $2,058,976 (£1,245,449) (excluding VAT), of which CAD $296,053 (£179,079) were settled by the issue of shares. The net proceeds from the Placing received by the Company were approximately CAD $5,876,384 (£3,554,551). As at 30 September 2016, the Company had prepaid CAD $57,480 of the associated costs of the Placing resulting in an adjustment to cash and cash equivalents of CAD $6,229,917, after adjusting for the non-cash element of the costs.

PART IV

COMPETENT PERSON'S REPORT

The Directors
ECO (Atlantic) Oil & Gas Ltd.
181 Bay Street, Suite 320
Brookfield Place, Toronto
Ontario, Canada
M5J ET3

AND

The Directors
Strand Hanson Ltd.
26 Mount Row
Mayfair
London
W1K 3SQ

2 February 2017

Dear Sirs:

COMPETENT PERSONS REPORT ("CPR") FOR CERTAIN ASSETS IN THE OFFSHORE OF NAMIBIA AND THE OFFSHORE OF GUYANA

Gustavson Associates is a geological and petroleum reservoir consulting company that provides specialized services in exploration, field development and the assessment and valuation of upstream petroleum assets.

Gustavson Associates has prepared this Competent Persons Report (CPR) for Strand Hanson Ltd. on behalf of ECO (Atlantic) Oil & Gas Ltd. ("Eco Atlantic" or the "Company") for use in connection with the Company's admission to the AIM of the London Stock Exchange ("Admission"). This CPR is a technical evaluation as at 31 October 2016 and has been undertaken by Gustavson Associates personnel that have in excess of ninety years' in combined experience in the estimation, assessment and evaluation of hydrocarbon reserves and resources. Prospective Resources for certain assets have been estimated in accordance with the Petroleum Resources Management System 2007 as set out by the SPE/SPEE/AAPG/WPC, which is a recognized standard under the AIM Note "Guidance for Mining and Oil and Gas Companies". We can confirm that there is no material change to the CPR and its addendum since their respective effective dates of 31 October 2016 and 1 February 2017.

Gustavson Associates is responsible for the preparation of the CPR and has consented to the inclusion of the CPR in the Admission Document in the form and context in which it is included and has taken all reasonable care to ensure that the information contained in the CPR is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Except for the provision of professional services provided on a time based fee basis, Gustavson Associates has no commercial arrangement or interest with ECO Atlantic or the assets which are the subject of the CPR or any other person or company involved in such assets. Gustavson Associates has provided an assessment which is independent from ECO Atlantic.

5757 Central Ave Suite D Boulder, CO 80301 USA 1-303-443-2209 Fax: 1-303-443-3156 www.gustavson.com

The copyright of the CPR document remains the property of Gustavson Associates. It has been provided to ECO Atlantic for the purpose of Admission and its inclusion in the related AIM Admission Document and disclosure on the ECO Atlantic website in accordance with the AIM Rules (these together being the "Purpose"). Gustavson Associates agrees to disclose the enclosed CPR to ECO Atlantic for the Purpose. The recipient should also note that this document is being provided on the express terms that, other than for the Purpose, it is not to be copied in part or as a whole, used or disclosed in any manner or by any means unless as authorized in writing by Gustavson Associates. Notwithstanding these general conditions, Gustavson Associates additionally agrees to the publication of the CPR document, in full, on the ECO Atlantic's website in accordance with AIM rules.

Jan Tomanek

Has attended the University of Connecticut and graduated with a Bachelor of Science Degree in Geology, and has over 35 years' experience in oil and gas projects involving geological and geophysical studies for exploration and development. He has provided technical support for resource and reserve estimates, exploration and development projects, and bid round support for various clients. These worldwide projects included conventional and unconventional plays in sandstones, carbonates, fractured shale and coal. Credentials include American Association of Petroleum Geologists Certified Petroleum Geologist (CPG 6239) and an American Institute of Professional Geologist Certified Professional Geologist (CPG 11566) and Licensed in the State of Alaska (License 693).

Letha Lencioni

Has a B.S. in Petroleum Engineering from the University of Tulsa, and over 30 years' experience of practical hands-on experience in petroleum reservoir evaluation and analysis, and petroleum operations engineering. She has served as a Qualified Reserves Evaluator for numerous reserve and resource evaluations prepared under the Petroleum Resources Management System (PRMS) definitions and guidelines, Canadian National Standard 51-101 and reserve reports for the US Securities and Exchange Commission, as well as reports for the Australian, Hong Kong, and London securities exchanges.

Michele Bishop – Chief Geologist

Has a Master of Science Degree in Geology from Duke University, is a Professional Geologist of the State of Wyoming (PG-783) and an American Institute of Professional Geologists Certified Professional Geologist (CPG-11291) with over 30 years of experience in studies relating to oil and gas fields, including estimating quantities of reserves and resources. She is a member in good standing of the following professional organizations: Society for Sedimentary Geology (SEPM), Rocky Mountain Association of Geologists (RMAG), The Research Society (Sigma Xi), and the American Institute of Professional Geologists (AIPG).

Sincerely,

Jan Tomanek
Vice President Oil & Gas

GUSTAVSON ASSOCIATES
GEOLOGISTS · ENGINEERS · ECONOMISTS · APPRAISERS

The Directors
ECO Atlantic Oil & Gas Ltd.
181 Bay Street, Suite 320
Brookfield Place, Toronto
Ontario, Canada
M5J ET3

AND

The Directors
Strand Hanson Ltd.
26 Mount Row
Mayfair
London
W1K 3SQ

01 February 2017

ADDENDUM TO COMPETENT PERSONS REPORT ("CPR") FOR CERTAIN ASSETS IN THE OFFSHORE OF NAMIBIA AND THE OFFSHORE OF GUYANA

We note that, since the date of completion of the "Competent Persons Report for Certain Assets in Offshore Namibia and Offshore Guyana" dated 31 October 2016, certain commercial terms relating to the Cooper Licence have changed. In particular, we note that the terms of the commercial arrangement between Tullow Namibia and Eco Namibia in respect of the Cooper Licence have been varied such that Eco Namibia's carry benefits are as modified by the Tullow Amendment and Assignment Agreement detailed in paragraph 14.1.3 of Part V of this Document. Accordingly, Eco Namibia should no longer be described "fully" or "100%" carried as stated on pages 98 and 102 of this Document.

Sincerely,

Jan Tomanek
Vice President Oil & Gas

5757 Central Ave Suite D Boulder, CO 80301 USA 1-303-443-2209 Fax: 1-303-443-3156 www.gustavson.com

Competent Persons Report for Certain Assets in Offshore Namibia and Offshore Guyana

Date of this Report: October 31, 2016

Prepared for:

ECO (Atlantic) Oil and Gas

And

Strand Hanson Limited

Prepared By:

Letha C. Lencioni
Registered Petroleum Engineer
State of Colorado #29506

GUSTAVSON ASSOCIATES
5757 CENTRAL AVE. SUITE D BOULDER, COLORADO 80301 USA

Phone: 1-303-443-2209, Fax: 1-303-443-3156
E-mail: gustavson@gustavson.com

1. EXECUTIVE SUMMARY

The report addresses the ECO (Atlantic) Oil and Gas, Ltd ("ECO Atlantic", "ECO", "The Company") exploratory oil and gas assets in offshore Namibia and offshore Guyana. The assets owned by ECO Atlantic are summarized in Table 1—1.

Table 1—1 Summary of Assets owned by ECO (Atlantic) Oil and Gas, Ltd

Asset	Operator	Working Interest (%)	Status	Expiry Date	License Area (km2)[1]	Water Depth, meters
Namibia – Block 2012A (Cooper)	ECO	32.5	Exploration	March 2020	5,000	100 to 500
Namibia – Blocks 2111B and 2211A (east half) (Guy)	Azinam	50.0	Exploration	March 2020	5,000	1,500 to 3,000
Namibia – Blocks 2213A and 2213B (west half) (Sharon)	ECO	60.0	Exploration	March 2020	5,000	100 to 500
Namibia – Blocks 2211Ba and 2311A (Tamar)	ECO	72.0	Exploration	March 2020	7,500	2,500 to 3,000
Guyana – Orinduik Block	Tullow	37.6	Exploration	January 2026	1,800	70

Based on probabilistic estimates, the gross unrisked Prospective Resources for Cooper, Guy and Sharon Blocks in Namibia are listed below in Table 1—2, and the Net Unrisked Prospective Resources for Cooper, Guy and Sharon Blocks in Namibia are listed below in Table 1—3. Since the data in the Tamar Block in Namibia and the Orinduik Block of Guyana are still under internal review, Prospective Resources have not been estimated for this report.

This report supersedes all other reports relative to the ECO Atlantic assets.

[1] Approximate

Table 1—2 Gross Unrisked Prospective Resource Estimates by Block

	Oil in Place, MMBbl			Prospective Oil Resources, MMBbl			Prospective Associated Gas Resources, BCF		
Block	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
Cooper Block	1,896.1	3,166.0	5,036.7	434.3	752.8	1,241.8	404.8	735.8	1,274.9
Guy Block	2,194.9	6,903.0	16,906.8	489.4	1,581.4	4,009.9	478.2	1,545.3	3,932.4
Sharon Block	3,136.4	9,658.5	23,345.3	701.9	2,211.7	5,518.4	668.3	2,175.6	5,465.9
TOTAL	**7,227.3**	**19,727.4**	**45,288.9**	**1,625.6**	**4,546.0**	**10,770.2**	**1,551.2**	**4,456.7**	**10,673.2**

(MMBbl = million barrels of oil; BCF = billion cubic feet)

Table 1—3 Net Unrisked Prospective Resource Estimates by Block

	Oil in Place, MMBbl			Prospective Oil Resources, MMBbl			Prospective Associated Gas Resources, BCF			Risk*
Block	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	**POS Range, %**
Cooper Block	616.2	1,029.0	1,636.9	141.2	244.7	403.6	131.6	239.1	414.3	3.0 -17.9
Guy Block	1,097.4	3,451.5	8,453.4	244.7	790.7	2,005.0	239.1	772.6	1,966.2	1.9 – 3.5
Sharon Block	1,881.1	5,795.1	14,007.2	421.2	1,327.0	3,311.0	401.0	1,305.4	3,279.6	2.0 – 2.5
TOTAL	**3,595.5**	**10,275.5**	**24,097.6**	**807.0**	**2,362.4**	**5,719.6**	**771.6**	**2,317.1**	**5,660.1**	

(MMBbl = million barrels of oil; BCF = billion cubic feet)
* - Risk for each Lead and Prospect is detailed on pages 123, 126, and 132

Note that these estimates do not include consideration for the risk of failure in exploring for these resources. Prospective Resources are defined as "those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity." [2] There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. The Low Estimate represents the P_{90} values from the probabilistic analysis (in other words, the value is greater than or equal to the P_{90} value 90% of the time), while the Best Estimate represents the P_{50} and the High Estimate represents the P_{10}. The totals given are simple arithmetic summations of values and are not themselves P_{90}, P_{50}, or P_{10} probabilistic values.

[2] Society of Petroleum Evaluation Engineers, (Calgary Chapter): *Canadian Oil and Gas Evaluation Handbook, Second Edition,* Volume 1, September 1, 2007, pg 5-7.

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2. INTRODUCTION

2.1 AUTHORIZATION

Gustavson Associates LLC (the Consultant) has been retained by ECO (Atlantic) Oil and Gas, Ltd ("ECO Atlantic", "ECO", "The Company", "The Client") and Strand Hanson Limited to prepare a Competent Persons Report for them prepared in accordance with the AIM Note for Mining and Oil and Gas Companies for the purposes of the Clients' admission to the AIM of the London Stock Exchange. The report covers the assets offshore Namibia which include Petroleum Exploration Licenses (PEL) for Block 2012A (Cooper Block), the west half of Blocks 2213A and 2213B (Sharon Block), the east half of Blocks 2111B and 2211A (Guy Block), Blocks 2211Ba and 2311A (Tamar Block) and the Orinduik Block offshore Guyana.

2.2 INTENDED PURPOSE AND USERS OF REPORT

The purpose of this Report is to support the Client's admission to the AIM of the London Stock Exchange (AIM).

2.3 OWNER CONTACT AND PROPERTY INSPECTION

This Consultant has had frequent contact with the Client. This Consultant has not personally inspected the subject property.

2.4 SCOPE OF WORK

This Report is intended to describe and quantify the Prospective Resources contained within the offshore Blocks that are subject to a petroleum license agreement with the Namibian government and report on the offshore Block that is subject to a petroleum license agreement with the government of Guyana which has not been fully evaluated at the time of this report.

2.5 APPLICABLE STANDARDS

This Report has been prepared in accordance with Canadian National Instrument 51-101 and the AIM rules for Companies which includes specifically the Note for Mining and Oil and Gas Companies. The National Instrument requires disclosure of specific information concerning prospects, as are provided in this Report. The Prospective Resources on the Namibian areas have been estimated in accordance with the Petroleum Resources Management System 2007, as set out in Appendix A.

2.6 ASSUMPTIONS AND LIMITING CONDITIONS

The accuracy of any estimate is a function of available time, data and of geological, engineering, and commercial interpretation and judgment. While the interpretation and estimates presented herein are believed to be reasonable, they should be viewed with the understanding that additional analysis or new data may justify their revision. Gustavson Associates reserves the right to revise its opinions, if new information is deemed sufficiently credible to do so.

2.7 INDEPENDENCE/DISCLAIMER OF INTEREST

Gustavson Associates LLC has acted independently in the preparation of this Report. The company and its employees have no direct or indirect ownership in the property appraised or the area of study described. Ms. Letha Lencioni is signing off on this Report, which has been prepared by her as a Qualified Reserves Evaluator, with the assistance of others on Gustavson's staff. Our fee for this Report and the other services that may be provided is not dependent on the amount of resources estimated.

3. DISCLOSURES REGARDING ASSETS

3.1 LOCATION AND BASIN NAME: GUYANA

The Guyana-Suriname Basin is located in the northeastern offshore of South America off the countries of Venezuela, Guyana, Suriname and French Guiana (Figure 3—1). The Orinduik Block is located offshore of the country of Guyana in the Guyana-Suriname Basin (Figure 3—2).

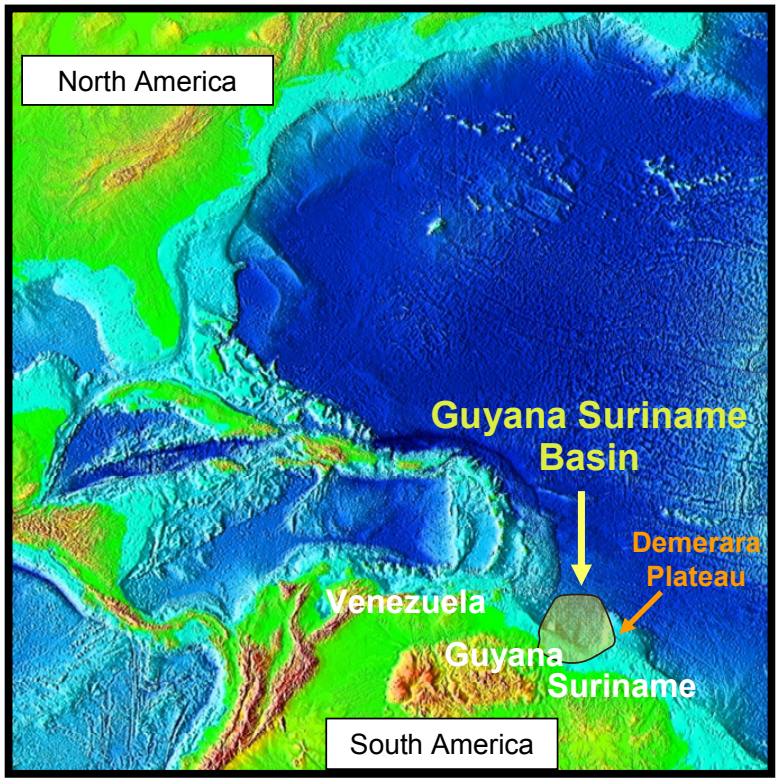


Figure 3—1 Location map of the Guyana Suriname Basin

The Guyana-Suriname Basin is a lightly explored basin. Sixteen wells were drilled between 1970 and 2006 with the deepest reaching a depth of 5,400 meters. There is the potential for large conventional accumulations in stratigraphic traps and subtle structural traps. The basin is characterized by moderate to high-risk, high-reward exploration potential in a low-risk, favorable political and economic environment.

3.1.1 Gross and Net Interest in the Property

The Orinduik Block license area is 1,800 square kilometers (444,789 acres) where ECO Guyana Inc. has a 37.6% net working interest (WI) (Figure 3—2). Tullow Oil Plc (Tullow) is the designated Operator holding the remaining WI and carries ECO Guyana Inc. for a portion of the initial exploration program work commitment. ECO Guyana Inc. is owned 94% by ECO (Guyana) Barbados Ltd. who in turn is wholly owned by ECO (Atlantic) Oil and Gas Ltd.

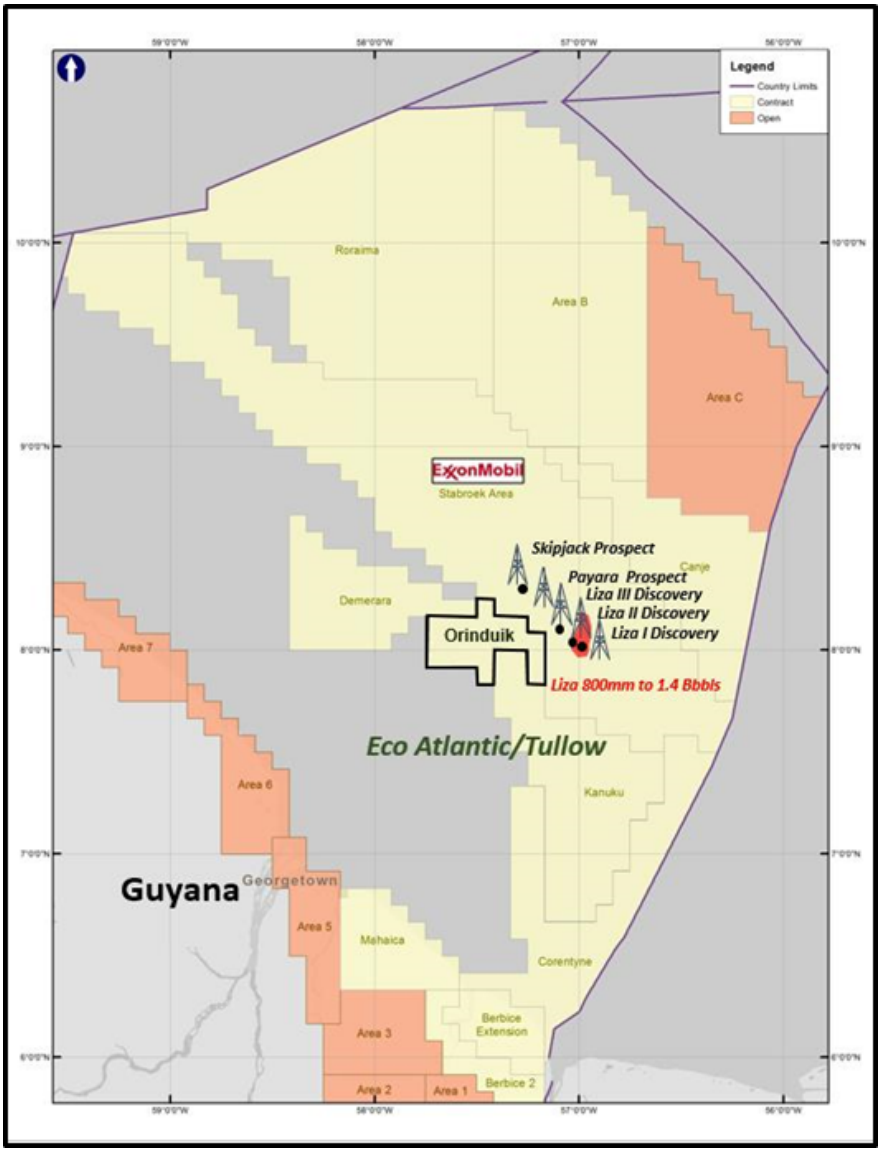


Figure 3—2 Index map of Guyana Offshore

3.1.2 Expiry Date of Interest

The license was awarded in January 2016 for an initial term of four years in which the work obligations are to review the existing 2D seismic data and by the end of the fourth year acquire and process a 3D seismic survey over an area of interest. The current plan by the partners includes the acquisition, processing and interpretation of a 3D seismic survey by the second quarter of 2017 or sooner. The initial term can be extended for six additional years and by year nine a well would need to be drilled on the Block.

3.1.3 Description of Target Zones

The Guyana-Suriname Basin is a passive margin basin resulting from Jurassic rifting apart of Africa and South America followed by Cretaceous drifting of the continents to form the northern Atlantic Ocean.

The basin has received clastic deposits in shelf, slope, and basin depositional environments during the Cretaceous to Recent. The Guyana basin has more than 7,000 meters of sedimentary fill.

The target reservoir rocks for the Orinduik Block are sandstones deposited as shelf margin, slope and basin turbidite fans. These rocks are of Cretaceous and younger age and are expected to be similar to the Cretaceous age reservoir at the ExxonMobil discovery at Liza. These sandstones are interbedded with shales and marls, which provide seal to these reservoir units. A schematic section from Tullow (Figure 3—3) depicts an interpretation that shows the relationship of the Exxon Liza discovery projected into a section line that goes through the updip Amatuk lead that is being evaluated.

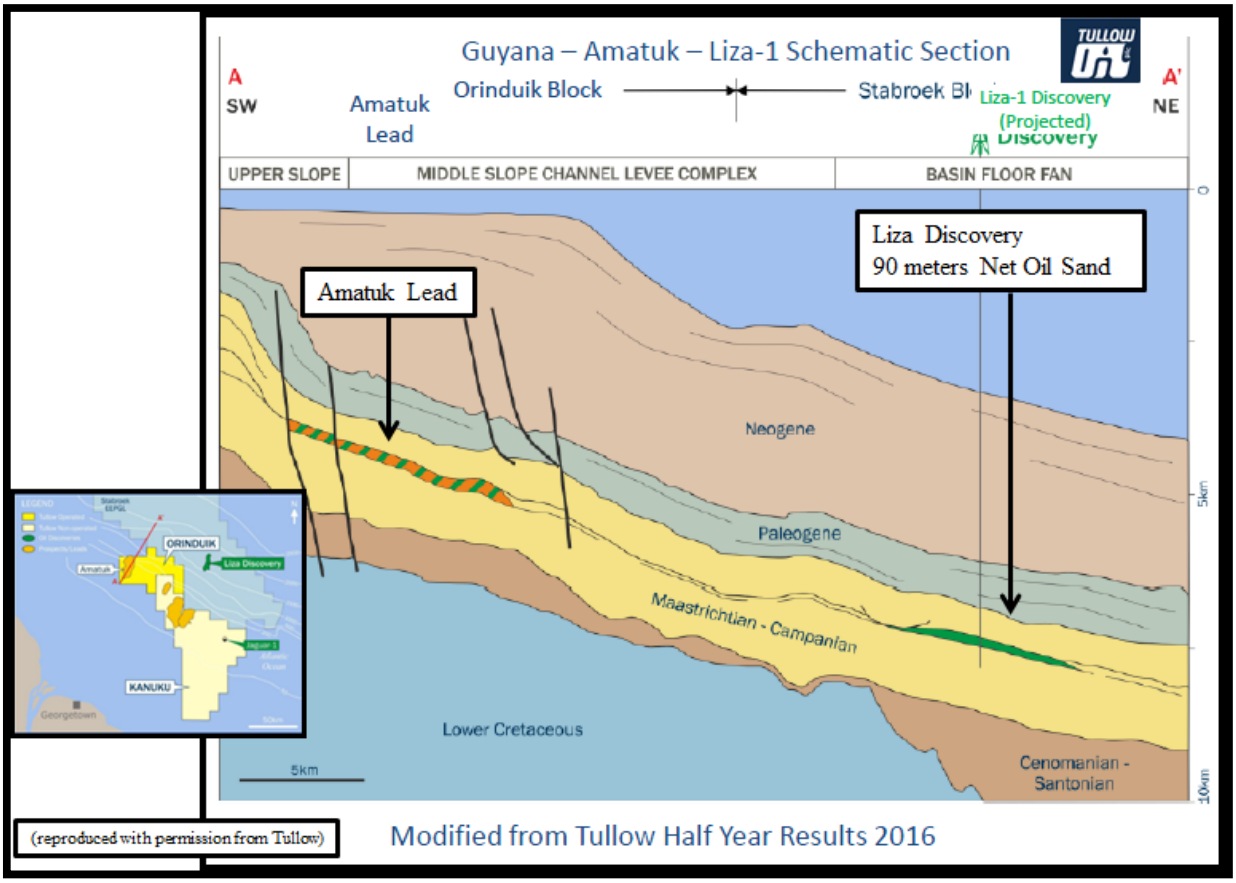


Figure 3—3 Schematic Section from Tullow (courtesy of Tullow Oil Plc)

3.1.4 Distance to Nearest Commercial Production

The nearest hydrocarbon production is located to the southeast, onshore in Suriname in the Tambaredjo field and the adjacent Calcutta field just to the west. The Tambaredjo, Tambaredjo Northwest and Calcutta fields that are located onshore in Suriname are currently producing 16,000 BOPD from an estimated STOIIP of 1 billion barrels.[3] These fields are more than 300 kilometers southeast of the prospective area. Venezuela has reported numerous, recent, offshore gas discoveries ranging in size from 0.5 to 7.0 trillion cubic feet. The discoveries in Venezuela are in the process of undergoing commercial development.

[3] http://opportunities.staatsolie.com/en/geology-of-the-guyana-suriname-basin/petroleum-systems/

The discovery by ExxonMobil of Liza-1, Liza-2 and Liza-3 just to the east of the Orinduik Block is reportedly significant with more than 90 meters (295 feet) of oil bearing, Upper Cretaceous sandstone reservoirs in the #1 and #3 wells and 58 meters (190 feet) in the #2 well. The Liza-1 well was drilled to a depth of 5,433 meters (17,825 feet) in 2015 and the Liza-2 to a depth of 5,475 meters (17,963 feet). Recoverable reserves have been estimated to be up to 1.4 billion barrels of oil equivalent (Dunnahoe, 2016).[4] A fourth well, the Skip Jack, was drilled at a location 40 kilometers northwest of the Liza-1 well, on the ExxonMobil Stabroek Block in 2016. This well reportedly did not find commercial oil.[5]

3.1.5 Product Types Reasonably Expected

Oil and associated gas would be expected to be encountered on the Orinduik Block based on the discovery at Liza.

3.1.6 Range of Pool or Field Sizes

Gustavson has not evaluated leads on the Orinduik Block for this report.

3.1.7 Depth of the Target Zone

Gustavson has not evaluated leads on the Orinduik Block for this report.

3.1.8 Identity and Relevant Experience of the Operator

Tullow Oil Plc is the designated operator of the Orinduik Block. Tullow is an independent international oil and gas company headquartered in London UK. Tullow has over 30 years of experience in the exploration and development to production of offshore and onshore assets around the world.

[4] http://www.ogj.com/articles/2016/06/exxonmobil-confirms-oil-discovery-in-second-well-offshore-guyana.html 06/30/2016 and http://www.worldoil.com/news/2015/10/22/exxon-mobil-s-deepwater-liza-find-could-put-guyana-suriname-basin-on-the-map

[5] http://www.kaieteurnewsonline.com/2016/09/09/exxonmobil-comes-up-empty-on-third-well/

ECO (Atlantic) Oil and Gas, Ltd, in their own right, has been evaluated, prequalified and been approved as Operator by the Government in Guyana. ECO with a team of highly experienced explorationists has operated its own offshore 2D and 3D seismic surveys on behalf of the Company and its partners.

3.1.9 Risks and Probability of Success

Gustavson has not evaluated leads on the Orinduik Block for this report.

3.1.9.1 Preliminary Assessment

Several Maastrichtian and Campanian aged areas of interest have been identified on the 2D seismic dataset one of which is the Amatuk lead. The Amatuk lead is in the Orinduik Canyon Play Fairway and is located west and updip to the Exxon Liza discovery (Figure 3—4). These areas are still being evaluated and interpreted and based on the downdip Liza discovery are expected to contain oil and associated gas at an estimated depth of 3,000 meters. Current plans are to continue the review of the existing 2D seismic data and acquire 2,000 square kilometers of 3D seismic data by the second quarter of 2017. The stacked amplitude event is depicted on the seismic lines in Figure 3—5 courtesy of Tullow Oil Plc.

ECO's Guyana partner Tullow reports an estimated mean Prospective Resources of 900 MMBO (Unrisked) (Figure 3—6) based on their initial evaluation of two lead areas; however, Gustavson has not conducted an independent evaluation of the data at this time and cannot verify this estimate.

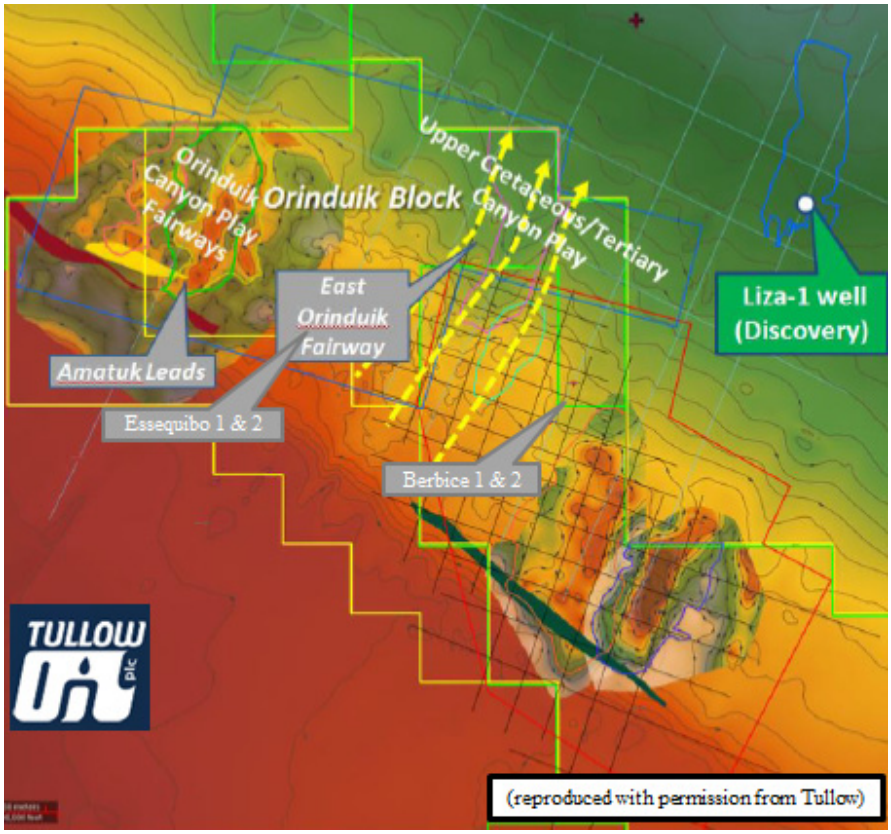


Figure 3—4 Play map from Tullow Interpretation (courtesy of Tullow Oil Plc)

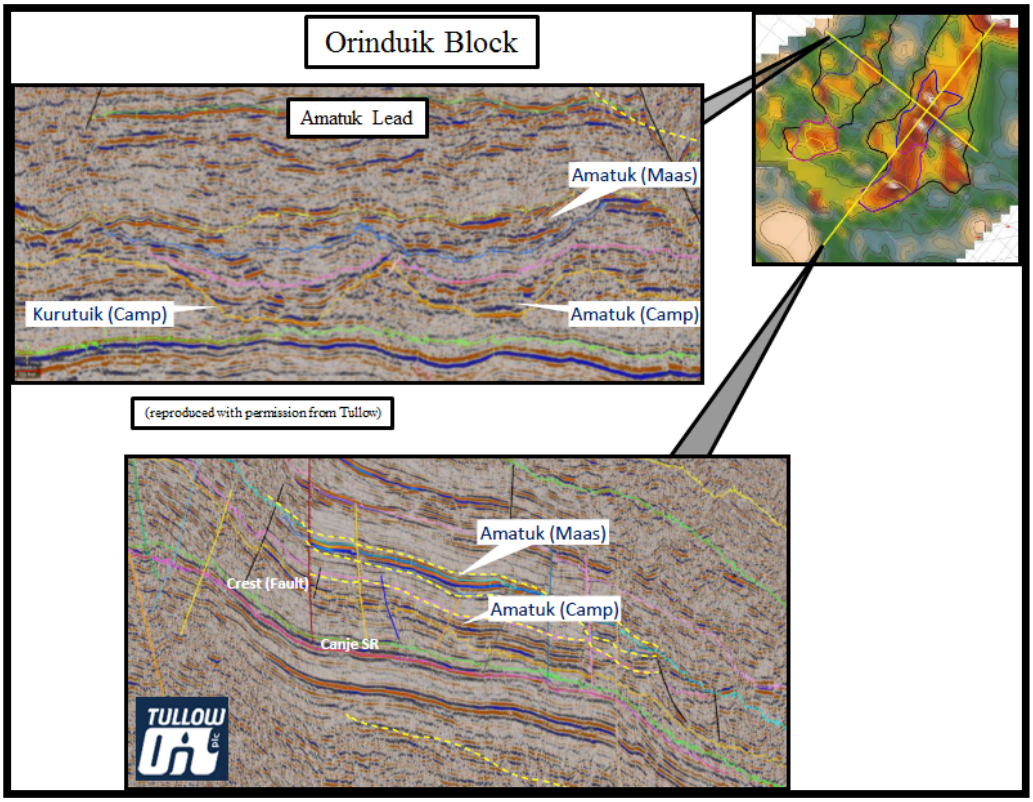
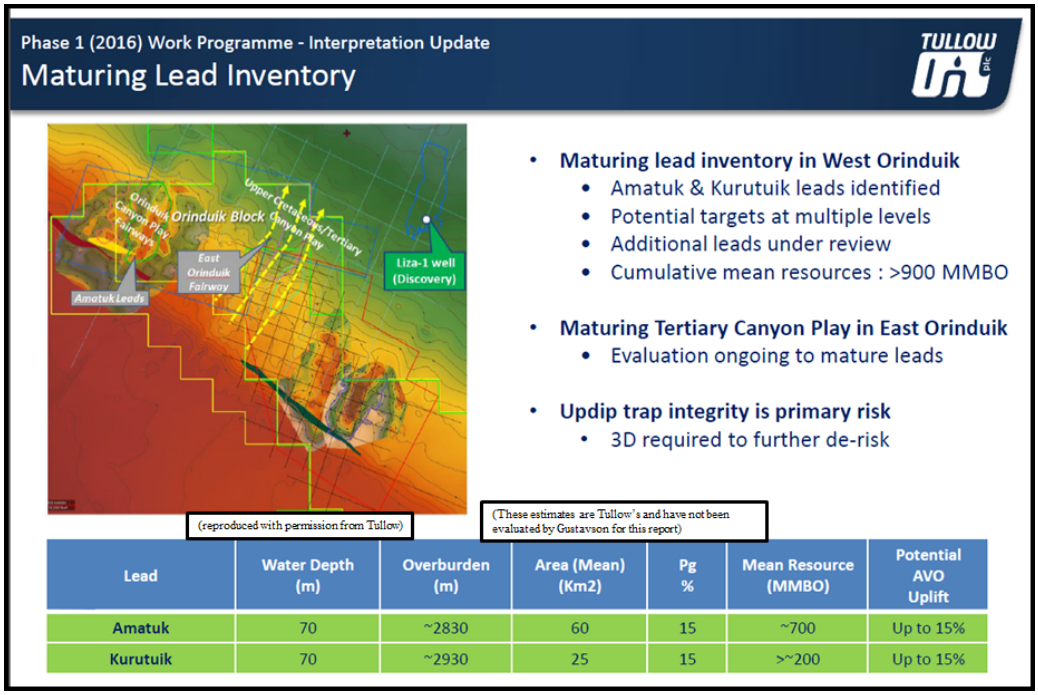


Figure 3—5 Orinduik 2D Seismic lines with Leads (courtesy of Tullow Oil Plc)



Lead	Water Depth (m)	Overburden (m)	Area (Mean) (Km2)	Pg %	Mean Resource (MMBO)	Potential AVO Uplift
Amatuk	70	~2830	60	15	~700	Up to 15%
Kurutuik	70	~2930	25	15	>~200	Up to 15%

Figure 3—6 Tullow Oil Plc Preliminary Estimate of Resources

3.1.10 Future Work Plans and Expenditures

The current plan by the partners includes the acquisition, processing and interpretation of a 3D seismic survey by the second quarter of 2017 or sooner. ECO Guyana Inc. will be carried by Tullow for the 3D Seismic anticipated for Q2 or Q3 2017. The operator is not obligated to complete the 3D acquisition until 2020, however; the schedule has been moved up, at its option, due to recent regional discoveries adjacent to the Orinduik Block. ECO Guyana Inc. is carried through the minimum 1,000 square kilometer 3D program by Tullow who is Operator (Net 60%) on the Block. All 2D seismic is acquired and interpretation is being completed. After 3D, no significant additional capital commitments are required in advance of drilling which is not committed until 2021. Net cost to ECO Guyana Inc. (40% WI) is approximately US$15 Million based on the anticipated well depth and 70 meter water depth. ECO Guyana Inc. is responsible for its working interest share of overheads, license fees and general operating costs which are minimal and shared between all working interests.

3.1.11 Market and Infrastructure

Infrastructure for the transport and marketing of hydrocarbons is currently not present in the offshore shelf areas of Guyana and Suriname. The large oil discovery at Liza will spur development of an offshore production network to bring that crude and associated gas to market. Produced oil could be stored either in a Fixed Storage Platform (FSP) or a guyed or anchored Floating Storage and Offloading (FSO) tanker. Oil could then be transported by tanker from the FSO or FSP to markets in North America, Europe, Asia, or South America. The refinery operated by Staatsolie in Suriname does not have the capacity to process large amounts of oil and the existing markets in Guyana and Suriname are small.

3.1.12 Geology

The Guyana-Suriname Basin is a passive margin basin formed by Triassic to Jurassic rifting and separation of South America from Africa (Figure 3—7)

This basin is primarily offshore and is bounded to the south by crystalline basement and to the east by the Demerara High, a remnant of continental crust from the separation, (Schwarzer and Krabbe, 2009).

The basin fill includes clastic deposits from the South American continent, which formed deltas along a passive margin shelf and slope (Figure 3—8). Carbonate depositional settings were located on the shelf edge. Miocene uplift changed the drainage of the continent and reduced the clastic sedimentation from the continent replacing the coarse-grained clastics and shelf edge carbonates with fine-grained clastics.

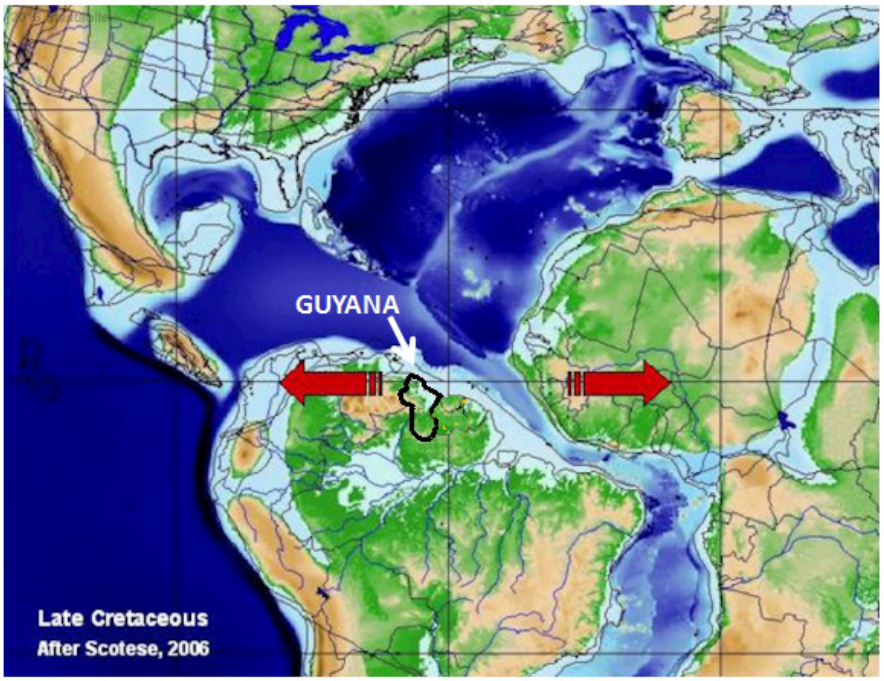
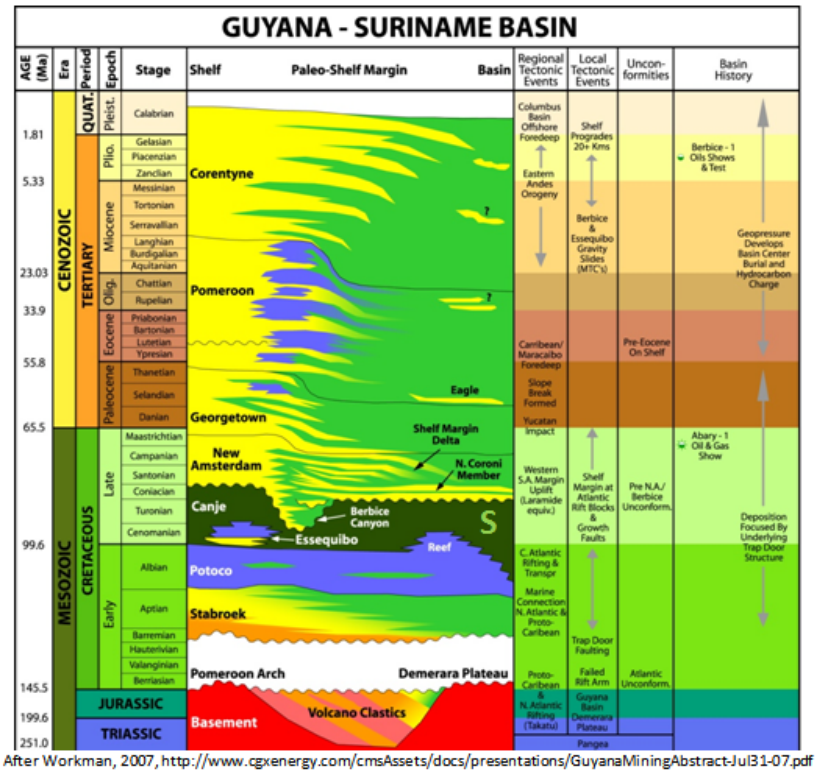


Figure 3—7 Paleotectonic Map Showing the Location of Guyana and Plate Tectonics in the Late Cretaceous



After Workman, 2007, http://www.cgxenergy.com/cmsAssets/docs/presentations/GuyanaMiningAbstract-Jul31-07.pdf

Figure 3—8 Stratigraphic Column for the Guyana Suriname Basin

3.1.13 Petroleum Systems

Oil production from the onshore Tambaredjo, Tambaredjo Northeast and Calcutta fields and that of the newly discovered Liza field indicate that a proven active petroleum system (Magoon, 1988) or systems are present in the Guyana-Suriname Basin.

Two source rock intervals have been identified in the Guyana-Suriname Basin, the Upper Albian to Santonian Canje Formation and an unnamed Jurassic interval (Figure 3—8). Oils in the Tambaredjo, Tambaredjo Northwest, and Calcutta fields located onshore in Suriname have been sourced from rocks in the Canje Formation.[6] The Canje Formation is presently in the oil window offshore Guyana and Suriname (Schwarzer and Krabbe, 2009) (Figure 3—9). Significant oil generation from this source rock began during the Late Paleocene and continues.

[6] http://opportunities.staatsolie.com/en/geology-of-the-guyana-suriname-basin/petroleum-systems/

The Canje Formation source rock (Figure 3—8) consists dominantly of organic-rich black mudstones with Total Organic Carbon (TOC) contents ranging from 2% to 5%. Values as high as 20% have been measured in equivalent Cenomanian to Santonian age black mudstones drilled during ODP Leg 207 (Erbacher, 2004) on the Demerara Plateau. Source rocks are dominantly algal Type II marine organic material with increasing terrestrial component in nearshore locations. Equivalent age source rocks of the Guyana Suriname Basin are now within the oil generation window with many 'shows' of oil and gas from several wells indicating the presence of hydrocarbons (Ginger, 1990). In this portion of the Guyana Suriname basin, the top of the oil window may be near 3,500 meters based on a locally higher thermal gradient than other areas in the basin. The mature pod of Cretaceous source rocks is located offshore in an area of the basin along the Guyana and Suriname coast (Figure 3—9). This source rock is up to 550 meters thick. Migration to the producing oil fields onshore has been primarily lateral and updip for 100 to 150 kilometers (Ginger, 1990; Staatsolie.com, 2016).

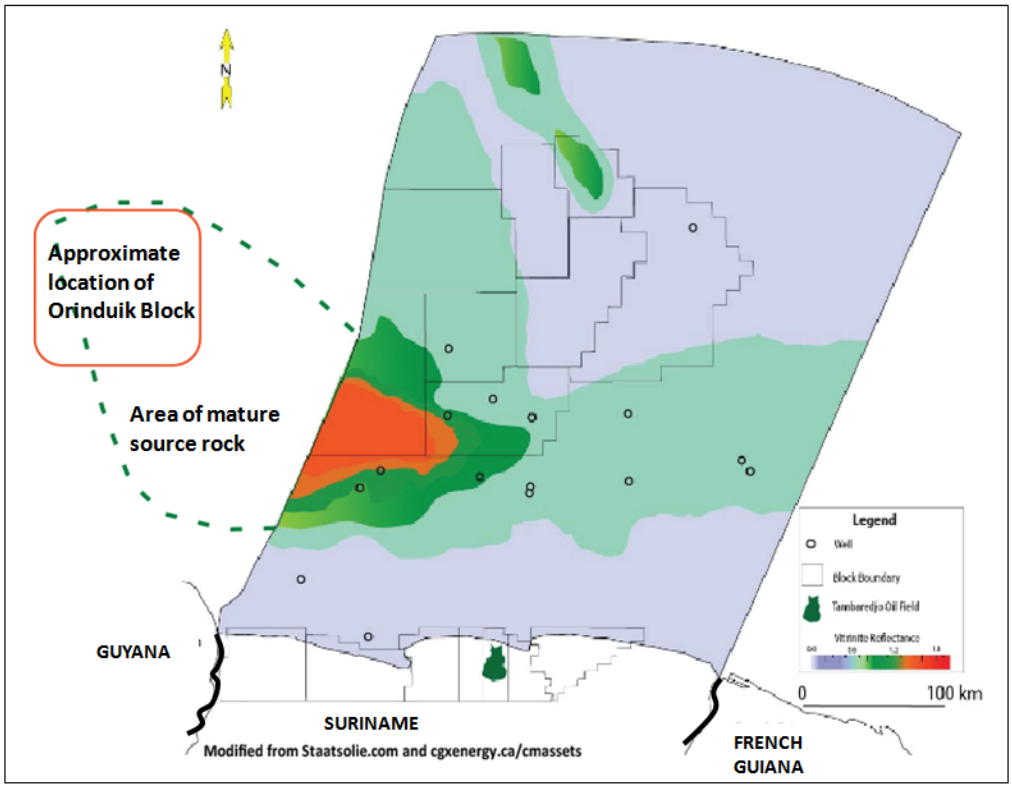


Figure 3—9 Map of Offshore Suriname Showing Mature Canje Formation Source Rock Maturation Level

Evidence of Jurassic source rocks in the basin comes from analysis of oil in Suriname that is unlike the Cretaceous sourced oil (Bihariesingh, 2014). These Jurassic source rocks are interpreted to have been deposited in pre-rift and rift depositional environments. These rocks include lacustrine shales with Type I oil-prone organic material. More than one rift half-graben may be present under the basin where lacustrine or restricted marine source rocks are mature and generating oil.

3.2 LOCATION AND BASIN NAME: NAMIBIA

The subject area is located in the Walvis Basin in the offshore of Namibia. Namibia is located on the west coast of southern Africa situated south of Angola, north of South Africa, and west of Botswana (Figure 3—10). ECO (Atlantic) Oil and Gas Ltd, through its wholly owned subsidiary Eco (Namibia) Barbados Ltd., which in turn wholly owns ECO Namibia (Pty) Ltd. and Pan African Oil Namibia Holdings (Pty) Ltd, holds interests in four Petroleum Exploration License (PEL) Blocks totaling approximately 22,500 square kilometers.

Figure 3—10 Map of the country of Namibia (Trek, 2008)

These four Blocks are the Cooper Block (Block 2012A) PEL 30, Guy Block (east half of Blocks 2111B & 2211A) PEL 34, Sharon Block (west half of Blocks 2213A & B) PEL 33, and Tamar Block (Blocks 2211Ba & 2311A) PEL 50 (Figure 3—11).

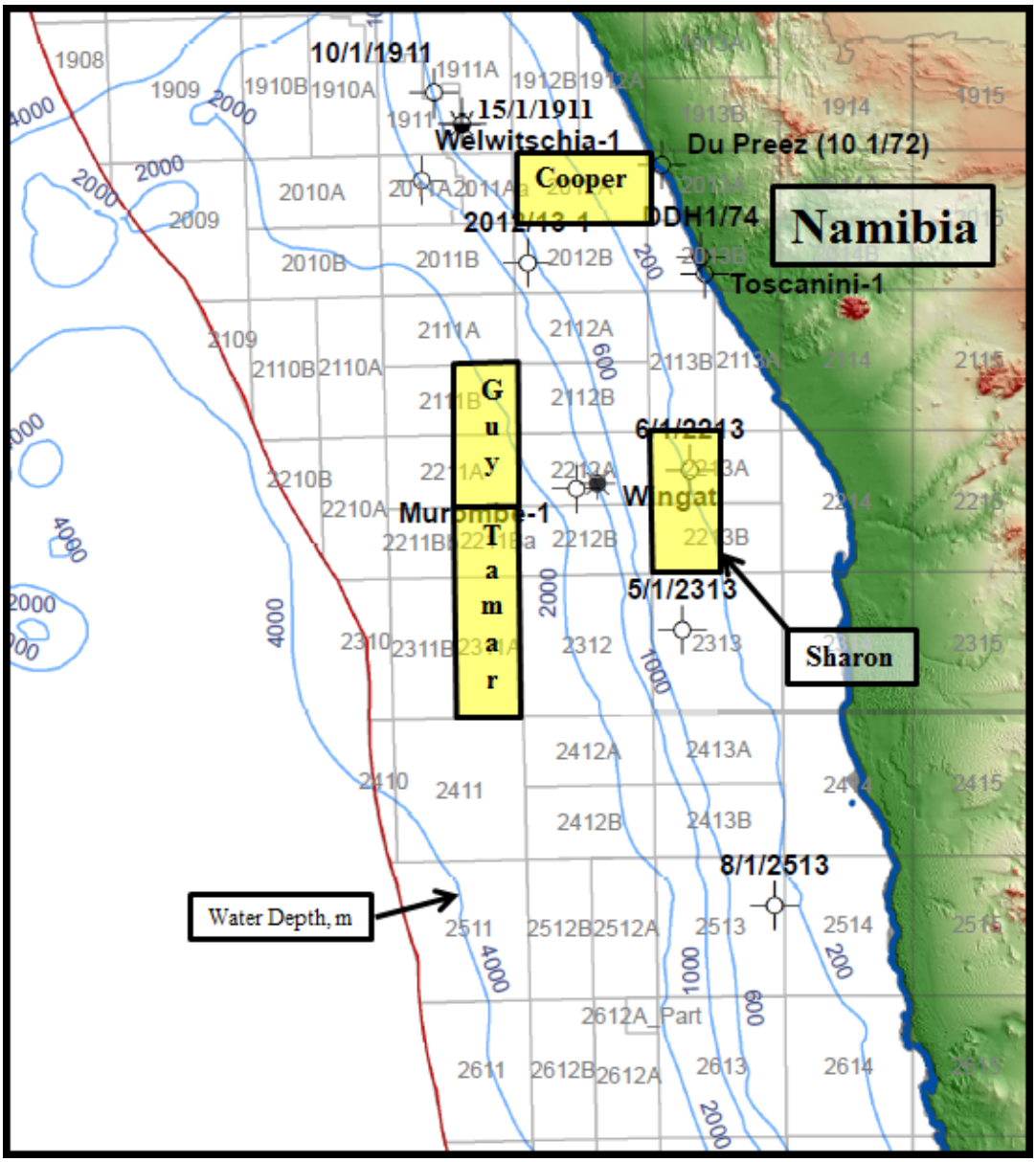


Figure 3—11 Index map Offshore Namibia with ECO Block locations

3.2.1 Gross and Net Interest in the Property

The Cooper Block License (PEL 30) covers an area of approximately 5,000 square kilometers (1,235,000 acres). ECO (Atlantic) Oil and Gas Ltd, through its wholly owned subsidiary ECO Namibia (Pty) Ltd, holds a 32.5% working interest (WI) and is designated as the Operator. The Cooper Block is located in an area where the water depth ranges from less than 100 meters to

over 500 meters. All of the Cooper lead and prospect areas are within the 200 to 500 meter water depth range. If Tullow chooses to exercise its option over another 15% interest in the license and drills a well ECO would be 100% carried through the drilling of the well.

The Sharon Block License (PEL 33) covers an area of approximately 5,000 square kilometers (1,235,000 acres). ECO holds a 60%WI and is designated as the Operator. The water depth at the Sharon Block ranges from 100 meters to 500 meters. ECO will be carried for 20% of their share of the 3D seismic acquisition costs.

The Guy Block License (PEL 34) covers an area of approximately 5,000 square kilometers (1,235,000 acres). ECO holds a 50% WI and AziNam Ltd is the Operator. The water depth ranges from 1,500 to 3,000 meters. ECO is being carried through the 3D interpretation costs.

The Tamar Block License (PEL 50) covers an area of approximately 7,500 square kilometers (1,853,290 acres). ECO holds a 72% WI and is designated as the Operator. The water depth ranges from 2,500 to more than 3,000 meters. ECO has 100% of the commitment costs.

3.2.2 Expiry Date of Interest

The Cooper, Sharon and Guy Blocks were licensed to a subsidiary of ECO (Atlantic) Oil and Gas Ltd, ECO Atlantic (Pty) Ltd, in March 2011 for an initial four year term which had been extended for one year to March 2016. Since the work commitment has been met, the three Blocks have been renewed for an additional two year period and can be renewed for an additional two years until March 2020. The Tamar Block was obtained from Pan African who had obtained the license in March 2012. The commitments have all been met to date and the Block will be renewed by ECO Atlantic for the next two years in which the commitment is to acquire a 500 square kilometer 3D survey in Fall of 2018.

3.2.3 Description of Target Zones

There are multiple target horizons and trap types over the four Blocks as depicted in Figure 3—12 including channel and turbidite sands and carbonate reefs in structural and stratigraphic trap settings. Typical trap types vary by Block as indicated by the range of the green bars above the diagram.

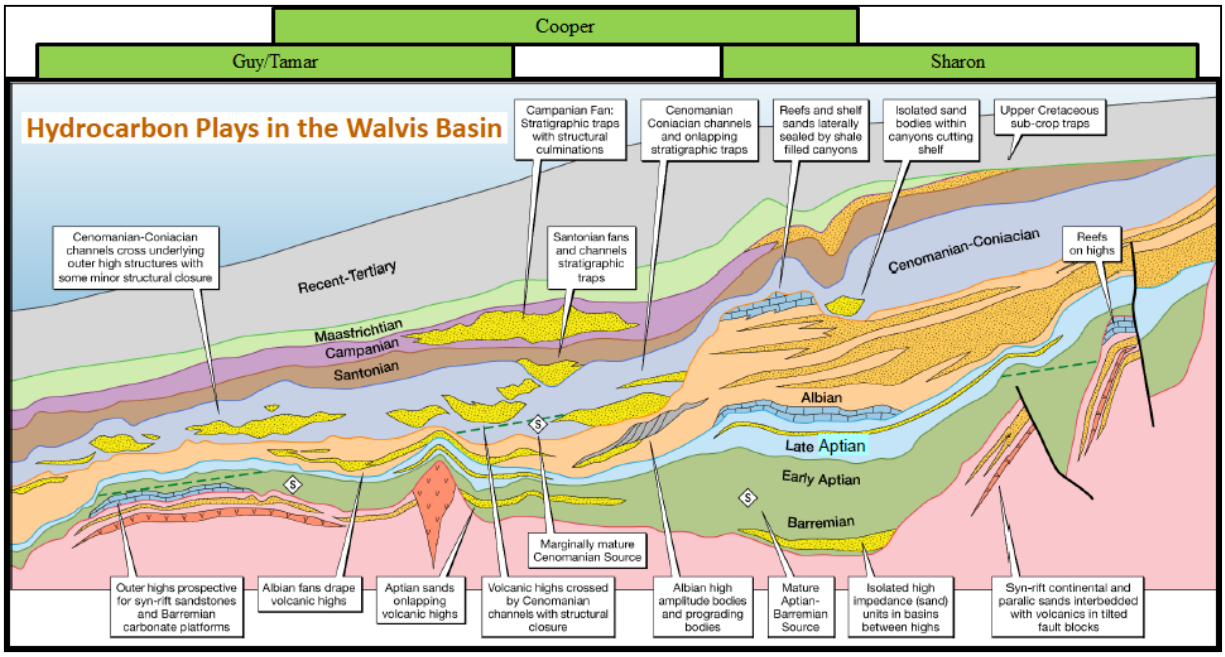


Figure 3—12 Play types in the Offshore of Namibia with the ECO Blocks

3.2.4 Distance to the Nearest Commercial Production

Oil is being produced in the offshore of Angola, approximately 600 kilometers to the north, from multiple fields, and gas has been produced from the Kudu Field approximately 900 kilometers to the south of the ECO Atlantic Blocks in the offshore of Namibia.

3.2.5 Product Types Reasonably Expected

Oil of 30 to 40 degrees API with associated gas is the expected hydrocarbon type to be found in these leads.

3.2.6 Range of Pool or Field Sizes

The ten leads and one prospect evaluated for this report have minimum to maximum areas of closure ranging from 3 to 125 square kilometers with gross thicknesses ranging from 60 to 280 meters. The Best Estimate Gross Unrisked Prospective Oil Resources for the leads in Namibia range from 52.3 to 1,302.3 MMBbl.

3.2.7 Depth of the Target Zone

These leads are estimated to occur at a depth range of 2,650 to 4,300 meters with a normal pressure and temperature gradient. This is based on a time-depth relationship from the Block 1911/10-1 well which had a check-shot included in the data provided and the tie to the Sasol 2012/13-1 well.

3.2.8 Identity and Relevant Experience of the Operator

ECO (Atlantic) Oil and Gas Ltd. is an Operator of Oil and Gas exploration projects in deep and shallow water offshore. The Company has been evaluated, prequalified and been approved as Operator by Governments in Namibia, Ghana and Guyana. The company has completed detailed onshore and offshore exploration and interpretation of existing well data, geology and seismic data and has operated its own offshore 2D and 3D seismic surveys on behalf of the Company and its partners. A team of highly experienced explorationists in the resource sector, the Executive team understand, manage and direct the exploration in its offshore interests. The management team is knowledgeable and interactive in negotiating operating contracts, managing joint interest financial accounts, reporting to partners and representing partners to host Government through managing its Joint Operating Agreements, Petroleum Agreements, Permitting and License commitments.

AziNam, Ltd, the designated operator of the Guy Block, is a private oil and gas exploration company focused on oil and gas activities in Namibia.

3.2.9 Risks and Probability of Success

Due to the paucity of available data, the subject leads and prospect have a high level of risk. The database is limited in seismic data coverage and few wells have been drilled in the area. The lead section, Upper to Lower Cretaceous, has been evaluated in several wells drilled in the area with oil shows and reservoir quality rock present; however, no commercial production has been established in the immediate area. The quantification of risk or the chance of finding commercial quantities of hydrocarbons in any single lead for the plays in this area can be characterized with the following variables:

Trap: defined as the presence of a structural or stratigraphic feature that could act as a trap for hydrocarbons;
Seal: defined as an impermeable barrier that would prevent hydrocarbons from leaking out of the structure;
Reservoir: defined as the rock that is in a structurally favorable position having sufficient void space present whether it be matrix porosity or fracture porosity to accumulate hydrocarbons in sufficient quantities to be commercial; and
Presence of Hydrocarbons: defined as the occurrence of hydrocarbon source rocks that could have generated hydrocarbons during a time that was favorable for accumulation in the structure.

Table 3—1 shows the range of the Probability of Success (POS) or favorability that the above defined variables would occur. The range of the Overall POS for any single Lead or Prospect is the product of all four variables.

Table 3—1 Range of the Probability of Success (POS)

Probability of Success (POS)	Range % Min	Max	Comments
Trap	50	80	Seismic data indicates the presence of structures and stratigraphic traps
Seal	25	40	Typical shale layers
Reservoir	30	70	Reservoir quality sands encountered in local wells
Presence of HC	50	80	Production in Angola, Brazil, seeps, oil shows in local wells
Overall	**1.9**	**17.9**	The product of the above factors

The predominant risks relate to the presence of an intact seal, the timing of source maturation, and hydrocarbon migration sufficient for the creation of commercial accumulations of oil and gas. This range of risk values is typical of leads for wildcat exploratory prospects where data is scarce. The estimated Probability of Success for each Lead or Prospect is contained in Section 4 of this Report as Table 3—2, Table 3—3, and Table 3—4. The variations in POS numbers are generally based on the amount and type of seismic data that support the Leads and Prospect.

3.2.10 Future Work Plans and Expenditures

The Namibian Blocks are considered to be a unit which means that work done on one Block can be used to fulfill the commitment on all Blocks. The Company is currently assessing the option to complete additional 2D seismic on the Sharon Block. The Company is continuing interpretation of the completed 3D work and will define its drilling plans accordingly on the Blocks within the next the next four years.

Namibia Cooper Block – All seismic is complete and interpretation is being completed. No significant additional capital commitments are required in advance of drilling. Drilling is anticipated by or before the end of March 2020. ECO is fully carried on the well by Tullow. ECO is responsible for its working interest share of overheads, license fees and general operating costs which are minimal and shared between all working interests.

Namibia Sharon Block – The Company is currently evaluating where to conduct additional 2D seismic acquisition on the Sharon Block to determine where to shoot additional 3D seismic based on the interpretation of its other 3D seismic programs. The Company will decide if additional 2D or 3D is warranted in late 2018 for drilling a well by March 2020. Current estimated net cost to ECO for approximately 1,000 square kilometers, inclusive of processing; to complete and interpret is +/- US$1.5 Million. No other significant additional capital commitments are required in advance of drilling. Drilling is anticipated by or before March 2020. ECO will pay its net share on the well; the Company anticipates it will further farm down in advance of drilling. The Company currently estimates Net cost for drilling the well to be approximately US$25 Million. ECO is responsible for its working interest share of overheads, license fees and general operating costs which are minimal and shared between all working interests.

Namibia Guy Block – 3D is complete and interpretation is being completed. No significant capital commitments are required in advance of drilling. Drilling is anticipated on or before March 2020. ECO is responsible for its net Working Interest. ECO will pay its net share on the well; the Company anticipates it will further farm down in advance of drilling. The Company currently estimates Net cost for drilling the well to be approximately US$35 Million. ECO is responsible for its working interest share of overheads, license fees and general operating costs which are minimal and shared between all working interests.

Namibia Tamar Block –3D seismic acquisition is anticipated for Fall 2018, if the internal interpretation of the 2D seismic defines a regional target. Current estimated net cost to ECO for approximately 500 square kilometers, inclusive of processing; to complete and interpret is +/- US$1.5 Million. No other significant additional capital commitments are required in advance of drilling. If a drilling target is established by or before the end of 2019, ECO intends to agree to an appropriate farm out agreement to reduce its net share on the well in order to drill it. The Company will not proceed with drilling under its current net interest based on the current known interpretations. A farm down is anticipated. Budgeted well cost is approximately US$70 Million Gross, ECO's Net cost, should it chose to proceed, will be approximately 25% of the gross based on its current risking philosophy. ECO is responsible for its working interest share of overheads,

license fees and general operating costs which are minimal and shared between all working interests.

3.2.11 Market and Infrastructure

Oil is being produced in the offshore of Angola to the north from multiple fields and gas has been produced from the Kudu Field to the south in the offshore of Namibia. The market and infrastructure near the license area will have to be developed as exploration continues.

3.2.12 Geology

3.2.12.1 Structure

During the Triassic Period, Africa and South America were connected as a part of Gondwana. Gondwana began to rift or spread apart during the Jurassic Period and the South Atlantic margin started to open. The Namibian offshore basins were formed in this passive margin during the opening of the South Atlantic and the continental break up. The basins were further developed while the continents continued to drift apart from each other during the Cretaceous Period until Recent time. The opening and the rift to drift configuration of the South Atlantic margin is depicted in Figure 3—13, from Adams (2010). The yellow circle highlights Namibia, which was near the Santos Basin in Brazil at this time and which is considered an analogous play area. The Santos Basin has had a number of commercial hydrocarbon discoveries recently and could be considered the mirror image of the Walvis Basin in Namibia.

Cretaceous to Tertiary sediments were deposited over early Cretaceous rift sediments to form the basin system that extends along offshore Namibia. The rift zone is characterized by tilted blocks bounded mostly by landward dipping normal faults. This series of tilted blocks runs the entire length of the margin. The sedimentary basins in offshore Namibia are illustrated in Figure 3—14 where the area of interest is within the Walvis Basin.

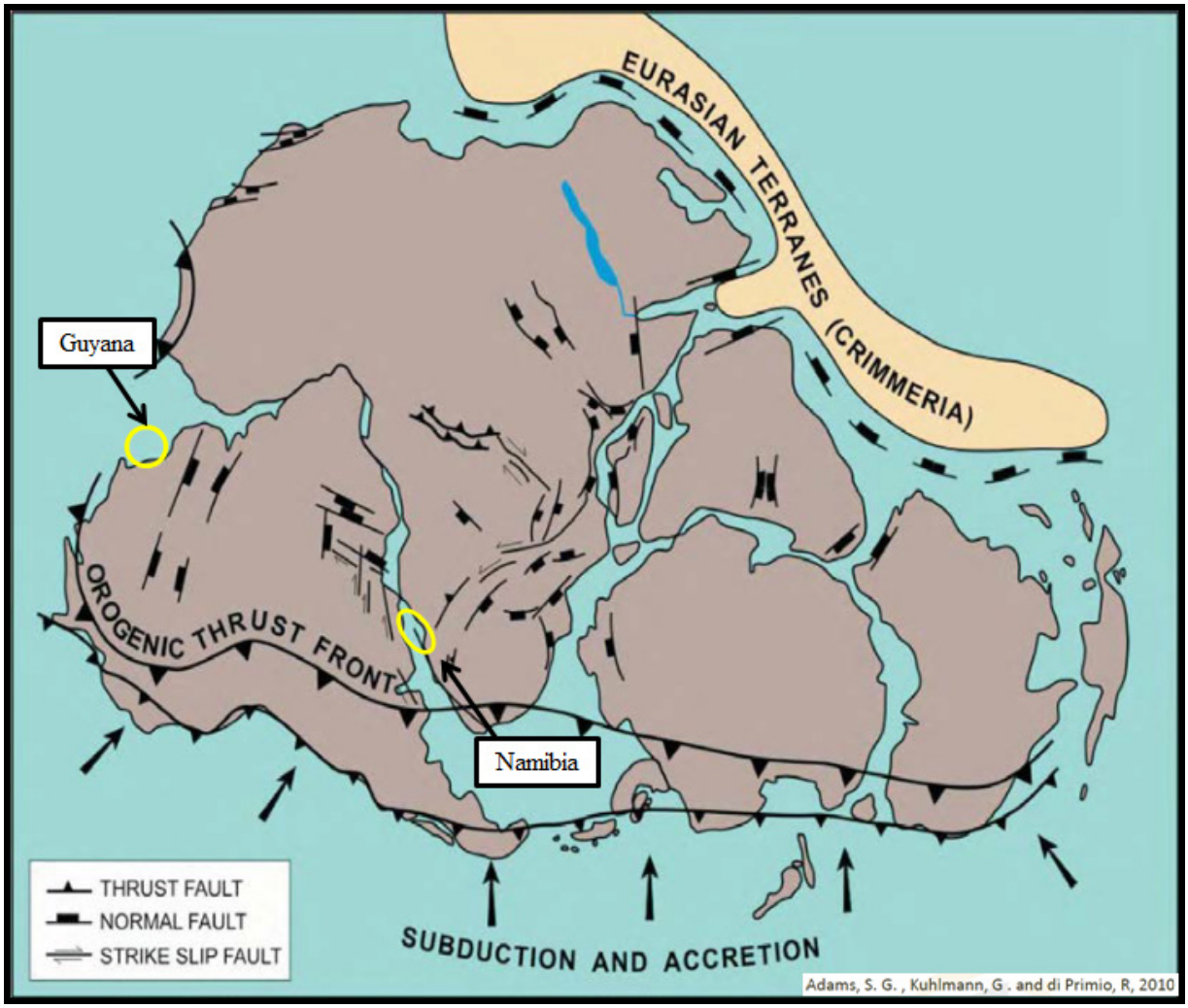


Figure 3—13 Paleogeographic Map of the Opening of the South Atlantic Margin

(Adams et al, 2010) Highlighted are Namibia and Guyana

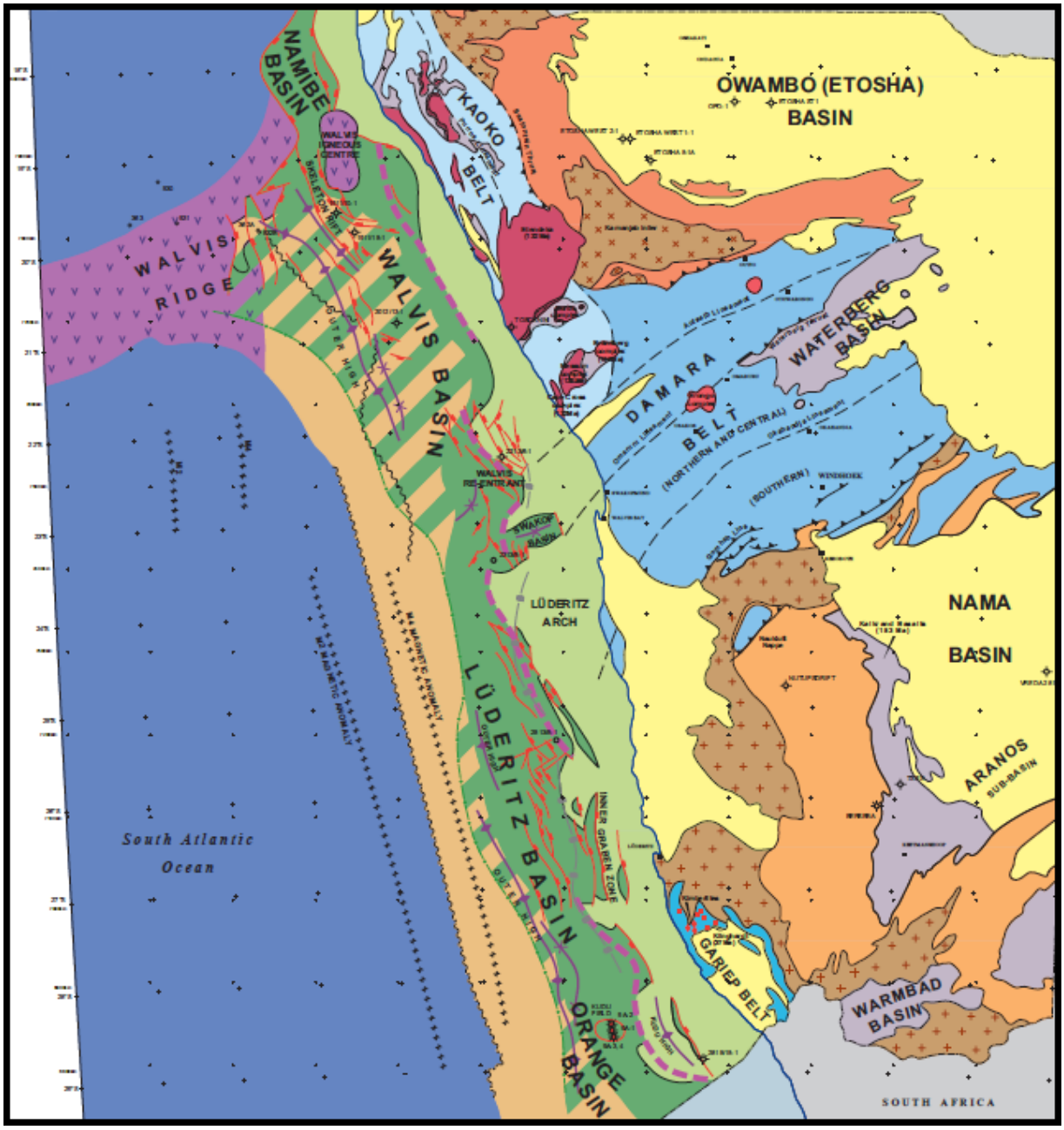


Figure 3—14 Sedimentary Basins in Offshore Namibia
(Bray, Lawrence, Swart, 1998)

3.2.12.2 Stratigraphy

The basin system in offshore Namibia is depicted in Figure 3—15, which is a generalized stratigraphic chart of the area showing age, rift stage, stratigraphy, oil and gas shows, and potential source rock intervals in the Early and Late Cretaceous.

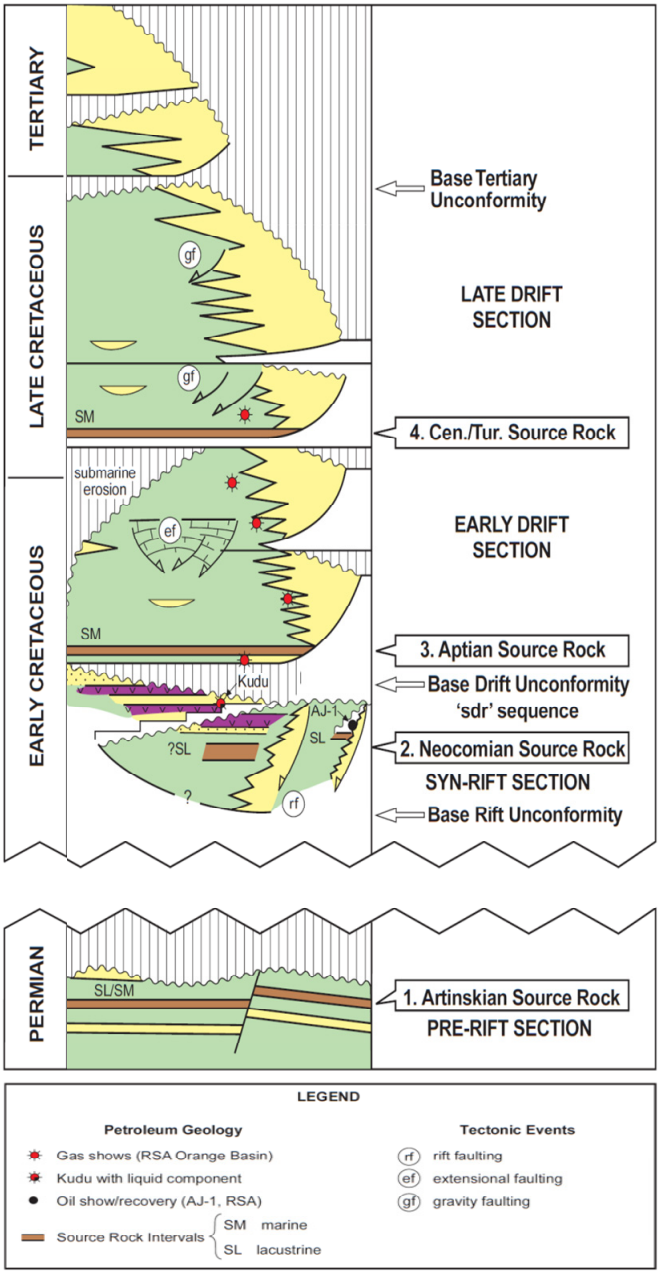


Figure 3—15 Generalized Stratigraphic Chart of Offshore Namibia
(Bray, Lawrence, Swart, 1998)

3.2.12.3 Petroleum System

In a frontier exploration area, any information on the petroleum system is applied or modeled to the extent possible. However, there is usually very limited data of this sort in sparsely explored areas and consequently, petroleum companies primarily target anticlines and fault traps for exploratory drilling.

Petroleum systems (Magoon, 1988) are based on the factors affecting hydrocarbon accumulations including

1. trap (a structure or limit to the quality of the reservoir rock that is capable of holding hydrocarbons).
2. reservoir rock (one or more rock layers that has sufficient porosity and permeability to store hydrocarbons) – the Upper Oligocene strata are expected to be sand and shale with sufficient porosity and permeability to store hydrocarbons.
3. source rock (a rock layer in the region that has sufficient organic content to provide for hydrocarbons) – the Cenomanian – Turonian source rock was noted by Shell to be an excellent source rock.
4. maturation (the burial of the source rock sufficient to generate hydrocarbons from the organic material within the source rock) – the Cenomanian–Turonian source rock should be in the early oil window at this time.
5. migration (the path of movement of the generated hydrocarbons from the source rock to a trap), seal (a layer that is impermeable to hydrocarbon and prevents the hydrocarbon from escaping the trap) – faults that would act as migration pathways have been identified on the seismic data. These faults extend from the Cenomanian–Turonian source rock up into the lead structures.
6. timing (the events must occur in the correct order to create and preserve a hydrocarbon accumulation) – the generation of hydrocarbons would have occurred recently, most likely after the structures were formed.

3.2.12.4 Source Rocks

Shell, in the Block 2313/5-1 well proposal report, noted that 270 meters of good to excellent oil prone source rock was logged in the Block 1911/ 10-1 well drilled by Norsk Hydro in 1995. These included Turonian shales (W4 Group) seen at a depth of 3,334 to 3,646 meters and Cenomanian shales (W3 Group) encountered at a depth of 3,646-3,856 meters. The deposition of these sediments coincided with the mid-Cretaceous 'oceanic anoxic event'.

Early Aptian source rock[7] was deposited when restricted marine conditions prevailed. The Aptian section in the Kudu wells contains a marine oil prone source rock approximately 140 meters thick. This same source is located on Cooper Block, Figure 3—16, down-dip to the leads. The HRT Wingat well, drilled approximately 210 kilometers (130 miles) south of the Cooper Block, also identified a well-developed Aptian source rock, which was reported to be in the oil generating window. The oil from this well was described as light oil at 41 degrees API with a GOR of 1,193 scf/bbl. Oil of 40 degrees API with associated gas is the expected hydrocarbon type to be found in these leads due to the Turonian–Cenomanian aged source rock and the Aptian source rock being just within the hydrocarbon generating window. A preliminary study by PGS based on geothermal gradients derived from the existing well information indicates that the Turonian–Cenomanian aged source rock could be in the oil window in the western part of the Cooper Block and the Aptian aged source rock could be within the oil window throughout most of the Block. The Sasol well identified source rocks in the Upper Cretaceous Santonian to Cenomanian interval from 3,285 to 3,657 meters and in the Turonian – Cenomanian section a very good oil-prone source rock occurred from 3,500 to 3,650 meters. Additional potential source rock intervals have been identified from early rifting, lacustrine environments that were capable of preserving organic-rich, oil-prone claystones. Hauterivian (Neocomian) aged lacustrine source rocks are present just south of the area of interest in the Orange Basin. Permian aged (Artinskian) marine source rocks, such as the Whitehill Formation (although not reached in the existing wells) are also believed to be present in the offshore of Namibia.[8]

[7] Oil & Gas Journal – August 1998 – R. Bray, S. Lawrence, R. Swart
[8] Bray, Lawrence, and Swart, "Source Rock, maturity data indicate potential off Namibia", Oil and Gas Journal, August 1998.

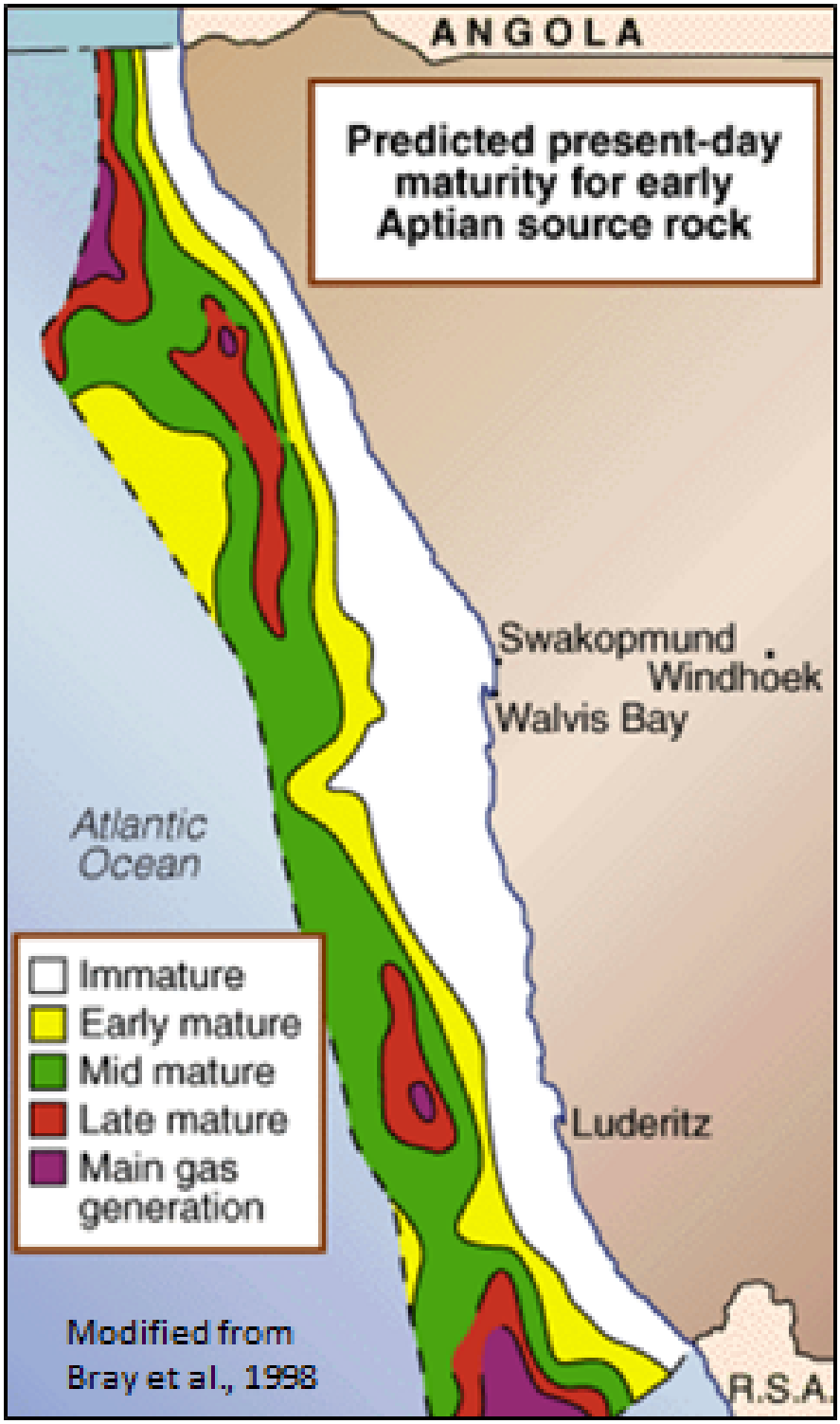


Figure 3—16 Extent of Albian-Aptian Source Rock

3.2.12.5 Generation and Migration

Oil would be generated from the Turonian, Cenomanian and Aptian shales below and downdip of the lead traps and would migrate along faults that intersect both the source rock at depth and the lead section. Structural and fault traps as well as stratigraphic traps with shale layers as a seal form the leads identified on the seismic data. These seals have not been observed in the few wells drilled in the area and the structures are based on seismic time maps.

3.2.12.6 Reservoir Rocks

The reservoirs consist of sandstones deposited in marine, channel-fan complexes on the slope and in the basin for Cooper, Guy, and Tamar Blocks and sandstones deposited in near shore marine shelf settings for Sharon Block. Carbonate reservoirs may also be present at Sharon Block however the well drilled on the Sharon Block did not encounter carbonates.

3.2.12.6.1 Cooper Block

Reservoir rocks expected to be targets on Cooper Block would be similar in age and characteristics as those found in the Sasol 2012/13-1 well, the HRT Wingat-1 well, the Norsk Hydro well, and the Murombe-1 well (Figure 3—17). These nearby wells encountered Cretaceous age reservoir sandstones with good reservoir properties.

The Sasol 2012/13-1 well, drilled to the south of Cooper Block, found sands identified as deep-water turbidites in the Maastrichtian to Campanian (Cretaceous) section. This interval occurred from 2,660 to 2,994 meters and was 334 meters in gross thickness. Analysis of sidewall core samples from the well indicated an estimated porosity of 21%.

The Norsk Hydro 1911/15-1 well, drilled to the north of Cooper Block, encountered thick Tertiary to Late Cretaceous age reservoir rock with good reservoir properties. The reported average porosity was 24.3% and the lower portion of the Cretaceous section was described as predominately fine grained rocks and limestone/dolomite.

The HRT Wingat-1 well penetrated several thin-bedded oil-saturated sands. Analysis of this oil indicated 41 degree API oil with a 1,193 GOR within the Cretaceous section.

The Murombe-1 well encountered 36 meters of net sand. The reported average estimated porosity was 19% and up to 28% in the Baobab sand.

3.2.12.6.2 Sharon Block

Reservoir rocks expected to be targeted on Sharon Block would be sandstones deposited in shelf and carbonates deposited in shelf-edge depositional environments. The Ranger 2213/6/1 well, which was drilled on 2213 in 1995, encountered thick sandstone reservoirs of Cretaceous age and a very thick interval of Tertiary age sandstone. There were no shows. Other examples of potential reservoir rocks would be found in the Wingat-1, which had oil shows, and HRT Murombe-1 wells are just to the west and down dip from Sharon Block and were discussed in the Cooper Block section.

3.2.12.6.3 Guy Block and Tamar Block

The Guy and Tamar Blocks are along trend and adjacent to each other and would have similar targets with similar reservoir rocks. These reservoirs would be sandstones deposited in turbidite fan-channel complexes in slope and basin depositional settings.

Examples of the reservoirs that would be expected at both Guy and Tamar can be found in the HRT Wingat-1 and HRT Murombe-1 wells, which are just to the east and updip from Guy Block and discussed in the Cooper Block section. There were oil shows in sandstones with good reservoir properties in the Wingat-1 well. Potential reservoir sandstone was encountered in the Murombe-1 well with good reservoir properties.

3.2.12.7 Traps and Seals

Structural and fault traps as well as stratigraphic traps with shale layers as a seal form the leads.

3.2.13 Analogous Field

3.2.13.1 Santos Basin

The Tupi Oil Field in the Santos Basin, discovered in 2006 in the offshore of Brazil, is estimated to contain up to 8 billion barrels of recoverable oil (Fessler, 2011).The Santos Basin in Brazil consists of drift and rift sections that are of similar age as those found in offshore Namibia and may be considered the conjugate basin for offshore Namibia. Volcanism was present during the formation of the basin, much like the early Cretaceous syn-rift section in Namibia. Albian and Aptian carbonates are also present in the Santos Basin similar to the early drift section in Namibia (UFRJ and Gustavson, 1999).

3.2.14 Exploration History

The offshore of Namibia is an underexplored area with only 20 shallow shelf wells drilled in an area of more than 500,000 square kilometers (Figure 3—17). Five of these wells are located in the southern part of the offshore area in Kudu Field which was drilled in 1974 and is the only discovery so far. Offshore leases were first offered in 1968 and 1972 and by 1975 approximately 33,000 line kilometers of 2-D seismic data had been shot, but only one well was drilled.[9] A United Nations mandate in 1976 voided all concessions granted to foreign companies by the government of South Africa, which had control over the Namibian area, and for the next 10 years there was virtually no oil or gas activity until in 1987 and 1988. At that time, two more wells in Kudu were drilled for Namcor. In 1989 Intera, ECL, and Halliburton Geophysical Services Inc. shot a 10,600 line kilometer regional speculative seismic survey off Namibia. This was followed up with an infill survey of some 3,500 line kilometers and additional speculative surveys shot in early to mid-1990 by TGS and Western. The 1911/15-1 well was drilled in early 1994 and the 1911/10-1 well was drilled in early 1995 by Norsk Hydro Namibia. The Ranger Oil Namibia Ltd 2213/6-1 was drilled in early 1995; the Sasol 2012/13-1 well located to the south of Cooper Block was drilled in early 1997.

[9] NAMIBIA, PRACTICALLY UNEXPLORED, MAY HAVE LAND, OFFSHORE POTENTIAL; Apr 8, 1991; M.P.R. Light, H. Shimutwikeni

In 2012, Chariot drilled the Tapir South-1 well to a depth of 4,879 meters north of the Walvis Ridge and found wet Upper Cretaceous sandstones. Chariot also drilled a well to the south of Cooper and between Guy and Sharon in Block 2714A and encountered source rocks in the Cretaceous section.

In 2013, HRT drilled 2 wells in Block 2212A the Wingat-1 and the Murombe-1. The Wingat well had oil shows and found source rocks reportedly in the oil window. In Block 2713 northwest of Kudu field, HRT drilled the Moosehead-1 which encountered 100 meters of carbonates and 'wet' gas shows were seen along with a well-developed Aptian age source rock. Oil seeps have been observed in the offshore area near the Cooper Block.

In 2014, Repsol and Tower Resources drilled the Welwitschia-1 well in License PEL0010 (Blocks 1910A, 1911, and 2011A). Repsol was operator. This well drilled to a total measured depth of 2,454 meters. The Paleocene, Maastrichtian and upper Campanian reservoirs were found to be poorly developed and no hydrocarbons were encountered. The license was not renewed and expired in 2015.

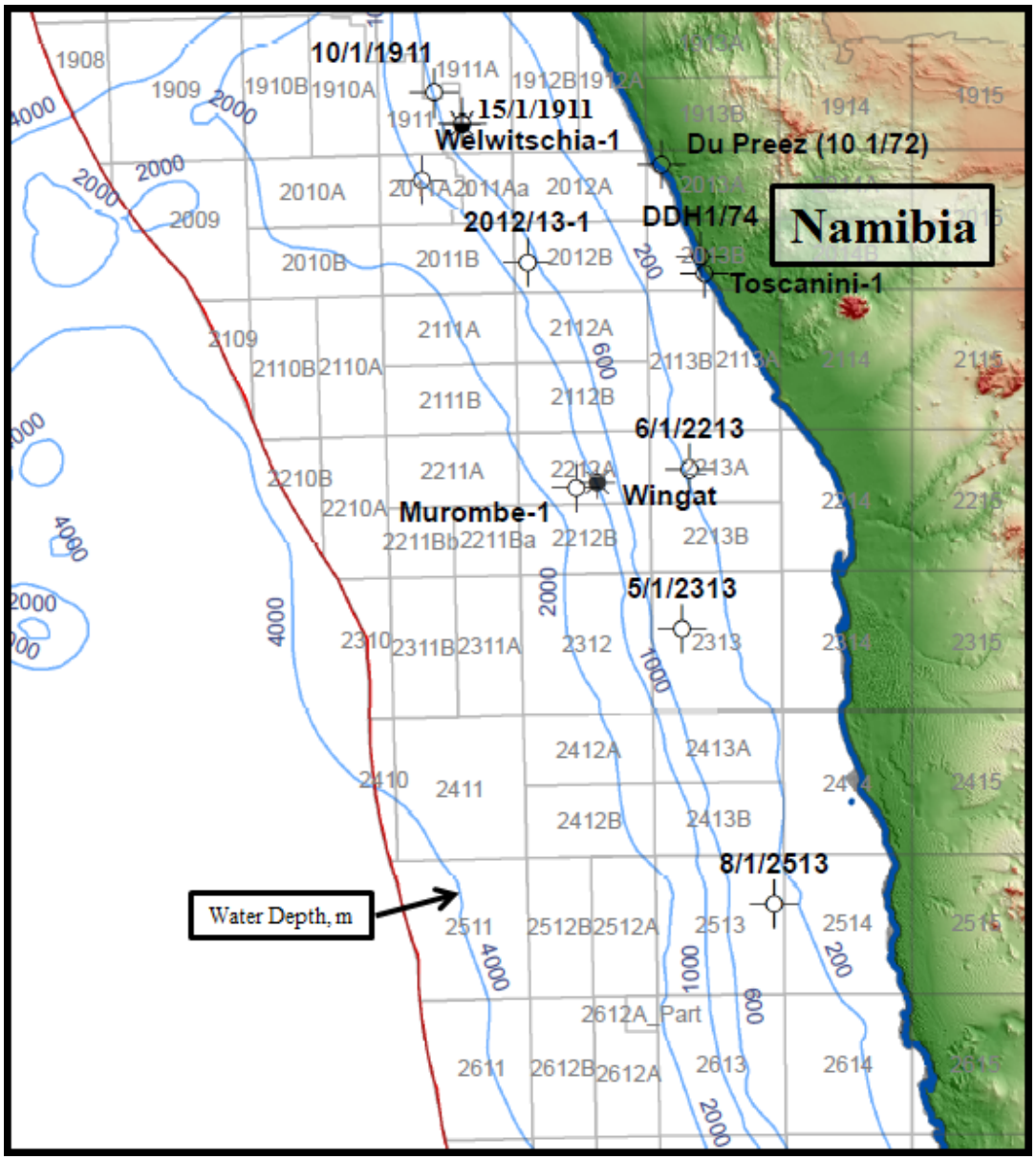


Figure 3—17 Map of Offshore Northern Namibia Showing Wells

3.2.15 Contract Areas

ECO holds interests in four Petroleum Exploration License (PEL) Blocks totaling approximately 22,500 square kilometers. The Cooper Block, Sharon Block, Guy Block, and Tamar Block are located as seen in (Figure 3—11) above. The Cooper, Sharon and Guy Blocks were licensed to

ECO in March 2011 for an initial four year term which had been extended for one year to March 2016. Since the work commitment has been met, the three Blocks have been renewed for an additional two year period and can be renewed for an additional two years until March 2020. The Tamar Block was obtained from Pan African who had obtained the license in March 2012. The commitments have all been met to date and the Block will be renewed by ECO for the next two years in which the commitment is to acquire a 500 square kilometer 3D survey Fall of 2018.

Cooper Block contract area totals approximately 5,000 square kilometers. Exploration License Agreement number 0030 for the Cooper Block is made with the *Republic of Namibia Ministry of Mines and Energy*, dated March 14, 2011.

The Guy Block contract area totals approximately 5,000 square kilometers. Exploration License Agreement number 0034 for the Guy Block is made with the *Republic of Namibia Ministry of Mines and Energy*, dated March 14, 2011.

The contract area for Sharon Block totals approximately 5,000 square kilometers. Exploration License Agreement number 0033 for the Sharon Block is made with the *Republic of Namibia Ministry of Mines and Energy*, dated March 14, 2011

3.2.16 Leads

3.2.16.1 Cooper Block PEL 30

The Cooper Block is located off the coast of Namibia (Figure 3—18) in less than 100 meters to over 500 meters of water. The play types expected based on Figure 3—12 include deeper water sediments in the west and south parts of the Block such as Albian age sand fans in both structural and stratigraphic trap settings; Aptian sands pinching out against volcanic highs; stratigraphically trapped Santonian fans and channels; Cenomanian channels; Campanian fans as well as shallower water features to the east such as isolated sand filled channels.

The 2D seismic data and a 1,108 square kilometer 3D seismic survey over Cooper Block show excellent Eocene, Upper Cretaceous Maastrichtian, and Lower Cretaceous age Albian/Aptian reflectors that can be tied back to the SASOL 2012/13-001 well. These reflectors have been mapped in the local area and form the basis for geologic horizon identification. The Leads identified as A, B, C, and Flat (Figure 3—19) are based on 2D seismic data and appear to be fault bounded, and have structural closures of 20 to over 75 meters in the Late Cretaceous section. The faults in the structural leads are interpreted to extend down into the Turonian aged source rock. These structures persist down through the Early Cretaceous in most cases but these intervals, which have similar closures, were not included in the evaluation. The zones of interest are defined as the Early through Late Cretaceous in age.

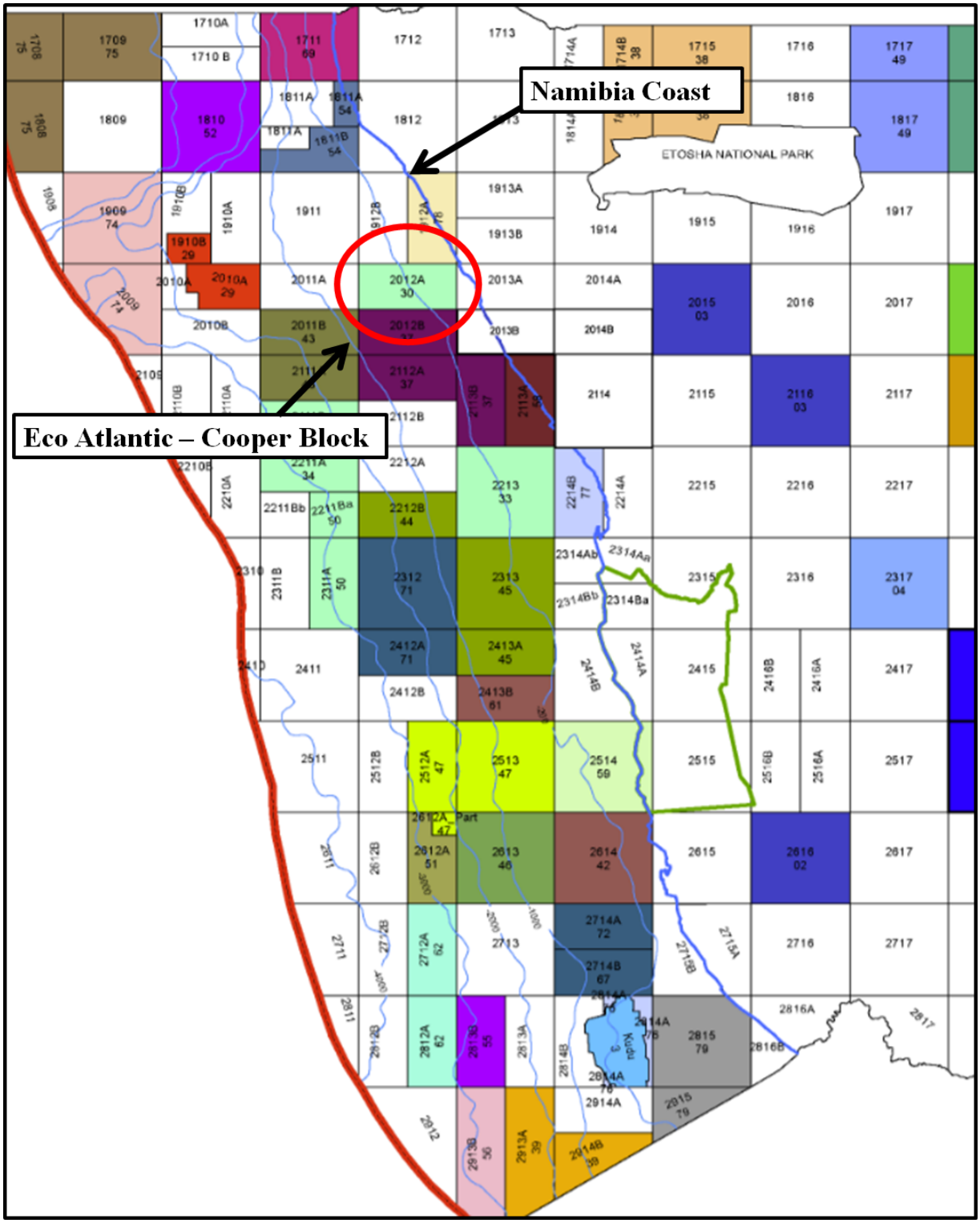


Figure 3—18 Location of Cooper Block

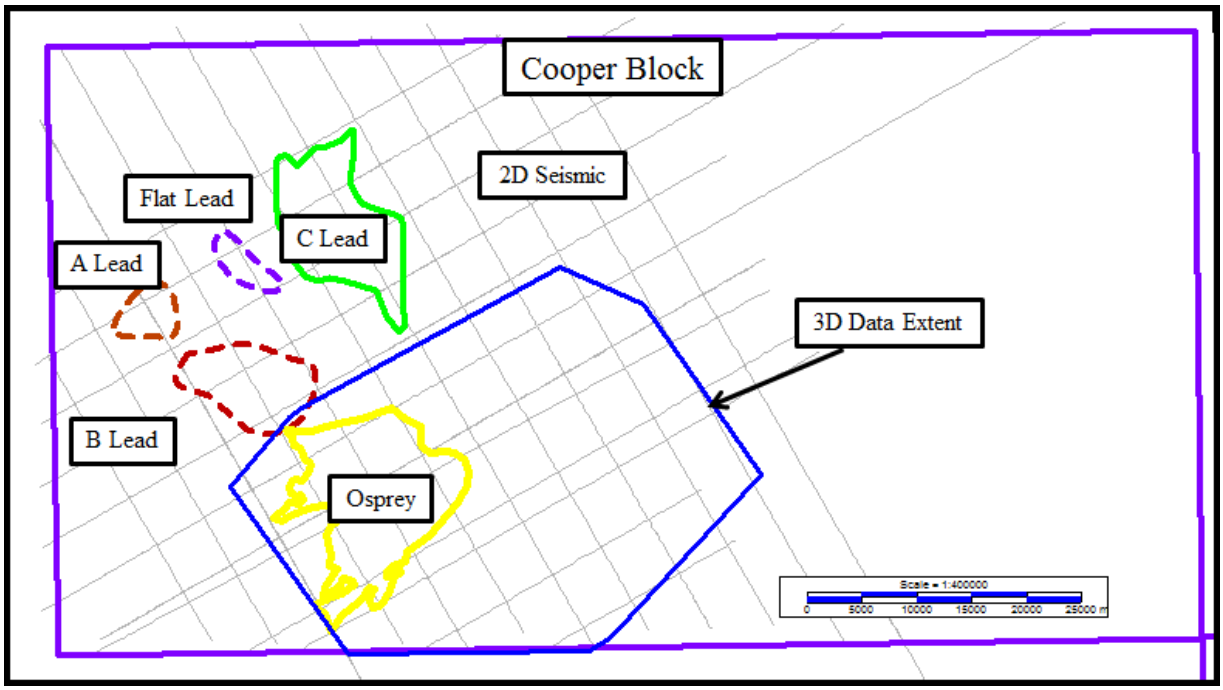


Figure 3—19 Cooper Block with Lead and Prospect Area Outlines

In addition to the 2D seismic leads, the Osprey prospect, which is interpreted to be of Albian age, is interpreted on the new 3D seismic data to be a stratigraphic trap in the Late and Early Cretaceous section. The image from the Cooper 3D seismic data set (Figure 3—20) shows the Osprey amplitude in a 3D sense and how it pinches out at the base of the slope forming a stratigraphic trap. The warmer colors indicate the sand portion of the amplitude event while the cooler colors indicate shales. A post depositional shale filled channel apparently cut the Osprey sand body. Other potential turbidite deposits are located to the north of Osprey. The Osprey prospect on the Cooper Block is estimated to occur at a depth range of 2,650 to 2,850 meters with a normal pressure and temperature gradient. A seismic line from the 3D (Figure 3—21) that goes through the Osprey prospect shows that the amplitude response is readily apparent.

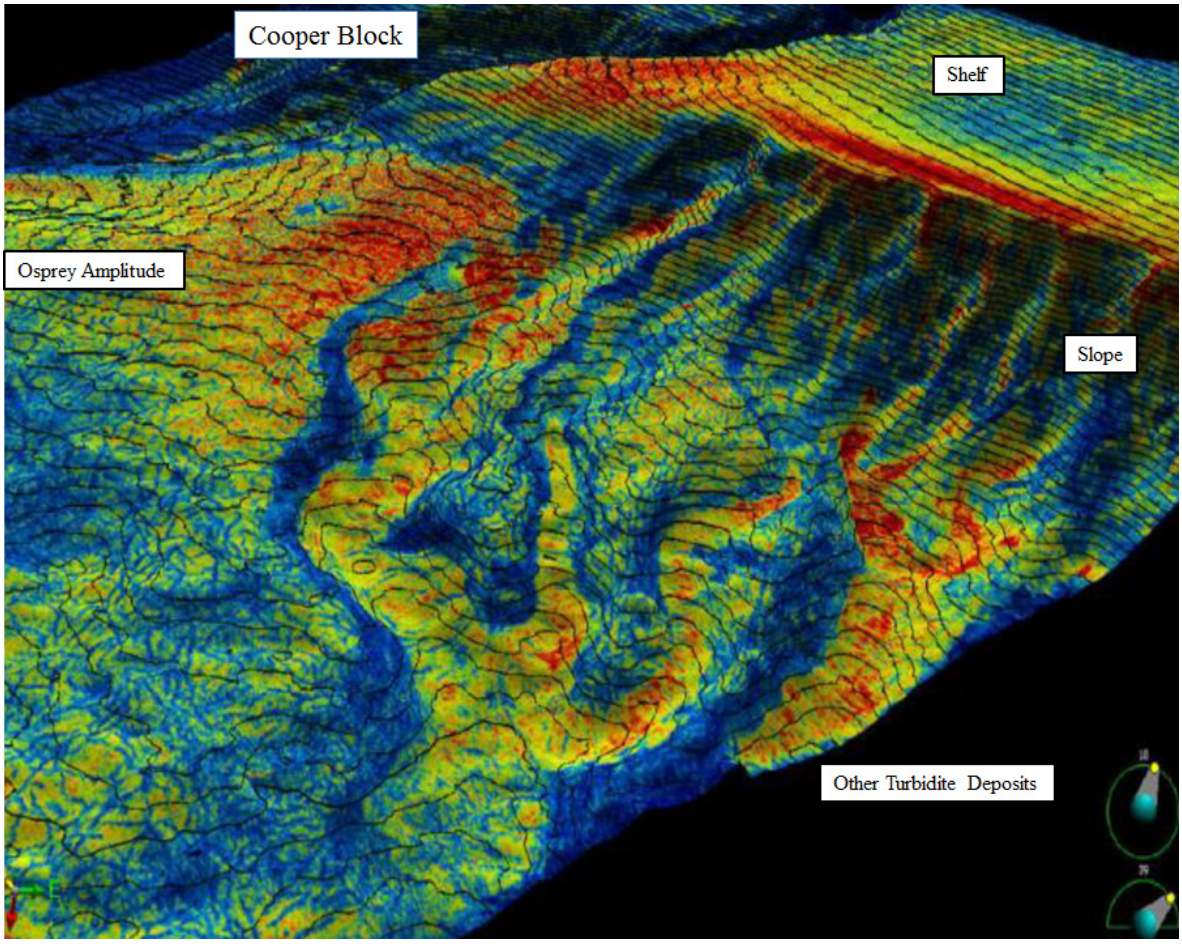


Figure 3—20 Image from Cooper 3D seismic data set

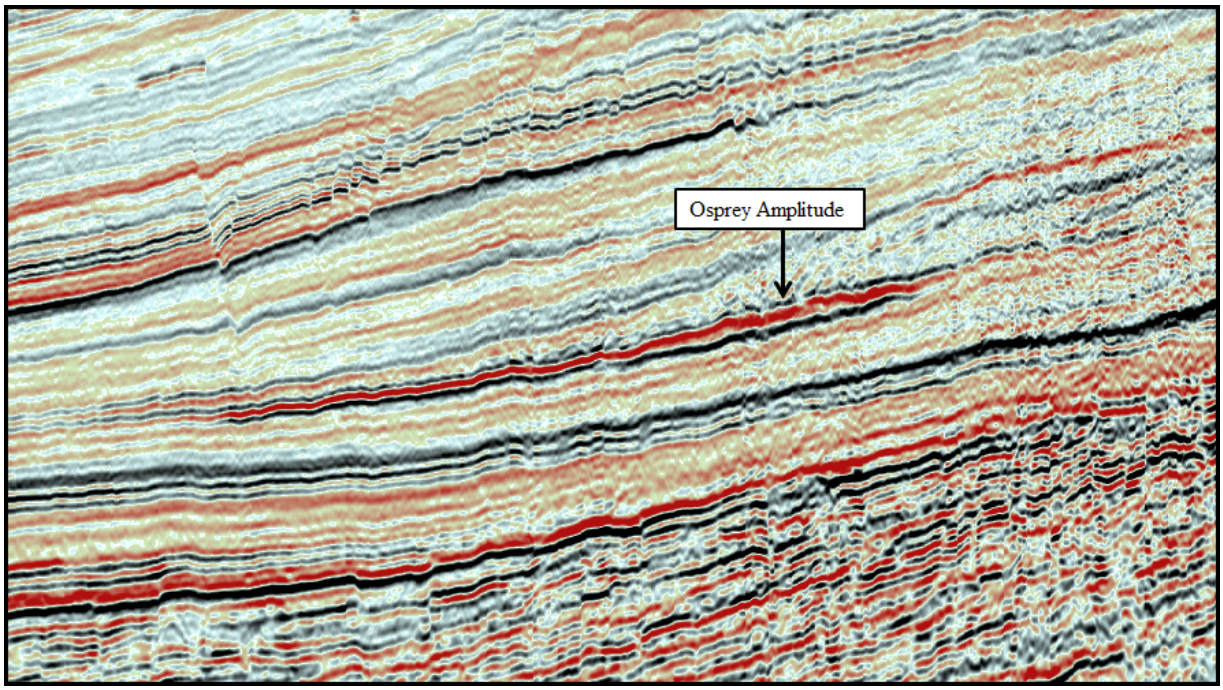


Figure 3—21 Seismic Line from Cooper 3D showing the Osprey Amplitude

The Osprey prospect amplitude map overlain with time structure contours, with downdip being to the southwest, is depicted in Figure 3—22. The yellow outline polygon is the area used for the maximum (P10) case in the Prospective Resource estimate. The amplitude is interpreted by ECO and partners to be a sand body in a similar basinal position as a sand identified as the Ondongo sand found in the Murombe well 220 kilometers to the south.

The areas in square kilometers and acres used in the Probabilistic Prospective Resource estimates are compiled in Table 3—2.

The Osprey Prospect having been delineated by a 3D seismic data set would have an estimated Probability of Success (POS) of 17.9%[10]. Several additional leads have been identified by ECO and their partners which have not been evaluated at the time of this report.

[10] Section 3.2.4 Risk Assessment

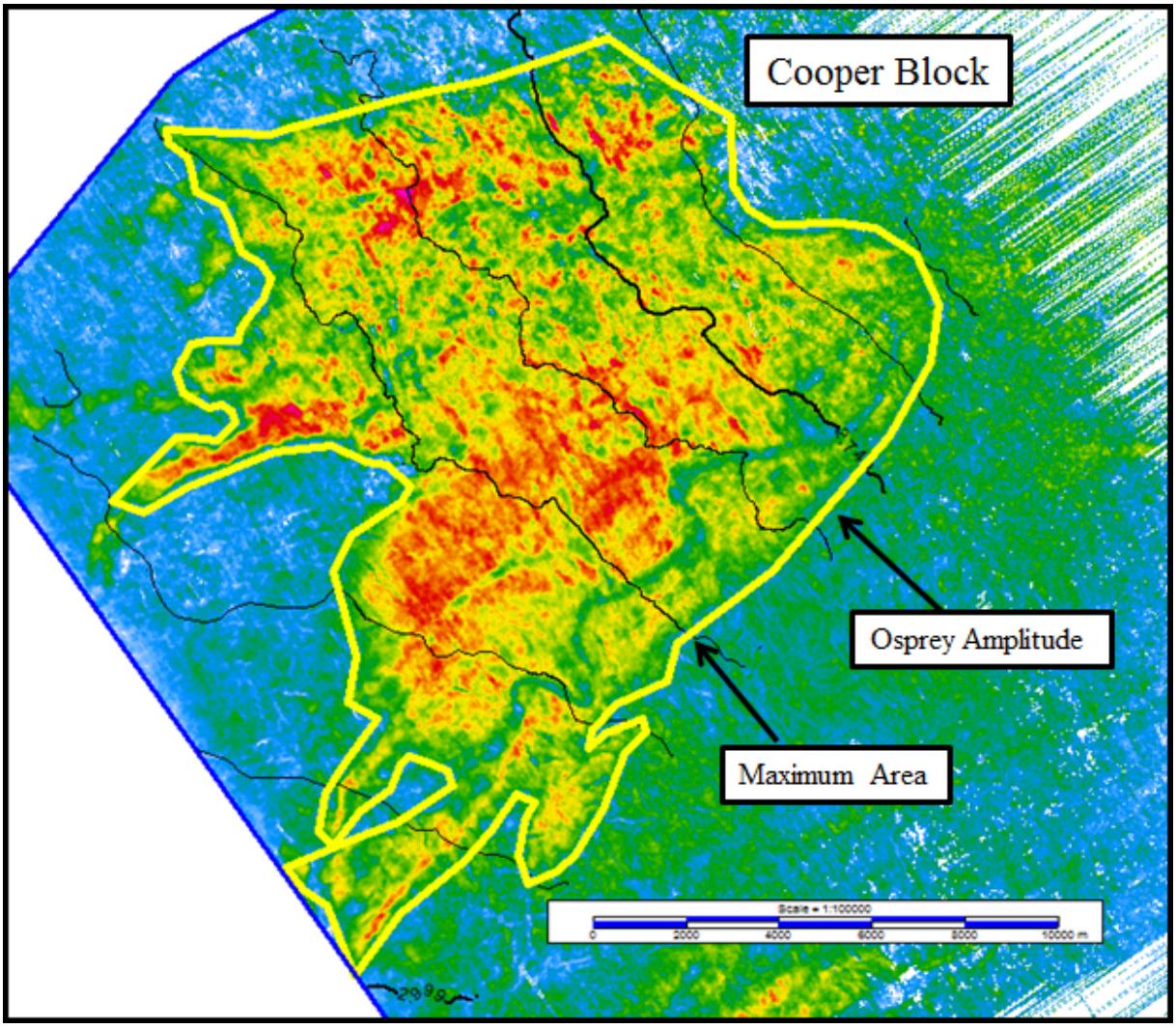


Figure 3—22 Amplitude with Time Structure Map of Osprey Prospect

Table 3—2 Cooper Block Lead and Prospect Areas and P50 Gross Unrisked Prospective Resources with POS

Lead/Prospect	Minimum (P10) km^2 / Acres	Most Likely (P50) km^2 / Acres	Maximum (P90) km^2 / Acres	Gross Unrisked Prospective Oil Resources (P50) Most Likely MMBO	Risk POS%
Lead A	4.4 / 1,087	11.0 / 2,718	14.1 / 3,494	70.5	3.2
Lead B	14.1 / 3,494	35.3 / 8,735	70.7 / 17,470	205.3	3.5
Lead C	22.8 / 5,634	57.0 / 14,085	114.0 / 28,170	179.3	3.5
Lead Flat	3.2 / 791	8.0 / 1,977	16.0 / 3,954	52.3	3.0
Osprey	49.8 / 12,300	89.8 / 22,200	175.0 / 43,250	245.5	17.9

3.2.16.2 Sharon Block PEL 33

The Sharon Block consists of the western halves of Blocks 2213A and 2213B (Figure 3—23). The interpretation of over 606 line kilometers of widely spaced (14 to 22 kilometers) 2D seismic data over Sharon Block, have shown excellent Lower Cretaceous reflectors that are tied back to the Ranger 2213/6-001 well located in the north half of the Block. An additional 3,086 line kilometers of close spaced (2 kilometers), which was purchased recently, is being evaluated for additional lead areas. Play types anticipated (Figure 3—12) include deep structures and isolated fluvial and nearshore shallower marine stratigraphic sand bodies. Two Leads seen on the original six 2D seismic lines are included in this report identified as North Structure and Wedge (Figure 3—24). The North Structure lead is based on the original 2D seismic data while the Wedge Lead is based on the original and the newer data.

The 2213/6-1 Ranger Oil well, which was a dry hole in the north half of the license area, was used as a reference for the seismic data. The leads on the Sharon Block are estimated to occur at a depth range of 2,540 to 2,700 meters with a normal pressure and temperature gradient. This is

based on a time-depth relationship utilized by Shell Oil since no check shot information or VSP data was available at the time of interpretation.

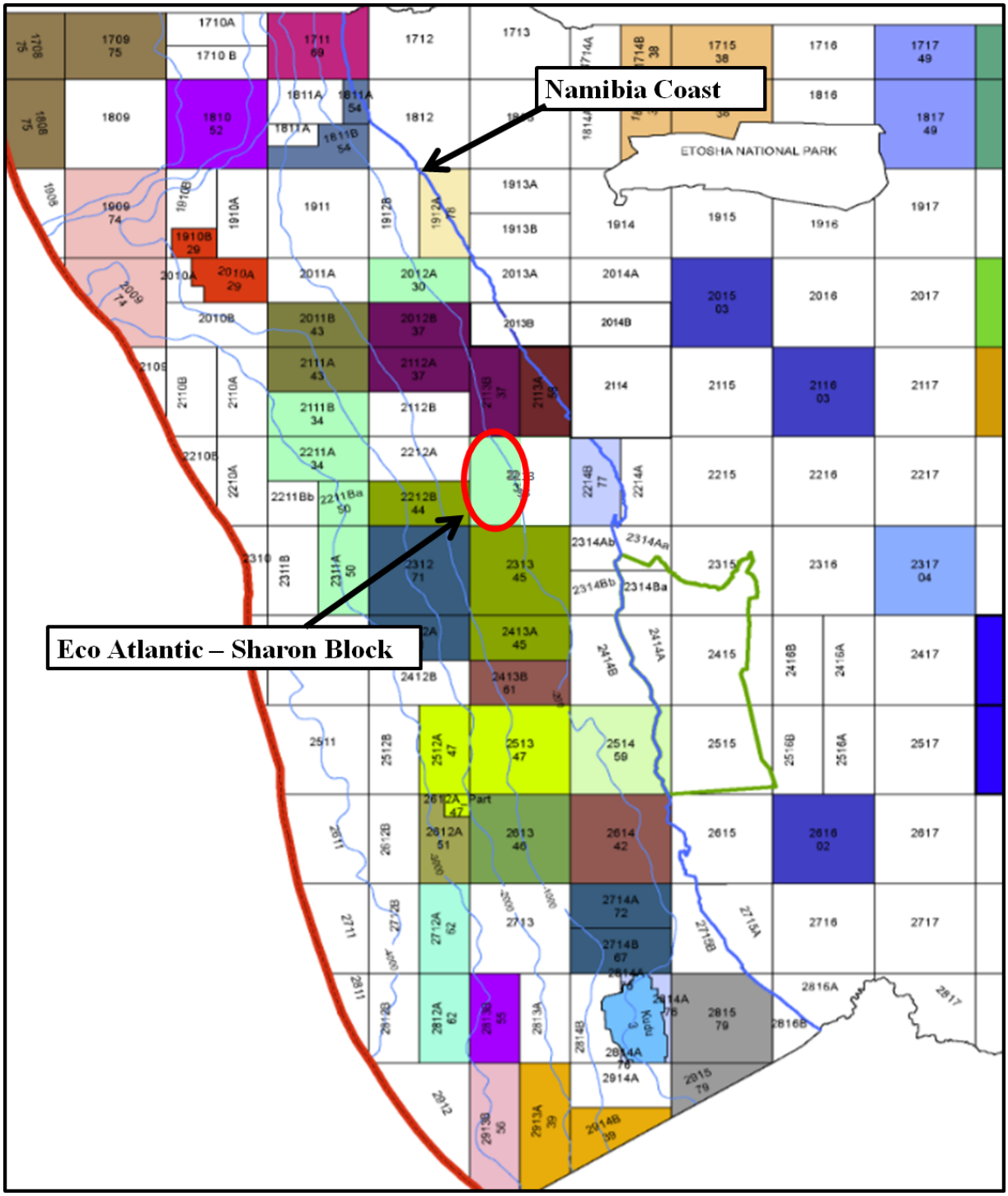


Figure 3—23 Location of Sharon Block

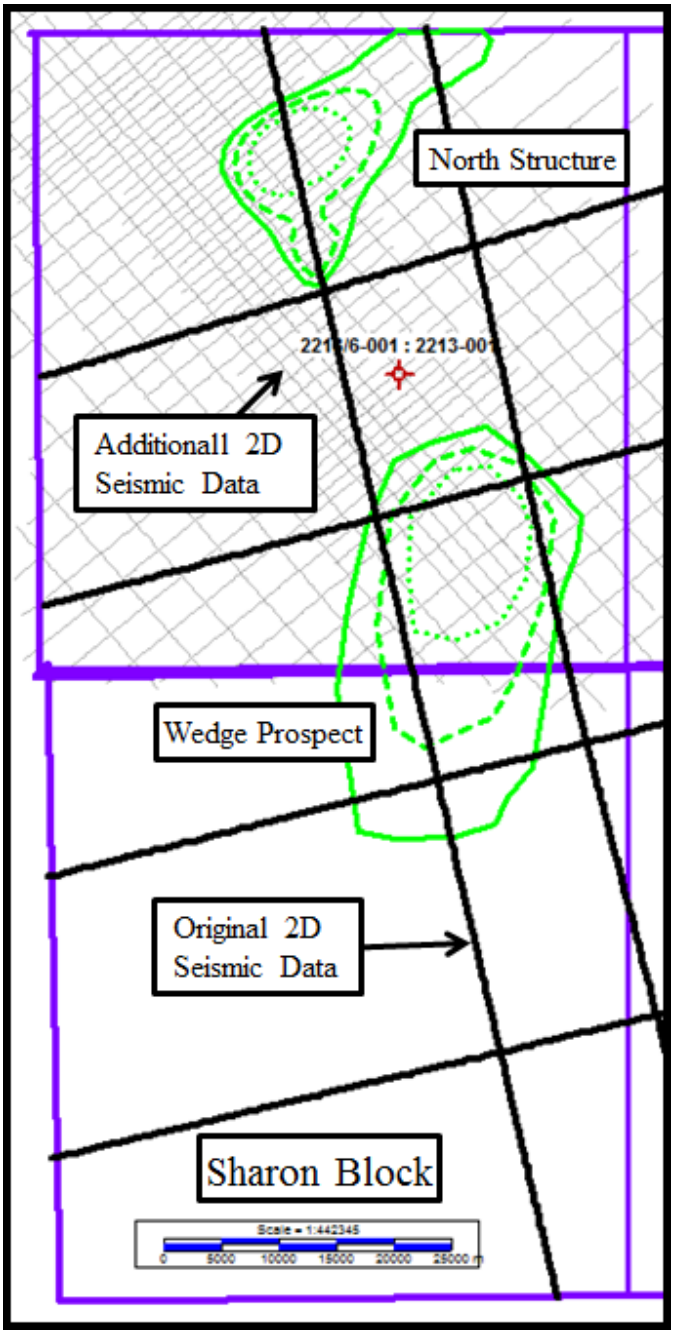


Figure 3—24 Location of Leads and current 2D seismic data in Sharon Block Namibia

The areas in square kilometers and acres used in the Probabilistic Prospective Resource estimates are compiled in Table 3—3 below.

Table 3—3 Sharon Block Lead Areas and P50 Gross Unrisked Prospective Resources with POS

Lead	Minimum (P10) km^2 / Acres	Most Likely (P50) km^2 / Acres	Maximum (P90) km^2 / Acres	Gross Unrisked Prospective Oil Resources (P50) Most Likely MMBO	Risk POS%
North Structure	47.5 / 11,737	112.7 / 27,849	230.0 / 56,834	909.4	1.9
Wedge	125.0 / 30,890	294.0 / 72,650	564.9 / 139,600	1,302.3	3.5

3.2.16.3 Guy Block PEL 34

The Guy Block consists of the east halves of Blocks 2111B and 2211A (Figure 3—25). The play types anticipated (Figure 3—12) are stratigraphic traps comprising deep water Albian to Cenomanian aged fan and channel deposits in stratigraphic traps among others.

The interpretation of the 675 line kilometers of 2D seismic data available prior to 2014 over Guy Block has shown excellent Cretaceous to Tertiary reflectors. These reflectors have been mapped throughout the available data and form the basis for geologic horizon identification. Four Cretaceous leads are identified (Figure 3—26) in this report, two of which are structural in nature and fault bounded and two that are stratigraphic. The leads of the Guy Block are estimated to occur at a depth range of approximately 3,460 to 4,300 meters with a normal pressure and temperature gradient. This is based on a time-depth relationship utilized by Shell Oil in Block 2213 located to the east of Guy Block because no check shot information or VSP data was available at the time of interpretation.

At the end of 2014, ECO purchased 473 kilometers of existing data and acquired 1,012 kilometers of new 2D seismic data. The new seismic data was used to tie into the Murombe-1 well located to the east of Guy Block in Block 2212A. The Murombe well drilled through

channel sands that are identified as the Baobab sands which have been interpreted by the operator as extending into the southeastern part of Guy. The extent of the numerous Cenomanian channel sands that have been tied to the Baobab sand in the Murombe well is depicted in Figure 3—27. Seismic line NWG98-408 (Figure 3—28) shows several potential sand bodies in the southeast of Guy Block. These potential leads were not evaluated for this report. An 864 square kilometer 3D seismic survey (Figure 3—26) was acquired at the end of 2015 in order to better image the potential traps associated with the Baobab sand channels seen on the 2D data. These data are still being interpreted.

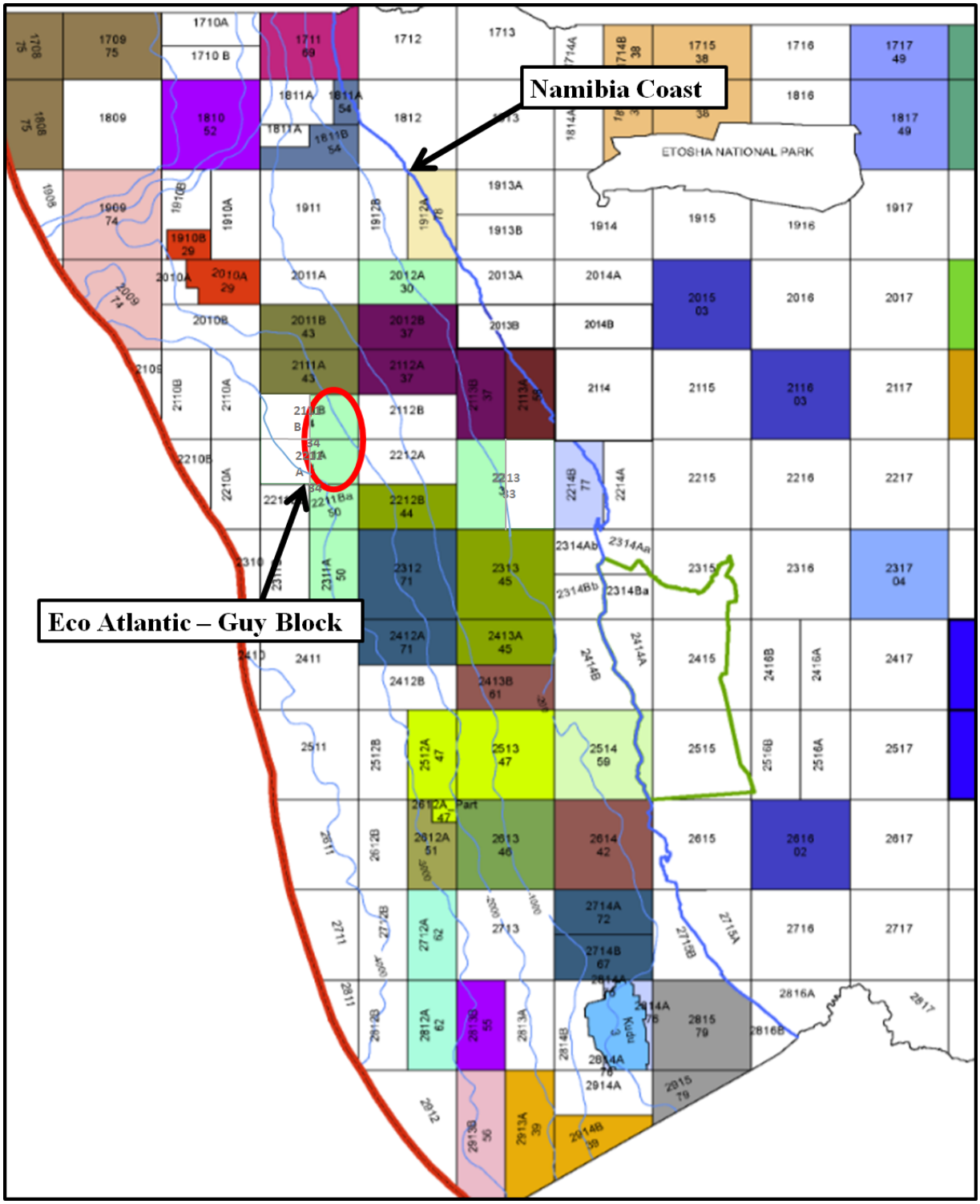


Figure 3—25 Location of Guy Block

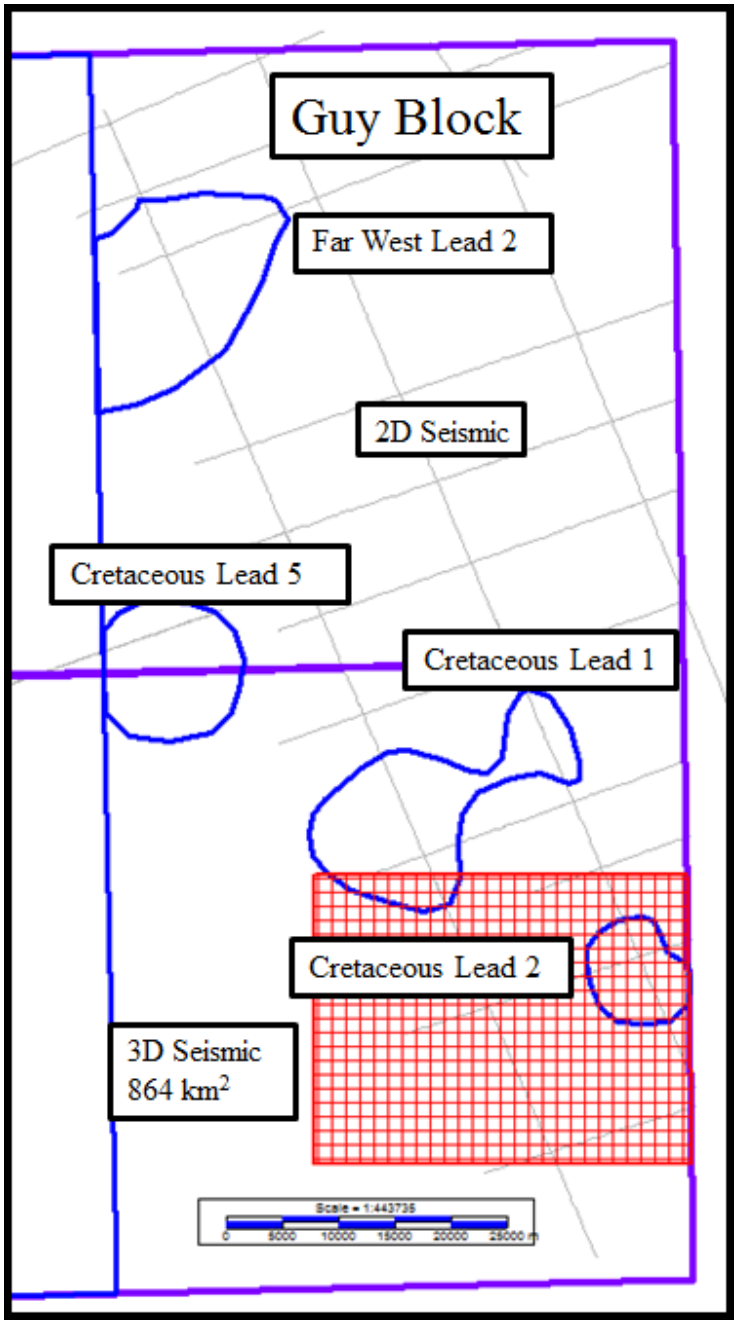


Figure 3—26 Location of Leads in Guy Block Namibia

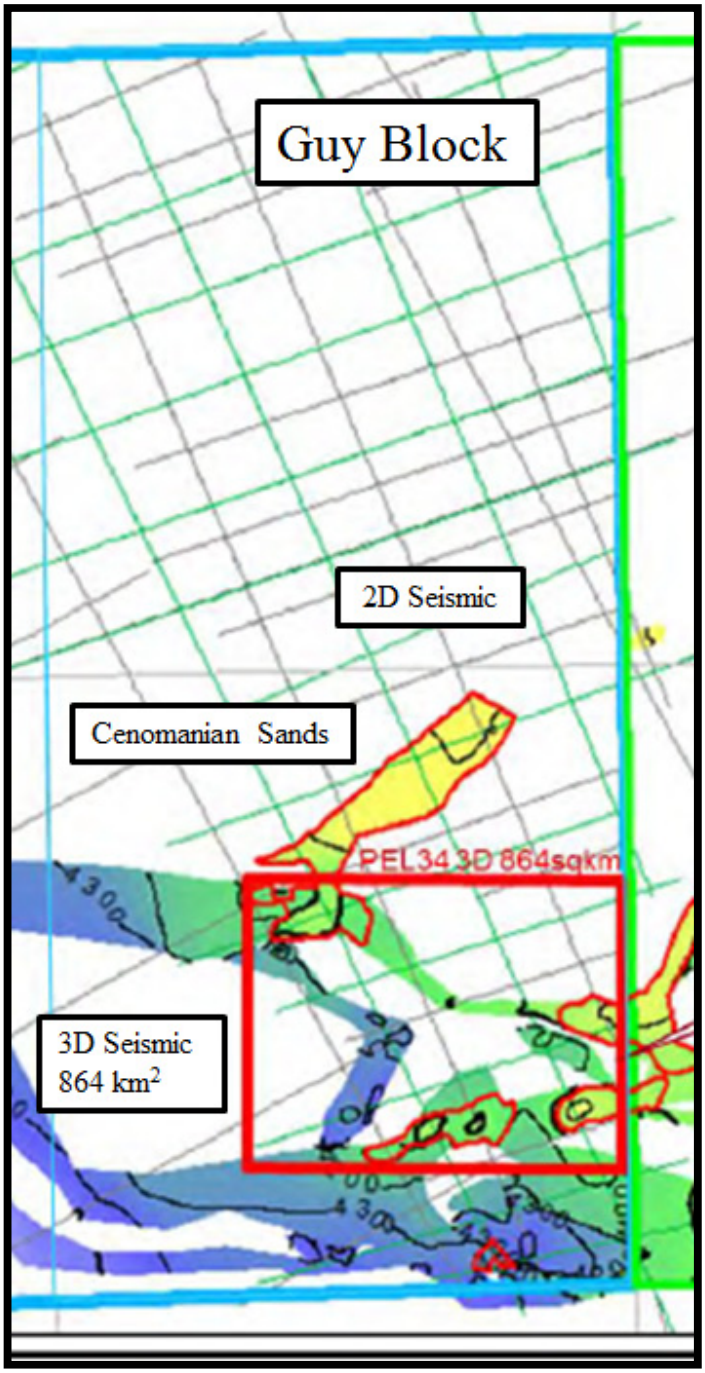


Figure 3—27 Guy Block with Cenomanian Sand Channels including the Baobab (Azinam)

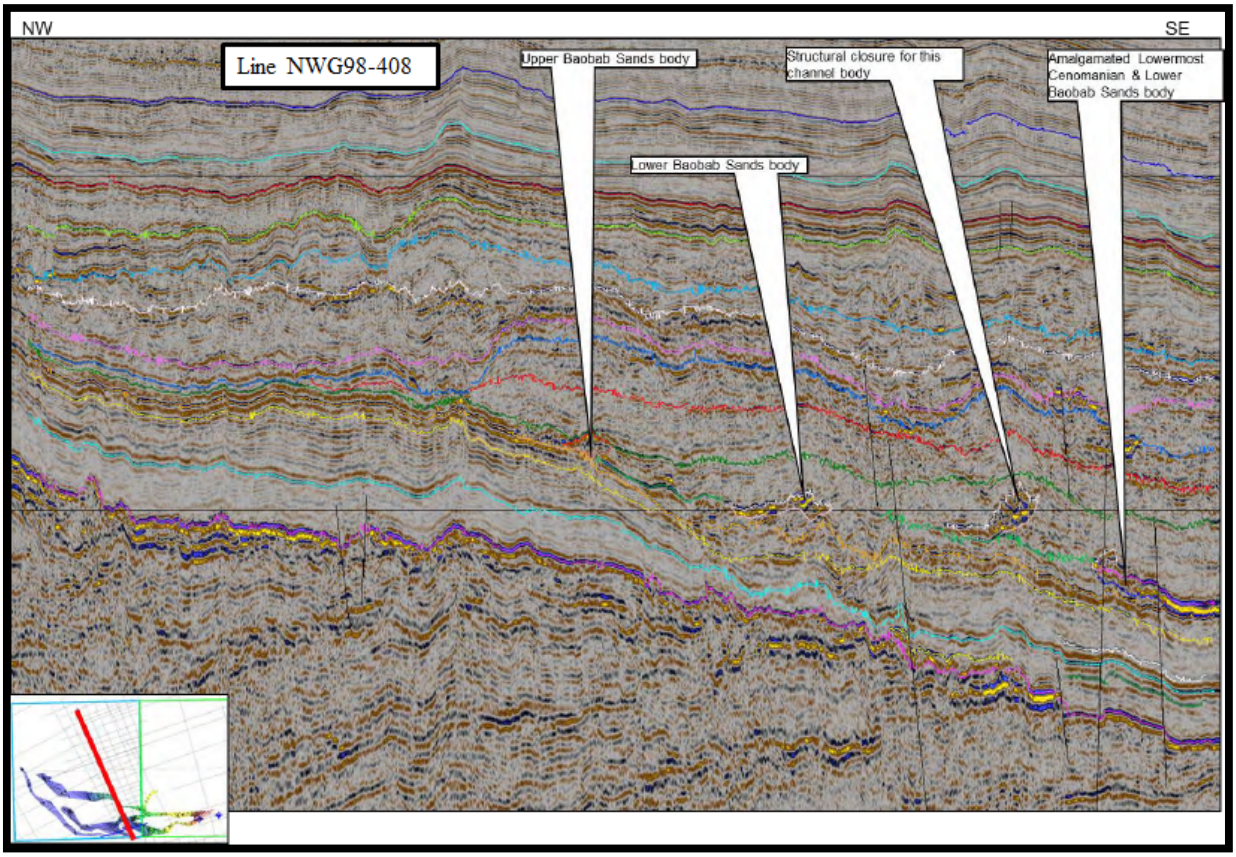


Figure 3—28 Guy Block Line NWG098-048 (Azinam)

The areas in square kilometers and acres used in the Probabilistic Prospective Resource estimates are compiled in Table 3—4 below.

Table 3—4 Guy Block Leads and Areas and P50 Gross Prospective Resources with POS

Lead	Minimum (P10) km^2 / Acres	Most Likely (P50) km^2 / Acres	Maximum (P90) km^2 / Acres	Gross Unrisked Prospective Oil Resources (P50) Most Likely MMBO	Risk POS%
Far West 2	60.7 / 15,000	157.8 / 39,000	232.3 / 57,400	744.3	2.0
Cretaceous 1	37.0 / 9,143	100.0 / 24,711	201.0 / 49,668	640.4	2.2
Cretaceous 2	17.0 / 4,201	38.0 / 9,390	68.0 / 16,803	100.9	2.5
Cretaceous 5	40.0 / 9,884	67.0 / 16,556	130.0 / 32,100	95.9	2.0

Several additional leads have been identified by ECO and their partners which have not been evaluated at the time of this report.

3.2.16.4 Tamar Block PEL 50

The Tamar Block, PEL 50, consists of Block 2211Ba and 2311A (Figure 3—29). The approximately 1,000 line kilometers of the Tamar Block 2D seismic data) is currently being reviewed. There are promising seismic events that appear to be channel-fan complexes. The play types anticipated to be found here (Figure 3—12) are similar to Guy Block deep water deposits of Albian to Cenomanian aged fan and channel deposits in stratigraphic traps among others. The potential leads, which have not been fully delineated at this time and will need to be high-graded and evaluated in detail.

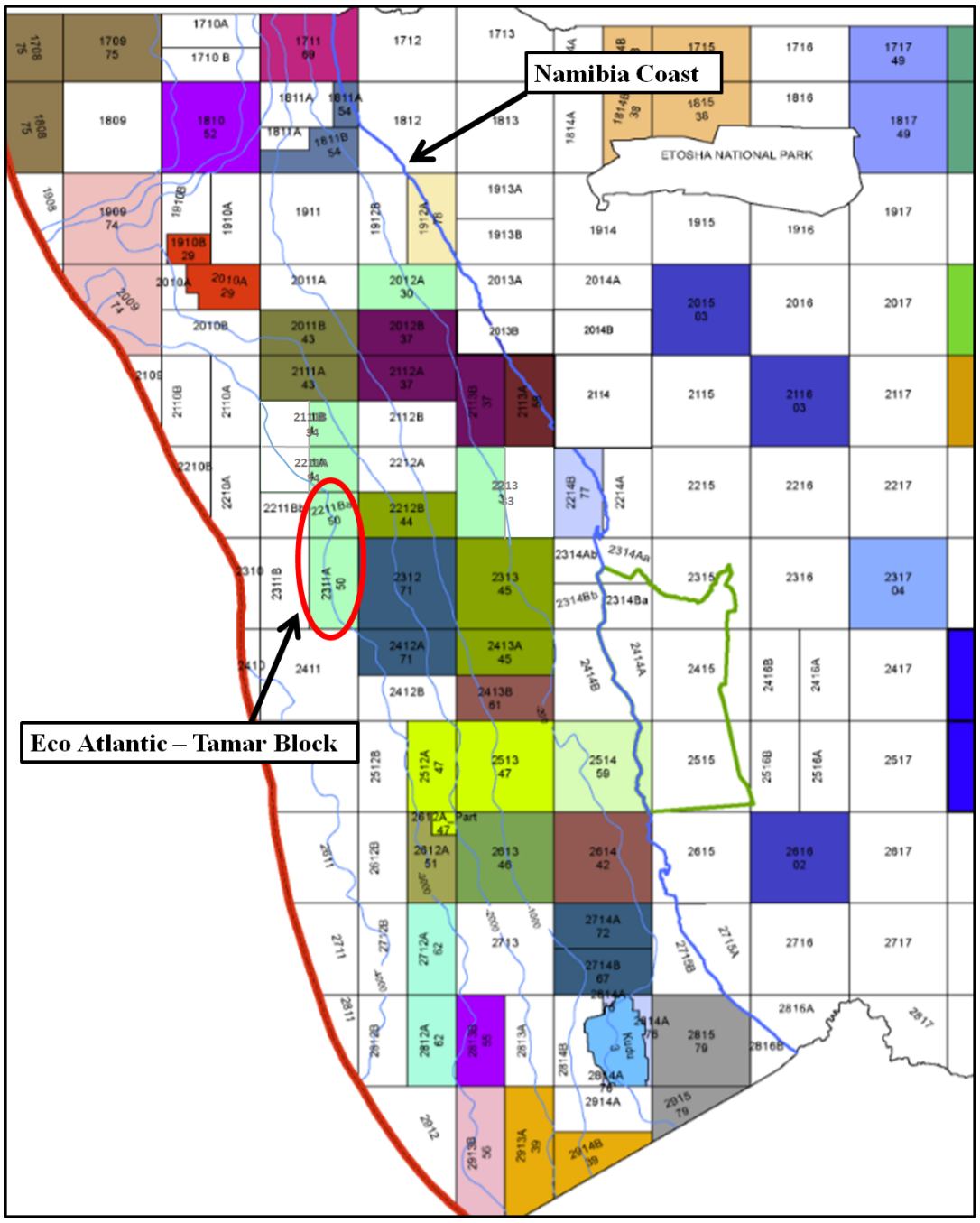


Figure 3—29 Location of Tamar Block

3.2.17 Database

There are several wells drilled near the ECO Blocks. 2D seismic is available and has been interpreted, and 3D seismic has been acquired and interpreted in some areas.

3.2.17.1 Seismic Data

The Cooper Block (Block 2012A) PEL 30 (Figure 3—11) is covered by an original 840 line kilometers of widely spaced (5 to 15 kilometers) 2D seismic data, an additional 610 line kilometers of infill 2D data which improved the spacing to 5 kilometers and partially covered by a new 1,108 square kilometer 3D seismic survey.

The Guy Block (east half of Blocks 2111B & 2211A) PEL 34 is covered by 675 line kilometers of widely spaced (7 to 19 kilometers) vintage 2D seismic as well as a recently acquired 1,000 line kilometers of new 2D seismic data with a more dense coverage. ECO has acquired an 870 square kilometer 3D seismic survey which is being interpreted at this time.

The Sharon Block (west half of Blocks 2213 A & B) PEL 33 is covered by an original 606 line kilometers of widely spaced (14 to 22 kilometers) 2D seismic data and an additional 3,086 line kilometers of close spaced (2 kilometers) 2D seismic data.

Tamar Block (Blocks 2211Ba & 2311A) PEL 50 has been recently added to the license areas in offshore Namibia through an acquisition. The existing grid of 2D seismic data is currently being reviewed.

3.2.17.2 Well Data

Wells drilled in the vicinity of Cooper Block include the 1911/10-1 well drilled by Norsk Hydro Namibia in early 1995 to a depth of 4,185 meters in a water depth of 631 meters and the 1911/15-1 well drilled by Norsk Hydro Namibia in early 1994 to a depth of 4,586 meters in a water depth of 521 meters. The Sasol 2012/13-1 well located to the south of Cooper Block was

drilled in early 1997 to a depth of 3,714 meters in a water depth of 688 meters. The Ranger Oil Namibia Ltd 2213/6-1 located in the north of Sharon Block was drilled in early 1995 to a depth of 2,627 meters in a water depth of 218 meters.

Reports on several wells were made available by ECO. These reports are largely biostratigraphic studies and core reports of cores taken in the deeper Campanian and Albian sections as well as electric well log data from six wells in the area. However, the petrophysical characteristics relied upon for the Cretaceous section was obtained from reported values from information provided by ECO. These values were assumed to be correct and appear to be similar to sand and shale accumulations in other parts of the world. The 2D seismic data over Sharon Block has shown excellent Lower Cretaceous reflectors that are tied back to the Ranger 2213/6-001 well.

The HRT Wingat-1 well was drilled in Block 2212A to a depth of 5,000 meters and found two source rocks in the oil window. Several thin bedded oil saturated sands were encountered in this well with 41 degree API oil and a 1,193 GOR. The Murombe-1 well, also located in Block 2212A, was drilled to a depth of 5,729 meters. This well found a 242 meter interval containing 36 meters of net sand (assumed to be Upper Cretaceous age) with an average porosity of 19%, which was wet. This well also found the same well-developed marine source rock as the Wingat-1.

The Moosehead-1 well was drilled in Block 2713 northwest of Kudu field to 4,170 meters with wet gas shows and found two potential source rocks including the Aptian.

Repsol drilled the Welwitschia -1 in 2014 just west of the Cooper Block. This well reportedly encountered poorly-developed Cretaceous reservoirs and had no shows. No data is available from this well at this time.

4. PROBABILISTIC RESOURCE ANALYSIS

4.1 GENERAL

A probabilistic resource analysis is most applicable for projects such as evaluating the potential resources of an exploratory area like the Cooper Block, where a range of values exists in the reservoir parameters. The range of the expected reservoir data is quantified by probability distributions, and an iterative approach yields an expected probability distribution for potential resources. This approach allows consideration of most likely resources for planning purposes, while gaining an understanding of what volumes of resources may have higher certainty, and what potential upside may exist for the project.

The analysis for this project was carried out considering the range of values for all parameters in the volumetric resource equations. Resource estimates were only calculated for Cooper, Guy and Sharon Blocks in Namibia.

4.2 INPUT PARAMETERS

This method involves estimating probability distributions for the range of reservoir parameters and performing a statistical risk analysis involving multiple iterations of resource calculations generated by random numbers and the specified distributions of reservoir parameters. To do this, each parameter incorporated in our resource calculation was evaluated for its expected probability distribution.

Because few data are available about the likely distribution of the reservoir parameters, simple triangular distributions with specification of minimum, most likely or mode, and maximum values were used for most of the parameters. Note that these parameters represent average parameters over the entire lead or prospect. So, for example, the porosity ranges do not represent the range of what porosity might be in a particular well or a particular interval, but rather the reasonable range of the average porosity for the whole lead or prospect. A summary of input parameters is shown in Table 4—1.

Table 4—1 Input Parameters for All Leads and Osprey Prospect

	Lead A (Campanian)			Lead B (Mid Albian)			Lead C (Campanian)		
	Minimum	Most Likely	Maximum	Minimum	Most Likely	Maximum	Minimum	Most Likely	Maximum
Oil Gravity	30	35	40	30	35	40	30	35	40
Gas-Oil Ratio	500	1,000	1,500	500	1,000	1,500	500	1,000	1,500
Gas Gravity	0.65	0.70	0.75	0.65	0.70	0.75	0.65	0.70	0.75
press gradient	0.44	0.45	0.48	0.44	0.45	0.48	0.44	0.45	0.48
Depth, ft	5,741	6,069	6,397	8,986	9,186	9,386	4,101	4,511	4,921
Porosity	12	20	25	12	20	25	12	20	25
Water Sat.	20	30	40	20	30	40	20	30	40
Drainage area, acres	1,087	2,718	5,436	3,494	8,735	17,470	5,634	14,085	28,170
Gross Thickness, ft	140	170	250	140	170	250	70	85	100
Net/Gross	0.50	0.75	0.85	0.50	0.75	0.85	0.50	0.75	0.85
% Recovery	0.15	0.27	0.30	0.15	0.27	0.30	0.15	0.27	0.30
	Lead 'Flat' (Campanian)			Osprey			Far West Lead 2		
	Minimum	Most Likely	Maximum	Minimum	Most Likely	Maximum	Minimum	Most Likely	Maximum
Oil Gravity	30	35	40	30	35	40	30	35	40
Gas-Oil Ratio	500	1,000	1,500	500	1,000	1,500	500	1,000	1,500
Gas Gravity	0.65	0.70	0.75	0.65	0.70	0.75	0.65	0.70	0.75
press gradient	0.44	0.45	0.48	0.44	0.45	0.48	0.44	0.45	0.48
Depth, ft	5,085	5,413	5,741	8,694	9,022	9,350	11,366	11,566	11,766
Porosity	12	20	25	12	20	25	10	21	30
Water Sat.	20	30	40	20	30	40	20	30	40
Drainage area, acres	791	1,977	3,954	12,300	22,200	43,250	15,000	39,000	57,400
Gross Thickness, ft	140	170	250	70	85	100	131	230	328
Net/Gross	0.50	0.75	0.85	0.50	0.75	0.85	0.25	0.50	0.75
% Recovery	0.15	0.27	0.30	0.15	0.27	0.30	0.15	0.20	0.35
	Cretaceous Sand Lead 1			Cretaceous Sand Lead 2			Cretaceous Sand Lead 5		
	Minimum	Most Likely	Maximum	Minimum	Most Likely	Maximum	Minimum	Most Likely	Maximum
Oil Gravity	30	35	40	30	35	40	30	35	40
Gas-Oil Ratio	500	1,000	1,500	500	1,000	1,500	500	1,000	1,500
Gas Gravity	0.65	0.70	0.75	0.65	0.70	0.75	0.65	0.70	0.75
press gradient	0.44	0.45	0.48	0.44	0.45	0.48	0.44	0.45	0.48
Depth, ft	12,724	12,924	13,124	12,888	13,088	13,288	13,708	13,908	14,108
Porosity	10	21	30	10	21	30	10	21	30
Water Sat.	20	30	40	20	30	40	20	30	40
Drainage area, acres	9,143	24,711	49,668	4,201	9,390	16,803	9,884	16,556	32,100
Gross Thickness, ft	131	262	394	66	115	164	33	59	82
Net/Gross	0.25	0.50	0.75	0.25	0.50	0.75	0.25	0.50	0.75
% Recovery	0.15	0.20	0.35	0.15	0.20	0.35	0.15	0.20	0.35
	North Structure			Wedge					
	Minimum	Most Likely	Maximum	Minimum	Most Likely	Maximum			
Oil Gravity	30	35	40	30	35	40			
Gas-Oil Ratio	500	1,000	1,500	500	1,000	1,500			
Gas Gravity	0.65	0.70	0.75	0.65	0.70	0.75			
press gradient	0.44	0.45	0.48	0.44	0.45	0.48			
Depth, ft	8,331	8,531	8,731	8,331	8,531	8,731			
Porosity	15	20	25	15	20	25			
Water Sat.	20	30	40	20	30	40			
Drainage area, acres	11,737	27,849	56,834	30,890	72,650	139,600			
Gross Thickness, ft	164	328	492	82	164	328			
Net/Gross	0.25	0.50	0.75	0.25	0.50	0.75			
% Recovery	0.15	0.20	0.35	0.15	0.20	0.35			

In a probabilistic analysis, dependent relationships can be established between parameters if appropriate. For example, portions of a reservoir with the lowest effective porosity generally may be expected to have the highest connate water saturation, whereas higher porosity sections have lower water saturation. In such a case, it is appropriate to establish an inverse relationship between porosity and water saturation, such that if a high porosity is randomly estimated in a given iteration, corresponding low water saturation is estimated. The degree of such a correlation can be controlled to be very strong or weak. This type of dependency, with a medium strength of -0.7, was used in this study for porosity with water saturation and with net/gross ratio. Similarly, the low end of the gross thickness distributions for this prospective accumulation would generally be expected to occur when the productive area is small; therefore, a positive correlation of 0.7 was assigned to gross thickness and productive area.

4.3 PROBABILISTIC SIMULATION

Probabilistic resource analysis was performed using the Monte Carlo simulation software called "@ Risk". This software allows for input of a variety of probability distributions for any parameter. Then the program performs a large number of iterations, either a large number specified by the user, or until a specified level of stability is achieved in the output. The results include a probability distribution for the output, sampled probability for the inputs, and sensitivity analysis showing which input parameters have the most effect on the uncertainty in each output parameter.

After distributions and relationships between input parameters were defined, a series of simulations were run wherein points from the distributions were randomly selected and used to calculate a single iteration of estimated potential resources. The iterations were repeated until stable statistics (mean and standard deviation) result from the resulting output distribution. This occurred after 5,000 iterations.

4.4 RESULTS

The output distributions were then used to characterize the Prospective Resources. The Gross 100% Results are summarized in Table 4—2. Note that these estimates do not include consideration for the risk of failure in exploring for these resources. The Net to ECO Interest Prospective Unrisked Resource Estimates by Lead are represented in Table 4—3.

Table 4—2 Gross Prospective Unrisked Resource Estimates by Lead and Prospect

Gross (100%)	Oil in Place, MMBbl			Prospective Oil Resources, MMBbl			Prospective Associated Gas Resources, BCF		
Block/Lead	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
Cooper Block									
A (Campanian)	173.4	293.7	480.7	40.0	70.5	117.4	36.5	68.9	120.9
B (Albian)	496.2	864.1	1,401.2	113.0	205.3	345.9	105.7	199.5	352.8
C (Campanian)	438.8	753.7	1,187.2	100.9	179.3	292.1	94.4	175.9	303.9
Flat (Campanian)	127.2	219.6	356.7	29.5	52.3	88.0	27.4	51.6	90.2
Osprey	660.5	1,035.0	1,610.8	150.9	245.5	398.5	140.7	239.9	407.1
Cooper Total	**1,896.1**	**3,166.0**	**5,036.7**	**434.3**	**752.8**	**1,241.8**	**404.8**	**735.8**	**1,274.9**
Guy Block									
Far West Lead 2	1,113.4	3,221.9	7,394.9	246.5	744.3	1,762.1	241.5	727.5	1,721.2
Cretaceous Sand Lead 1	778.8	2,819.8	7,437.0	174.4	640.4	1,756.3	171.1	625.7	1,725.8
Cretaceous Sand Lead 2	153.7	439.0	1,056.8	34.6	100.9	247.8	33.1	97.8	246.6
Cretaceous Sand Lead 5	149.0	422.3	1,018.1	33.8	95.9	243.8	32.5	94.2	238.7
Guy Total	**2,194.9**	**6,903.0**	**16,906.8**	**489.4**	**1,581.4**	**4,009.9**	**478.2**	**1,545.3**	**3,932.4**
Sharon Block									
North Structure	1,307.5	3,955.5	9,193.2	293.6	909.4	2,175.8	280.2	887.1	2,172.6
Wedge	1,828.9	5,702.9	14,152.1	408.3	1,302.3	3,342.7	388.0	1,288.6	3,293.3
Sharon Total	**3,136.4**	**9,658.5**	**23,345.3**	**701.9**	**2,211.7**	**5,518.4**	**668.3**	**2,175.6**	**5,465.9**
TOTAL	**7,227.3**	**19,727.4**	**45,288.9**	**1,625.6**	**4,546.0**	**10,770.2**	**1,551.2**	**4,456.7**	**10,673.2**

Table 4—3 Net To ECO Interest Unrisked Prospective Resource Estimates by Lead and Prospect

Net to ECO	Oil in Place, MMBbl			Prospective Oil Resources, MMBbl			Prospective Associated Gas Resources, BCF		
Block/Lead	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
Cooper Block									
A (Campanian)	56.4	95.4	156.2	13.0	22.9	38.1	11.9	22.4	39.3
B (Albian)	161.3	280.8	455.4	36.7	66.7	112.4	34.4	64.8	114.7
C (Campanian)	142.6	244.9	385.9	32.8	58.3	94.9	30.7	57.2	98.8
Flat (Campanian)	41.3	71.4	115.9	9.6	17.0	28.6	8.9	16.8	29.3
Osprey	214.7	336.4	523.5	49.0	79.8	129.5	45.7	78.0	132.3
Cooper Total	**616.2**	**1,029.0**	**1,636.9**	**141.2**	**244.7**	**403.6**	**131.6**	**239.1**	**414.3**
Guy Block									
Far West Lead 2	556.7	1,610.9	3,697.5	123.2	372.1	881.1	120.7	363.8	860.6
Cretaceous Sand Lead 1	389.4	1,409.9	3,718.5	87.2	320.2	878.1	85.5	312.9	862.9
Cretaceous Sand Lead 2	76.8	219.5	528.4	17.3	50.4	123.9	16.6	48.9	123.3
Cretaceous Sand Lead 5	74.5	211.1	509.0	16.9	48.0	121.9	16.2	47.1	119.4
Guy Total	**1,097.4**	**3,451.5**	**8,453.4**	**244.7**	**790.7**	**2,005.0**	**239.1**	**772.6**	**1,966.2**
Sharon Block									
North Structure	784.5	2,373.3	5,515.9	176.2	545.6	1,305.5	168.1	532.2	1,303.6
Wedge	1,097.4	3,421.8	8,491.3	245.0	781.4	2,005.6	232.8	773.1	1,976.0
Sharon Total	**1,881.8**	**5,795.1**	**14,007.2**	**421.2**	**1,327.0**	**3,311.0**	**401.0**	**1,305.4**	**3,279.6**
TOTAL	**3,595.5**	**10,275.5**	**24,097.6**	**807.0**	**2,362.4**	**5,719.6**	**771.6**	**2,317.1**	**5,660.1**

Prospective Resources are defined as "those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity."[11] There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. The Low Estimate represents the P_{90} values from the probabilistic analysis (in other words, the value is greater than or equal to the

[11] Society of Petroleum Evaluation Engineers, (Calgary Chapter): *Canadian Oil and Gas Evaluation Handbook, Second Edition,* Volume 1, September 1, 2007, pg 5-7.

P_{90} value 90% of the time), while the Best Estimate represents the P_{50} and the High Estimate represents the P_{10}.[12]

Note that a deterministic calculation with any set of the input parameters will not necessarily be close to any of the results shown in Table 4—2. Specifically, the most likely input parameters do not necessarily yield a result very close to the Best Estimate. This is because some of the distributions are skewed towards the minimum value rather than the maximum value where the minimum to maximum range is large, so that the mean is rather different from the most likely value.

The distribution graphs for the resource estimates can be found in Figure 4—1 through Figure 4—11. It should be noted that the shape of the probability distributions all result in wide spacing between the minimum and maximum expected resources. This is reflective of the high degree of uncertainty associated with any evaluation such as this one prior to actual field discovery, development, and production. Also note that, in general, the high probability resource estimates at the left side of these distributions represents downside risk, while the low probability estimates on the right side of the distributions represent upside potential. These distributions do not include consideration of the probability of success of discovering commercial quantities of oil, but rather represent the likely distribution of oil discoveries, if successfully found.

[12] Society of Petroleum Evaluation Engineers, (Calgary Chapter): *Canadian Oil and Gas Evaluation Handbook, Second Edition,* Volume 1, September 1, 2007, pg 5-7.

4.4.1 Cooper Block

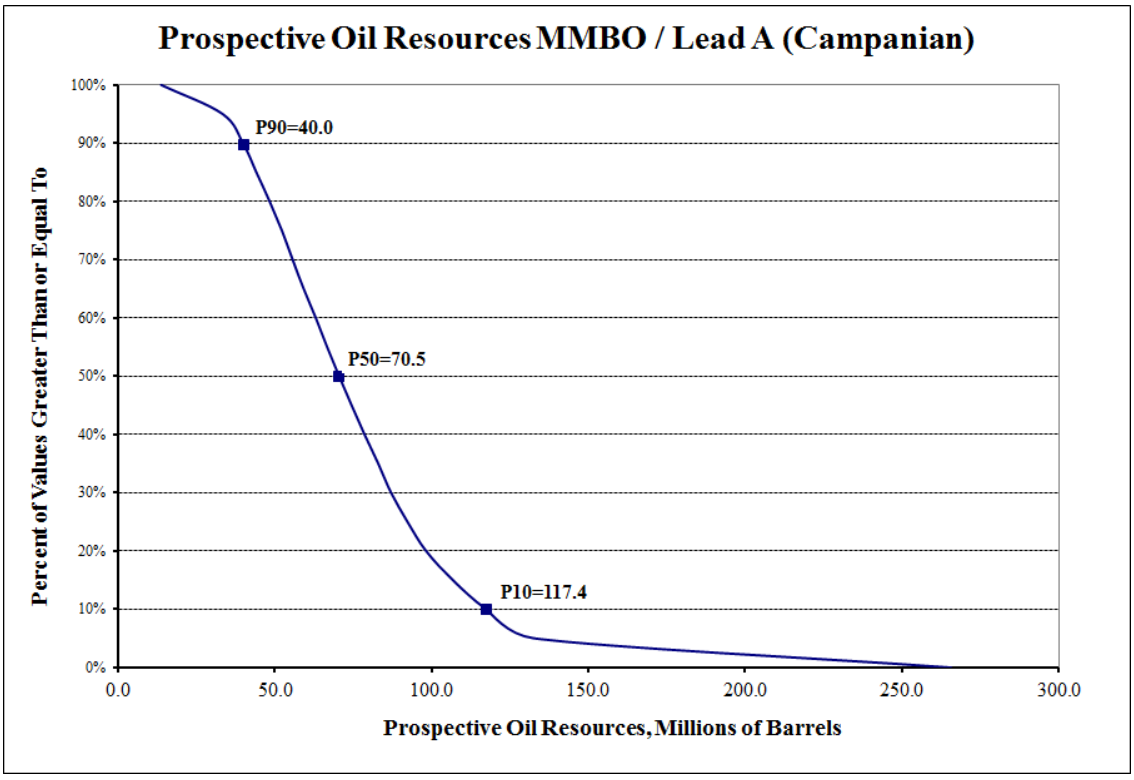


Figure 4—1 Distribution of Prospective Oil Resources, Lead A

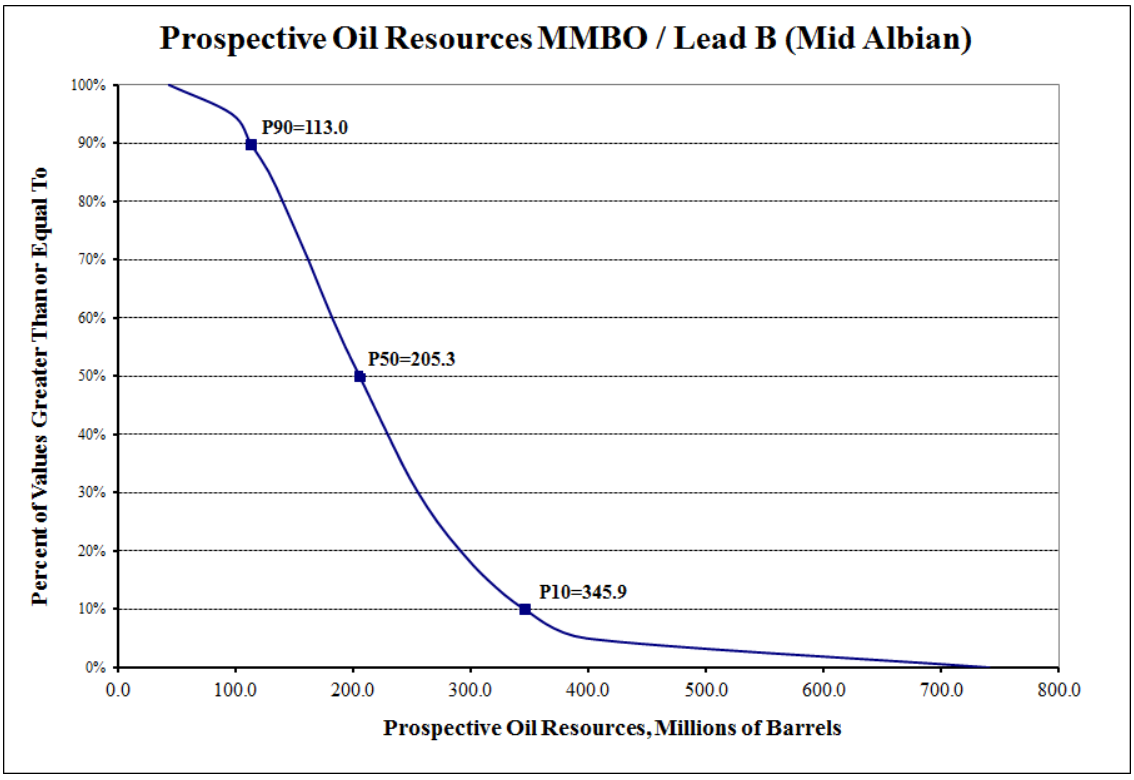


Figure 4—2 Distribution of Prospective Oil Resources, B Lead

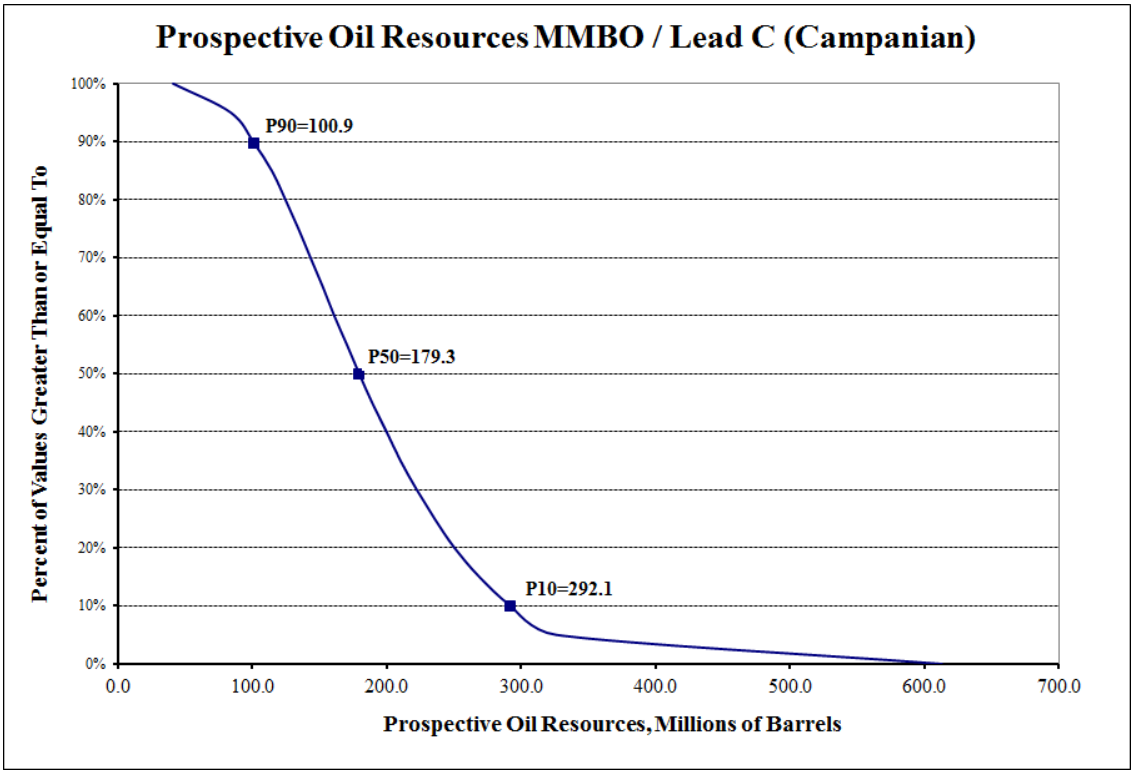


Figure 4—3 Distribution of Prospective Oil Resources, C Lead

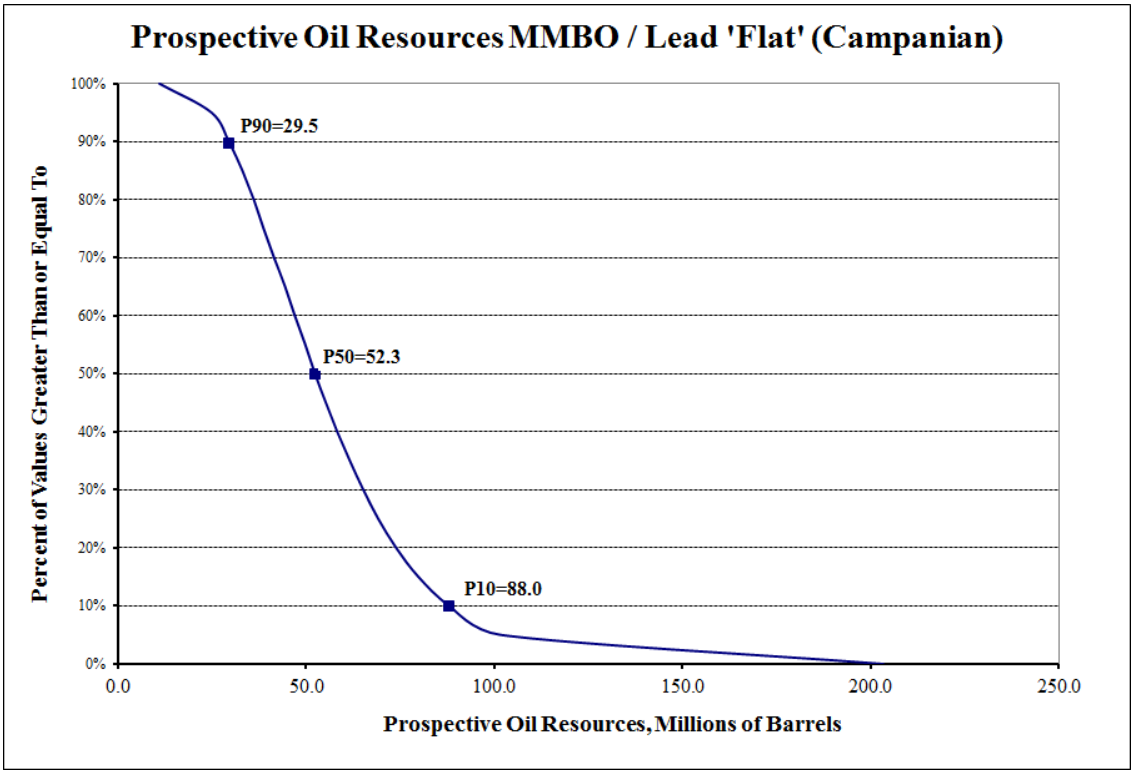


Figure 4—4 Distribution of Prospective Oil Resources, Flat Lead

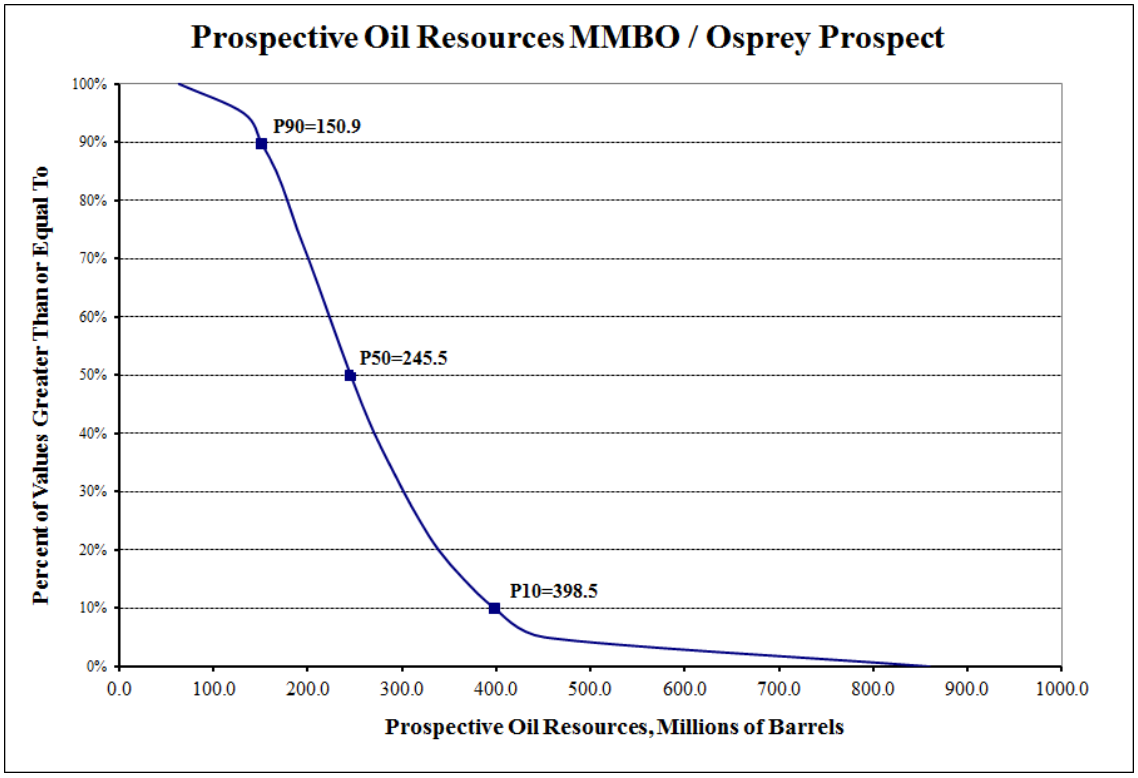


Figure 4—5 Distribution of Prospective Oil Resources, Osprey Prospect

4.4.2 Guy Block

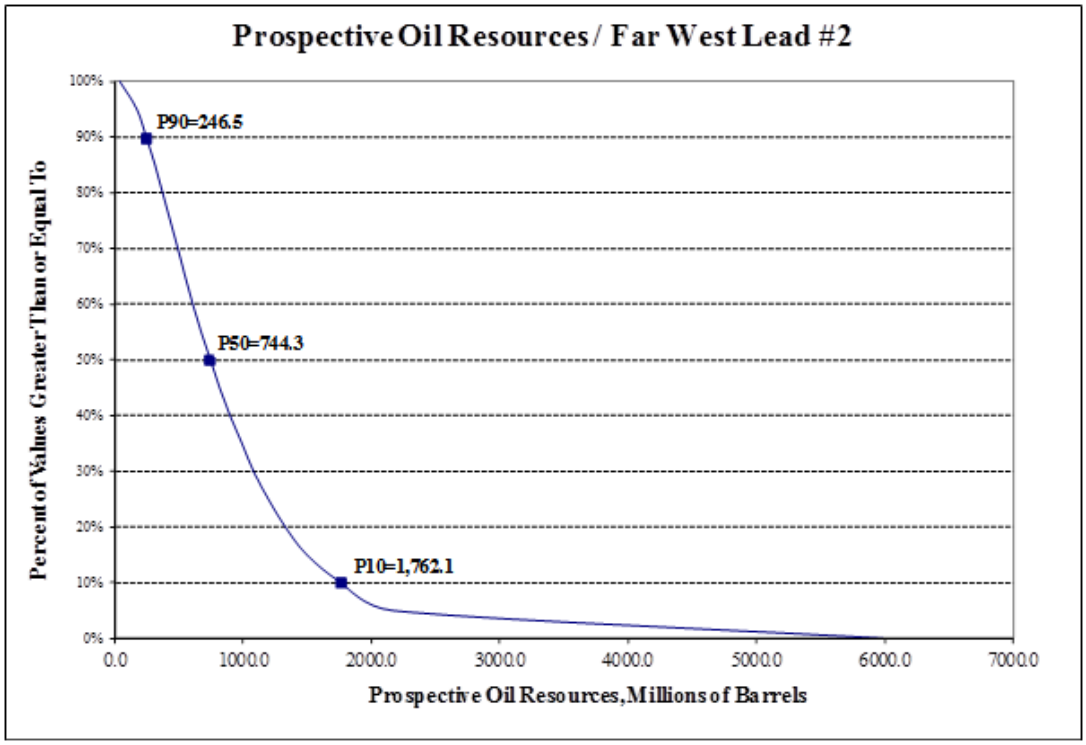


Figure 4—6 Distribution of Prospective Oil Resources, Far West Lead #2

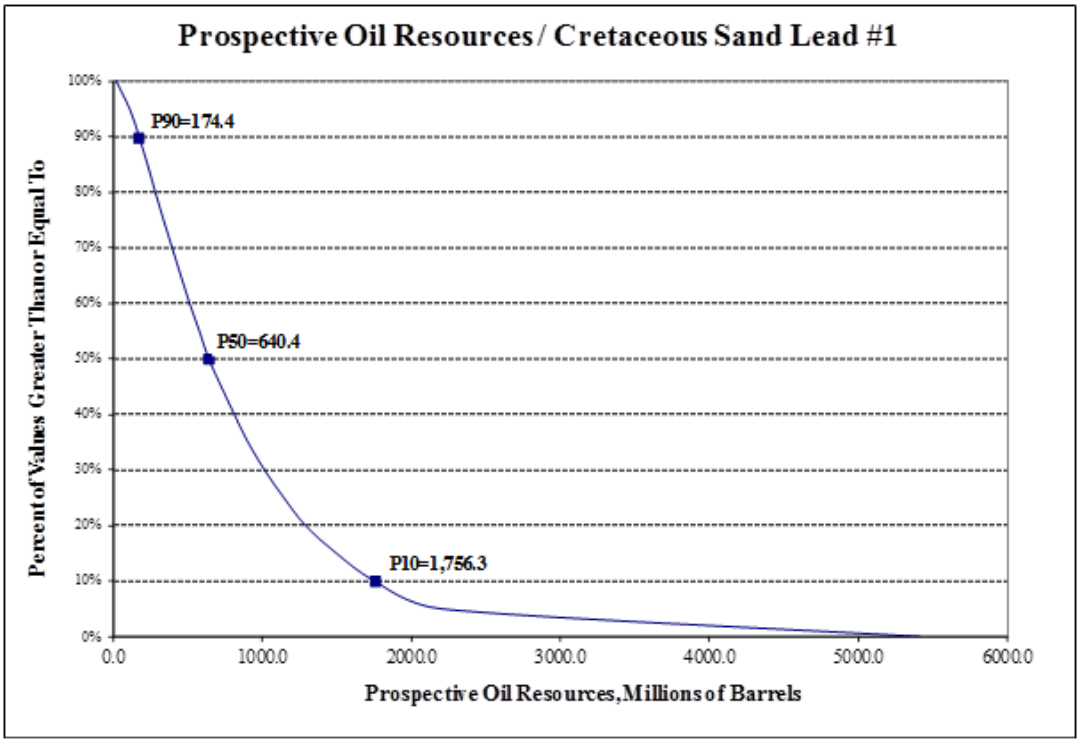


Figure 4—7 Distribution of Prospective Oil Resources Cretaceous Sand Lead #1

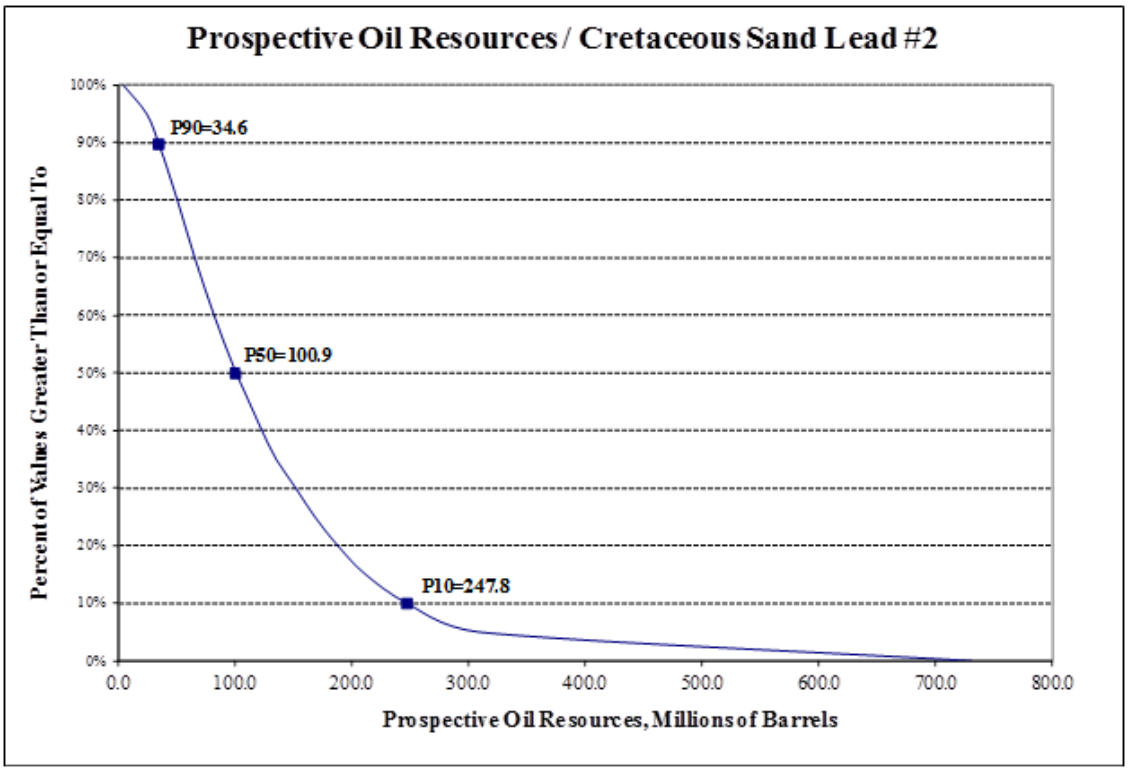


Figure 4—8 Distribution of Prospective Oil Resources, Cretaceous Sand Lead #2

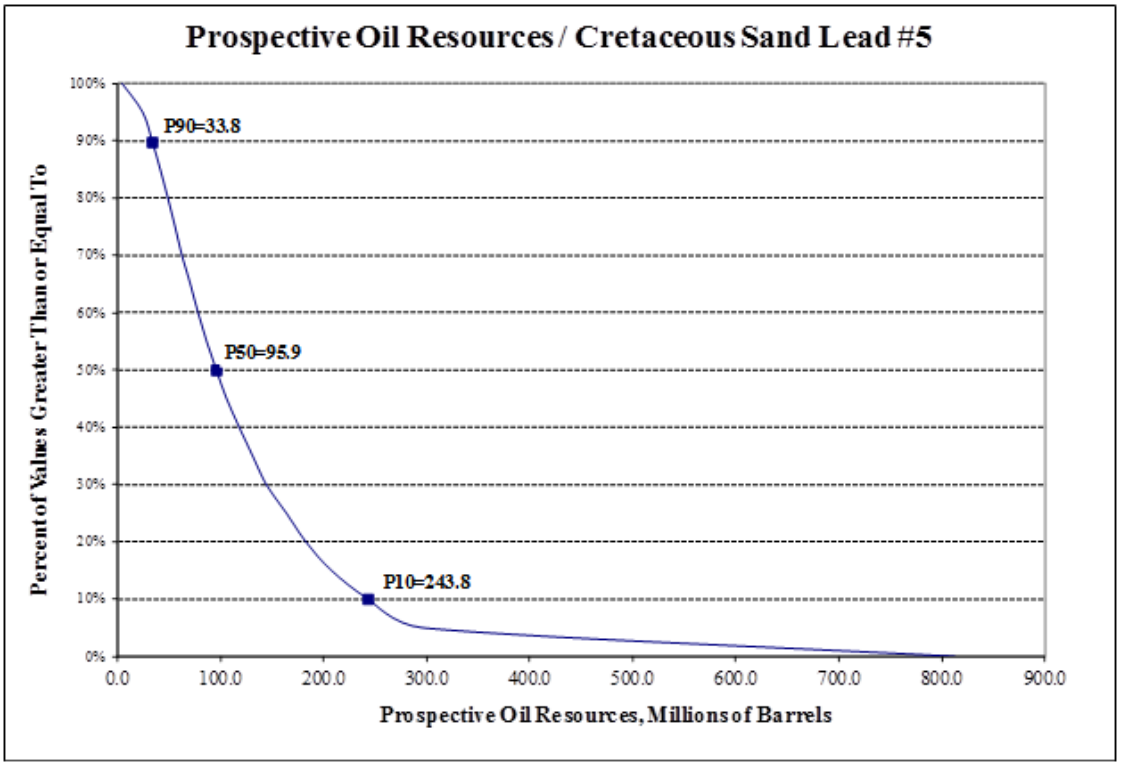


Figure 4—9 Distribution of Prospective Oil Resources, Cretaceous Sand Lead #5

4.4.3 Sharon Block

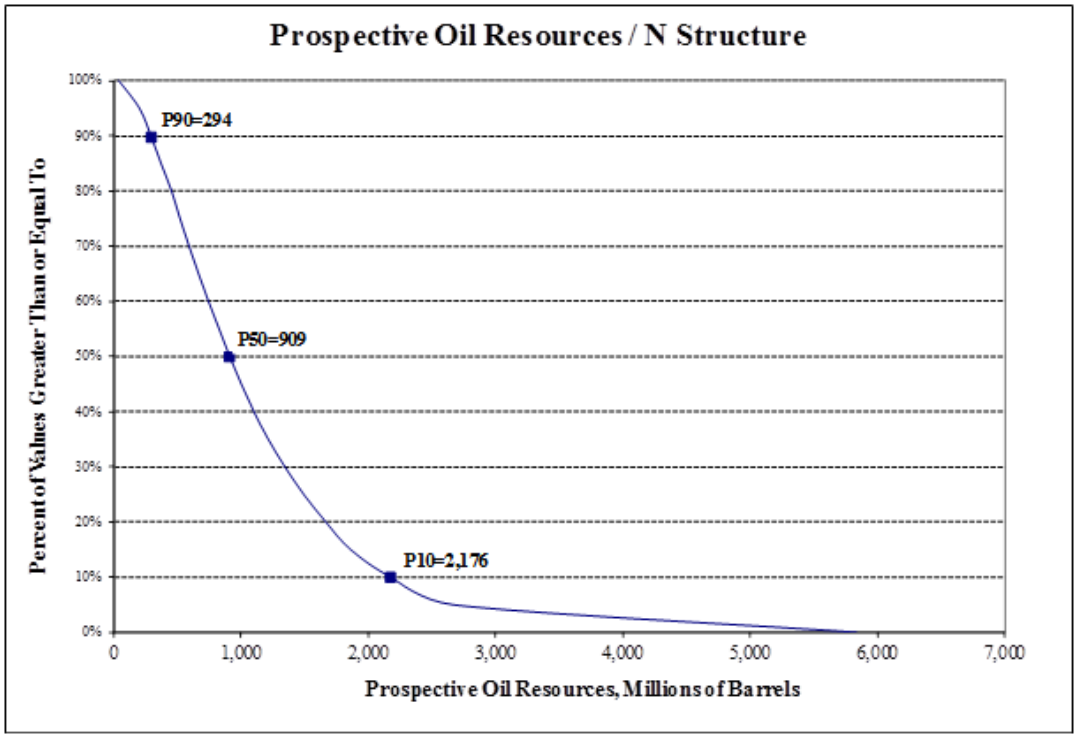


Figure 4—10 Distribution of Prospective Oil Resources N Structure

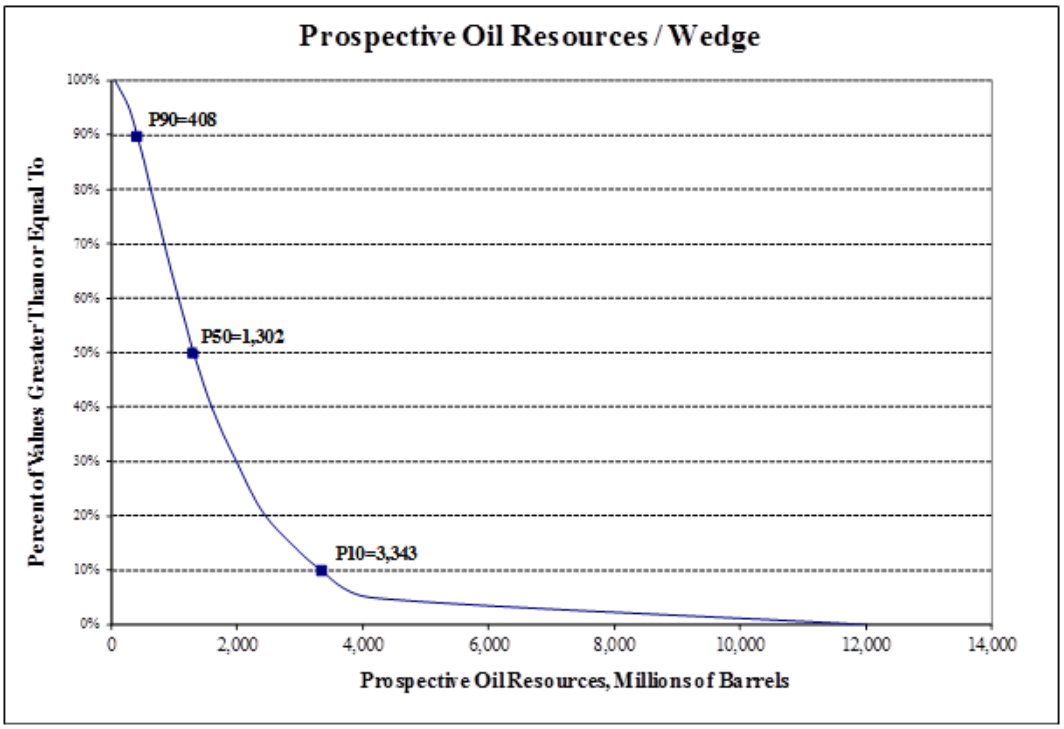


Figure 4—11 Distribution of Prospective Oil Resources Wedge

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6. CONSENT LETTER

Gustavson Associates LLC hereby consents to the use of all or any part of this Lead and Prospect Evaluation Report for the Cooper Block, Sharon Block, Guy Block, and Orinduik Block concessions, as of October 31, 2016, in any document filed with any London Stock Exchange (AIM) by ECO (Atlantic) Oil and Gas, Ltd.

COLORADO REGISTERED
LETHA CHAPMAN LENCIONI
29506
PROFESSIONAL ENGINEER

Letha C. Lencioni
Vice-President, Petroleum Engineering
Gustavson Associates LLC

7. CERTIFICATE OF QUALIFICATION

I, Letha Chapman Lencioni, Professional Engineer of 5757 Central Avenue, Suite D, Boulder, Colorado, 80301, USA, hereby certify:

1. I am an employee of Gustavson Associates, which prepared a detailed analysis of the oil and gas properties of ECO (Atlantic) Oil and Gas, Ltd. The effective date of this evaluation is October 31, 2016.
2. I do not have, nor do I expect to receive, any direct or indirect interest in the securities of ECO (Atlantic) Oil and Gas, Ltd. or their affiliated companies, nor any interest in the subject property.
3. I attended the University of Tulsa and I graduated with a Bachelor of Science Degree in Petroleum Engineering in 1980; I am a Registered Professional Engineer in the State of Colorado, and I have in excess of 30 years' experience in the conduct of evaluation and engineering studies relating to oil and gas fields.
4. A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of information available from public information and records, and the files of ECO (Atlantic) Oil and Gas, Ltd.
5.

COLORADO REGISTERED
LETHA CHAPMAN LENCIONI
29506
PROFESSIONAL ENGINEER

Letha Chapman Lencioni
Chief Reservoir Engineer/
Vice-President, Petroleum Engineering
Gustavson Associates, LLC
Colorado Registered Engineer #29506

I, Jan Joseph Tomanek, Certified Petroleum Geologist of 5757 Central Avenue, Suite D, Boulder, Colorado, 80301, USA, hereby certify:

1. I am an employee of Gustavson Associates, which prepared a detailed analysis of the oil and gas properties of ECO (Atlantic) Oil and Gas, Ltd. The effective date of this evaluation is October 31, 2016.
2. I do not have, nor do I expect to receive, any direct or indirect interest in the securities of ECO (Atlantic) Oil and Gas, Ltd. or their affiliated companies, nor any interest in the subject property.
3. I attended the University of Connecticut and I graduated with a Bachelor of Science Degree in Geology in 1975; I am an American Association of Petroleum Geologists Certified Petroleum Geologist and an American Institute of Professional Geologist Certified Professional Geologist, and I have in excess of 35 years' experience in the oil and gas field.
4. A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of information available from public information and records, and the files of ECO (Atlantic) Oil and Gas, Ltd.

AMERICAN INSTITUTE OF PROFESSIONAL GEOLOGISTS
CERTIFICATE NUMBER
11566
AIPG
JAN J. TOMANEK
CERTIFIED PROFESSIONAL GEOLOGIST

Jan Joseph Tomanek
Vice-President, Oil and Gas
Gustavson Associates, LLC
AIPG CPG #11566
AAPG CPG # 6239

AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS
CERTIFIED PETROLEUM GEOLOGIST
JAN J. TOMANEK
6239

Additional Professional Personnel who contributed to this Report

Michele G. Bishop

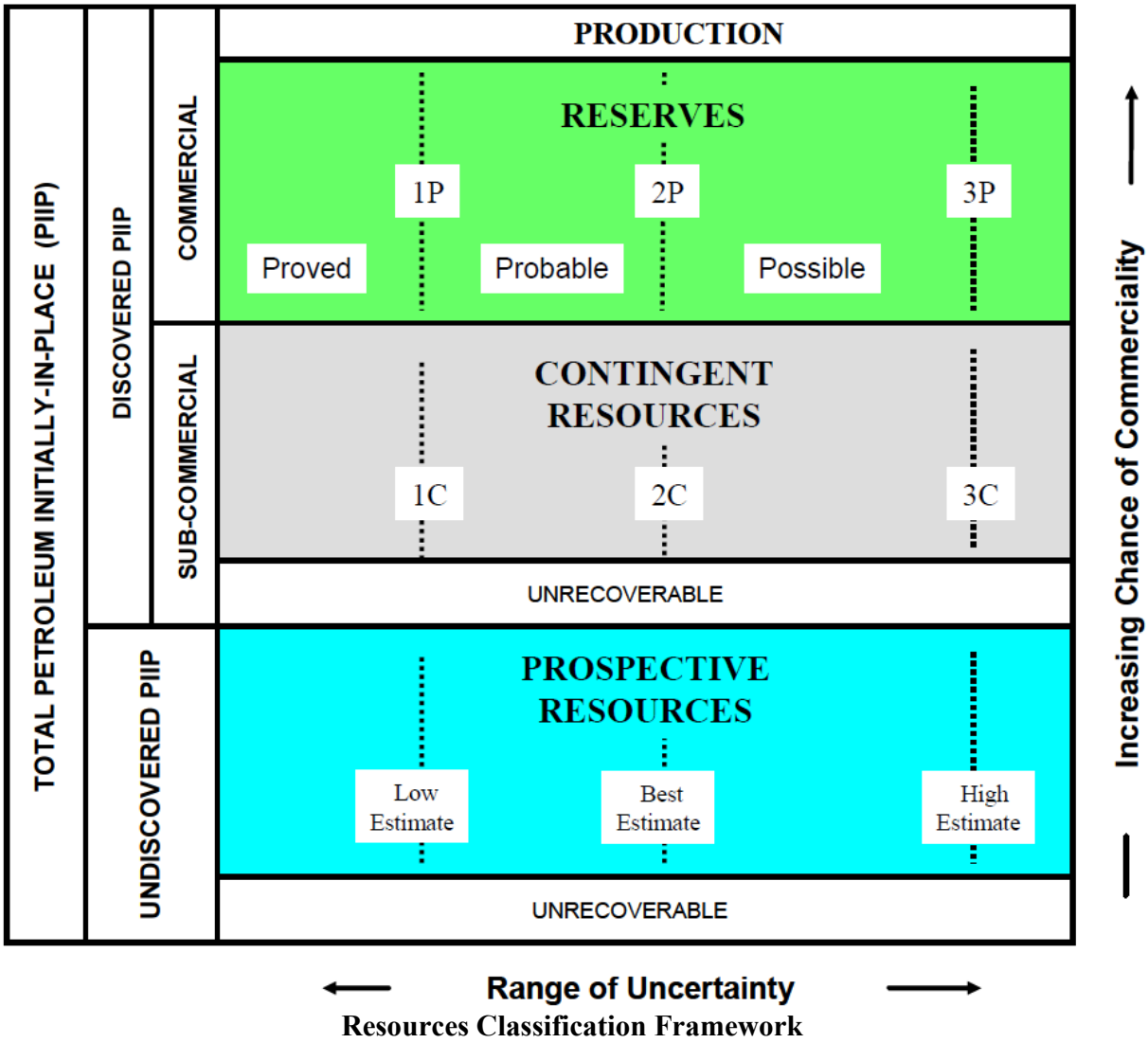
Chief Geologist - Master of Science Degree in Geology from Duke University. Professional Geologist of the State of Wyoming, State of Alaska, and an American Institute of Professional Geologists Certified Professional Geologist with over 30 years of experience in studies relating to oil and gas fields, including estimating quantities of reserves and resources. She is a member in good standing of the following professional organizations: Society for Sedimentary Geology (SEPM), Rocky Mountain Association of Geologists (RMAG), Denver International Petroleum Society (DIPS), The Research Society (Sigma Xi), and the American Institute of Professional Geologists (AIPG).

Credentials include: Wyoming Professional Geologist PG-783, Alaska Certified Professional Geologist CPG-117253 and AIPG Certified Professional Geologist CPG-11291.

Appendix A

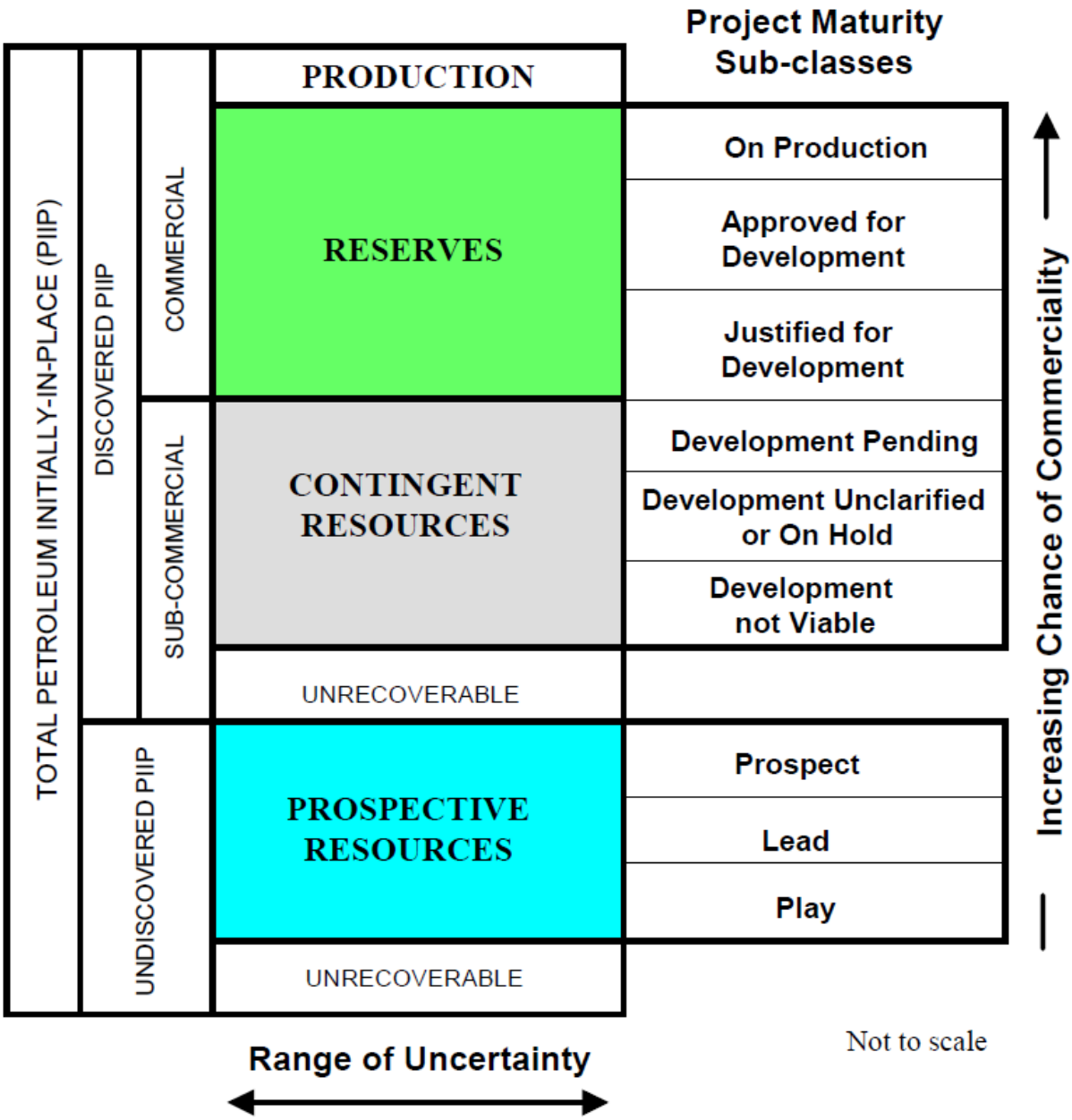
Glossary of Terms and Abbreviations

The following are select terms or phrases as defined by Society of Petroleum Engineers (SPE), American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), and Society of Petroleum Evaluation Engineers (SPEE) in Petroleum Resources Management System, 2007, see figures below. Note that these figures and definitions are consistent with the figures and definitions provided in the COGEH[13]: the PRMS versions are reproduced here due to their completeness.



Resources Classification Framework

[13] Canadian Oil and Gas Evaluation Handbook as referenced earlier in this report.



Sub-Classes based on Project Maturity

An **Accumulation** is an individual body of naturally occurring petroleum in a reservoir.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

Conventional Resources exist in discrete petroleum accumulations related to localized geological structural features and/or stratigraphic conditions, typically with each accumulation bounded by a downdip contact with an aquifer, and which is significantly affected by hydrodynamic influences such as buoyancy of petroleum in water.

Developed Reserves are expected quantities to be recovered from existing wells and facilities.

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of estimate.

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.

Estimated Ultimate Recovery (EUR) are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from an accumulation, plus those quantities already produced therefrom.

A **Lead** is a project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.

Low/Best/High Estimates are the range of uncertainty that reflects a reasonable range of estimated potentially recoverable volumes at varying degrees of uncertainty (using the cumulative scenario approach) for an individual accumulation or a project.

A **Play** is a project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects. A Pool is an individual and separate accumulation of petroleum in a reservoir.

Possible Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable that Probable Reserves.

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.

Probabilistic Estimate is the method of estimation used when the known geoscience, engineering, and economic data are used to generate a continuous range of estimates and their associated probabilities.

A **Prospect** is a project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.

Prospective Resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

Unconventional Resources exist in petroleum accumulations that are pervasive throughout a large area and that are not significantly affected by hydrodynamic influences (also called "continuous-type deposits"). Examples include coalbed methane (CBM), basic-centered gas, shale gas, gas hydrate, natural bitumen (tar sands), and oil shale deposits. Typically, such accumulations require specialized extraction technology (e.g., dewatering of CBM, massive fracturing programs for shale gas, steam and/or solvents to mobilize bitumen for in-situ recovery, and, in some cases, mining activities). Moreover, the extracted petroleum may require significant processing prior to sale (e.g., bitumen upgraders). (Also termed "Non-Conventional" Resources and "Continuous Deposits".)

Undeveloped Reserves are quantities expected to be recovered through future investments.

The following are abbreviations and definitions for common petroleum terms.

10^3m^3	thousands of cubic meters
AVO	amplitude versus offset
Bbl, Bbls	barrel, barrels
BCF	billions of cubic feet
BCM	billions of cubic meters
B_g	gas formation volume factor
BHT	bottom hole temperature
BHP	bottom hole pressure
B_o	oil formation volume factor
BOE	barrels of oil equivalent
BOPD	barrels of oil per day
BPD	barrels per day
Btu	British thermal units
BV	bulk volume
CNG	compressed natural gas
CO_2	carbon dioxide
DHI	direct hydrocarbon indicators
DHC	dry hole cost
DST	drill-stem test
E & P	exploration and production
EOR	enhanced oil recovery
EUR	estimated ultimate recovery
ft	feet
ft^2	square feet
FVF	formation volume factor
G & A	general and administrative
G & G	geological and geophysical
g/cm^3	grams per cubic centimeter
Ga	billion (10^9) years
GIIP	gas initially in place
GOC	gas-oil contact
GOR	gas-oil ratio
GR	gamma ray (log)
GRV	gross rock volume
GWC	gas-water contact
ha	hectare
Hz	hertz
IDC	intangible drilling cost
IOR	improved oil recovery
IRR	internal rate of return
J & A	junked and abandoned
km	kilometers
km^2	square kilometers
LoF	life of field

M & A	mergers and acquisitions
m	meters
M	thousands
MM	million
m^3/day	cubic meters per day
Ma	million years (before present)
max	maximum
MBOPD	thousand barrels of oil per day
MCFD	thousand cubic feet per day
MCFGD	thousand cubic feet of gas per day
MD	measured depth
mD	millidarcies
MDSS	measured depth subsea
min	minimum
ML	most likely
MMBO	million barrels of oil
MMBOE	million barrels of oil equivalent
MMBOPD	million barrels of oil per day
MMCFGD	million cubic feet of gas per day
MMTOE	million tons of oil equivalent
mSS	meters subsea
NGL	natural gas liquids
NPV	net present value
NTG	net-to-gross ratio
OGIP	original gas in place
OOIP	original oil in place
OWC	oil-water contact
P10	high estimate
P50	best estimate
P90	low estimate
P & A	plugged and abandoned
ppm	parts per million
PRMS	Petroleum Resources Management System
psi	pounds per square inch
RB	reservoir barrels
RCF	reservoir cubic feet
RF	recovery factor
ROI	return on investment
ROP	rate of penetration
SCF	standard cubic feet
SS	subsea
STB	stock tank barrel
STOIIP	stock tank oil initially in place
S_g	gas saturation
S_o	oil saturation
S_w	water saturation

TCF	trillion cubic feet
TD	total depth
TDC	tangible drilling cost
TVD	true vertical depth
TVDSS	true vertical depth subsea
TWT	two-way time
US$	US dollar

PART V

ADDITIONAL INFORMATION

1. Responsibility

The Company, the Directors and the Proposed Director, whose names and functions are set out in paragraph 2.1, accept responsibility for all the information contained in this Document. To the best of the knowledge and belief of the Company, the Directors and the Proposed Director (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect the import of such information. All Directors and the Proposed Director accept individual and collective responsibility for compliance with the AIM Rules for Companies.

2. The Directors

2.1 The Directors and the Proposed Director and their respective functions are as follows:

- Moshe Peterburg – *Non-Executive Chairman*
- Gil Holzman – *Chief Executive Officer*
- Colin Brent Kinley – *Chief Operating Officer*
- Gadi Levin – *Finance Director*
- Alan Mark Friedman – *Executive Director*
- Kangulohi Helmut Angula – *Non-Executive Director*
- Peter William Nicol – *Non-Executive Director*
- Derek Linfield – *Proposed Non-Executive Director*

2.2 In addition, the Company has the following managers ("**Managers**"):

Alan Rootenberg (*Chief Financial Officer*);

Philipinne Yuleity Angula (*Director of Eco Namibia and Eco Services*)

2.3 The business address of the Directors and the Proposed Director is 181 Bay St., Suite 320, Toronto, Ontario, M5J 2T3.

3. The Company

3.1 The Company was incorporated in Ontario on 11 June 2007 under the OBCA, with registered number 001737342, with the name Goldbard Capital Corporation. On 25 November 2011, a wholly owned subsidiary of Goldbard Capital Corporation, Goldbard Resources Inc., completed a merger with Eco Oil and Gas Ltd., incorporated in the BVI. On the same date, as part of the merger, Goldbard Capital Corporation changed its name to "Eco (Atlantic) Oil & Gas Ltd." and was continued into British Columbia under the BCA with number C0926072.

3.2 The Company's head office is located at 181 Bay St., Suite 320, Toronto, Ontario, M5J 2T3. Under the BCA, the Company is also required to have a registered and records office in British Columbia. The registered and records office of the Company is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8.

3.3 The Company' operations office telephone number is +1 416.250.1955.

3.4 The principal legislation governing the Company is the BCA and the regulations made thereunder. In addition to the BCA, distribution of the securities of the Company is governed by applicable securities laws and applicable Rules, Instruments and Policies enacted by the TSX-V.

3.5 The business of the Company and its principal activity is that of a holding and management company of the Group that is involved in petroleum identification, acquisition and exploration operations.

3.6 The Company has no administrative, management or supervisory bodies other than the Board, the Managers, the Audit Committee, the Compensation Committee, the AIM Rules Compliance Committee and the African Relations Committee (these committees, their formation and members are set out in paragraph 15 of Part I).

3.7 The Company's Existing Common Shares are listed under the symbol "EOG" on the TSX-V.

3.8 On 25 April 2016, the Company was delisted from the NSX.

4. Subsidiaries and investments

4.1 The Company has the following direct and indirect subsidiaries:

Name	Country of incorporation (registered number)	Date of incorporation	issued share capital	Percentage owned or, if different, percentage of voting power held and group company holding the shares	Activity
Eco (BVI) Oil & Gas Ltd	British Virgin Islands (1650998)	26 May 2011	45,360,100 shares held by the Company	100 per cent. held by the Company	Intermediate holding company
Eco Atlantic Holdings Ltd.	Alberta, Canada (2018746178)	28 January 2015*	100 shares held by the Company	100 per cent. held by the Company	N/A
Eco (Barbados) Oil and Gas Holdings Ltd.	Barbados (40917)	27 September 2016	1000 shares held by the Company	100 per cent. held by the Company	Intermediate holding company
Eco Namibia Oil and Gas (Barbados) Ltd.	Barbados (40918)	27 September 2016	1000 shares held by Eco (Barbados) Oil and Gas Holdings Ltd.	100 per cent. held by Eco (Barbados) Oil and Gas Holdings Ltd.	Intermediate holding company
Eco Guyana Oil and Gas (Barbados) Ltd.	Barbados (40909)	27 September 2016	1000 shares held by Eco (Barbados) Oil and Gas Holdings Ltd.	100 per cent. held by Eco (Barbados) Oil and Gas Holdings Ltd.	Intermediate holding company
Eco Oil & Gas Service (Pty) Limited	Namibia (2010/0582)	4 October 2010	100 shares held by Eco Namibia Oil and Gas (Barbados) Ltd.	100 per cent. held by Eco Namibia Oil and Gas (Barbados) Ltd.	Trading company in the oil and gas sector
Eco Oil & Gas (Namibia) (Pty) Limited	Namibia (2008/0616)	17 July 2008	101 shares held by Eco Namibia Oil and Gas (Barbados) Ltd.	100 per cent. held by Eco Namibia Oil and Gas (Barbados) Ltd.	Trading company in the oil and gas sector
Pan African Oil Namibia Holdings (Pty) Ltd.	Namibia (2011/0813)	13 December 2011	100 shares, held by Eco Namibia Oil and Gas (Barbados) Ltd.	100 per cent. held by Eco Namibia Oil and Gas (Barbados) Ltd.	Intermediate holding company
Pan African Oil Namibia (Pty) Ltd.	Namibia (2010/0797)	1 December 2010	90 shares, held by Pan African Oil Namibia Holdings (Pty) Ltd. and 10 shares held by Amis Oil and Gas (Pty) Ltd	90 per cent. held by Pan African Oil Namibia Holdings (Pty) Ltd.	Trading company in the oil and gas sector
Eco (Atlantic) Guyana Inc.	Guyana (7701)	5 March 2014	9,400 ordinary shares, held by Eco Guyana Oil and Gas (Barbados) Ltd. and 600 ordinary shares held by minority shareholders	94 per cent. held by Eco Guyana Oil and Gas (Barbados) Ltd.	Trading company in the oil and gas sector
Eco (Atlantic) Guyana Offshore Inc.	Guyana (7701)	18 March 2014	1,000 ordinary shares, held by Eco Guyana Oil and Gas (Barbados) Ltd.	100 per cent. held by Eco Guyana Oil and Gas (Barbados) Ltd.	Trading company in the oil and gas sector

* Date of amalgamation

4.2 Other that as stated in paragraph 4.1, the Company does not hold direct or indirect investments

4.3 Except as stated in this paragraph 4, the Company does not have, nor has it taken any action to acquire, any significant investments.

5. Share capital

5.1 The authorised share capital of the Company is made up of an unlimited number of Common Shares, being shares of no par value. The ISIN of the Common Shares is: CA27887W1005.

5.2 The securities of the Company are created pursuant to the BCA. The distribution of the securities of the Company is governed by the *Securities Act* (British Columbia) and applicable Rules, Instruments and Policies enacted by the Canadian Securities Administrators.

5.3 Under the BCA and the articles of continuance of the Company, no shareholder consent is required to issue shares pursuant to a public or private offering of securities by the Company. However, under the TSX-V Rules, shareholder approval may be required if the Placing results in a change of control (as such term is defined in the TSX-V Rules) or a new control person (being *prima facie*, a holder of greater than 20 per cent. of the voting shares) is created as a result of the Placing.

5.4 During the period covered by the historical financial information, the Company has issued and allotted 24,581,174 Common Shares and purchased 8,191,500 Common Shares for cancellation as follows:

Date of issue	Description	No. of Shares	Issue Acquisition Price (CAD $)
18/09/2014	Issued on vesting of RSU's	4,100,000	0.25
28/01/2015	Issued in connection with amalgamation	18,830,738	N/A
24/02/2015	Issued on vesting of RSU's	475,000	0.09
28/04/2015	Purchased for cancellation pursuant to share repurchase programme	-723,000	0.10
15/05/2015	Issued on vesting of RSU's	250,000	0.105
23/06/2015	Purchased for cancellation pursuant to share repurchase programme	-384,000	0.11
29/06/2015	Purchased for cancellation pursuant to share repurchase programme	-407,000	0.10
19/08/2015	Purchased for cancellation pursuant to share repurchase programme	-959,000	0.13
06/11/2015	Purchased for cancellation pursuant to share repurchase programme	-2,088,000	0.14
01/03/2016	Purchased for cancellation pursuant to share repurchase programme	-1,807,000	0.16
04/05/2016	Issued on vesting of RSU's	708,700	0.216
24/08/2016	Issued on vesting of RSU's	216,736	0.19
20/10/2016	Purchase for cancellation pursuant to share repurchase programme	-1,823,500	0.16

5.5 The issued share capital of the Company at the date of this Document and on Admission (assuming no Options, RSUs or Warrants are exercised after the date of this Document) is or will be as follows:

	Number of Common Shares
Current	85,349,335*
On Admission	116,468,583

* On 28 January 2015, the Group completed an amalgamation with PAO. Certain shareholders of PAO have not yet claimed, in accordance with the terms of the amalgamation, the Common Shares due to them as consideration pursuant to completion of the amalgamation. To the extent that such Common Shares are not claimed by 28 January 2021, such Common Shares will be cancelled and the Company's issued share capital will be reduced by the number of consideration shares not claimed. Accordingly, a maximum of 857,974 Common Shares may be cancelled at such time.

On 7 March 2016, the Company announced the commencement of a share buyback programme authorising the Directors to repurchase Common Shares in the Company up to a maximum of 6,491,870 Common Shares at any time from 10 March 2016 to 9 March 2017. As at the date of this Document and as set out in paragraph 5.4 of this Part V, 1,823,500 Common Shares have been repurchased by the Company under this share buyback programme. It is the Directors' current intention that no further purchases of Common Shares be made under this buyback programme prior to its expiry on 9 March 2017. In addition it is currently anticipated that 1,789,000 Common Shares repurchased and currently held in Treasury but still outstanding under this programme will be cancelled in February 2017.

5.6 Options over a total of 7,870,000 Common Shares have been granted and are presently held by certain Directors, officers, consultants and employees under the Stock Option Plan, all of which will be outstanding immediately following Admission and the principal terms of which are set out in the table below. Further details of Directors' interests in Options are set out in paragraph 11 of this Part V.

Name	Date of grant	Aggregate no. of Options granted	Vesting details	Exercise Price (CAD $)	Lapse Date
Gil Holzman	12 January 2012	1,500,000	1	0.30	12 January 2022
Gil Holzman	24 December 2012	400,000	3	0.30	24 December 2022
Alan Friedman	12 January 2012	1,000,000	1	0.30	12 January 2022
Alan Friedman	24 December 2012	40,000	3	0.30	24 December 2022
Colin Kinley	12 January 2012	700,000	1	0.30	12 January 2022
Colin Kinley	24 December 2012	200,000	3	0.30	24 December 2022
Moshe Peterburg	12 January 2012	650,000	1	0.30	12 January 2022
Moshe Peterburg	24 December 2012	100,000	3	0.30	24 December 2022
Alan Rootenberg	12 January 2012	300,000	1	0.30	12 January 2022
Alan Rootenberg	24 December 2012	40,000	3	0.30	24 December 2022
Helmut Angula	12 January 2012	300,000	1	0.30	12 January 2022
Helmut Angula	24 December 2012	40,000	3	0.30	24 December 2022
Peter Nicol	16 May 2012	350,000	2	0.30	16 May 2022
Peter Nicol	24 December 2012	50,000	3	0.30	24 December 2022
Gary Wine	28 January 2015	600,000	3	0.30	27 January 2018
Phil Miller	28 January 2015	600,000	3	0.30	27 January 2018
Gadi Levin	11 January 2015	350,000	4	0.30	10 January 2020
Eli Levental	23 March 2016	178,750	5	0.30	23 March 2021

Name	Date of grant	Aggregate no. of Options granted	Vesting details	Exercise Price (CAD $)	Lapse Date
Kampta Persaud	23 March 2016	30,000	5	0.30	23 March 2021
Shnitzer, Gotlieb, Samet & Co.	23 March 2016	62,500	5	0.30	March 23, 2021
Scott Kelly	23 March 2016	200,000	5	0.30	March 23, 2021
Tamir Weitzman	23 March 2016	178,750	5	0.30	March 23, 2021
Total		**7,870,000**			

Vesting Details:

1, 2, 3 as at the date of this Document, all vested

4 1/3 vested on 11 January 2015; 1/3 vested on 11 January 2016; 1/3 vested on 11 January 2017

5 1/3 vested on 23 March 2016; 1/3 vesting on 23 March 2017; 1/3 vesting on 23 March 2018

5.7 RSUs have been issued over a total of 6,895,936 Common Shares, of which RSUs over 5,750,436 Common Shares have vested and have been settled by way of issue of Common Shares. The balance of RSUs over a total of 1,145,500 are presently held by certain Directors and an associate of Colin Kinley under the RSU Plan, all of which will be outstanding immediately following Admission and the principal terms of which are set out in the table below. Further details of Directors' interested in RSUs are set out in paragraph 11 of this Part V.

Recipient	Date of grant	Number of RSUs granted but not vested	Vesting terms
Moshe Peterburg	30 March 2016	198,900	Vesting upon the holder's notice
Helmut Angula	30 March 2016	95,000	Vesting upon the holder's notice
Helmut Angula	10 August 2016	18,000	Vesting upon the holder's notice
Andrew Mac Ewen	28 November 2016	29,300	The earlier of: (i) the recipient's exercise notice, and (ii) 23 March 2017
Colin Kinley	28 November 2016	331,300	The earlier of: (i) the recipient's exercise notice, and (ii) 23 March 2017
Colin Kinley	28 November 2016	200,000	The earlier of (i) the completion of a farm-out transaction in relation to the Orinduik Block; and (ii) the acquisition by the Company of an interest in any additional petroleum prospecting license offshore Guyana. If the RSUs have not vested within 10 years from the date of grant, they will expire.
Gil Holzman	28 November 2016	200,000	The earlier of (i) completion of a farm-out transaction in relation to the Orinduik Block; and (ii) acquisition by the Company of an interest in any additional petroleum prospecting license offshore Guyana. If the RSUs have not vested within 10 years from the date of grant, they will expire.
Colin Kinley	28 November 2016	48,800	The earlier of: (i) the recipient's exercise notice, and (ii) 29 July 2017.
Andrew Mac Ewen	28 November 2016	24,200	The earlier of: (i) the recipient's exercise notice, and (ii) 29 July 2017.
Total		**1,145,500**	

5.8 Except as disclosed in this Document, the Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities issued by the Company.

5.9 On Admission and completion of the Placing, 7,870,000 Common Shares are available for issue in respect of Options granted and outstanding as at the date of this Document and 11,646,858 options over such number of Common Shares remain available for issue on Admission, which is equal to 10 per cent. of the Enlarged Share Capital (less the aggregate number of Options outstanding and Common Shares reserved for issuance or issuable under any other security based compensation arrangement of the Company except for the RSU Plan). 1,145,500 Common Shares are available for issue on exercise of RSUs granted to date and 8,534,933 RSUs, in respect of the same number of Common Shares, remain available for issue under the RSU Plan. 3,702,935 Common Shares are available for issue on exercise of the Warrants.

5.10 On Admission, existing shareholders will suffer a dilution of approximately 26.72 per cent. in their interests in the Company, assuming that no Options or Warrants are exercised, no RSUs vest and no new RSUs or Options are issued.

5.11 The Common Shares may be held in the United Kingdom either in certificated form or, in uncertificated form through Depositary Interests, under the CREST system. The Common Shares may be held in Canada either in certificated form or in uncertificated form, under the CDS system.

5.12 Except as disclosed in this paragraph, during the period covered by the financial information referred to in Parts III and VI of this Document: (i) there has been no change in the amount of the issued share or loan capital of the Company; and (ii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share capital of the Company.

5.13 To the best of the Directors' knowledge, there is no person who directly or indirectly, jointly or separately, exercise or could exercise control over the Company.

5.14 Except as stated elsewhere in this Part V, no share of the Company or any subsidiary is under option or has been agreed conditionally or unconditionally to be put under option.

5.15 During the period covered by the historical financial information, more than 10 per cent. of the share capital of the Company has been paid for with assets other than cash.

6. Articles

The rights attaching to the Common Shares, as set out in the articles of continuance of the Company, contain, amongst others, the following provisions:

The following is a summary of the Company's articles, which were effective as of 25 November 2011, following the Company's continuance into the province of British Columbia and is the principal governing document for the Company.

Common Shares

The Company is authorised to issue an unlimited number of common voting shares with the following rights, privileges, restrictions and conditions:

(a) The holders of Common Shares are entitled to receive notice of, attend at and vote at all meetings of Shareholders on the basis of one vote for each Common Share held.

(b) Holders of Common Shares are entitled to receive and participate rateably in any dividends declared by the board of directors of the Company. No dividend can be declared or paid on Common Shares if there are reasonable grounds for believing that:

  (i) the Company is insolvent; or

  (ii) the payment of the dividend would render the Company insolvent.

(c) In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its Shareholders for the purpose of winding up its affairs, the holders of Common Shares are entitled to share rateably in the distribution of the remaining assets of the Company.

Variation of Rights

Any rights attaching to any class of shares in the Company may be varied by a resolution passed by holders of not less than two thirds of the issued shares of that class.

Share Transfers

The Company has no restrictions on share transfers.

Directors

While the Company is a public corporation (that is, with its securities listed or posted for trading on a stock exchange), the Company must have a minimum of three directors. Otherwise, the number of directors is set by ordinary resolution as approved by the board of directors from time to time.

The directors of the Company may, between annual general meetings, appoint one or more additional directors of the Company to serve until the next annual general meeting, but the number of additional directors cannot at any time exceed one-third of the number of directors who held office at the expiration of the last annual general meeting of the Company.

In addition, the actions and duties of the directors of the Company are governed by the following rules:

(a) All directors are to be elected each year at the annual meeting of Shareholders. Directors continue in office until such time as they either resign or are replaced following a resolution to such effect by the shareholders.

(b) The board shall manage the business and affairs of the Company.

(c) Meetings may be held in person or via telephone and may take place as the directors see fit. In order to be duly called, reasonable notice must be provided, unless otherwise waived by all directors.

(d) The directors may be paid such remuneration for their services as the board may from time to time determine. If so granted, such remuneration must be approved by the Shareholders. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof.

(e) Resolutions of directors can also be approved in writing, provided that they are signed by all directors.

(f) The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets or guarantee the obligations of others.

Business

The Company is not restricted from carrying on any type of business approved by the Directors of the Company.

Voting rights

Subject to any special rights or restrictions that apply to voting by joint holders, incapacitated holders, or to holders for the time being of a particular class of shares in accordance with the Articles, every Shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder.

Transfer of Shares

Transfers of securities of the Company may be affected by an instrument of transfer in any usual form or in any other form approved by the board. The instrument of transfer shall be signed by or on behalf of the transferor. In the case of uncertificated transfers, the Shareholder will have to abide by the rules and policies of the intermediary that is the registered holder of the securities in question.

Officers

The board may appoint such officers as the board may determine in its discretion. The powers and duties of the officers shall be as determined by the board. Officers may be removed from their roles by directors. Unless otherwise removed, officers shall continue to hold office until a successor is appointed or their earlier resignation.

Indemnification of Directors and Officers

Subject to the BCA, the Company must indemnify a director or officer, a former director or officer, or such other persons as the board may determine, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Company. However, this does not extend to circumstances where a director has liability arising from his or her dishonesty, bad faith or breach of trust. The Company shall also indemnify such person in such other circumstances as the BCA permits or requires.

Shares and Shareholder Meetings

The issuance of securities by the Company and the conduct of Shareholder meetings are governed as follows:

(a) The Board may allot shares and grant options and warrants at its discretion, subject to the BCA. In addition, under the rules of the TSX-V and its existing stock option plan, the maximum number of options that the Company may grant under its stock option plan cannot exceed 10 per cent. of the issued and outstanding Common Shares at any time.

(b) The Company shall in each year hold an annual meeting of its Shareholders, at which time it shall place its financial statements before the shareholders for consideration and for the purpose of electing directors, appointing auditors and for such other purposes as may be properly brought before the meeting. Such meetings may be held in such location as determined in the discretion of the Board.

(c) Subject to the provisions of the BCA, the rules of the TSX-V and applicable securities laws, and provided that the Company is a public corporation, the record date for a meeting of Shareholders shall be no less than 21 days prior to said meeting. Annual general meetings of the Shareholders must be held no later than 15 months after the completion of the last annual general meeting.

(d) A quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled, together holding at least 5 per cent. of the Common Shares eligible to vote at the meeting.

On 30 December 2016, the shareholders of the Company approved an amendment to the Articles to provide that at any time when the shares of the Company are listed for or admitted to trading on an exchange other than the TSX Venture Exchange (which would therefore include AIM), all shareholders in the Company holding an interest in 3 per cent. or more of the Company's shares (including all legal and beneficial interests, direct or indirect, or interests in financial instruments which are referenced to such shares, of such shareholder) will be required, with effect from Admission, to notify the Company of their interest and of any subsequent relevant changes to their holdings which changes shall include any increase or decrease to such holdings through any single percentage threshold.

Notwithstanding the change to the Articles, under the BCA, the provisions of the Articles are not legally binding on the shareholders of the Company to disclose their holdings of Common Shares, other than those applicable securities laws requirements as outlined above.

7. Effects of Canadian Domicile

Local Legal and Regulatory Systems

The Company intends to conduct exploration, development and production activities in Africa and South America, which may have different or less developed legal systems than in Canada or the United Kingdom. This may result in risks such as (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or, in an ownership dispute, being more difficult to obtain, (ii) a higher degree of discretion on the part of governmental authorities, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, and (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licenses and agreements for business. These licenses and agreements may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.

Property right transfers, joint ventures, licences, licence applications or other legal arrangements pursuant to which the Company will operate may be adversely affected by the actions of government authorities and the effectiveness of and enforcement of rights under such arrangements in these jurisdictions may be impaired. The exploration of oil and natural gas in some of the jurisdictions in which the Company operates are still in its early stages and significant production has yet to be achieved. Accordingly, there is may not be enforcement history of the petroleum legislation in said jurisdictions. The Company cannot predict how the legislation will be interpreted or applied by local authorities with respect to the production and marketing of oil and natural gas and the impact that it will have on the Company's operations and business. For instance, the enforceability of export rights and foreign exchange rights has no jurisprudential precedent. Other provisions, such as the discretionary power that local authorities have to mandate the sale of a portion of production in the local markets and tax provisions, have not yet been tested. There are currently no oil and natural gas gathering systems, pipelines or processing facilities in some of the jurisdictions in which the Company operates, and this may adversely affect the economic viability of any potential discoveries. Regulation of oil and natural gas production and transportation, general economic conditions and changes in supply and demand could also adversely affect the Company's ability to produce and market any potential discoveries of oil and natural gas.

Enforcement of Civil Liabilities

Certain of the directors of the Company reside outside of Canada and, similarly, a majority of the assets of the Company will be located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors and experts not residing in Canada. It may also not be possible to enforce against the Company and certain of its directors and experts named herein judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Canadian Takeover Law

Although the Common Shares will be admitted to trading on AIM, the Company will not be subject to takeover regulation in the UK and the City Code will not apply to the Company. However, Canadian laws applicable to the Company provide for early warning disclosure requirements and for takeover bid rules for bids made to security holders in various jurisdictions in Canada, a summary of which is set out below.

In Canada, takeover bids are governed by applicable corporate and securities legislation in each province or territory in addition to policy and instruments implemented by Canadian Securities Administrators, which is an umbrella organisation of Canada's provincial and territorial securities regulators. Under the laws of the Provinces of Alberta, British Columbia, and Ontario, the jurisdictions in Canada in which the Company is a reporting issuer, when any person (an ''offeror'') acquires, except pursuant to a formal take-over bid, beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, voting or equity securities of any class of a reporting issuer that, together with such offeror's securities of that class, would constitute 10 per cent. or more of the outstanding securities of that class, the offeror must immediately issue and file a press release announcing the acquisition and file a report of such acquisition with the applicable securities regulatory authorities within two business days of the acquisition.

Once an offeror has filed such a report, the offeror is required to issue further press releases and file further reports (again, within two business days) each time that the offeror, or any person acting jointly or in concert with the offeror, acquires beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, an increase or decrease of two per cent. or more of the outstanding securities of the applicable class, decreases to less than ten per cent. or if there is a change in any other material fact, such as the consideration paid or the purpose of the transaction, set out in previous reports. A determination of whether any parties are acting ''jointly or in concert'' is a question of fact that is deemed to exist in certain circumstances such as when one party is dealing with an affiliate, or the existence of an agreement, commitment or understanding with the other party. Certain institutional investors, such as investment managers acting on behalf of investors on a fully discretionary basis, financial institutions, pension funds and private mutual funds, may elect an alternative monthly reporting system whereby they report changes, on a monthly as opposed to a two business day basis, of at least 2.5 per cent. from the last reported position or that the position has decreased below 10 per cent.

In Alberta, British Columbia, Ontario and other Canadian jurisdictions, a take-over bid is generally defined as an offer to acquire outstanding voting or equity securities of a class made to any holder in the jurisdiction of securities subject to the offer to acquire, if the securities subject to the offer to acquire, together with securities held by the offeror and any person acting jointly or in concert with the offeror, constitute in aggregate 20 per cent., or more of the outstanding securities of that class of securities at the date of the offer to acquire. Subject to limited exemptions, a take-over bid must generally be made to all holders of securities of the class that is subject to the bid who are in the jurisdiction and must allow such security holders 105 days to accept the bid unless otherwise agreed to by the board of the target company that a shorter timeframe shall apply. Unless exemptions are available, the offeror must deliver to the security holders a takeover bid circular which describes the terms of the take-over bid and the directors of the reporting issuer must deliver a directors' circular not later than 15 days after the date of the bid, either making or declining to make a recommendation to security holders to accept or reject the bid and the reasons for their making or not making a recommendation.

While provincial securities laws in Canada only regulate offers to residents of the particular province, the Canadian Securities Administrators have adopted a policy whereby they may issue a cease trade order prohibiting the trading of the securities of a company if a takeover bid is not made to all Canadian security holders. It should be noted that one exemption from the

aforementioned provisions is in the case of a "foreign take-over bid". Such an exemption from the takeover bid regime may be available where, among other criteria:

(a) security holders whose last address as shown on the books of the offeree issuer is in Canada hold less than 10 per cent. of the outstanding securities of the class subject to the bid at the commencement of the bid;

(a) security holders whose last address as shown on the books of the offeree issuer is in Canada hold less than 10 per cent. of the outstanding securities of the class subject to the bid at the commencement of the bid;

(b) the offeror reasonably believes that security holders in Canada beneficially own less than 10 per cent. of the outstanding securities of the class subject to the bid at the commencement of the bid;

(c) the published market on which the greatest volume of trading in securities of that class occurred during the 12 months immediately preceding the commencement of the bid was not in Canada;

(d) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class; and

(e) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction.

Canadian Corporate Law

The Company is a Canadian company continued in the Province of British Columbia, Canada under the BCA. There are certain differences between the corporate structure of the Company and that of a public limited company incorporated in the UK under CA 2006. A description of the principal differences is set out below.

Pre-Emptive Rights

The Company is not required under Canadian law to offer new Common Shares to existing Common Shareholders on a pre-emptive basis as is required of companies incorporated under the Act. As such, it may not be possible for existing Common Shareholders to participate in future share issues, which may dilute an existing Common Shareholder's interest in the Company. However, pursuant to the nominated adviser agreement, details of which are set out in paragraph 1.5.1 of this Part V, the Company and the Directors have undertaken to Strand Hanson and any other nominated adviser from time to time, that for as long as the Common Shares remain quoted on AIM but are no longer listed on the TSX-V or the TSX and as a result, no longer subject to the anti-dilution provisions in the rules of such exchanges, the Company will obtain Shareholder approval by special resolution for any issuance of Common Shares or securities exchangeable or convertible into Common Shares ("Relevant Securities") for cash such that such issuance of Relevant Securities would, when taken together with any Common Share issuances of Relevant Securities for cash in the 12 months prior to such issuance of Relevant Securities (or from the date the Company shall no longer be listed on the TSX or TSX-V, if such period is shorter than 12 months), exceed 25 per cent. of the issued and outstanding Common Shares on the date of such issuance.

The said undertaking will not apply to the following issuances of Relevant Securities:

(a) for the acquisition of property or the shares (or similar units of ownership) of another corporate or similar entity (including, but not limited to, partnership interests in a partnership or units of a trust); or

(b) in a rights offering where all Shareholders are offered an equal right per Common Share held to acquire Common Shares in the offering.

The Disclosure of Interests in Shares

(a) As a company existing under the laws of the province of British Columbia, the Shareholders will not be subject to any UK requirement to disclose to the Company their holdings of Common Shares.

(b) Under the BCA, there are no statutory obligations on shareholders (other than insider and early warning reporting obligations) to disclose to the Company the level of their interests in Common Shares. However, the early warning reporting obligations require any Shareholder to make certain disclosures when it acquires ownership or control or direction over voting or equity securities, or any other securities convertible into voting or equity securities, of any class of a public company that constitutes 10 per cent. or more of the outstanding securities of that class and acquisitions of every 2 per cent. thereafter.

When acquiring shares in the Company, shareholders are entitled under Canadian securities laws to categorise themselves as "objecting" ("**OBO**") or "non-objecting" ("**NOBO**") shareholders. By registering as such through the entity through which they acquired their shares, such as a broker, bank, or trust company, OBO's are noting that they object to their interest and their details being disclosed to the Company, subject to the 10 per cent. threshold at which Canadian securities law makes disclosure mandatory. NOBO's do not object to their shareholdings and their details being disclosed to the Company. Rule 17 of the AIM Rules requires, *inter alia*, that shareholders notify an AIM listed company once their holding is 3 per cent. or more, and changes thereto (movements through a percentage point upwards or downwards).

The shareholders of the Company have approved an amendment to the Articles to require shareholders holding an interest in 3 per cent. or more of the Company's shares to notify the Company thereof and of any subsequent relevant changes to their holdings which changes shall include any increase or decrease to such holdings through any single percentage threshold. See paragraph 6 of this Part V for further detail.

Cancellation of the Common Shares Trading on AIM

Under Rule 41 of the AIM Rules, should the Company wish to cancel the admission of its Common Shares to trading on AIM it is required to obtain the consent of not less than 75 per cent. of votes cast by its Shareholders at a duly called meeting thereof (unless the London Stock Exchange otherwise agrees in certain circumstances). Under the BCA, it is possible that a takeover, amalgamation or plan of arrangement, which might lead to a cancellation on the TSX-V, could be completed with the consent of 66 2/3 per cent. of votes cast by Shareholders at a duly called meeting thereof.

8. UK Taxation

Introduction

8.1 The information in this paragraph is based on the Directors' understanding of current UK tax law and HM Revenue & Customs' published practice as at the date of this document, which are subject to change at any time, possibly with retrospective effect. The information is intended as a general guide only and apply only to certain shareholders who are resident (and in the case of individuals, domiciled) in the UK for tax purposes (except to the extent that specific reference is made to shareholders resident outside the UK), who hold their Common Shares as investments and who are the absolute beneficial owners of those Common Shares and any dividends paid on them.

The following is a summary and should not be construed as constituting advice. It does not deal with the position of certain classes of shareholders who are subject to special rules, such as dealers in securities, traders, banks, financial institutions, investment companies, tax-exempt organisations, broker dealers, insurance companies, collective investment schemes, persons connected with the Company or shareholders who have or are deemed to have acquired their Common Shares by virtue of an office or employment. Shareholders who are in doubt as to their position or who are subject to tax in any jurisdiction other than the UK should consult their own professional advisers immediately.

An investment in the Company involves a number of complex tax considerations. Changes in law, practice of a tax or fiscal authority or in the interpretation of law in any of the countries in which the Company (or any subsidiary of the Company) has assets or carries on business, or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Company to investors.

Prospective shareholders are strongly advised to take independent tax advice from their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Common Shares under the laws of their country and/or state of citizenship, domicile or residence.

Tax treatment of the Company

8.2 Provided that the Company is not resident in the UK for taxation purposes and does not carry out any trade in the UK (whether or not through a permanent establishment situated there), the Company should not be liable for UK taxation on its income and gains, other than in respect of interest and other income received by the Company from a UK source (to the extent that it is subject to the withholding of basic rate income tax in the UK).

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors intend, insofar as this is within their control, that the affairs of the Company are conducted so the Company is not treated as carrying on a trade in the UK through a permanent establishment.

Tax treatment of investors

*Capital Gains Tax ("**CGT**")*

8.3 Disposals of Common Shares

A disposal or deemed disposal of Common Shares by shareholders who are resident in the UK for taxation purposes may, depending upon the shareholder's individual circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation for corporate shareholders), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains. For UK tax resident individuals, capital gains are chargeable at 10 per cent. or 20 per cent. depending on the individual's total taxable income and gains, subject to certain reliefs and exemptions. The rate for trustees is 20 per cent. For UK corporates any gain would be taxable at a maximum rate of 20 per cent. This rate will fall to 19 per cent. after 1 April 2017 and 17 per cent. after 1 April 2020.

Shareholders who are not resident in the UK (and are not temporarily non-resident) generally will not be subject to UK CGT on the disposal or deemed disposal of Common Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate shareholder, a permanent establishment) in connection with which the Common Shares are used, held or acquired. Non-UK tax resident shareholders may be subject to non-UK taxation on any gain under local law.

*Inheritance Tax ("**IHT**")*

8.4 Common Shares beneficially owned by an individual shareholder may be subject to UK IHT on the death of the shareholder or, in certain circumstances, on a gift by the shareholder. Generally, UK IHT is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For UK IHT purposes, a transfer of assets to another individual or trust could potentially be subject to UK inheritance tax, based on the loss of value to the donor.

Particular rules apply to gifts where the donor reserves or retains some benefit. Special rules apply to close companies and to trustees of settlements who hold shares, which could bring them within the charge to UK IHT.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold Common Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK IHT and an equivalent tax in another country or if they are in any doubt about their UK IHT position.

Income Tax

8.5 Taxation of dividends

Under current UK tax legislation no tax is withheld from dividends paid by the Company.

UK resident individual shareholders

Pursuant to Finance Act 2016, as of 6 April 2016 the notional dividend tax credit system was abolished. Instead, UK individuals are given an effective tax-free allowance of £5,000 on dividend income per year. Dividend income in excess of £5,000 will be taxed at the following rates:

a) 7.5 per cent. (basic rate taxpayers);

b) 32.5 per cent. (high rate taxpayers); and

c) 38.1 per cent. (additional rate taxpayers).

Dividend income that is within the dividend allowances counts towards an individual's basic or higher rate limits – and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of this allowance. In calculating into which tax band any dividend income over the £5,000 allowance falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

- *UK resident corporate shareholders*
- Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company (because the Company is resident in a "qualifying territory" for the purposes of the legislation contained in the Corporation Tax Act 2009).
- Dividends paid on the Common Shares to other shareholders within the charge to UK corporation tax will generally (subject to anti-avoidance rules) fall within one or more of the classes of dividend qualifying for exemption from corporation tax. In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class. In the event that the dividends do not qualify for such exemption, shareholders within the charge to UK corporation tax will be subject to corporation tax on them. Shareholders within the charge to corporation tax are advised to consult their independent professional tax advisers in relation to the implications of the legislation.

Non-UK resident shareholders

Shareholders who are not resident in the UK will not generally be subject to UK corporation tax on dividends unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate shareholder, a permanent establishment) in connection with which the Common Shares are used, held or acquired. A shareholder resident outside the UK may be subject to non-UK taxation on dividend income under local law. **Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from the Company.**

Anti-avoidance

8.6 Deemed Gains

The attention of Shareholders who are resident in the United Kingdom for tax purposes are drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992. This provides that for so long as the Company would be a close company if it were resident in the UK, Shareholders could (depending on individual circumstances) be liable to UK capital gains taxation on their *pro rata* share of any capital gain accruing to the Company (or, in certain circumstances, to a subsidiary or investee company of the Company). Shareholders should consult their own independent professional advisers as to their UK tax position.

8.7 "Controlled Foreign Companies" Provisions – Deemed Income of Corporates

If the Company were at any time to be controlled, for UK tax purposes, by persons (of any type) resident in the United Kingdom for tax purposes, the "controlled foreign companies" provisions in Part 9A of Taxation (International and Other Provisions) Act 2010 could apply to UK resident corporate Shareholders. Under these provisions, part of any "chargeable profits"

accruing to the Company (or in certain circumstances to a subsidiary or investee company of the Company) may be attributed to such a corporate Shareholder and may in certain circumstances be chargeable to UK corporation tax in the hands of the corporate Shareholder. The Controlled Foreign Companies provisions are complex, and prospective Investors should consult their own independent professional advisers.

8.8 Deemed Income of Individuals

The attention of Shareholders who are individuals resident in the United Kingdom for tax purposes is drawn to the provisions set out in Chapter 2 of Part 13 of the UK Income Tax Act 2007, which may render those individuals liable to UK income tax in respect of undistributed income (but not capital gains) of the Company.

8.9 "Transactions in securities"

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities".

*Stamp Duty and Stamp Duty Reserve Tax ("**SDRT**")*

8.10 The statements below summarise the current UK Stamp Duty and SDRT position and are intended as a general guide only. Certain categories of person may not be liable to Stamp Duty or SDRT, and special rules apply to agreements made by certain categories of persons including intermediaries, brokers, dealers and persons connected with depository receipt systems and CREST services, who may be liable to Stamp Duty or SDRT at a higher rate or may, although not primarily liable for the tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

The Offer

No UK Stamp Duty or SDRT should arise on the issue of the Common Shares pursuant to the Placing.

Subsequent transfers outside of Depository Receipt Systems and CREST

The transfer on sale of Common Shares held in certificated form should not give rise to any liability to *ad valorem* Stamp Duty, unless the transfer document is signed in the UK, or relates to any matter or thing done or to be done in the UK.

Sales of Common Shares where the transfer document is signed in the UK or which relate to any matter or thing done or to be done in the UK will generally be liable to *ad valorem* Stamp Duty at the rate of 0.5 per cent. (rounded up to the nearest multiple of £5) of the amount or value of the consideration paid. An exemption from Stamp Duty will be available on an instrument transferring Common Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. The purchaser normally pays the Stamp Duty.

An unconditional agreement to transfer Common Shares will not normally give rise to SDRT, provided that (i) the Common Shares are not registered on a share register kept in the UK, and (ii) the Common Shares are not paired with shares issued by a body corporate incorporated in the UK.

9. Canadian Taxation

The following is a general summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) ("**Canadian Tax Act**") generally applicable to a Shareholder who holds Common Shares as capital property and deals at arm's length with, and is not affiliated with, the Company. This summary assumes that, at all relevant times, the Company will be, or will be deemed to be, resident in Canada for purposes of the Canadian Tax Act.

This summary is based upon the current provisions of the Canadian Tax Act and the Canada-United Kingdom Income Tax Convention (1978). This summary also takes into account all specific proposals to amend the Canadian Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("**Tax Proposals**") and the current published administrative and assessing policies and practices of the Canada Revenue Agency ("**CRA**"). This

summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or any changes in the administrative and assessing policies and practices of CRA. This summary does not take into account tax legislation of any province, territory or foreign jurisdiction. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from federal income tax legislation. No assurances can be given that the Tax Proposals will be enacted as proposed, if at all.

This summary is of a general nature only and is not intended to be, nor should it be, construed to be, legal or tax advice to any particular Shareholder. Accordingly, Shareholders should consult their own tax advisers for advice with respect to the income tax consequences to them of acquiring, holding and disposing of Common Shares having regard to their own particular circumstances. Further, this summary does not address the tax consequences to shareholders who borrowed funds in connection with the acquisition of their Common Shares.

9.1 ***Residents of Canada***

The following summary is applicable to a Shareholder who, at all relevant times, is, or is deemed to be, resident in Canada for purposes of the Canadian Tax Act ("**Canadian Holder**").

Certain Canadian Holders whose Common Shares otherwise might not qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Canadian Tax Act to have those shares, and any other "Canadian security", as defined in the Canadian Tax Act, owned in the year of the election and any subsequent taxation year, deemed to be capital property.

This summary is not applicable to a Canadian Holder: (i) that is a "financial institution" as defined in the Canadian Tax Act for the purposes of the "mark to market property" rules contained in the Canadian Tax Act; (ii) that is a "specified financial institution" or "restricted financial institution" as defined in the Canadian Tax Act; (iii) an interest in which is, or whose Common Shares are, a "tax shelter investment" as defined in the Canadian Tax Act; (iv) whose "functional currency" for purposes of the Canadian Tax Act is the currency of a country other than Canada; or (v) that has entered (or will enter) into, with respect to the Common Shares, a "derivative forward agreement" as defined in the Canadian Tax Act. Any such Canadian Holder should consult their own tax advisor.

9.1.1 Dividends on Common Shares

Dividends received or deemed to be received on Common Shares held by a Canadian Holder will be included in the Canadian Holder's income for the purposes of the Canadian Tax Act.

Such dividends received by a Canadian Holder that is an individual (including most trusts) will be subject to the gross-up and dividend tax credit rules in the Canadian Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company as "eligible dividends". There may be limitations on the ability of the Company to designate dividends as "eligible dividends."

A Canadian Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. A Canadian Holder that is a "private corporation" or "subject corporation" (as such terms are defined in the Canadian Tax Act) may be liable under Part III of the Canadian Tax Act to pay a refundable tax of 38⅓ per cent. of dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Canadian Holder's taxable income.

9.1.2 Disposal of Common Shares – Taxation of capital gains and capital losses

A Canadian Holder who disposes, or is deemed to dispose of, Common Shares (except to the Company or in certain tax free reorganizations) will generally realise a capital gain (or a capital loss) equal to the amount, if any, by which the Canadian Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the Canadian Holder's aggregate adjusted cost base of such Common Shares. For this purpose, the adjusted cost base of the Common Shares acquired by a

Canadian Holder at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Canadian Holder as capital property immediately before that time.

A Canadian Holder will be required to include in income for any particular taxation year one-half of the amount of any capital gain ("**taxable capital gain**") realised in the year and will generally be required to deduct one-half of the amount of any capital loss ("**allowable capital loss**") realised in any particular taxation year against taxable capital gains realised in the year, subject to the limitations contained in the Canadian Tax Act. Allowable capital losses in excess of taxable capital gains realised in a particular year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realised in such years, to the extent and under the circumstances described in the Canadian Tax Act.

In general, a capital loss otherwise arising on the disposition of a Common Share by a corporation may be reduced by dividends previously received, or deemed to have been received, thereon (or on a share for which the share has been substituted). Similar rules may also apply in circumstances where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares. Canadian Holders to whom these rules may be relevant should consult their own tax advisers.

A "**Canadian-controlled private corporation**" as defined in the Canadian Tax Act may be liable to pay, in addition to tax otherwise payable under the Canadian Tax Act, a refundable tax of 10⅔ per cent. of its "**aggregate investment income**". For this purpose, investment income will include taxable capital gains.

Capital gains realised by individuals and certain trusts may give rise to alternative minimum tax depending on the Canadian Holder's circumstances.

9.1.3 Eligibility for investment

Provided they are listed on a designated stock exchange (which currently includes the TSX-V but does not include AIM), the Common Shares will be "qualified investments" under the Canadian Tax Act for trusts governed by registered retirement savings plans ("**RRSP**"), registered retirement income funds ("**RRIF**"), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts ("**TFSA**") (collectively "**Exempt Plans**"). Notwithstanding that the Common Shares may be a "**qualified investment**" under the Canadian Tax Act, the annuitant under a RRSP or a RRIF or a holder of a TFSA (an annuitant or holder hereinafter referred to as a "**Controlling Individual**") will be subject to penalty taxes to the extent that the Common Shares constitute a "prohibited investment" in respect of the Controlling Individual. Generally, the Common Shares will only be a "prohibited investment" where a Controlling Individual does not deal at arm's length with the Company for purposes of the Canadian Tax Act or if the Controlling Individual has a "significant interest" in the Company within the meaning of the Canadian Tax Act.

Exempt Plans that own Common Shares should consult their own tax advisors.

9.2 ***Non-Residents of Canada***

The following summary is generally applicable to a Shareholder who, at all relevant times, is neither resident, nor deemed to be resident in Canada for purposes of the Canadian Tax Act, and who does not use or hold, and is not deemed to use or hold Common Shares in the course of carrying on a business in Canada ("**Non-Resident Holder**"). This summary does not apply to a Non-Resident Holder that is an insurer that carries on business in Canada and elsewhere. Non-Resident Holders should consult their own tax advisers for advice with respect to any foreign tax consequences applicable to them from holding and disposing of Common Shares. Non-Resident Holders that are resident or ordinarily resident in the United Kingdom for domestic United Kingdom tax purposes should also refer to the discussion in paragraph 9 above under the heading "UK Taxation".

9.2.1 Dividends on Common Shares

Dividends on Common Shares paid or credited or deemed to be paid or credited to a Non-Resident Holder will be subject to non-resident withholding tax under the Canadian Tax Act at the rate of 25 per cent. of the gross amount of the dividend, subject to

reduction under the provisions of an applicable income tax treaty or convention and the Company will be required to deduct such amount from any such dividends and remit the amount to the appropriate Canadian tax authority on behalf of the Non-Resident Holder.

A Non-Resident Holder, who is resident in the UK for purposes of the Canada-United Kingdom Income Tax Convention (1978), will generally be eligible for a rate of withholding tax applicable to dividends paid or credited or deemed to be paid or credited of 15 per cent. of the gross amount of the dividend, or 5 per cent. where the beneficial owner is a company which controls, directly or indirectly, at least 10 per cent. of the voting power in the Company.

Residents of the United Kingdom should also refer to the discussion in paragraph 8 above under the heading ''UK Taxation''.

9.2.2 Disposal of Common Shares – Taxation of capital gains and capital losses

A Non-Resident Holder will not be subject to tax under the Canadian Tax Act on any capital gain realised on the disposition or deemed disposition of such Common Shares, unless the Common Shares are, or are deemed to be, ''taxable Canadian property'' (within the meaning of the Canadian Tax Act) and the gain is not otherwise exempt from taxation in Canada under the terms of an applicable income tax convention or treaty. Generally, Common Shares will not be taxable Canadian property to a Non-Resident Holder at a particular time provided that (i) the Common Shares are listed on a designated stock exchange (which currently includes the TSX-V) at that time and at no time during the 60 month period immediately preceding the date of disposition of the Common Shares did the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, or such holder together with such persons, own 25 per cent. or more of the issued shares of any class or series of the Company, or (ii) at no time during such 60-month period did the Common Shares derive more than 50 per cent. of their value from any combination of: (a) real property situated in Canada, (b) ''timber resource property'' (as defined in the Canadian Tax Act), (c) ''Canadian resource property'' (as defined in the Canadian Tax Act), or (d) options in respect of, or interests in, or for civil law, rights in any of the foregoing, whether or not the property exists.

If Common Shares constitute or are deemed to constitute taxable Canadian property to a particular Non-Resident Holder, on the disposal or deemed disposal thereof, such holder will realise a capital gain (or capital loss), generally computed in the manner described above under ''Residents of Canada – Taxation of capital gains and capital losses''. Any such capital gain may be exempt from tax under the Canadian Tax Act under the terms of an income tax treaty or convention between Canada and the country in which the Non-Resident Holder resides. Non-Resident Holders whose Common Shares are taxable Canadian property should consult their own tax advisers for advice having regard to their particular circumstances.

10. Significant Shareholders

10.1 As a company organised under the laws of British Columbia, the disclosure requirements for shareholding thresholds for the Company are different than for a company incorporated in the United Kingdom. Details of the shareholding threshold disclosure requirements applicable to the Company under Canadian law are set out in paragraph 7 of this Part V**.** Subject to those legal requirements, except for the interests of the Directors, which are set out in paragraph 11.1 to 11.3 of this Part V, and those persons set out in this paragraph, the Directors are not aware of any interest which, as at the date of this Document and immediately following Admission, would amount to 3 per cent. or more of the Company's issued share capital, noting that these shareholdings do not take into account shareholders who beneficially own their shares through an intermediary and have elected to be objecting beneficial shareholders, thus preventing the Company from ascertaining their shareholdings:

Name	Existing Common Shares*	Percentage of current share capital	Common Shares on Admission	Percentage of share capital on Admission
Moshe Peterburg	9,145,999	10.72	9,458,499	8.12
Trent Ltd.	6,750,000	7.91	6,750,000	5.80
Utilico Emerging Markets Ltd	—	—	5,812,500	4.99
AziNam Limited	5,125,000	6.00	5,125,000	4.40
Gil Holzman**	4,581,259	5.37	4,581,259	3.93
Guil Reichman	3,747,913	4.39	3,747,913	3.22
Solidgate Trading Ltd.	2,897,651	3.40	2,897,651	2.49
Trecastle Holdings Limited	2,751,143	3.22	2,751,143	2.36
Colin Brent Kinley***	2,597,794	3.04	2,597,794	2.23

* According to the registered list of shareholders of the Company as at 17 January 2017 CDS & Co holds 65,679,054 Existing Common Shares. CDS & Co is the corporate vehicle through which uncertificated shares are held in Canada. Accordingly, some of the Common Shares in the table above are included within amounts attributed to CDS & Co.

The above shareholdings do not take into account shareholders who beneficially own their shares through an intermediary and have elected to be objecting beneficial shareholders, thus preventing the Company from ascertaining their shareholdings.

** Mr Holzman's holding includes 809,100 Common Shares held by his wife, Noa Holzman, and 114,666 Common Shares held by Gil Holzman Holdings Ltd., a company of which he is a beneficiary.

*** Mr Kinley's holding includes 25,060 Common Shares held by his wife, Karen Kinley, 469,889 Common Shares held by Kinley Exploration LLC and 25,000 Common Shares held by Gundyco ITF Colin Kinley, a company of which he is a beneficiary.

10.2 No major holder of Common Shares, either as listed above, or as set out in paragraph 10.1 of this Part V, has voting rights different from other holders of Common Shares.

11. Directors' and Managers' interests in the Company including Options, RSUs and service agreements

11.1 The interests of the Directors, the Managers and persons connected with them, within the meaning of sections 252 and 253 CA 2006, in the share capital of the Company at the date of this Document, all of which are beneficial and, following the Placing, are:

Name	Existing Common Shares	Percentage of current Common Share capital	Common Shares on Admission	Percentage of Enlarged Share Capital on Admission
Moshe Peterburg	9,145,999	10.72	9,458,499	8.12
Gil Holzman*	4,581,259	5.37	4,581,259	3.93
Helmut Kangulohi Angula	935,865	1.10	935,865	0.80
Colin Kinley**	2,597,794	3.04	2,597,794	2.23
Alan Friedman***	1,102,310	1.29	1,102,310	0.95
Peter Nicol	502,600	0.59	502,600	0.43
Gadi Levin	106,000	0.12	106,000	0.09
Alan Rootenberg	272,500	0.32	272,500	0.23
Phillipine Yuleity Angula	2,487,596	2.91	2,487,596	2.14

* Mr Holzman's holding includes 809,100 Common Shares held by his wife, Noa Holzman, and 114,666 Common Shares held by Gil Holzman Holdings Ltd, a company of which he is a beneficiary.

** Mr Kinley's holding includes 25,060 Common Shares held by his wife, Karen Kinley, 469,889 Common Shares held by Kinley Exploration LLC and 25,000 Common Shares held by Gundyco ITF Colin Kinley, a company of which he is a beneficiary.

*** Mr Friedman's holding includes 267,819 Common Shares held by his wife, Michelle Friedman, and 108,262 Common Shares held by Grayston Capital Investments I, a company of which he is a beneficiary.

11.2 Additionally, the Directors and one of the Managers hold the following Options over Common Shares pursuant to the Stock Option Plan;

Director/Manager	Date of grant	Aggregate no. of Options granted	Exercise Price (CAD $)	Lapse Date
Moshe Peterburg	12 January 2012	650,000	0.30	12 January 2022
Moshe Peterburg	24 December 2012	100,000	0.30	24 December 2022
Gil Holzman	12 January 2012	1,500,000	0.30	12 January 2022
Gil Holzman	24 December 2012	400,000	0.30	24 December 2022
Helmut Angula	12 January 2012	300,000	0.30	12 January 2022
Helmut Angula	24 December 2012	40,000	0.30	24 December 2022
Colin Kinley	12 January 2012	700,000	0.30	12 January 2022
Colin Kinley	24 December 2012	200,000	0.30	24 December 2022
Alan Friedman	12 January 2012	1,000,000	0.30	12 January 2022
Alan Friedman	24 December 2012	40,000	0.30	24 December 2022
Peter Nicol	16 May 2012	350,000	0.30	16 May 2022
Peter Nicol	24 December 2012	50,000	0.30	24 December 2022
Gadi Levin	11 January 2015	350,000	0.30	20 February 2020
Alan Rootenberg	12 January 2012	300,000	0.30	12 January 2022
Alan Rootenberg	24 December 2012	40,000	0.30	24 December 2022
Total		**6,020,000**		

11.3 Additionally, the Directors hold the following RSUs over Common Shares pursuant to the RSU Plan;

Recipient	Date of grant	Number of RSUs granted but not vested	Vesting terms
Moshe Peterburg	30 March 2016	198,900	Vesting upon the holder's notice
Helmut Angula	30 March 2016	95,000	Vesting upon the holder's notice
Helmut Angula	10 August 2016	18,000	Vesting upon the holder's notice
Colin Kinley	28 November 2016	331,300	The earlier of: (i) the recipient's exercise notice, and (ii) 23 March 2017
Colin Kinley	28 November 2016	200,000	The earlier of (i) the completion of a farm-out transaction in relation to the Orinduik Block; and (ii) the acquisition by the Company of an interest in any additional petroleum prospecting license offshore Guyana. If the RSUs have not vested within 10 years from the date of grant, they will expire.
Gil Holzman	28 November 2016	200,000	The earlier of (i) completion of a farm-out transaction in relation to the Orinduik Block; and (ii) acquisition by the Company of an interest in any additional petroleum prospecting license offshore Guyana. If the RSUs have not vested within 10 years from the date of grant, they will expire.
Colin Kinley	28 November 2016	48,800	The earlier of: (i) the recipient's exercise notice, and (ii) 29 July 2017.
Total		**1,092,000**	

11.4 Except as disclosed in paragraphs 11.1 to 11.3, none of the Directors nor any person connected with them, within the meaning of sections 252 and 253 CA 2006, is interested in the share capital of the Company, or in any related financial products referenced to the Common Shares.

11.5 There are no outstanding loans granted by any member of the Group to any Director, nor has any guarantee been provided by any member of the Group for their benefit.

11.6 The Company and/or Eco BVI have entered into the following service agreements:

11.6.1 A second amended and restated consultancy services agreement with GP International Consultants Ltd, a company wholly-owned and controlled by Moshe Peterburg, dated 6 January 2016 ("**Peterburg Agreement**"), pursuant to which Mr Peterburg agreed to provide his services to the Company in the capacity of Chairman of the Board and director for an annual fee of US $60,000 (plus HST and subject to increases in CPI), payable monthly. The Group may award Mr Peterburg a discretionary bonus, if the Company's Board and Compensation Committee resolve to do so. The agreement contains customary representations, warranties and covenants, including, among other things, standard confidentiality, non-competition and non-solicitation covenants. The Agreement is for a term of twenty-four months with consecutive renewal terms equal to twelve months, subject to a further renewal until 6 January 6 2019. The termination provisions of this agreement are described in paragraph 11.7 below.

11.6.2 An amended and restated consultancy services agreement with Gil Holzman Holdings Ltd., a company wholly-owned and controlled by Gil Holzman, dated 6 January 2016 ("**Holzman Agreement**"), pursuant to which Mr. Holzman agreed to provide his services to the Company in the capacity of President, CEO, and director for an annual fee of US $264,000 (plus HST and subject to increases in CPI), payable monthly and a bonus equal to up to 100 per cent. of his annual salary, which is based on performance indicators as agreed between the CEO of the Company and the Compensation Committee of the board from time to time. The Group may award Mr Holzman a discretionary bonus, if the Company's Board and Compensation Committee resolve to do so. The agreement contains customary representations, warranties and covenants, including, among other things, standard confidentiality, non-competition and non-solicitation covenants. The agreement is for a term of twenty-four months with consecutive renewal terms equal to twelve months. The termination provisions of this agreement are described in paragraph 11.7 below.

11.6.3 A consultancy services agreement with the M&S Group Inc., a company wholly-owned and controlled by Alan Rootenberg, dated 8 November 2014, pursuant to which Mr. Rootenberg agreed to provide his services to the Company in the capacity of CFO for an annual fee of CAD $18,000, payable monthly. The agreement contains customary representations, warranties and covenants, including, among other things, standard confidentiality, non-competition and non-solicitation covenants. The agreement entitles any party thereto to terminate it, at any time, with one month's prior written notice.

11.6.4 An amended and restated supplemental consultancy services agreement with Colin Kinley, dated 6 January 2016 ("**Colin Kinley Agreement**"), pursuant to which Mr. Kinley agreed to provide his services to the Company in the capacity of COO and director for an annual fee of US $192,000 (subject to increases in CPI), payable monthly and a bonus equal to up to 100 per cent. of his annual salary, which is based on performance indicators as determined by the CEO of the Company and the Compensation Committee of the board from time to time. The Group may award Mr Kinley a discretionary bonus, if the Company's Board and Compensation Committee resolve to do so. The agreement contains customary representations, warranties and covenants, including, among other things, standard confidentiality, non-competition and non-solicitation covenants. The agreement is for a term of twenty-four months with consecutive renewal terms equal to twelve months.

11.6.5 For details of the Kinley Exploration Agreement please see paragraph 14.2 of this Part V.

11.6.6 A second amended and restated consultancy services agreement with Rivonia Capital Inc., a company wholly-owned and controlled by Alan Friedman, dated 6 January 2016 ("**Friedman Agreement**"), pursuant to which Mr Friedman agreed to provide his services to the Company in the capacity of VP and director of the Company for an annual fee of CAD $120,000 (plus HST and subject to increases in CPI), payable monthly and a bonus equal to up to 100 per cent. of his annual salary, which is based on performance indicators as agreed between the CEO of the Company and the

Compensation Committee of the board from time to time. The Group may award Mr Friedman a discretionary bonus, if the Company's Board and Compensation Committee resolve to do so. The agreement contains customary representations, warranties and covenants, including, among other things, standard confidentiality, non-competition and non-solicitation covenants. The agreement is for a term of twenty-four months with consecutive renewal terms equal to twelve months.

11.6.7 A consultancy services agreement with Gadi Levin, dated 19 November 2014, pursuant to which Mr Levin agreed to provide his services to the Group in the capacity of a financial controller and director for an annual fee of CAD $96,000, payable monthly and a bonus equal to up to 100% per cent. of his annual salary, which is based on performance indicators as determined by the CEO of the Company and the Compensation Committee of the board from time to time. The Group may award Mr Levin a discretionary bonus, if the Company's Board and Compensation Committee resolve to do so. Pursuant to this agreement Mr Levin was also granted 350,000 Options, as more fully detailed in paragraph 5.6 of this Part V. The agreement contains customary representations, warranties and covenants, including, among other things, standard confidentiality, non-competition and non-solicitation covenants. The agreement may be terminated by any party at any time upon a 30 days' written notice. Mr Levin is not entitled to payment upon termination, other than the payment of his fees until the end of the notice period. The agreement is governed by the laws of BVI.

11.6.8 Eco Oil & Gas Service (Pty) Limited and Phillipine Angula are parties to a Consultancy Services Agreement (**Angula Agreement**) pursuant to which Phillipine Angula agreed to provide his services to Eco Oil & Gas Service (Pty) Limited in the capacity of Deputy General Manager of Eco Oil & Gas Service (Pty) Limited for an annual fee of Nam$180,000 (approximately CAD $18,000), payable monthly. The Angula Agreement contains various representations, warranties and covenants, including, among other things, standard confidentiality, non-competition and non-solicitation covenants. The Angula Agreement was for an original term of twenty-four months but has subsequently been extended, with either party entitled to terminate upon the provision of 60 days' written notice to the other party.

11.7 Each of the Peterburg Agreement, the Holzman Agreement, the Colin Kinley Agreement and the Friedman Agreement, as described in paragraph 11.6 above, may be terminated by any of its respective parties at any time, upon a 60 days' prior written notice. In the event of an early termination by any party in certain defined circumstances (involving a reduction of salary, significant diminution in the scope of the services or a fundamental breach by the Group of its obligations under the relevant agreement), the respective consultant will be entitled to a termination payment in an amount equal to one to two times its or his annual consulting fee and bonuses received, if any, and all of the stock options held by Mr Peterburg, Mr Holzman, Mr Kinley or Mr Friedman (as applicable) will vest immediately. However, in the event of a material default by the respective consultant of its or his obligations under the applicable agreement, the Company and/or Eco BVI may terminate the agreement, without notice, provided that it gave the consultant a reasonable opportunity to cure that default (to the extent reasonably curable). In the latter event, no termination payment will be made to the relevant consultant**.** The Directors are not entitled to compensation for loss of office except as outlined in their respective consulting agreements if applicable.

Each of the Peterburg Agreement, the Holzman Agreement, the Colin Kinley Agreement and the Friedman Agreement provides that should a transaction occur (in this paragraph, a "**COC Transaction**") that results in a Change of Control (as defined below), the respective consultant will be entitled to a bonus in an amount equal to a minimum of one time, and a maximum of two times, its or his annual consulting fee and bonuses received, if any. Furthermore, if any party to any of the said agreements provides notice of termination within 60 days of a COC Transaction, the relevant consultant will be entitled to an additional bonus in an amount equal to its or his annual consulting fee and bonuses received, if any.

"**Change of Control**" means any merger, amalgamation, recapitalization, take-over, plan of arrangement or similar transaction involving the Company (or, if the share capital of the Company is affected, any subsidiary of the Company) or any sale, lease or other transfer of all or substantially all of the assets of the Company or any subsidiary of the Company, where:

(a) the shareholders of the Company immediately prior to such transaction would not immediately after it beneficially own more than 50 per cent. of the then outstanding common shares of the surviving corporation or the combined voting power of the then outstanding voting securities of the surviving corporation, or (b) the directors at the time of the initial approval of such transaction would not immediately after that transaction constitute a majority of the board of directors of the surviving corporation.

The Peterburg Agreement, the Holzman Agreement, the Colin Kinley Agreement and the Friedman Agreement are governed by the laws of BVI.

11.8 The Company remunerates its non-executive directors based on the meetings they attend and the roles they perform on the Company's Board and committees. The Company has entered into a letter of appointment with each Director and the Proposed Director in respect of his appointment as an Executive Director or a Non-Executive Director, as applicable, effective as from Admission, to record the terms on which they are appointed, or continue to serve. The executive directors and Mr Peterburg will be entitled to receive fees under their respective consultancy agreements. The non-executive directors will be entitled to fees as agreed with the Company in writing from time to time. No compensation will be payable for loss of office under such letters of appointment. The Company has agreed with Peter Nicol and Derek Linfield fees of £25,000 per annum from Admission. The Company will continue to pay directors fees of approximately US $60,000 per annum to Moshe Peterburg and approximately CAD $30,000 to Helmut Angula (the exact amount of such fees depending on such factors as the number of meetings, serving on committees or chairing the Board or a committee). The aggregate remuneration paid and benefits in kind granted to the Non-Executive Directors for the period from 1 April 2016 to Admission, under the arrangements in force at the date of this document, amount to CAD $94,849. It is estimated that the aggregate remuneration payable to the Non-Executive Directors from the date of Admission to 31 March 2017 under arrangements that are in force and that will come into effect on Admission will amount to CAD $40,000.

11.9 The aggregate remuneration paid and benefits in kind granted to the executive Directors and management for the period from 1 April 2016 to Admission, under the arrangements in force at the date of this Document, amount to CAD $647,560 (with a further CAD $180,269 attributable to Kinley Exploration). It is estimated that the aggregate remuneration payable to the executive Directors and management from the date of Admission to 31 March 2017 under arrangements that are in force and that will come into effect on Admission will amount to CAD $220,000.

11.10 Except as set out above, there are no liquidated damages or other compensation payable by the Company upon early termination of the contracts of the Directors. None of the Directors has any commission or profit sharing arrangements with the Company.

11.11 Except as provided for in paragraphs 11.8 and 11.9 above, the total emoluments of the Directors will not be varied as a result of Admission.

11.12 Except as disclosed in this paragraph 11, there are no existing or proposed service contracts between the Company and any of the Directors which are not terminable on less than 12 months' notice, nor have any of their letters of appointment or service contracts been amended in the six months prior to the date of this document.

11.13 In addition to their directorships of the Company, the Directors and the Proposed Director are or have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships (which, unless otherwise stated, are incorporated in the UK) within the five years prior to the publication of this document:

Director	Current	Past
Moshe Peterburg	M. Peter Investments Ltd. 3 Pen Ltd. Better Plant SGS Ltd. GP International Consultants Ltd. Peterburg Energy Ltd Spearhead Technologies Ltd	3 CIM Holdings Ltd. GP Minerals Ltd.

Director	Current	Past
Gil Holzman	Gil Holzman Holdings Ltd. GEB Investment Group (Pty) Ltd. INDI GMI Ltd. Trading House for Pine Wood & Building Materials Ltd. D & H Interactive Marketing Solutions Israel Ltd. Snow Flex Israel Ltd.	GP Minerals Ltd.
Kangulohi Helmut Angula	Dinamo Diamonds (Pty) Ltd Marshall Rock (Pty) Ltd Transkunene Consulting Services Naras Investment (Pty) Ltd East Gate Properties (Pty) Ltd Alcon Consulting Service (Pty) Ltd Onyuulaye Trading and Investment (Pty) Ltd	
Colin Kinley	Excelsior Mining Corp Coro Mining Corp Kinley Exploration LLC Islander LLC Jet Mining Inc. Kinmac Investment Corp	Appalachian Energy Holdings LLC Manx Drilling LLC AEH LLC Manx Energy Inc. Adira Energy Ltd. Tonare Oil and Gas Coalbed LLC C&S Operating LLC East Cumberland LLC Coalbed Pipeline LLC
Alan Friedman	Adira Energy Ltd. Rivonia Capital Inc. Cronus Group Tembo Financial Inc Vaxil Bio Ltd Canada-Southern Africa Chamber of Business	Emerge Resources Corp Auryx Gold Corp
Peter Nicol	Locin Energy Ltd. Thorogood Associates Limited	GMP Securities Europe LLP GMP Securities Europe Nominees Limited GMP Europe Partners Co Ltd. VPHL Management Investment Ltd. VPHL Employee Investment Ltd Verus Petroleum UK Ltd Verus Petroleum Holding Ltd Disregarded Bridge Ltd
Gadi Levin	Vaxil Bio Ltd.	
Derek Linfield	Cornish Lithium Ltd. Linfield Consulting Limited Sound Diplomacy Holdings Ltd Mkango Resources Ltd. PillarFour Capital Inc. Letz Inc. MUN (UK) Limited Foundation For Canadian Studies In The UK Harlow Scholarship Trust	Stikeman Elliott London LLP Vue International Finco Limited Vue International MIDCO Limited Canada UK Chamber of Commerce Canada Day In London Limited

11.15 No Director or Proposed Director has:

11.15.1 had any convictions in relation to fraudulent offences or unspent convictions in relation to indictable offences;

11.15.2 had a bankruptcy order made against him or entered into an individual voluntary arrangement;

11.15.3 been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was acting in that capacity for that company or within the 12 months after he ceased to so act;

11.15.4 been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the 12 months preceding such event;

11.15.5 been subject to receivership in respect of any asset of such Director or of a partnership of which the Director was a partner at the time of or within 12 months preceding such event; or

11.15.6 been subject to any official public criticisms by any statutory or regulatory authority (including designated professional bodies) nor has such Director been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

11.16 Save as disclosed in this paragraph 11 and for Colin Kinley's interest in the Kinley Exploration Agreement, no Director has been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.

11.17 In the case of those Directors who have roles as directors of companies which are not a part of the Group, although there are no current conflicts of interest, it is possible that the general duties under the BCA and fiduciary duties owed by those Directors to companies of which they are directors from time to time may give rise to conflicts of interest with the duties owed to the Group. Except as mentioned above, there are no potential conflicts of interest between the duties owed by the Directors to the Company and their private duties or duties to third parties. Any conflicts of interest will be subject to and governed by the law applicable to directors; and officers' conflict of interest, including the provisions prescribed by the BCA. The BCA require that directors and officers of the Company, who are also directors or officers of a party which enters into a material contract with the Company or otherwise have a material interest in a material contract entered into by the Company, must disclose their interest and, in certain instances, refrain from voting on any resolution of the Company's directors to approve the contract.

11.18 Except for the Directors and the Managers, the Board does not believe that there are any other senior managers who are relevant in establishing that the Company has the appropriate expertise and experience for the management of the Company's business.

11.19 For each of the Directors, the date of expiration of the current term of office (if applicable) and the period during which the Director has served in that office is as follows:

Director	**Office**	**Date of expiration of current or proposed term of office**	**Date of commencement of period of service in office**
Moshe Peterburg	Director	Next annual general meeting	21 November 2011
Gil Holzman	Director	Next annual general meeting	21 November 2011
Helmut Kangulohi Angula	Director	Next annual general meeting	21 November 2011
Colin Kinley	Director	Next annual general meeting	21 November 2011
Alan Friedman	Director	Next annual general meeting	6 December 2011

Director	Office	Date of expiration of current or proposed term of office	Date of commencement of period of service in office
Peter Nicol	Director	Next annual general meeting	16 May 2012
Gadi Levin	Director	Next annual general meeting	28 November 2016
Derek Linfield	Director	Next annual general meeting	To be appointed effective from Admission

12. Summary of the Stock Option Plan

The purpose of the Company's stock option plan (the "**Stock Option Plan**") is to attract, retain and motivate directors, officers, employees and consultants (the "**Eligible Persons**") by providing them with the opportunity, through stock options, to acquire a proprietary interest in the Company and benefit from its growth. Pursuant to the Stock Option Plan, the maximum number of Common Shares reserved for issuance in any 12 month period to any one optionee other than a consultant may not exceed 5 per cent. of the issued and outstanding Common Shares at the date of the grant. The maximum number of Common Shares reserved for issuance in any 12 month period to any consultant may not exceed 2 per cent. of the issued and outstanding Common Shares at the date of the grant and the maximum number of Common Shares reserved for issuance in any 12 month period to all persons engaged in investor relations activities may not exceed 2 per cent. of the issued and outstanding number of Common Shares at the date of the grant.

The Company is authorised to issue stock options equal to up to 10 per cent. of the outstanding Common Shares under the Stock Option Plan, less Common Shares issuable under any other security based compensation arrangement except for the RSU Plan.

Pursuant to the Stock Option Plan, an option exercise price cannot be less than the closing price of the Common Shares on the TSX-V on the last trading day preceding the option grant. The purchase price for the Common Shares under each option shall be determined by the Company's Compensation Committee. The maximum term is ten years and there are no specific vesting provisions under the Stock Option Plan. Options are non-assignable and non-transferable other than by will or by the laws of descent and distribution.

Subject to the discretion of the Board, if any Eligible Persons ceases to be an Eligible Persons for any reason, other than for cause or death, the options held by such person will terminate on the earlier of (i) the expiry date of the option; (ii) ninety (90) days from the date such person ceases to be an Eligible Persons; or (iii) such other expiry date as may be determined by the Board at the time that such Eligible Persons ceases to be eligible, but shall be expire no later than one (1) year from the date on which the Participant ceases to be a Participant. The Eligible Persons may exercise any option issued under the Stock Option Plan that is then exercisable at any time within that period unless an existing agreement between the Eligible Persons and the Company provides for a different period. In the event that an Eligible Persons ceases to be an Eligible Persons because of termination for cause, the options of the Eligible Persons not exercised at such time shall immediately be cancelled on the date of such termination. In the event of the death of a Participant during the term of the Eligible Persons' option, the option theretofore granted to the Eligible Persons shall be exercisable by the Eligible Persons' heirs or administrators within the period of one (1) year succeeding the Eligible Persons' death.

The full text of the Stock Option Plan is available in its entirety under the Company's profile on SEDAR at www.sedar.com.

13. Summary of the 2013 Restricted Share Unit Plan

The Company's directors, officers, employees and consultants are eligible under the RSU Plan to receive grants of RSUs. The purpose of the RSU Plan is to advance the interests of the Company by (i) providing Eligible Persons with incentives; (ii) rewarding performance by Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Company; (iv) encouraging Eligible Persons to remain with the Company or its Affiliates; (v) attracting new directors, employees, officers and consultants; and (vi) aligning the interests of the Eligible Persons with those of the Shareholders.

The RSU Plan allows the Company to grant RSUs, each of which is a unit that is equivalent in value to a Common Share and that upon vesting results in the holder thereof being issued, at the discretion of the Board, either (i) a Common Share, or (ii) an amount of cash equal to the Fair Market Value (as defined in the RSU Plan) of a Common Share. Pursuant to the RSU Plan, unless otherwise provided by the Board, RSUs granted will vest on the earlier of (a) the date of which the Performance Criteria (as defined in the RSU Plan) is achieved, if applicable, or (b) the third anniversary of the date of the grant, provided the Eligible Person is continuously employed by or in service with the Company, or any of its affiliates, from the date of the grant until such vesting date.

The Board has approved the replenishment of up to 6,895,936 RSUs that have been issued as at the date of this document. In addition to such replenishment, the Board has resolved to increase the maximum number of RSUs reserved for issuance under the RSU Plan by an additional 1,638,967 RSUs to a maximum of 8,543,933. As at the date of this Document, the total of 8,543,933 RSUs remain issuable under the RSU Plan as at the date of this Document.

The full text of the RSU Plan is available in its entirety under the Company's profile on SEDAR at www.sedar.com.

14. Material contracts

The following contracts (i) (not being contracts entered into in the ordinary course of business) having been entered into by the Company or any member of the Group in the two years immediately preceding the date of this Document or which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Document, or (ii) are subsisting agreements which are included within, or which relate to, the oil and gas assets and liabilities of the Company or other members of the Group (notwithstanding whether such agreements are within the ordinary course or were entered into outside of the two years immediately preceding the publication of this Document) and are, or may be material:

14.1 ***Contracts relating to the acquisition and operating of petroleum assets***

14.1.1 *Eco Namibia Petroleum agreements*

On 7 March 2011, Eco Namibia entered into the Eco Namibia Petroleum Agreements with the Government of the Republic of Namibia, represented by the Namibian Minister, in relation to each of the Eco Namibia Licences.

Under each of the Eco Namibia Petroleum Agreements, Eco Namibia assumed, among others, the following material obligations:

(a) to fulfil the minimum exploration work and spending of the minimum exploration expenditure for each phase and period, provided that if the minimum exploration work is completed at a cost less than the minimum exploration expenditure, the obligation is considered fulfilled;

(b) to provide the Namibian Minister with a bank guarantee substantially in the agreed form prior to the licence being issued and thereafter before each renewal of the licence;

(c) to provide to the Namibian Minister a parent company performance guarantee substantially in the agreed form prior to the licence being issued;

(d) to establish a Technical Advisory Committee ("TAC"), which committee must meet bi-annually;

(e) to relinquish 50 per cent. of the exploration area and each Eco Namibia Licence on its renewal;

(f) to pay an annual charge on the date of the issue of each Eco Namibia Licence and then on each anniversary of that date, for the entire term of the licence;

(g) to maintain insurance covering the risks stipulated in the Eco Namibia Petroleum Agreements;

(h) to pay the amount of US $40,000 per annum towards the training and education of Namibian citizens, of which 70 per cent. must be paid into the Petroleum Training and Education Fund; and

(i) to pay royalties on production (being 5 per cent. on the market value of the petroleum produced and saved during each quarter), as well as certain annual chares and royalties to be paid by the Licensees to the State Revenue Fund

Pursuant to the Eco Namibia Petroleum Agreements, NAMCOR obtained a right to participate in the petroleum operations on each of the Eco Namibia Licences, initially on a 10 per cent. carried interest basis, to be repaid at a commercial rate of return out of production. The terms of the participation were to be set forth in a joint operating agreement between NAMCOR and Eco Namibia.

Eco Namibia is required to appoint a general manager and deputy general manager and to notify with Petroleum Commissioner thereof within a specified period of time.

Any assignment of any party's rights, privileges, duties or obligations under the agreement to any party (other than to an affiliate) requires the Namibian Minister's prior approval.

The agreement is governed by the laws of Namibia.

14.1.2 *NAMCOR Farmout Agreement*

Eco Namibia and NAMCOR entered into a farmout agreement, dated 7 April 2012, for the assignment and transfer to NAMCOR of a 10 per cent. Working Interest in Eco Namibia's rights and obligations under the Eco Namibia Petroleum Agreements ("**NAMCOR Farmout Agreement**").

The agreement provides that Eco Namibia will bear and pay NAMCOR's Working Interest share of all costs, liabilities and expenses incurred by the operator under each relevant joint operating agreement until the end of the first quarter in which hydrocarbons are produced and/or saved from the relevant contract area. As from the end of the above quarter, Eco Namibia will be entitled to 80 per cent. of the proceeds of sale (net of taxes) of NAMCOR's Working Interest share, and NAMCOR will be entitled to the remaining 20 per cent. of all proceeds of sale (net of taxes arising from NAMCOR's Working Interest), until Eco Namibia will have recovered the following in respect of each Eco Namibia Petroleum Agreement:

(i) 120 per cent. of 10 per cent. of the costs and expenses incurred by Eco Namibia in the period from March 2011 to April 2012; and

(ii) 120 per cent. of the costs and expenses attributable to NAMCOR's Working Interest incurred by Eco Namibia from the effective date of the relevant joint operating agreement to the end of the first quarter in which hydrocarbons are produced and/or saved from the relevant contract area.

As from the end of the first quarter in which hydrocarbons would be produced and/or saved from the relevant contract area, each party was entitled to its participating interest share of proceeds under that Eco Namibia Petroleum Agreement in accordance with the relevant joint operating agreement, and all liabilities charged to the joint account and paid in accordance with the relevant joint operating agreement.

NAMCOR's payout obligations detailed above, in relation to each Eco Namibia Petroleum Agreement, are limited to its Working Interest share of hydrocarbons produced and/or saved from the relevant contract area.

The agreement was amended by a deed of novation and amendment, entered into between Eco Namibia, NAMCOR and Tullow Namibia, dated 24 September 2014.

The agreement is governed by the laws of England. Disputes are to be settled by alternative dispute resolution, failing which they are to be settled by arbitration in London, pursuant to the LCIA Rules.

14.1.3 *Tullow Farmout Agreement and Tullow Amendment and Assignment Agreement in relation to the Cooper Licence*

Eco Namibia and Tullow Namibia entered into a farmout agreement, dated 17 July 2014.

The agreement provides for the assignment and transfer by Eco Namibia to Tullow Namibia of a 25 per cent. Working Interest in the Cooper Licence (including in Eco Namibia's rights and obligations under the Petroleum Agreement relating to the Cooper Licence, the Cooper JOA and the NAMCOR Farmout Agreement, as far as it relates to

the Cooper Block). The 25 per cent. Working Interest is expressed to represent a 28.571 per cent. paying interest under the Cooper JOA on account of Tullow Namibia assuming a *pro rata* share of Eco Namibia's obligations to carry NAMCOR. In consideration of such transfer, Tullow Namibia agreed, subject to the fulfilment of certain conditions, to:

(i) reimburse Eco Namibia for 28.571 per cent of all past costs (estimated at US $943,000); and

(ii) carry Eco Namibia in respect of its Working Interest share of the costs of the amended 3D seismic programme, capped at US $4,103,000 net to Eco Namibia, calculated on the basis of a 45 per cent. Working Interest share (being a 51.429 per cent. paying interest share, taking into account Eco Namibia's obligations to carry NAMCOR), less any share of costs carried by AziNam on behalf of Eco Namibia.

In addition, Tullow Namibia agreed to reimburse Eco Namibia for 28.571 per cent. (taking into account Eco Namibia's obligations to carry NAMCOR) of the cost of the licence fees, training and education fees and other mandatory charges paid by Eco Namibia in accordance with the Petroleum Agreement relating to the Cooper Licence in respect of the licence year commencing 7 March 2014 (and accrued on or after 1 April 2014).

If Tullow Namibia elects to proceed into the second renewal exploration period or commits to drill an exploration well on the Cooper Block before such time, it will acquire from Eco Namibia a further 15 per cent. Working Interest in the Cooper Licence (including in Eco Namibia's rights and obligations under the Petroleum Agreement relating to the Cooper Licence, the Cooper JOA and the NAMCOR Farmout Agreement, as far as it relates to the Cooper Block) and will become the Operator of the Cooper Block. The 15 per cent. Working Interest is expressed to represent a 17.143 per cent. paying interest under the Cooper JOA on account of Tullow Namibia assuming a *pro rata* share of Eco Namibia's obligations to carry NAMCOR. In consideration of such transfer, Tullow Namibia will:

(i) reimburse Eco Namibia for an additional 17.143 per cent. share of all the past costs (save for any costs already reimbursed, paid or carried by AziNam or Tullow Namibia); and

(ii) carry Eco Namibia in respect of its Working Interest share of costs of drilling the first exploration well in Cooper Block, capped at US $18,170,000, calculated on the basis of a 30 per cent. Working Interest share (being a 34.29 per cent. paying interest share, taking into account Eco Namibia's obligations to carry NAMCOR) (*see Tullow Amendment and Assignment Agreement below*).

If Tullow Namibia elects to withdraw from the Cooper Licence (and the related instruments) before the parties to the Cooper JOA commit to drill the first exploration well, then in addition to its obligations under the Cooper JOA, Tullow Namibia will pay Eco Namibia liquidated damages in the amount of US $4,000,000.

If Tullow Namibia elects to withdraw from the Cooper Licence (and the related instruments) after the parties to the Cooper JOA commit to drill the first exploration well in an approved annual work programme and budget (and Eco Namibia votes in favour of such approved work programme and budget) but prior to the drilling of such well, then in addition to its obligations and liabilities under the Cooper JOA, Tullow Namibia will also remain liable for the well carry as if it had not elected to withdraw.

If Tullow Namibia elects not to proceed into the second renewal exploration period, then Tullow Namibia will automatically transfer its 25 per cent. Working Interest in the Cooper Licence back to Eco Namibia. In consideration for such transfer, Eco Namibia will assume all obligations and liabilities relating to such Working Interest. Tullow Namibia will, however, remain liable for:

(i) its Working Interest share of the costs of operations that were approved by the operating committee or that Tullow Namibia agreed to participate in (as the case may be) prior to its election to transfer its Working Interest back to Eco Namibia; and

(ii) the seismic carry (to the same extent Tullow Namibia would have been liable for had it not elected to transfer its Working Interest).

The Tullow Farmout Agreement is governed by the laws of England and Wales. Disputes are to be settled In London by the LCIA Arbitration Rules of the London Court of International Arbitration.

Tullow Amendment and Assignment Agreement

On 1 February 2017, Eco Namibia and Tullow Namibia entered into a legally binding agreement to amend the Tullow Farmout Agreement. In the Tullow Amendment and Assignment Agreement, Eco Namibia and Tullow Namibia agreed that if Tullow Namibia elects to drill a first exploration well on the Cooper Licence (but not if any other party elects to drill a first exploration well on the Cooper Licence) Eco Namibia will pay Tullow a minimum contribution of US $2.25 million towards the costs of such a first exploration well, beyond which Eco Namibia will be carried by Tullow Namibia in respect of its Working Interest share of costs of drilling the first exploration well in Cooper Block up to a total (100 per cent.) well cost of US $35m.

The Tullow Amendment and Assignment Agreement also provides that, if Tullow Namibia so requests, Eco Namibia will cast its vote on the operating committee relating to the Cooper Licence, in favour of an extension by 12 months of the first renewal period of the Cooper Licence. In addition, Eco Namibia and Tullow Namibia have agreed that the assignment by Eco Namibia to AziNam pursuant to the Amended AziNam Farmout Agreement of a 12.5 per cent. Working Interest (including benefits from Tullow Namibia's carry obligations under the Tullow Farmout Agreement) in the Cooper Block be approved, but that, although Eco Namibia is permitted to assign further Working Interests in the Cooper Block, Eco Namibia shall no longer be permitted to assign a carried interest in the Cooper Block.

The Tullow Amendment and Assignment Agreement is governed by the laws of England & Wales.

14.1.4 *Initial AziNam Farmout Agreement*

Eco Namibia, Eco Atlantic, AziNam and Azimuth entered into a farmout agreement, dated 12 April 2012, for the assignment and transfer by Eco Namibia to AziNam of a 20 per cent. Working Interest in each of the Eco Namibia Licences (including a proportional share of rights and obligations under the Eco Namibia Petroleum Agreements). In conjunction with the agreement, Azimuth had invested CAD $3,000,000 in the private placement financing of Eco Atlantic and received 5,000,000 units, consisting of 5,000,000 Common Shares and warrants to purchase up to an additional 2,500,000 Common Shares at CAD $1.00 per share.

The agreement sets out the carried interests agreed by the parties at that time. AziNam acknowledged that NAMCOR would participate in the Eco Namibia Petroleum Contracts, initially on a 10 per cent. carried interest basis.

AziNam agreed to pay 40 per cent of all cash requirements related to/arising from 3D G&G survey required to be conducted as Phase II Seismic Acquisition Survey under each Eco Namibia Petroleum Agreement, namely the amounts of (i) US $2,080,000 in relation to the Cooper Block; and (ii) US $4,160,000 in relation to each of the Guy Block and the Sharon Block.

In the event Eco Namibia and AziNam (and NAMCOR if applicable) agreed to increase the planned 3D G&G survey and processing or if the estimated costs of the said survey were exceeded, the costs associated with the additional work or expenses would be shared by Eco Namibia and AziNam in an 80/20 proportion (respectively), with Eco Namibia carrying NAMCOR's Working Interest.

AziNam agreed to provide a bank guarantee to the Namibian government, initially upon the agreement having been entered into and thereafter on the first day of each work year during the exploration period in respect of the projected expenses to be incurred during the year.

AziNam acknowledged that Eco Atlantic provided a performance guarantee to the Namibian government pursuant to each Eco Namibia Petroleum Agreement and agreed to provide a similar performance guarantee. AziNam also agreed that if it assigned its Working Interest in an Eco Namibia Petroleum Agreement, it would either provide or require its assignee to provide a replacement performance guarantee.

Eco Atlantic provided an absolute, irrevocable, and continuing guarantee of payment (and not of collection) to AziNam and Azimuth for the full and prompt performance by Eco Namibia of all of its obligations under the Initial AziNam Farmout Agreement and any related joint operating agreement. Azimuth provided reciprocal guarantee to Eco Namibia and Eco Atlantic.

The agreement is governed by the laws of England. Disputes are to be settled In London by the LCIA Arbitration Rules of the London Court of International Arbitration.

This agreement has been amended and restated on 31 December 2014, by the Amended AziNam Farmout Agreement. Please see paragraph 14.1.5 of this Part V for further detail.

14.1.5 *Amended AziNam Farmout Agreement*

Eco Namibia, Eco Atlantic, AziNam and Azimuth entered into an amended and restated farmout agreement, dated 31 December 2014, to amend and restate the terms of the Initial AziNam Farmout Agreement. Pursuant to this agreement Eco Namibia has transferred to AziNam the following additional Working Interests in the Eco Namibia Licences (including a proportional share of rights and obligations under the Eco Namibia Petroleum Agreements):

(i) 12.5 per cent. in the Cooper Licence;

(ii) 20 per cent. in Guy Licence; and

(iii) 10 per cent. in Sharon Block Contract

In addition, the parties agreed that AziNam would become the Operator of the Guy Block.

AziNam agreed to pay Eco Namibia the following consideration:

(i) US $3,500,000 in respect of the Working Interest in the Cooper Licence;

(ii) US $1,000,000 in respect of 2D survey and processing costs plus US $150,000 in respect of AziNam becoming the Operator of the Guy Licence; and

(iii) US $90,000 in respect of the seismic programme 2D data acquisition from NAMCOR in relation to the Sharon Licence, as more fully detailed below.

AziNam acknowledged that NAMCOR would participate in petroleum operations under each Eco Namibia Petroleum Agreement initially on a 10 per cent. carried interest basis.

With effect from 15 October 2014, AziNam also agreed that it will pay the following amounts:

(i) AziNam's Working Interest share of NAMCOR's carried interest in each of Guy Licence and Sharon Licence;

(ii) AziNam's Working Interest share (in excess of its initial 20 per cent. Working Interest and that is not otherwise being carried) of NAMCOR's carried interest in the Cooper Licence;

(iii) all cash requirements including all of NAMCOR's carried interest in relation to phase II seismic shooting and processing in relation to the Guy Licence;

(iv) US $90,000 in respect of the 2D data package and reports in relation to phase II seismic shooting and processing for the Sharon Licence.

(v) 64.444 per cent. of all cash requirements relating to phase II 3D seismic shooting and processing on the Guy Licence;

(vi) provided that AziNam has not transferred to Eco Namibia its 10 per cent. Working Interest in the Sharon Licence prior to commencement of the 3D G&G survey, 53.333 per cent. of all cash requirements related to the 3D G&G survey on the Sharon Licence;

(vii) 40 per cent of all cash requirements related to or arising from the 3D G&G survey required to be conducted as Phase II Seismic Acquisition Survey under the Cooper Block Contract; and

(viii) AziNam's Working Interest share of all other work programme obligations on all Eco Namibia Licences.

Eco Namibia and AziNam agreed to share the costs of additional work beyond the phase II acquisition survey, if any, including NAMCOR's carried interest, in proportion to their respective Working Interests.

AziNam's 12.5 per cent. Working Interest in the Cooper Licence benefits from Tullow Namibia's carry obligations under the Tullow Farmout Agreement.

AziNam has a tag-along right, pursuant to which, if Tullow Namibia proceeds into the second renewal exploration period, AziNam will be entitled to dilute its participating interest in the Cooper Licence *pro rata* to Eco Namibia (up to a 15 per cent. Working Interest).

If AziNam elects not to pay its committed share of the costs of the 3D G&G survey in relation to the Sharon Licence, AziNam will transfer to Eco Namibia a 10 per cent. Working Interest in the Sharon Licence, at no cost.

Regarding the G&G survey and processing work on the Cooper Block and the Sharon Block, Eco Namibia has agreed (as operator) to assign certain tasks to AziNam, including, for example, the recommendation of G&G survey contractors and evaluating project costs related to the survey and processing.

If at any time Tullow Namibia and/or a new partner in one or more of the Eco Namibia Petroleum Agreements agrees to repay costs or make any upfront cash payment with respect to the Cooper Block, then any funds that relate to past costs accrued prior to 15 October 2014 will be distributed to Eco Namibia, and funds that relate to past costs accrued on or after that date will be distributed to Eco Namibia and AziNam ***pro rata*** to their respective Working Interests. In respect of the Sharon Block and the Guy Block, any funds that relate to past costs (whenever accrued) will be distributed to Eco Namibia and AziNam on the basis of the actual auditable past costs incurred.

Eco Atlantic and Azimuth have given reciprocal payment guarantees in relation to Eco Namibia's and AziNam's respective obligations.

The parties agreed that if the Namibian government calls on any guarantee provided by Eco Namibia or Eco Atlantic but does not call on the guarantee provided by AziNam or vice versa, then the party whose guarantee(s) have not been called upon will, reimburse the other party(ies) for such share of the amounts called, that is proportional to the reimbursing party's Working Interest share.

Other than in relation to AziNam's tag-along rights, the Amended AziNam Farmout Agreement supersedes the Initial AziNam Farmout Agreement.

The agreement is governed by the laws of England. Disputes are to be settled In London by the LCIA Arbitration Rules of the London Court of International Arbitration.

14.1.6 *Eco Namibia Joint Operating Agreements – Sharon Block and Guy Block*

Eco Namibia, AziNam and NAMCOR entered into three identical first amended and restated joint operating agreements ("**JOAs**"), dated 17 December 2012 in relation to the Eco Namibia Petroleum Agreements (respectively).

Eco Namibia was appointed as the Operator in relation to each Eco Namibia Petroleum Agreement. The parties agreed, in proportion to their Working Interests, to indemnify the Operator for any damages, losses, costs, expenses and liabilities, which result from the joint operations, other than in case of gross negligence or wilful misconduct.

The Operator may be removed from its role, by parties holding combined Working Interests of at least 51 per cent, if it has committed a material breach of its obligations, which it failed to diligently commence to cure.

An operating committee ("**OC**") is established to provide an overall supervision and direction of joint operations and is composed of representatives of each party holding a participating interest. The OC has the power and duty to authorise and supervise joint

operations that are necessary or desirable to fulfil the provisions of the relevant Petroleum Agreements and properly explore and exploit the respective contract areas. Save as set out below, all decisions, approvals and other actions of the OC on all proposals coming before it will be decided by the vote of one or more parties which are not affiliates having collectively at least 65 per cent. of the Working Interests.

For so long as NAMCOR or its affiliates hold at least 10 per cent. of the Working Interests, the following matters will require consent of the representative or alternative representative appointed by NAMCOR, and for so long as AziNam or its affiliates hold at least 20 per cent. of the participating interests, such matters will also require consent of the representative or alternative representative of AziNam:

(i) approval of any work programme and budgets or revision of any work program and budget;

(ii) approval of any approved act by any senior supervisory personnel;

(iii) appointment of a successor Operator;

(iv) revision of the allocation of entitlements; and

(v) revision of any material term of the relevant Petroleum Agreement.

All decisions taken by the OC will be conclusive and binding on all the parties, except that if a party voted against any proposal approved by the OC, which could be conducted as an exclusive operation, then such party will have the right not to participate in that operation; provided, however, that if AziNam is the Party electing not to participate in any such operation, and Eco elects to participate, then AziNam must pay its obligatory share of Eco Namibia's costs with respect to such operation, if required pursuant to the terms of the Initial AziNam Farmout Agreement.

A technical advisory committee was also established, in accordance with the terms of the Eco Namibia Petroleum Agreements.

If there is a direct or indirect or indirect change in control (in this paragraph, "**Change in Control**") of the Operator (other than a Change in Control of Eco Atlantic if Eco Namibia is the Operator), the Operator will be required to promptly notify the other parties. The non-Operator members of the OC will vote on whether or not a successor Operator should be named. A "**Change in Control**" is defined in the JOAs as any direct or indirect change in control (i.e. the ownership directly or indirectly of more than 50 per cent. of the voting rights in a legal entity). The JOAs do not contain an express provision by which an exit event is triggered on an IPO/placing. Given the 50 per cent. threshold for a Change in Control event to be triggered, the Company does not believe that an IPO/placing will give rise to a Change in Control.

Should Eco Namibia, AziNam or an affiliate wish to enter into a transaction (or series of transactions) which would result in a change in control (but excluding a change in control of Eco Atlantic), they will provide NAMCOR with a prior written notice. A party subject to a Change in Control will obtain any necessary government approval and provide evidence that they will continue to have the financial capability to satisfy payment obligations under the relevant Petroleum Agreement and the JoA.

As a condition precedent to permitting a third person or entity to become a party to a JOA, that JOA must be revised to provide that Eco Namibia and AziNam will receive an overriding royalty payment of 4 per cent. and 1 per cent. respectively.

The JOAs are expressed to amend and restate the original JOAs dated 12 April 2012 and constitute the entire agreement between the parties.

The JOAs are governed by the laws of England and Wales.

In respect of the Cooper Block, the Cooper JOA was entered into on 24 September 2014. Please see further detail in paragraph 14.1.7 of this Part V.

14.1.7 *Cooper JOA*

Eco Namibia, NAMCOR, AziNam and Tullow Namibia entered into the second amended and restated joint operating agreement, dated 24 September 2014, to define the parties' rights and obligations with respect to their operations under the Cooper Licence and Petroleum Agreement relating to the Cooper Licence, by adding Tullow

Namibia as a party and by fully amending and restating the first amended and restated JOA dated 17 December 2012 relating to the Cooper Licence (in this paragraph, "**First JOA**").

The Cooper JOA to a large extent reflects the material terms of the First JOA save as follows:

(i) NAMCOR's carried Interest will be reimbursed by NAMCOR to Eco Namibia, Tullow Namibia and AziNam;

(ii) matters referred to as requiring consent of the operating committee under the First JOA, now requires the unanimous consent of all parties, including the approval of any item in a work programme or budget, whose value exceeds US $10,000,000 prior to the commencement of the second exploration period or US $70,000,000 thereafter;

(iii) the overriding royalty provisions have been removed;

(iv) each party will appoint one member to the technical advisory committee, whereas previously, Eco Namibia was entitled to appoint two members; and

(v) provisions relating to a change of control in a party were removed.

The Cooper JOA is governed by the laws of England and Wales.

Tamar Licence

14.1.8 *Tamar Petroleum Agreement*

A petroleum agreement in standard form, entered into between the Government of Namibia and PAO Namibia (formerly, Amis Energy (Pty) Ltd on 28 October 2011 in respect of the Tamar Licence.

Under the Tamar Petroleum Agreement, PAO Namibia assumed, among others, the following material obligations:

(j) to fulfil the minimum exploration work and spending of the minimum exploration expenditure for each phase and period, provided that if the minimum exploration work is completed at a cost less than the minimum exploration expenditure, the obligation is considered fulfilled;

(k) to provide the Namibian Minister with a bank guarantee substantially in the agreed form prior to the licence being issued and thereafter before each renewal of the licence;

(l) to provide to the Namibian Minister a parent company performance guarantee substantially in the agreed form prior to the licence being issued;

(m) to establish a Technical Advisory Committee ("TAC"), which committee must meet bi-annually;

(n) to relinquish 50 per cent. of the exploration area and the Tamar Licence on the renewal of the Tamar Licence;

(o) to pay an annual charge on the date of the issue of the Tamar Licence and then on each anniversary of that date, for the entire term of the licence

(p) to maintain insurance covering the risks stipulated in the Tamar Petroleum Agreement.

(q) to pay the following amounts: (a) US $100,000 per annum, during the initial period of the licence; (b) US $150,000 per annum, during the first renewal period; (c) US $200,000 per annum during the second renewal period; and (d) the amounts payable towards the training and education of Namibian citizens, of which 70 per cent. must be paid into the Petroleum Training and Education Fund.

Pursuant to the Tamar Petroleum Agreement, NAMCOR obtained a right to participate in the petroleum operations on a 10 per cent. free carried interest basis.

PAO Namibia is required to appoint a general manager and deputy general manager and to notify the Petroleum Commissioner thereof within a specified period of time.

Any assignment of any party's rights, privileges, duties or obligations under the agreement to any party (other than to an affiliate) requires the Namibian Minister's prior approval.

The agreement is governed by the laws of Namibia. Please see the Tamar Risk Factor.

14.1.9 *Spectrum Agreement*

Master licensing agreement for the non-exclusive use of certain "Data" and "Derivatives" from time to time. "**Data**" is defined as geophysical and geological facts, information, report and analysis. "**Derivatives**" is defined as all processed and reprocessed data together with interpretation reports derived or created using the Data.

Upon each occasion Spectrum supplies Data to PAO Namibia, the parties will execute a supplemental agreement outlining the specific data supplied, the consideration to be paid by PAO Namibia and any other particulars concerning the transaction. There are two supplements to the Spectrum Agreement (in this paragraph, **Supplements**).

In consideration for the licence and the use of certain Data and Derivatives, as set out in the Supplements, PAO Namibia agreed to pay (if and when PAO Namibia accesses such Data and Derivatives) to Spectrum licence fees amounting, in the aggregate, to US $1,490,800 (comprising a fee of US $900,000 and another fee of US $590,800) and to grant Spectrum a 10 per cent. carried interest in the Tamar Block. Any farminee of the Tamar Licence is obliged to licence the Data and Derivatives over the Tamar Block and, once the licence fee has been paid to Spectrum by the farminee, Spectrum's carried interest will be reduced to 5 per cent. PAO Namibia also has the right to buy out all or part of Spectrum's carried interest – 10 per cent. carried interest for US $1,450,000 prior to farm-in or 5 per cent. carried interest for US $900,000 after farm-in.

The following additional fees are payable to Spectrum based on number of partners (third parties contractually involved with licensee in third party business transactions) involved in the area covered by the Data/Derivatives:

(i) in respect of the first partner – an additional 100 per cent. of the licence fee;

(ii) in respect of the second partner – an additional 80 per cent. of the licence fee;

(iii) in respect of the third partner – an additional 70 per cent. of the licence fee;

(iv) in respect of all subsequent partners – an additional 60 per cent. of the licence fee; and

(v) in respect of a financial partner – an additional 30 per cent. of the licence fee.

PAO Namibia may not sell, sub-licence, assign or transfer the licence to a third party unless the transfer fee specified by Spectrum has been paid, failing which the licence will expire in 90 days. The transfer fee will be specified by Spectrum, but may not be more than 50 per cent. of the original licence fee paid.

The term of the Spectrum Agreement is for 10 years commencing 30 June 2012. However, the term of the first Supplement ends on 30 June 2022, and the term of the second Supplement ends on 31 August 2022.

The Spectrum Agreement is governed by the laws of England and Wales.

14.1.10 *Ghana share purchase agreement*

On 21 October 2016, Eco BVI, Eco Ghana and Petrogulf entered into the Ghana SPA, pursuant to which Eco BVI agreed to sell and Petrogulf agreed to buy the entire issued share capital of Eco Ghana for a consideration of US $1 payable in cash. All of the conditions precedent contained in Ghana SPA have been satisfied.

Following completion of the sale of the shares in Eco Ghana, the Group has no liabilities or obligations to Petrogulf, GNPC ExploreCo or A-Z Petroleum, pursuant to the Ghana SPA or otherwise.

Pursuant to the Ghana SPA, Petrogulf has agreed to indemnify Eco BVI for any loss or damage Eco BVI may suffer under the performance guarantee that Eco BVI entered into on 4 June 2015 in favour of the Government of Ghana guaranteeing the obligations of Eco Ghana pursuant to the Ghana Petroleum Agreement. Petrogulf has

also agreed that if at any time A-Z repays any of the debt of US $2,168,838 owed by A-Z Petroleum to Eco Ghana, then Petrogulf will procure that Eco Ghana will pay to Eco BVI an amount equal to US $576,580.

Guyana Licence

14.1.11 *Guyana Letter Agreement*

Tullow Guyana and Eco Guyana entered into a letter agreement, dated 4 April 2015. The letter agreement sets ting out the parties' intention to submit a joint application to the Government of Guyana (in this paragraph, **Government**) in respect of the Guyana Block (formerly, the Essequibo Block), for the award of a petroleum agreement.

In consideration of the technical work performed by Eco Guyana in respect of the Guyana Block, in the event the parties execute a petroleum agreement with the Government, Tullow Guyana agreed to:

(i) pay Eco Guyana an amount of US $400,000; and

(ii) bear Eco Guyana's Working Interest share of the costs of 1000 km^2 3D seismic survey up to the maximum amount of US $1,250,000.

The parties agreed that Tullow Guyana would be appointed Operator in respect of the Guyana Block.

The parties acknowledged the anticipated minimum work commitment for the initial exploration period of four years and agreed that any increase in the size of the 3D seismic survey beyond 1000km^2 or any increase in size of the associated work programme and budget for that survey would be subject to the parties' unanimous consent.

The letter agreement is governed by the laws of England and Wales.

14.1.12 *Guyana Petroleum Agreement*

On 14 January 2016, Eco Guyana entered into the Guyana Petroleum Agreement with the Government of Guyana and Tullow Guyana. The agreement was made under the Petroleum (Exploration and Production) Act Cap. 65:04 and is a production sharing agreement, the objective of which is the exploration for development and production of petroleum in the Guyana Block, subject to the terms of that act and regulations made under it. Pursuant to the agreement, Eco Guyana and Tullow will have an economic interest in the development of petroleum from the contract area.

The initial period of prospecting licence is 4 years and may be renewed no more than twice at the election of the Eco and Tullow Guyana for consecutive periods of up to 3 years.

Eco Guyana and Tullow Guyana have assumed the following obligations under the Agreement:

- to provide an affiliate company guarantee or other form of guarantee acceptable to the Government of Guyana in the amount of 10 per cent. of the budget submitted by the them;
- to comply with minimum expenditure obligations and minimum work obligations. During phase one of the initial period, Eco Guyana and Tullow Guyana are required to complete a geological and geophysical evaluation report of the Guyana Block. During phase two, in accordance with the conclusions of the geological and geophysical evaluation report, Eco Guyana and Tullow Guyana are to acquire a minimum of 1000 sq. km of 3D seismic within the contract area during year one of phase two and process and interpret such seismic data to identify drillable targets within the Guyana Block. During the first two years of the first renewal period, Eco Guyana and Tullow Guyana will drill one exploration well to the Cretaceous Formation. During the second renewal period Eco Guyana and Tullow Guyana are to drill one exploration well to the Cretaceous Formation;
- to provide the Guyana Geology and Mines Commission (GGMC) with all available information relating to petroleum operations as the GGMC or the Government of Guyana will reasonably require, to meet with GGMC at least once every 6 months and to provide annual reports;

- to prepare and submit to the Government of Guyana a work programme and budget within 60 days of the effective date of contract and subsequently no less than one month before the beginning of the calendar year;
- to pay an annual licence rental charge of US $40,000;
- during each year of the term of the petroleum prospecting licence, and any renewal period thereafter to pay to the GGMC US $25,000; and
- to obtain the required environmental authorisations.

No relinquishment is required for first renewal period of prospecting licence if an application for renewal is made by Eco Guyana and Tullow Guyana prior to the end of the initial period. If an application is made for a second renewal the Eco Guyana and Tullow Guyana are required to relinquish an area of at least 20 per cent. of the total licence area. In addition, they may at any time during the period of the petroleum prospecting licence relinquish any block(s) in the licencee area by giving a notice of at least 3 months.

Recoverable contract costs are limited to 75 per cent. of the total production from the contract area for such month excluding any crude oil and/or natural gas used in petroleum operations or which is lost. The balance of crude oil and/or natural gas will be shared between the Government of Guyana and Eco Guyana and Tullow Guyana (as contractors) in the following proportions:

Monthly Profit Oil Sharing Chart

Production Per Day	**Profit Share Minister**	**Profit Share Contractor**
First 25,000 Bbls	50 per cent.	50 per cent.
Next 25,000 Bbls	52.5 per cent.	47.5 per cent.
Next 15,000 Bbls	55 per cent.	45 per cent.
Next 15,000 Bbls	57.5 per cent.	42.5 per cent.
>80,000 Bbls	60 per cent.	40 per cent.

The government's share of profit oil includes a royalty payable by Eco Guyana and Tullow Guyana at the rate of 1 per cent. of crude oil produced and sold.

Written consent of the Government of Guyana is required for the assignment or transfer of any of the rights, privileges, duties or obligations under the Guyana Petroleum Agreement or any Licence issued pursuant to the agreement. Assignments between Eco Guyana and Tullow Guyana and its affiliated companies or to an unrelated party are exempt from duties or taxes, including capital gains taxes, but are subject to a fee in the amount of US $100,000 payable to GGMC.

The contractors are required to give preference to the purchase of Guyanese goods and materials and the employment of Guyanese sub-contractors, including establishment of appropriate tender procedures to ensure that Guyanese suppliers and sub-contractors are given adequate opportunity to compete for the supply of goods and services.

The agreement is terminated if the Guyana Licence or any petroleum production licence has expired, been surrendered by the contractor, or lawfully cancelled by the Government of Guyana. The agreement is governed by the laws of Guyana.

14.1.13 *Guyana Joint Operating Agreement*

A joint operating agreement entered into between Tullow Guyana and Eco Namibia, dated 14 January 2016. The agreement defines the parties' respective rights and obligations concerning operations and activities in respect of the Guyana Block.

The Guyana JOA designates Tullow Guyana as the Operator and sets out Tullow Guyana's rights and obligations as the Operator.

The parties will, in proportion to their Working Interests, indemnify the Operator for any damages, losses, costs, expenses and liabilities, which result from the joint operations, other than in case of gross negligence or wilful misconduct.

The Operator may be removed from its role, by parties holding combined Working Interests of at least 65 per cent., if it has committed a material breach of its obligations.

A Joint Operating Committee (**JOC**) is established to provide an overall supervision and direction of joint operations. It is composed of representatives of each party holding a participating interest.

The JOC has the power and duty to authorise and supervise joint operations that are necessary or desirable to fulfil the Guyana Petroleum Agreement and properly explore and exploit the Guyana Block.

Save as set out in this paragraph, all decisions, approvals and other actions of the JOC will be decided by the affirmative vote of two or more parties which are not affiliates then having collectively at least 65 per cent. of the participating interests. Unanimous approval of the parties will be required for decisions and approvals regarding:

(i) any amendment to the Guyana Petroleum Agreement and the Guyana JOA, including any amendment or alteration to any minimum work obligations;

(ii) any relinquishment of all or any part of the contract area other than as required under the Guyana Petroleum Agreement and/or the Guyana JOA;

(iii) any voluntary unitization arrangements;

(iv) voluntary termination of the Guyana Petroleum Agreement;

(v) any declaration or submission of an application for a commercial discovery to the Government of Guyana; and

(vi) any approval of a development plan and budget and of any material modifications.

If a party voted against any proposal that was approved by the JOC and is of a type that could be conducted as an exclusive operation then such party will have the right not to participate in the operation contemplated by such approval.

The agreement sets out procedures for award of contracts by the operator and for authorisation of expenditures.

A party subject to a change in control (where the market value of that party's participating interest represents more than 20 per cent. of the total market value of that party and its affiliates that are subject to the change of control) will obtain any necessary approval from the Government of Guyana and provide evidence to the other parties that after the change in control such party will continue to have the financial capability to satisfy its payment obligations and also the requisite technical capability under the Guyana Petroleum Agreement and the Guyana JOA.

A Change in Control is defined in the JOA as a direct or indirect change in control (i.e. the ownership directly or indirectly of 50 per cent. or more of the voting rights in a legal entity) of a party (whether through merger, spin-off, sale of shares or other equity interests, or otherwise) through a single transaction or series of related transactions, from one or more transferors to one or more transferees, in which the market value of the party's participating interest represents more than 20 per cent. of the aggregate market value of the assets of the party and its affiliates that are subject to the Change in Control. Market value is to be determined based upon the cash a willing buyer would pay a willing seller in an arm's length transaction.

The Guyana JOA does not contain an express provision by which an exit event is triggered on an IPO/placing.

The agreement is governed by the laws of England and Wales.

14.1.14 *Guyana Consultancy Arrangements*

On 2 March 2015 Eco Guyana entered into a consultancy agreement with Mr Eli Levental, Mr Tamir Wetzman, Mr Shalom Lev and Shnitzer, Gotlieb, Samet & Co. (in this paragraph, "**Consultants**"), pursuant to which the Consultants agreed to provide services to Eco Guyana in relation to the process of application for the Guyana Licence. In consideration for such services, Eco Guyana has issued shares to the Consultants (representing, in aggregate 6 per cent. of Eco Guyana's issued share

capital as at the date of this Document), on a free carried basis. Such shares are not to be diluted up to and including the 3D seismic stage relating to the Guyan Block, except on a *pro rata* basis resulting from an investment by a third party not connected to Eco Guyana. Eco Guyana has also paid the Consultants a cash bonus of US $60,000. In addition, Eco Guyana agreed that the Consultants be granted Options over 750,000 Common Shares (in aggregate). The agreement was subsequently amended to provide that the Consultants receive 420,000 Options in aggregate. A cash bonus of US $20,000 was paid in lieu of the balance of Options. The agreement stated that the parties would use their best efforts to enter into a shareholders agreement in relation to Eco Guyana. For details of the Options held by the Consultants as at the date of this Document, please see paragraph 5.6 of this Part V.

14.2 ***Kinley Exploration Agreement***

On 1 May 2013, Eco Atlantic Oil & Gas Ltd. entered into a master services agreement with Kinley Exploration ("**Kinley Exploration Agreement**") pursuant to which Kinley Exploration provided certain consulting services including corporate strategy, operational oversight and resource interpretative and exploitive services in the area of oil and gas exploration and development in relation to the Eco Namibia Licences. Kinley Exploration was required to devote a sufficient proportion of its total business time and effort as shall reasonably be required to provide its services under the agreement. The services to be provided under the agreement were to be provided in the United States of America, Canada, and/or in other countries subject to agreement between Eco Atlantic Oil & Gas Ltd. and Kinley Exploration. The agreement sets out daily rates (or in some cases monthly rates) to be charged by Kinley Exploration to Eco Atlantic Oil & Gas Ltd. for the provision by Kinley Exploration of various oil and gas industry professionals. Such rates were fixed for the first year of the agreement at approximately US $1,500 to US $2,000 per day per individual depending on the individual involved and were to be increased at the rate of 2.5% per year after the first year. The agreement contained customary representations, warranties and covenants, including, among other things, standard confidentiality, non-competition and non-solicitation covenants.

The agreement could be terminated by the Company giving 30 days' notice in writing or by Kinley Exploration giving 90 days' notice in writing but if not so terminated continued until 31 May 2014. In addition, either party could terminate the agreement on notice in writing if there was material breach of the agreement by the other party and the party receiving the notice had not remedied such material breach within 30 days of such notice. The agreement was governed by the laws of England. Disputes were to be settled In London by the LCIA Arbitration Rules of the London Court of International Arbitration.

After the formal expiry of the agreement on 31 May 2014 both Eco Atlantic Oil & Gas Ltd. and Kinley Exploration dealt with each other on the basis that the agreement had not expired. On 16 December 2016 a new agreement was entered into in respect of the services of Kinley Exploration. It was on the same commercial terms as the agreement entered into in May 2013 except that: the Company (and not Eco Atlantic Oil & Gas Ltd.) entered into the new agreement; the new agreement is in respect of all the Group's licences (not just the Eco Namibia Licences); the new agreement expires on 31 December 2021 (unless previously terminated); and the rates payable under the new agreement shall be increased at the rate of 2.5% per year with effect from 1 January 2018. Colin Kinley is entitled to receive 60% of the profits (if any) of Kinley Exploration.

14.3 ***Shareholders Agreement with Amis Oil & Gas (Pty) Ltd***

On 7 March 2012, PAO Namibia (formerly, Amis Energy (Pty) Ltd, PAO Holdings (formerly, Gazania Investments One Hundred and Seventy Seven (Pty) Ltd) and Amis Oil & Gas (Pty) Ltd, a private company controlled by Mr Shafa Mandume Kaulinge (in this paragraph, "**Amis**") entered into a shareholders agreement in relating to PAO Namibia. The agreement provides that shareholders' funding of PAO Namibia will be *pro rata* to their respective holdings in it. However, Amis will only be required to participate in shareholder funding in excess of an initial amount of US $10,000,000. The agreement provides that certain principal matters relating to PAO Namibia (such as alterations of share capital, changes in financial or accounting policies, acquisition or disposal of subsidiaries, change of constitution and voluntary winding up) require shareholders' unanimous consent. Amis has given PAO Holdings rights of first refusal and drag along, and PAO Holdings has given Amis a tag along right.

14.4 ***Amalgamation agreement***

On 19 December 2014, the Company entered into an amalgamation agreement (the "**Amalgamation Agreement**") with 1864361 Alberta Ltd. ("**Subco**"), a wholly-owned subsidiary of the Company incorporated solely for the purpose of completing the amalgamation, and PAO pursuant to which Subco and PAO amalgamated and the resulting corporation, (Eco Atlantic Holdings Ltd.) became a wholly-owned subsidiary of the Company (the "**Amalgamation**").

On 28 January 2015, the Company completed the Amalgamation and, as a result, the former shareholders of PAO received 0.323 of a common share in the capital of the Company in exchange for each common share of PAO formerly held. Upon the closing of the amalgamation, the Company acquired cash and cash equivalents and the Namibian petroleum exploration licenses held by PAO (including the Tamar Licence).

In connection with the Amalgamation, the Company issued 18,830,738 Common Shares, 1,003,400 stock options and 2,587,967 Common Share purchase warrants to the former option, warrant and security holders of PAO. Certain shareholders of PAO have not yet redeemed, in accordance with the terms of the Amalgamation, the Common Shares due to them as consideration pursuant to the completion of the Amalgamation. To the extent that such Common Shares are not claimed by January 28, 2021, these Common Shares will be cancelled and the Eco Atlantic's issued share capital will be reduced by the number of consideration shares not claimed. Accordingly, a maximum of 857,974 Common Shares may be cancelled at such time.

In addition, as part of the Amalgamation Agreement and included in the consideration for the transaction, the Company issued 1,200,000 options to certain individuals as compensation for facilitating the Amalgamation.

14.5 ***Agreements relating to Admission and Placing***

14.5.1 *Nominated Adviser Agreement dated 2 February 2017 between (1) Strand Hanson and (2) the Company*

The Company appointed Strand Hanson to act as Nominated Adviser to the Company on an ongoing basis as required by the AIM Rules with effect from Admission. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The Company agreed to comply with its legal obligations and those of AIM and the London Stock Exchange and to consult and discuss with Strand Hanson all of its announcements and statements and to provide Strand Hanson with any information Strand Hanson believes is necessary to enable it to carry out its obligations to the Company or the London Stock Exchange as Nominated Adviser. Pursuant to these arrangements, Strand Hanson has agreed, *inter alia*, to provide such independent advice and guidance to the Directors as they may require to ensure compliance by the Company on a continuing basis with the AIM Rules. These arrangements continue for an initial period of 12 months from Admission unless terminated for reason prior to such date in accordance with the terms of the Agreement and thereafter until terminated in accordance with the terms thereof.

In addition, the Company and the Directors have undertaken to Strand Hanson and any other nominated adviser from time to time, that for as long as the Common Shares remain quoted on AIM but are no longer listed on the TSX-V or the TSX and as a result, no longer subject to the anti-dilution provisions in the rules of such exchanges, the Company will obtain Shareholder approval by special resolution for any issuance of Common Shares or securities exchangeable or convertible into Common Shares ("Relevant Securities") for cash such that such issuance of Relevant Securities would, when taken together with any Common Share issuances of Relevant Securities for cash in the 12 months prior to such issuance of Relevant Securities (or from the date the Company shall no longer be listed on the TSX or TSX-V, if such period is shorter than 12 months), exceed 25 per cent. of the issued and outstanding Common Shares on the date of such issuance.

The said undertaking will not apply to the following issuances of Relevant Securities:

(a) for the acquisition of property or the shares (or similar units of ownership) of another corporate or similar entity (including, but not limited to, partnership interests in a partnership or units of a trust); or

(b) in a rights offering where all Shareholders are offered an equal right per Common Share held to acquire Common Shares in the offering.

14.5.2 *Warrant Deeds*

Pursuant to the Nomad Warrant Deed, the Company has agreed to issue the Strand Hanson Warrants to Strand Hanson. Each warrant shall entitle Strand Hanson to subscribe for one new Common Share of the Company and shall be exercisable at the Placing Price for up to 2.5 years. It is intended that the Strand Hanson Warrants will be granted immediately prior to Admission.

Pursuant to the Brandon Hill Warrant Deed, the Company has agreed to issue the Brandon Hill Warrants to Brandon Hill Capital. Each warrant shall entitle Brandon Hill Capital to subscribe for one new Common Share of the Company and shall be exercisable at a subscription price of £0.1920 for up to 2 years following Admission. It is intended that the Brandon Hill Warrants will be granted immediately prior to Admission.

14.5.3 *Broker agreements*

On 24 January 2017 the Company entered into a broker agreement with Brandon Hill Capital, pursuant to which Brandon Hill Capital was appointed as the Company's broker with effect from Admission. In addition to the fees set out in paragraph 14.5.4 of this Part V, under this agreement Brandon Hill Capital will receive an annual retainer of £40,000 following Admission. The agreement contains standard warranties and indemnities given by the Company to Brandon Hill Capital. The appointment of Brandon Hill is for a fixed term of 12 months and may be terminated thereafter by either party giving three months' notice in writing expiring any time on or after the initial 12 month period.

On 24 October 2016 the Company entered into an engagement letter with Peterhouse, pursuant to which Peterhouse was appointed as the Company's broker with effect from Admission. In addition to the fees set out in paragraph 14.5.4 of this Part V, under this agreement Peterhouse will receive an annual retainer of £27,500 following Admission. The agreement contains standard warranties and indemnities given by the Company to Peterhouse. The appointment of Peterhouse is for a fixed term of 12 months and may be terminated thereafter by either party giving three months' notice in writing expiring any time on or after the initial 12 month period.

On 24 January 2017 the Company and Peterhouse entered into an amendment to Peterhouse's engagement letter, pursuant to which, subject to Peterhouse raising an agreed minimum amount in the Placing, the Company would issue to Peterhouse the Peterhouse Fee Shares and the Peterhouse Warrants.

14.5.4 *Placing agreement*

Pursuant to the Placing Agreement dated 2 February 2017 between (1) the Company, (2) the Directors and Proposed Director, (3) Strand Hanson, (4) Brandon Hill Capital and (5) Peterhouse, Strand Hanson, as the Company's nominated adviser, and Brandon Hill Capital and Peterhouse, as the Company's joint brokers, have been granted certain powers and authorities in connection with the application for Admission.

The Placing Agreement provides that, Brandon Hill Capital and Peterhouse will use their reasonable endeavours to procure subscribers for up to 31,781,250 common shares in the capital of the Company at the Placing Price. Conditional on completion of the Placing and Admission:

a) Brandon Hill Capital shall be paid commission of 5 per cent. of the aggregate gross funds raised in the Placing from Placees procured by Brandon Hill;

b) Peterhouse shall be paid a commission of 5 per cent. of the aggregate gross funds raised in the Placing from Placees procured by Peterhouse;

c) pay an advisory fee to Strand Hanson, details of which are set out in paragraph 14.5.6 of Part V of this Document; and

d) Stand Hanson, Brandon Hill Capital and Peterhouse shall be granted their respective Warrants.

Under the terms of the Placing Agreement, the Company, the Directors and the Proposed Director have given certain customary warranties to Strand Hanson, Brandon Hill and Peterhouse and the Company and the Executive Directors have given certain customary indemnities to Strand Hanson, Brandon Hill Capital and Peterhouse in connection with Admission and other matters relating to the Group and its affairs. The liability of the Directors is capped in respect of the warranties and the indemnities. Strand Hanson, Brandon Hill and Peterhouse may terminate the Placing Agreement in certain specified circumstances prior to Admission, principally if any of the warranties has ceased to be true and accurate in any material respect or shall have become misleading in any respect or in the event of circumstances existing which make it impracticable or inadvisable to proceed with Admission.

The Placing Agreement is subject to the satisfaction or waiver of a number of conditions including Admission. Such conditions must be satisfied (or where possible, waived) by 8 February 2017 (or such later time as may be agreed by the Company, Strand Hanson, Brandon Hill Capital and Peterhouse being not later than 28 February 2017).

14.5.5 *Lock-in and orderly market agreement*

Each of the Locked In Shareholders, included in which are all of the Directors, has, or will by Admission have, undertaken to the Company, Brandon Hill Capital and Strand Hanson that, except in certain limited circumstances, they will not dispose of any interest in the Common Shares held by them for a period of 12 months from the date of Admission and, for the 12 months following that period, that they will only dispose of their holdings with the consent of Brandon Hill Capital, so as to maintain an orderly market in the Common Shares.

In total, 23,610,721 Common Shares representing 20.27 per cent. of the Enlarged Share Capital at Admission are subject to lock-in, as described in paragraph 14 of Part I of this Document.

14.5.6 *Fees and Fee Shares*

The following advisors of the Company have agreed, conditional on Admission, that, as set out in the table below, part of their respective fees for providing services to the Company in connection with the Placing and the Admission be satisfied by the issue to them of Common Shares credited as fully paid at the Placing Price:

Name of adviser	**Amount to be satisfied by the issue of Common Shares credited as fully paid at the Placing Price**	**Number of Common Shares to be issued**
Strand Hanson	£75,000	468,750
Peterhouse	£55,000	343,750
Chitiz Pathak LLP	£49,079	306,748

In addition to these Fee Shares, Strand Hanson, Brandon Hill Capital and Peterhouse are due to receive, or have received, cash fees of £185,000, £186,120 and £52,500 respectively as part of their respective fees for providing services to the Company in connection with the Placing and Admission.

14.5.7 The agreements relating to CREST and Depositary Interests described in paragraph 20 below.

15. Related party transactions

Save as set out in paragraphs 11 and 14.2 of this Part V, the Company has not entered into any related party transactions of the kind set out in the standards adopted according to the Regulation (EC) No. 1606/2002 during the period covered by the historical financial information (contained in part VI of this Document) and up to the date of this Document.

16. Working capital

Taking into account the net proceeds of the Placing, the Company and the Directors and the Proposed Director are of the opinion, having made due and careful enquiry, that the Company and the Group will have sufficient working capital for its present requirements, that is, for at least 12 months from the date of Admission.

17. Litigation

The Group has not been involved in any governmental, legal or arbitration proceedings in the 12 months preceding the date of this Document which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability nor, so far as the Directors are aware, are any such proceedings pending or threatened by or against the Group.

18. Intellectual property

The Company is not dependent on any patents, intellectual property licences, industrial, commercial or financial contracts or new manufacturing processes which have a material effect on the Company's business or profitability.

19. Premises

19.1 The Company does not own any premises.

19.2 The Company has a sub-lease interest in the property comprising its head office, pursuant to a shared office space agreement dated 24 March 2016. The lease is effective until 31 March 2017 with no break clause and provides for a monthly rent of US $500, plus sales tax.

19.3 Save as disclosed in this Document, the Company is not aware of any material environmental issues or risks affecting the utilisation of the Group's tangible fixed assets or its operations.

20. CREST and Depositary Interests

20.1 ***Deed Poll***

On 6 January 2017 the Deed Poll was executed by the Depositary.

The Depositary Interests will be created pursuant to and issued on the terms of the Deed Poll.

The Deed Poll is executed by the Depositary, in favour of the holders of the Depositary Interests from time to time. Prospective holders of Depositary Interests should note that they will have no rights against Euroclear or its subsidiaries in respect of the underlying Common Shares or the Depositary Interests representing them. Common Shares will be transferred to an account of the Depositary or its nominated custodian ("**Custodian**") and the Depositary will issue Depositary Interests to participating members.

Each Depositary Interest will be treated as one Common Share for the purposes of determining, for example, eligibility for any dividends. The Depositary will pass on to holders of Depositary Interests any stock or cash benefits received by it as holder of Common Shares on trust for such Depositary Interest holder. Depositary Interest holders will also be able to receive from the Depositary notices of meetings of holders of Common Shares and other information to make choices and elections issued by the Company to the Shareholders.

In summary, the Deed Poll contains, amongst other things, provisions to the following effect:

- the Depositary will hold (itself or through the Custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities for the time being held by the Depositary or Custodian pertaining to the Depositary Interests for the benefit of the holders of the Depositary Interests. The Depositary will re-allocate securities or distributions allocated to it or the Custodian *pro rata* to the Common Shares held for the respective accounts of the holders of Depositary Interests but will not be required to account for fractional entitlements arising from such re-allocation;
- holders of Depositary Interests warrant, amongst other things, that the securities in the Company transferred or issued to the Depositary or Custodian for the account of the Depositary Interest holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Articles or any contractual obligation, or applicable law or regulation binding or affecting such holder;
- the Depositary and any Custodian must pass on to Depositary Interest holders, or exercise on their behalf, all rights and entitlements received by the Depositary or the Custodian in respect of the underlying securities. Rights and entitlements to cash distributions, to information, to make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form which they are received, together with amendments and additional documentation necessary to effect such passing-on, or exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must put the Depositary or its appointed agent in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights;
- the Depositary will be entitled to cancel Depositary Interests and treat the holders as having requested a withdrawal of the underlying securities in certain circumstances including where a Depositary Interest holder fails to furnish to the Depositary such certificates or representations as to material matters of fact, including his identity, as the Depositary deems appropriate;
- the Deed Poll contains provisions excluding and limiting the Depositary's liability to a maximum of £5 million. For example, the Depositary shall not be liable to any Depositary Interest holder or any other person for liabilities in connection with the performance or non- performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use of such Custodian or agent;
- the Depositary is entitled to charge holders of Depositary Interests fees and expenses for the provision of its services under the Deed Poll;
- the holders of Depositary Interests are required to agree and acknowledge with the Depositary that any transfer of Depositary Interests by them which is identified by the CREST system as exempt from stamp duty reserve tax is so exempt, and to notify the Depositary if this is not the case, and to pay to Euroclear any SDRT, and any interest, charges or penalties arising from non-payment of stamp duty reserve tax in respect of such transaction;
- the Depositary is entitled to make deductions from any income or capital arising from the underlying securities, or to sell such underlying securities and make deductions from the sale proceeds therefrom, in order to comply with its obligations to account for any tax liability in respect of such securitites;
- the Depositary may terminate the Deed Poll by giving 30 days' notice to the holders of the relevant Depositary Interests. During such notice period holders are entitled to cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary must, among other things, deliver the deposited property in respect of the

Depositary Interests to the relevant Depositary Interest holders or, at its discretion, sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll *pro rata* to holders of Depositary Interests in respect of their Depositary Interests; and

- the Depositary may require from any holder or former or prospective holder information as to the capacity in which Depositary Interests are or were owned and the identity of any other person with or previously having any interest in such Depositary Interests and the nature of such interest and evidence or declarations of nationality or residence of the legal or beneficial owners of Depositary Interests and such information as is required for the transfer of the relevant Common Shares to the holders. Holders agree to provide such information requested and consent to the disclosure of such information by the Depositary or Custodian to the extent necessary or desirable to comply with their legal or regulatory obligations. Furthermore, to the extent that the Company's constitutional Documents require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of the Company's securities, the holders of Depositary Interests are to comply with the Company's instructions with respect thereto.

It should also be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of the Common Shares including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Depositary to vote the underlying shares on their behalf.

20.2 ***Depositary Services Agreement***

The Company has entered into a depositary services agreement dated 12 January 2017 between the Company and the Depositary (**Depositary Agreement**). The Depositary Agreement relates to the Depositary's appointment as depositary in relation to the Common Shares, including the issue and cancellation of Depositary Interests and maintaining the Depositary Interests register. The Company has agreed to indemnify the Depositary in relation to losses suffered by the Depositary in the connection with its performance of the agreement which would include any claim made by any Depositary Interest holder against the Depositary.

The Depositary's liability under the agreement is limited to a maximum of two times the amount of fees payable to the Depositary in any 12 month period. The Depositary Agreement is for an initial term of 12 months after which it is terminable by either party with 6 months' notice.

20.3 ***Registrar agreement***

On 27 January 2017 the Company and the Registrar entered into an agreement for the provision of branch registry and associated services in Jersey to the Company. The agreement contains an indemnity from the Company in favour of the Registrar in relation to losses suffered by the Registrar as a result of any failure by any banking institution which holds the Company's dividend monies and other distributions to provide appropriate information to the Registrar or as a result of or in connection with the Registrar acting on any forged, fabricated or other inaccurate, invalid or unauthorised documents or instructions received by it in connection with the performance of its obligations.

The Registrar is appointed for a fixed term of 3 years. Thereafter the appointment may be terminated by either party giving to the other not less than 3 months' notice. Either party may terminate by notice to the other in the event of the other party's persistent material breach, which has not been cured within 21 days from receiving a notice in respect of such breach, insolvency or having ceased to have the appropriate authorisations, which permit it lawfully to perform its obligations envisaged by the agreement.

21. Employees

The Group employed four employees as at 31 March 2014, one employee as at 31 March 2015, no employees as at 31 March 2016 and no employees as the date of this Document. The Group retains its senior executives and key personnel as consultants. In addition, the Group hires additional consultants for time to time to meet its specific needs. The Group has engaged Kinley Exploration, which has a team of 7 industry experts pursuant to the terms of the Kinley Exploration agreement.

22. Significant changes

Except as disclosed in this Document, there has been no significant change in the financial or trading position of the Group since 30 September 2016, the date to which the most recent unaudited financial information is available.

23. General

23.1 Except as disclosed in this Document, no exceptional factors have influenced the Company's activities.

23.2 Except as disclosed in this Document, there have been no significant authorised or contracted capital commitments at the date of publication of this Document.

23.3 The expenses of Admission and the Placing are estimated at £1.25 million (of which £1.07 million in cash) and are payable by the Company.

23.4 The Company's audit committee is comprised of Messrs Nicol (Chairman), Peterburg and Angula. The audit committee is to meet at least 4 times per year to consider the integrity of the financial statements of the Company, including its annual, half-annual and interim accounts, the effectiveness of the Company's internal controls and risk management systems, auditor reports, and terms of appointment and remuneration for the auditor.

23.5 The Company's compensation committee is comprised of Messrs Peterburg (Chairman), Nicol and from Admission, Linfield. The compensation committee is to meet at least twice a year and has as its remit and has as its remit the determination and review of, amongst others, the remuneration of executives and the Board and any benefit plans of the Company.

23.6 The Company's African relations committee is comprised of Messrs Angula and Holzman. The objective of the African Relations Committee is to advise the Directors and the Managers on all local and regional issues within Namibia.

23.7 Following Admission, the AIM Rules Compliance Committee will be comprised of Messrs Linfield (Chairman), Nicol and Levin. The AIM Rules compliance committee is to meet at least twice a year, to ensure that procedures, resources and controls are in place to ensure AIM Rules compliance by the Company is operating effectively at all times and that the executive directors are communicating as necessary with the Company's nominated adviser regarding ongoing compliance with the AIM Rules and in relation to all announcements and notifications and proposed or potential transactions.

23.8 Except as stated in this Document and for the advisers named on pages 18 and 19 of this Document and trade suppliers, no person has received, directly or indirectly, from the Company within the 12 months preceding the date of this document or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price or any other benefit with a value of £10,000 or more at the date of Admission.

23.9 In 2016, the Group paid certain license fees and related payments to the Government of Namibia and to the Petroleum Education and Training Fund, as required pursuant to the Petroleum Agreements. Such fees and payments amounted in the aggregate to US $149,095. In addition, the Group paid AziNam (as the operator of the Guy Block) the aggregate amount of US $42,372, and Tullow Guyana (as the operator of the Orinduik Block) the aggregate amount of US $24,000, on account of the licence fees (and related payments, where applicable), required to be paid under the Petroleum Agreement relating to the Guy Block and under the Guyana Petroleum Agreement, respectively.

Save as disclosed in this Part V, no government, regulatory authority or similar body, has received, directly or indirectly, from the Company within the twelve months preceding the date of this document or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following: (i) fees totalling £10,000 or more; (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or (iii) any other benefit with a value of £10,000 or more as at Admission.

23.10 Strand Hanson Limited has given and not withdrawn its written consent to the issue of this Document with references to its name in the form and context in which they appear.

23.11 Brandon Hill Capital Limited has given and not withdrawn its written consent to the issue of this Document with references to its name in the form and context in which they appear.

23.12 Peterhouse Corporate Finance Limited has given and not withdrawn its written consent to the issue of this Document with references to its name in the form and context in which they appear.

23.13 The Company's reporting accountants, Crowe Clark Whitehill LLP have given and not withdrawn its written consent to the issue of this Document with the inclusion in it of its report and references to it and to its name in the form and context in which they respectively appear.

23.14 The Competent Person has given and not withdrawn its written consent to the issue of this Document with the inclusion in it the Competent Person's Report and references to its name in the form and context in which they appear.

23.15 Where information contained in this Document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

23.16 The Company's accounting reference date is 31 March.

23.17 The Placing Shares will be issued and allotted under the laws of British Columbia. The Placing will be conducted in Pounds Sterling. As the Common Shares are of no par value, they have no currency.

23.18 As the Common Shares are no par value the Placing Price cannot represent a premium above the nominal value of a Common Share.

23.19 The auditors for the period covered by the historical financial information set out in Part VI(B) of this Document were MNP LLP, Chartered Professional Accountants of Canada (CPA Canada) whose address is set out on page 19 of this Document. MNP LLP have given and not withdrawn their written consent to the issue of this Document with the inclusion in it of their reports and references to them and to their name in the form and context in which they respectively appear.

23.20 It is expected that CREST accounts will be credited as applicable on the date of Admission. Where Placees have requested to receive their Common Shares in certificated form, temporary documents of title will not be issued pending despatch of share certificates. Share certificates will be despatched by first-class post within 14 days of the date of Admission.

24. Copies of this document

Copies of this Document will be available to the public free of charge at the offices of Strand Hanson Limited, 26 Mount Row, London W1K 3SQ and at Fladgate LLP at 16 Great Queen Street, London WC2B 5DG during normal business hours on any weekday (other than Saturdays and public holidays), until one month following the date of Admission.

Dated: 2 February 2017.

PART VI

FINANCIAL INFORMATION ON THE GROUP

(A): UNAUDITED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION ON THE GROUP FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2016 AND FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 SEPTEMBER 2016

For the avoidance of doubt, any statements regarding working capital or future operational activity contained within the Group's accounts in Part VI of this Document are superseded by such statements in Parts I to V of this Document.

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)

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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 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 *(Note 5)*	**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 *(Note 6)*	**3,102,353**	3,102,353
Equipment *(Note 7)*	**842**	1,101
	$ 5,566,709	$ 7,312,774
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(Note 8)*	**$ 1,999,020**	$ 2,027,876
Advance from license partners *(Note 6)*	**799,477**	510,703
	2,798,497	2,538,579
Equity		
Share capital *(Note 9)*	**20,744,194**	20,838,056
Shares to be issued (*Note 9)*	**269,305**	392,694
Stock options *(Note 14)*	**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 September 30,		Six months ended 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 lossattributed 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.

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").

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.

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.

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.

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.

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	55,000,000	0[1]
• Offtake/production engineering	500,000	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

1. 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.
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.

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

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 • Offtake/production engineering	100,000,000 500,000	55,600,000 278,000
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

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) • 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)	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

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) • 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)	60,000,000	24,000,000
Year 10 (ending 2026) • 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.

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		**43,852**		-		**43,852**		-
	$	**208,636**	$	119,806	**$**	**452,523**	$	373,600

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.

9. Share Capital

Authorized: Unlimited Common Shares

Issued		Common Shares	Amount $	Shares to be 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 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 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.

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).*

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.

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

16. General and Administrative Costs

General and administrative costs consist of the following:

	Three months ended September 30,		Six months ended 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.

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

Condensed Consolidated Interim Financial Statements
For the Three Month Period ended June 30, 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 month period ended June 30, 2016 have been prepared by management in accordance with International Financial Reporting Standards applicable to consolidated interim financial statements (see note 2 to the unaudited condensed consolidated interim financial statements). 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants 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 (Unaudited)

		June 30, 2016		March 31, 2016
Assets				
Current assets				
Cash and cash equivalents	**$**	**2,564,191**	$	3,463,178
Short-term investments *(Note 6)*		**100,000**		100,000
Government receivable		**36,361**		23,284
Accounts receivable and prepaid expenses		**409,515**		622,858
		3,110,067		4,209,320
Petroleum and natural gas licenses *(Note 7)*		**3,102,353**		3,102,353
Equipment *(Note 8)*		**878**		1,101
	$	**6,213,298**	$	7,312,774
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities *(Note 9)*	**$**	**1,563,809**	$	2,027,876
Advance from license partners *(Note 7(xvi))*		**741,866**		510,703
		2,305,675		2,538,579
Equity				
Share capital *(Note 10)*		**20,627,675**		20,838,056
Shares to be issued (*Note 10)*		**392,694**		392,694
Warrants *(Note 17)*		**-**		-
Stock options *(Note 16)*		**2,411,261**		2,400,735
Non-controlling interest		**(68,323)**		(68,323)
Accumulated deficit		**(19,455,684)**		(18,788,967)
		3,907,623		4,774,195
	$	**6,213,298**	$	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 13)*

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

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss (Unaudited)

	Three monhts ended Juune 30,	
	2016	**2015**
Revenue		
Interest income	**2,439**	7,010
	2,439	7,010
Operating expenses:		
Compensation costs	**107,912**	189,401
Professional fees	**64,400**	100,008
Operating costs *(Notes 18)*	**371,203**	396,568
General and administrative costs *(Note 19)*	**108,006**	176,396
Share-based compensation *(Notes 16)*	**10,526**	3,500
Foreign exchange gain	**7,109**	169,862
Total expenses	**669,156**	1,035,735
Net loss before write-down of license	**(666,717)**	(1,028,725)
Write-down of license *(Note 7)*	**-**	-
Net (loss) income and comprehensive (loss) income	**$ (666,717)**	$ (1,028,725)
Net comprehensive (loss) income attributed to:		
Equity holders of the parent	**(666,717)**	(1,028,725)
Non-controlling interests	**-**	-
	$ (666,717)	$ (1,028,725)
Basic and diluted net (loss) income per share attributable to equity holders of the parent	**$ (0.01)**	$ (0.01)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	**85,044,025**	90,800,552

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		23,602	(23,602)	-	-	-	-	-
Stock options expensed	-	-	-	-	3,500	-	-	3,500
Share repurchase	-	(136,445)	-	-	-	-	-	(136,445)
Net loss for the period	-	-	-	-	-	(1,027,804)	(921)	(1,028,725)
Cancellation of shares	(1,514,000)	-	-	-	-	-	-	-
Balance, June 30, 2015	**89,898,025**	**$ 20,523,754**	**$ 176,581**	**$ 965,000**	**$ 2,347,119**	**$ (14,710,961)**	**$ (67,558)**	**$ 9,210,965**
Stock options expensed	-	-	-	-	53,616	-	-	53,616
Share repurchase	-	(650,698)	-	-	-	-	-	(650,698)
Expiry of options	-	965,000	-	(965,000)	-	-	-	-
Cancellation of shares	-	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-	-	(4,078,006)	(765)	(4,078,771)
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	-	-	-	-	10,526	-	-	10,526
Share repurchase	-	(210,381)	-	-	-	-	-	(210,381)
Cancellation of shares	-	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-	-	(666,717)	-	(666,717)
Balance, June 30, 2016, 2016	**85,044,025**	**$ 20,627,675**	**$ 392,694**	**$ -**	**$ 2,411,261**	**$ (19,455,684)**	**$ (68,323)**	**$ 3,907,623**

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 (Unaudited)

	Three months ended June 30, 2016	2015
Cash flow from operating activities		
Net loss for the period	**$ (666,717)**	$ (1,028,725)
Items not affecting cash:		
Share-based compensation	**10,526**	3,500
Depreciation	**223**	1,896
Changes in non-cash working capital:		
Government receivable	**(13,077)**	(62,963)
Accounts payable and accrued liabilities	**(464,067)**	(423,488)
Accounts receivable and prepaid expenses	**213,343**	73,508
Advance from license partners	**231,163**	(1,079,969)
	(688,606)	(2,516,241)
Cash flow from financing activities		
Share repurchases	**(210,381)**	(136,445)
	(210,381)	(136,445)
Decrease in cash and cash equivalents	**(898,987)**	(2,652,686)
Cash and cash equivalents, beginning of period	**3,463,178**	10,490,818
Cash and cash equivalents, end of period	**$ 2,564,191**	$ 7,838,132

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 Republic of Namibia ("Namibia"), the Republic of Ghana ("Ghana") and the Co-Operative Republic of Guyana ("Guyana"). 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 consolidated financial statements were approved by the Board of Directors of the Company on August 22, 2016.

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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 substantial 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 consolidated statements of financial position.

The Company has accumulated losses of $19,457,216 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 August 28, 2015, 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 annual consolidated financial statements of the Company as at and for the year ended March 31, 2015. Certain information and disclosures normally included in the annual 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 annual audited consolidated financial statements of the Company for the year ended March 31, 2015.

Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2015 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., Pan African Oil (Mauritius) Ltd., Pan African Oil Holdings Ltd. 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.

Re-classifications

Certain prior period balances have been reclassified to conform with the current period's presentation

4. Future Accounting and Reporting Changes

Policies not yet adopted

IFRS 9, "Financial Instruments: Classification and Measurement", effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. 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 9.

IFRS 15, "Revenue from Contracts with Customers", effective for annual periods beginning on or after January 1, 2017, with early adoption permitted, replaces existing revenue standards and interpretations with a single standard and provides additional guidance on revenue recognition for contracts with customers. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the year beginning April 1, 2017 and has not yet considered the potential impact of the adoption of IFRS 15.

5. Short-term Investments

The Company's short-term investments comprise interest bearing deposits with its primary bank of $100,000 (March 31, 2014 - $100,000), which are held as collateral for credit-card lines of credit.

6. Petroleum and Natural Gas Licenses

	Balance April 1, 2016	**Additions**	**Impairment and Abandonment**	**Balance June 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

(*) see Note 6 (xiv)
(**) see Note 6 (x)

(i) The oil and gas interests of the Company are located both onshore and offshore in Namibia, offshore in Ghana 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").

6. Petroleum and Natural Gas Licenses (continued)

(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 are governed by the Tamar Petroleum Agreement ("PAO 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 PAO 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.

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.

(v) On December 31, 2014, the Company entered into an amended and restated farm-out agreement (the "Azimuth Farm-out Agreement") with Azimuth Namibia Ltd. pursuant to which the Company transferred a portion of its working interest in the ECO Offshore Licenses in exchange for, among other things, an aggregate of $4,200,000 (USD$3,500,000) (the "Farm-out Transaction") which has been recorded in income from farm-out agreements on the consolidated statements of operations and comprehensive (loss) income. The Farm-out Transaction closed on February 4, 2015.

(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.

6. Petroleum and Natural Gas Licenses (continued)

(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 February 12, 2014, the Ministry granted the Company a one year extension of its Cooper license and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on the Cooper license until March 14, 2016. See Subsequent Events Note 21(a) for details regarding the first Renewal Phase and relinquishments.
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.
7. 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.

6. Petroleum and Natural Gas Licenses (continued)

(vii) ***The Cooper License (continued)***

8. As of the date hereof, 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	55,000,000	0[(1)]
• Offtake/production engineering	500,000	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***

1. The Sharon License covers 5,700 square kilometers (following the 50% relinquishment that took place on April 2016 – see below) 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 July 8, 2013, the Ministry granted the Company one year extension of its Sharon License and a one year deferral of the Company's obligations to drill an exploratory well. The Company is required to produce a resource assessment on the Sharon License by March 14, 2016. See Subsequent Events Note 21(b) for details regarding the first Renewal Phase and relinquishments.
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.
4. 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.

6. Petroleum and Natural Gas Licenses (continued)

(viii) ***The Sharon License (continued)***

5. As of the date hereof, 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 5 (ending March 31, 2017) • Complete and interpret a 1,000 Sq Km 3D seismic survey	10,000,000	4,500,000
Year 6 (ending March 31, 2017) • 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 • Offtake/production engineering	75,000,000 500,000	50,025,000 333,500
Year 9 (ending March 31, 2020) • Complete and interpret a 500 Sq Km 3D seismic survey	5,000,000	3,335,000
Total	90,750,000	58,360,250

6. Petroleum and Natural Gas Licenses (continued)

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

1. The Guy License covers 5,700 square kilometers following a 50% relinquishment that took place in May 2016 – see bleow) 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 July 8, 2013, the Ministry granted the Company one year extension of its Guy license and a one year deferral of the Company's obligations to drill an exploratory well. The operator is required to produce a resource assessment on the Guy license by March 14, 2016. See Subsequent Events Note 21(c) for details regarding the first Renewal Phase and relinquishments.
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. 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.
6. As of the date hereof, 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 • Offtake/production engineering	100,000,000 500,000	55,600,000 278,000
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

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 the date hereof, 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) • 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	5,760,000
Year 8 (ending October 31, 2019) • Drill exploratory well (subject to the availability of adequate drilling rigs)	50,000,000	36,000,000
Total	58,000,000	41,760,000

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., 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. Subsequent to the year end, 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. As of the date hereof, the outstanding Exploration Activities and the aggregate expenditure as estimated by management based on current costs for the Ghana Block for each year of exploration is as follows:

Exploration Activities	Expenditure (US$)	Company's share of Expenditure (US$)
Year 3 (ending March, 2018)		
• Purchase at least 850 km^2 3D seismic survey	1,275,000	740,000
• Reprocess at least 850 km^2 3D seismic survey	400,000	232,000
• Drill exploratory well	40,000,000	23,200,000
Total	41,675,000	24,172,000

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 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 of the date hereof, 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) • Review existing regional 2D data and complete 3D survey Complete and interpret 500 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)	60,000,000	24,000,000
Year 10 (ending 2026) • 2nd renewal period – Drill one exploration well (contingent)	-	-
Total	63,000,000	24,000,000

7. Equipment

	Cost	Accumulated Depreciation	March 31, 2016 Net Book Value
Equipment	**$ 34,307**	**$ 33,429**	**$ 878**

	Cost	Accumulated Depreciation	March 31, 2016 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:

	Year Ended June 30	
	2016	**2015**
Salaries, consulting fees and benefits	$ 243,887	$ 258,359
Stock-based compensation	-	-
	$ 243,887	$ 258,359

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

9. Share Capital

Authorized: Unlimited Common Shares

Issued		Common Shares	Amount $	Shares to be 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)*	-	(748,925)	-
Expiry of Warrants	*(iii)*	-	965,000	-
Cancellation of shares	*(vii)*	(6,368,000)	-	-
Balance, March 31, 2016		**85,044,025**	**20,838,056**	**392,694**
Repurchase of Shares	*(ii)*	-	(210,381)	-
Balance, June 30, 2016		**85,044,025**	**20,627,675**	**392,694**

(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 period ended June 30, 2015, 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 June 30, 2016, the Company repurchased a total of 7,809,000, of which 6,368,000 have been cancelled. The Company held shares, as of June 30, 2016, valued at $226,000 (March 31, 2016 - $14,190) in treasury.

(iii) On July 6, 2015, 4,937,341 warrants expired.

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 June 30, 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 June 30, 2014. 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).*

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.

12. Risk Management (continued)

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 June 30, 2016, the Company had cash on hand and on deposit of $2,656,659 (March 31, 2016 - $3,463,178) to settle current liabilities of $2,305,676 (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 June 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 June 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.

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 June 30, 2016 and changes during the period is as follows:

Number of stock options	Number of stock options	Weighted average exercise price $	Remaining contractual life - years
Balance, March 31, 2015	**8,473,400**	**0.54**	**242**
Granted March 2016	650,000	0.30	4.73
Balance, March 31, 2016 & June 30, 2016	**9,123,400**	**0.53**	**1.51**

Share-based compensation expense is recognized over the vesting period of options. During the three month period ended June 30, 2016, share-based compensation of $10,526 (June 30, 2015 - $3,500) was recognized based on options vesting during the period.

As at June 30, 2016, 8,516,733options were exercisable (March 31, 2016 – 8,516,733).

15. Operating Costs

Operating costs consist of the following:

	Three months ended June 30,	
	2016	**2015**
Exploration data acquisition and interpretation and technical consulting	**$ 273,160**	$ 1,275,243
Exploration license fees	**78,237**	179,934
Travel	**33,857**	96,018
Recovered under JOAs	**(14,051)**	(1,154,627)
	$ 371,203	$ 396,568

16. General and Administrative Costs

General and administrative costs consist of the following:

	Three months ended June 30,	
	2016	**2015**
Occupancy and office expenses	**$ 46,958**	$ 124,498
Travel expenses	**36,003**	52,992
Public company costs	**27,609**	15,297
Insurance	**2,529**	20,524
Financial services	**2,183**	2,444
Advertising and communication	**199**	813
Depreciation	**223**	1,896
Recovered under JOAs	**(7,698)**	(42,068)
	$ 108,006	$ 176,396

PART VI

FINANCIAL INFORMATION ON THE GROUP

(B): AUDITED HISTORICAL FINANCIAL INFORMATION ON THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2016

For the avoidance of doubt, any statements regarding working capital or future operational activity contained within the Group's accounts in Part VI of this Document are superseded by such statements in Parts I to V of this Document.

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

Consolidated Financial Statements

March 31, 2016 and 2015

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March 31, 2016 and 2015

Independent Auditors' Report

To the Shareholders of Eco (Atlantic) Oil & Gas Ltd.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Eco (Atlantic) Oil & Gas Ltd., which comprise the consolidated statements of financial position as at March 31, 2016 and 2015, and the consolidated statements of operations and comprehensive (loss) income, equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Eco (Atlantic) Oil & Gas Ltd. as at March 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which describes a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
July 28, 2016

MNP

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

Consolidated Statements of Financial Position

	March 31, 2016	March 31, 2015
Assets		
Current assets		
Cash and cash equivalents	**$ 3,463,178**	$ 10,490,818
Short-term investments *(Note 6)*	**100,000**	100,000
Government receivable	**23,284**	1,191,844
Accounts receivable and prepaid expenses	**622,858**	113,004
	4,209,320	11,895,666
Petroleum and natural gas licenses *(Note 7)*	**3,102,353**	2,685,655
Equipment *(Note 8)*	**1,101**	7,572
	$ 7,312,774	$ 14,588,893
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(Note 9)*	**$ 2,027,876**	$ 2,238,417
Advance from license partners *(Note 7(xvi))*	**510,703**	1,954,871
	2,538,579	4,193,288
Equity		
Share capital *(Note 10)*	**20,838,056**	20,636,597
Shares to be issued (*Note 10)*	**392,694**	200,183
Warrants *(Note 17)*	**-**	965,000
Stock options *(Note 16)*	**2,400,735**	2,343,619
Non-controlling interest	**(68,323)**	(66,637)
Accumulated deficit	**(18,788,967)**	(13,683,157)
	4,774,195	10,395,605
	$ 7,312,774	$ 14,588,893

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

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

Commitments *(Notes 7 and 12)*

Subsequent events *(Note 21)*

Approved by the Board of Directors of the Company

Signed: **"Gil Holzman"**
Director

Signed: **"Alan Friedman"**
Director

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

Consolidated Statements of Operations and Comprehensive (Loss) Income

	Year ended March 31, 2016	Year ended March 31, 2015
Revenue		
Income from farm-out agreements *(Note 7(v))*	**$ 554,400**	$ 5,595,007
Operator fees	**7,551**	-
Interest income	**11,801**	29,625
	573,752	5,624,632
Operating expenses:		
Compensation costs	**642,035**	928,258
Professional fees	**392,121**	979,675
Operating costs *(Notes 18)*	**3,323,884**	2,136,064
General and administrative costs *(Note 19)*	**509,272**	548,903
Share-based compensation *(Notes 16)*	**247,939**	1,127,862
Foreign exchange gain	**(629,687)**	(275,796)
Total expenses	**4,485,564**	5,444,966
Net loss before write-down of license	**(3,911,812)**	179,666
Write-down of license *(Note 7)*	**(1,195,684)**	-
Net (loss) income and comprehensive (loss) income	**$ (5,107,496)**	$ 179,666
Net comprehensive (loss) income attributed to:		
Equity holders of the parent	**(5,105,810)**	179,722
Non-controlling interests	**(1,686)**	(56)
	$ (5,107,496)	$ 179,666
Basic and diluted net (loss) income per share attributable to equity holders of the parent	**$ (0.06)**	$ 0.00
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	**88,601,681**	74,154,652

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

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

Consolidated Statements of Equity

	Number	Capital	Shares to be issued	Warrants	Stock Options	Deficit	Non-controlling Interest	Equity
Balance, March 31, 2014	**68,959,661**	**17,031,370**	-	**965,000**	**2,176,395**	**(13,862,879)**	**-**	**6,309,886**
Shares issued on vesting of Restricted Share Units *(Note 10)*	4,575,000	1,048,313	23,602	-	-	-	-	1,071,915
Consideration for asset acquisition *(Note 10(ii))*	17,627,364	2,586,614	176,581	-	111,277	-	(66,581)	2,807,891
Stock options expensed	-	-	-	-	55,947	-	-	55,947
Share repurchase	-	(29,700)	-	-	-	-	-	(29,700)
Net income for the year	-	-	-	-	-	179,722	(56)	179,666
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 *(Note 10)*	250,000	23,602	192,511	-		-	-	216,113
Stock options expensed	-	-	-	-	57,116	-	-	57,116
Share repurchase	-	(787,143)	-	-	-	-	-	(787,143)
Expiry of options	-	965,000	-	(965,000)	-	-	-	-
Cancellation of shares	(6,368,000)	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-	-	(5,105,810)	(1,686)	(5,107,496)
Balance, March 31, 2016	**85,044,025**	**$ 20,838,056**	**$ 392,694**	**$ -**	**$ 2,400,735**	**$ (18,788,967)**	**$ (68,323)**	**$ 4,774,195**

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

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

Consolidated Statements of Cash Flows

	Year Ended March 31, 2016	Year Ended March 31, 2015
Cash flow from operating activities		
Net (loss) income for the year	**$ (5,107,496)**	$ 179,666
Items not affecting cash:		
Write-down of license	**1,195,684**	-
Share-based compensation	**247,939**	1,127,862
Depreciation	**6,471**	3,475
Changes in non-cash working capital:		
Government receivable	**1,168,560**	(1,191,844)
Accounts payable and accrued liabilities	**(185,251)**	1,853,792
Accounts receivable and prepaid expenses	**(509,854)**	7,958
Advance from license partners	**(1,444,168)**	1,954,871
	(4,628,115)	3,935,780
Cash flow from investing activities		
Acquisition of license	**(1,612,382)**	-
	(1,612,382)	-
Cash flow from financing activities		
Proceeds from issuance of share capital	-	3,012,317
Transaction costs incurred on acquisition	-	(68,885)
Share repurchases	**(787,143)**	(29,700)
	(787,143)	2,913,732
(Decrease) increase in cash and cash equivalents	**(7,027,640)**	6,849,512
Cash and cash equivalents, beginning of year	**10,490,818**	3,641,306
Cash and cash equivalents, end of year	**$ 3,463,178**	$ 10,490,818

The accompanying notes are an integral part of these consolidated 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 Republic of Namibia ("Namibia"), the Republic of Ghana ("Ghana") and the Co-Operative Republic of Guyana ("Guyana"). 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 consolidated financial statements were approved by the Board of Directors of the Company on July 28, 2016.

2. Basis of Preparation and Going Concern

These consolidated 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 economically recoverable petroleum and natural gas 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. These consolidated 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 consolidated statements of financial position.

The Company has accumulated a deficit of $18,788,967 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 applies International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of March 31, 2016.

3. Summary of Significant Accounting Policies (continued)

Statement of compliance (continued)

The significant accounting policies followed by the Company are summarized as follows:

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its directly and indirectly owned subsidiaries, as follows:

Subsidiary	Ownership
Eco (BVI) Oil & Gas Ltd. ("EBVI")	100%
Eco Oil and Gas (Namibia) (Pty) Ltd. ("EOGN")	100%
Eco Oil and Gas Services (Pty) Ltd. ("EOGS")	100%
Eco Atlantic (Ghana) Ltd.	100%
Eco Atlantic Holdings Ltd.	100%
Pan African Oil (Mauritius) Ltd.	100%
Pan African Oil Holdings Ltd.	100%
Pan African Oil Namibia Holdings (Pty) Ltd. ("PAO Namibia")	90%
Eco Atlantic Guyana Offshore Inc.	100%
Eco (Atlantic) Guyana Inc.	94%

Foreign currencies

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that time. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains and losses are recognized in profit or loss.

Financial instruments

Financial instruments are required to be classified as one of the following: held-to-maturity; loans and receivables; fair value through profit or loss; available-for-sale or other financial liabilities.

The Company's financial instruments include cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities. The Company designated its cash and cash equivalents and short-term investments as fair value through profit or loss. The Company designated its accounts receivable as loans and receivables, and its accounts payable and accrued liabilities as other financial liabilities, all of which are measured at amortized cost.

Fair value through profit or loss financial assets are measured at fair value, with gains and losses recognized in operations. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive (loss) income.

3. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of a financial instrument that is quoted in active markets is based on the bid price for a financial asset held and the offer price for a financial liability. When an independent price is not available, fair value is determined by using a valuation which refers to observable market data. Such a valuation technique includes comparisons with a similar financial instrument where an observable market price, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants exist.

Exploration and evaluation assets and expenditures

i) Expenditures

For oil and gas prospects not commercially viable and financially feasible, the Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of oil and gas prospects, property option payments and evaluation activities. Exploration and evaluation expenditures are capitalized only when associated with a business combination or asset acquisition or the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for production operations. Capitalization ceases when the oil and natural gas reserves are capable of commercial production, with the exception of development costs that give rise to a future benefit.

ii) Depletion and depreciation

Capitalized costs related to each cost center from which there is production will be depleted using the unit-of-production method based on proven petroleum and natural gas reserves, as determined by independent consulting engineers.

iii) Farm-out arrangements

The Company, as farmor, accounts for the farm-out arrangements as follows; the farmor does not record any expenditure made by the farmee on its behalf, and recognizes its expenditures under farm-out arrangements in respect of its own interest when the costs are incurred. Any cash consideration received as reimbursements of expenditures incurred in prior years and is recorded as income from farm-out agreements in profit or loss. Any cash consideration received as reimbursements of expenditures incurred in the current year is offset against related expenditures in operating costs and general and administrative costs in profit or loss. Any cash consideration received in advance of underlying expenditures is capitalized to advance from license partners until the applicable expenditures have been incurred, at which point the recovery is transferred to income from farm-out agreements in profit or loss. Any cash received without an underlying commitment to incur expenditures is recorded as income from farm-out agreements in profit or loss.

3. Summary of Significant Accounting Policies (continued)

Exploration and evaluation assets and expenditures (continued)

iv) Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives, to determine whether there facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value, less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

iv) Asset retirement obligations

Asset retirement obligations are measured at the present value of the expenditure expected to be incurred using a risk-free discount rate. The associated asset retirement cost is capitalized as part of the cost of the related long-lived asset. Changes in the estimated obligation resulting from revisions to estimated timing, amount of cash flows, or changes in the discount rate are recognized as a change in the asset retirement obligation and the related asset retirement cost. Increases in asset retirement obligations resulting from the passage of time are recorded as accretion of asset retirement obligation in the consolidated statement of operations as a financial cost. Actual expenditures incurred are charged against the accumulated asset retirement obligation as incurred.

The Company currently does not have any asset retirement obligations.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they related to items recognized in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Revenue recognition

Revenue from the sale of petroleum and natural gas is recognized when the risks and rewards of ownership pass to the purchaser, including delivery of the product, the selling price is fixed or determinable and collection is reasonably assured. Oil and natural gas royalty revenue is recognized when received.

3. Summary of Significant Accounting Policies (continued)

Loss per share

Basic loss per share is computed based on the weighted average number of common shares outstanding during the year. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year.

Segment reporting

The Company operates in one segment, the oil and gas business and conducts its operations in Namibia, Ghana and Guyana with its head office in Canada. Substantially all the Company's oil and gas assets are located in Namibia and Ghana.

Significant accounting judgments and estimates

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, the reported amounts of revenues and expenses and to exercise judgment in the process of applying the accounting policies.

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. During the year ended March 31, 2016, an impairment write-down of a petroleum and natural gas license in the amount of $1,195,684 (2015 - $Nil) was reflected in the consolidated statements of operations and comprehensive (loss) income.

4. Future Accounting and Reporting Changes

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements, but which may affect the consolidated financial statements are listed below.

IFRS 9, "Financial Instruments: Classification and Measurement", effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. 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 9.

IFRS 15, "Revenue from Contracts with Customers", effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, replaces existing revenue standards and interpretations with a single standard and provides additional guidance on revenue recognition for contracts with customers. 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.

5. Amalgamation

On December 19, 2014, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with 1864361 Alberta Ltd. ("Subco"), a wholly-owned subsidiary of the Company incorporated solely for the purpose of completing the amalgamation, and Pan African Oil Ltd. ("PAO") pursuant to which Subco and PAO amalgamated and the resulting corporation, (Eco Atlantic Holdings Ltd.) became a wholly-owned subsidiary of the Company (the "Amalgamation").

On January 28, 2015, the Company completed the Amalgamation and, as a result, the former shareholders of PAO received 0.323 of a common share in the capital of the Company (a "Common Share") in exchange for each common share of PAO formerly held. Upon the closing of the amalgamation, the Company acquired cash and cash equivalents and the Namibian petroleum exploration licenses held by PAO.

In connection with the Amalgamation, the Company issued 18,830,738 Common Shares, 1,003,400 stock options and 2,587,967 Common Share purchase warrants to the former option, warrant and security holders of PAO. In addition, as part of the Amalgamation Agreement and included in the consideration for the transaction, the Company issued 1,200,000 options to certain individuals as compensation for facilitating the Amalgamation.

Details of the acquisition are as follows:

Purchase Price		
Fair value of 18,830,738 shares issued in exchange for 58,299,497 PAO common shares outstanding	$	2,832,080
Fair value of 1,003,400 stock options issued in exchange for 4,325,000 PAO options		63,986
Fair value of 1,200,000 stock options issued in connection with the consulting agreement		47,291
Transaction costs		68,885
Fair value of 2,587,967 warrants issued in exchange for 8,012,281 PAO warrants		-
Total Purchase Price	$	3,012,242

Fair Value of Net Assets Acquired		
Cash and cash equivalents	$	3,012,317
Accounts receivable		17,364
Prepaid expenses		35,102
Equipment		6,670
Exploration and evaluation assets		-
Non-controlling interest		66,581
Less: Accounts payable and accrued liabilities		(125,792)
Total Purchase Price	$	3,012,242

For accounting purposes PAO was not considered to be carrying on a business at the time of acquisition. Accordingly, the purchase consideration has been allocated to the net assets acquired. The options and warrants have been valued using the Black-Scholes pricing model *(Notes 16 and 17)*. The quoted price of the Company's common shares was not considered a level 1 measurement given the absence of an active market, the common share consideration was therefore measured using the fair value of the net assets acquired less transaction costs and the value of options and warrants issued as part of the consideration.

6. Short-term Investments

The Company's short-term investments comprise interest bearing deposits with its primary bank of $100,000 (2015 - $100,000), which are held as collateral for credit-card lines of credit.

7. Petroleum and Natural Gas Licenses

	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**

	Balance April 1, 2014	Additions	Impairment and Abandonment	Balance March 31, 2015
Licenses	$ 2,685,655	$ -	$ -	$ 2,685,655

(*) see Note 7 (xiv)
(**) see Note 7 (x)

(i) The oil and gas interests of the Company are located both onshore and offshore in Namibia, offshore in Ghana 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 are governed by the Tamar Petroleum Agreement ("PAO 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 PAO 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.

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)

(v) On December 31, 2014, the Company entered into an amended and restated farm-out agreement (the "Azimuth Farm-out Agreement") with Azimuth Namibia Ltd. pursuant to which the Company transferred a portion of its working interest in the ECO Offshore Licenses in exchange for, among other things, an aggregate of $4,200,000 (USD$3,500,000) (the "Farm-out Transaction") which has been recorded in income from farm-out agreements on the consolidated statements of operations and comprehensive (loss) income. The Farm-out Transaction closed on February 4, 2015.

(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 February 12, 2014, the Ministry granted the Company a one year extension of its Cooper license and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on the Cooper license until March 14, 2016. See Subsequent Events Note 21(a) for details regarding the first Renewal Phase and relinquishments.
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.

7. Petroleum and Natural Gas Licenses (continued)

(vii) The Cooper License (continued)

7. As of the date hereof, 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 (estimated by management based on current costs) (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

1. As of March 31, 2016, the Sharon License covers 11,400 square kilometers (2,817,000 acres) (see Note 21b for details of a 50% relinquishment that took place post year-end) 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 July 8, 2013, the Ministry granted the Company one year extension of its Sharon License and a one year deferral of the Company's obligations to drill an exploratory well. The Company is required to produce a resource assessment on the Sharon License by March 14, 2016. See Subsequent Events Note 21(b) for details regarding the first Renewal Phase and relinquishments.

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)

(viii) ***The Sharon License (continued)***

4. As of the date hereof, 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 (estimated by management based on current costs)** (US$)	**Company's share of Expenditure** **(US$)**
Year 5 (ending March 31, 2017) • Complete and interpret a 1,000 Sq Km 3D seismic survey	10,000,000	4,500,000
Year 6 (ending March 31, 2017) • 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 • Offtake/production engineering	75,000,000 500,000	50,025,000 333,500
Year 9 (ending March 31, 2020) • Complete and interpret a 500 Sq Km 3D seismic survey	5,000,000	3,335,000
Total	90,750,000	58,360,250

7. Petroleum and Natural Gas Licenses (continued)

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

1. As of March 31, 2016, the Guy License covers 5,700 square kilometers (2,817,000 acres) (see Note 21c for details of a 50% relinquishment that took place post year-end) 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 July 8, 2013, the Ministry granted the Company one year extension of its Guy license and a one year deferral of the Company's obligations to drill an exploratory well. The operator is required to produce a resource assessment on the Guy license by March 14, 2016. See Subsequent Events Note 21(c) for details regarding the first Renewal Phase and relinquishments.
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 the date hereof, 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 (estimated by management based on current costs) (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 • Offtake/production engineering	100,000,000 500,000	55,600,000 278,000
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

7. Petroleum and Natural Gas Licenses (continued)

(x) The Daniel License

1. The Daniel License covers approximately 23,000 square kilometers (5,683,000 acres) and was located in license area 2013B, 2014B, and 2114 in Namibia. The Company held a 90% working interest in the Daniel License and NAMCOR held a 10% carried interest.

2. In August 2013, the Company received Ministry approval for the inclusion of oil and gas exploration rights on its Daniel License.

3. On September 15, 2015, the Company advised the Ministry of its intention to relinquish the Daniel License and on March 1, 2016, the Company received approval for such relinquishment. During the year ended March 31, 2016, an impairment write-down of the Daniel License in the amount of $1,195,684 was reflected in the consolidated statements of operations and comprehensive (loss) income.

(xi) 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 the date hereof, 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[(1)] (estimated by management based on current costs) (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 License	8,000,000	5,760,000
Year 8 (ending October 31, 2019) • Drill exploratory well (subject to the availability of adequate drilling rigs)	50,000,000	36,000,000
Total	58,000,000	41,760,000

As mentioned above, management expects the actual costs of the Exploration Activities to be less than those provided in the PAO Petroleum Agreement.

7. Petroleum and Natural Gas Licenses (continued)

(xii) ***The PAO 51 License***

1. The PAO 51 License covers approximately 4,867 square kilometers (1,202,661 acres) and was located in license area 2612A offshore in the economical waters of the Republic of Namibia. PAO Namibia held a 90% working interest in the PAO 51 License (the Company's net interest is 81% due to its 90% ownership of PAO Namibia) and NAMCOR held a 10% working interest.

2. On September 15, 2015, the Company advised the Ministry of its intention to relinquish the PAO 51 License and on March 1, 2016, the Company received approval for such relinquishment.

(xiii) The entire amount of petroleum and natural gas licenses relates to license acquisition costs. As the Company had not commenced principal operations as at March 31, 2016, no depletion had been recorded.

7. Petroleum and Natural Gas Licenses (continued)

(xiv) **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., 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. Subsequent to the year end, 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. As of the date hereof, 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 (estimated by management based on current costs) (US$)	Company's share of Expenditure (US$)
Year 3 (ending March, 2018)		
• Purchase at least 850 km^2 3D seismic survey	1,275,000	740,000
• Reprocess at least 850 km^2 3D seismic survey	400,000	232,000
• Drill exploratory well	40,000,000	23,200,000
Total	41,675,000	24,172,000

7. Petroleum and Natural Gas Licenses (continued)

(xv) **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 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 of the date hereof, 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 (estimated by management based on current costs) (US$)**	**Company's share of Expenditure (US$)**
Year 4 (ending 2020) • Review existing regional 2D data and complete 3D survey Complete and interpret 500 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)	60,000,000	24,000,000
Year 10 (ending 2026) • 2nd renewal period – Drill one exploration well (contingent)	-	-
Total	63,000,000	24,000,000

7. Petroleum and Natural Gas Licenses (continued)

(xvi) As of March 31, 2016, the Company has recorded $510,703 (2015 - $1,954,871) as advance from license partners related to funds received in advance of the Company incurring applicable operating costs to which the advances can be applied.

8. Equipment

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

						March 31, 2015
		Cost		Accumulated Depreciation		Net Book Value
Equipment	$	34,307	$	26,735	$	7,572

9. Related Party Transactions and Balances

	March 31, 2016 $	March 31, 2015 $
Amount paid for exploration services to a company controlled by the COO of the Company	**700,489**	735,878
Amount included in accounts payable and accrued liabilities at the end of the year	**116,690**	70,959
Fees for management services paid to a company controlled by the President and CEO of the Company	**352,606**	320,937
Amount included in accounts payable and accrued liabilities at the end of the year	**-**	27,905
Fees paid to a company controlled by the CFO of the Company	**102,488**	180,750
Amount included in accounts payable and accrued liabilities at the end of the year	**-**	5,085
Fees for management services paid to a company controlled by the Executive Vice President of the Company	**120,000**	143,160
Amount included in accounts payable and accrued liabilities at the end of the year	**3,390**	13,900
Fees paid to a company controlled by the Chairman of the Company	**66,980**	63,326
Amount included in accounts payable and accrued liabilities at the end of the year	**-**	-

Remuneration of the Company's directors and its Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and its Executive Vice President was as follows:

	Years ended March 31,	
	2016	**2015**
Salaries, consulting fees and benefits	**$ 668,811**	$ 1,359,939
Stock-based compensation	**87,387**	949,168
	$ 756,198	$ 2,309,107

10. Share Capital

Authorized: Unlimited Common Shares

Issued		Common Shares	Amount $	Shares to be issued $
Balance, March 31, 2014		**68,959,661**	**17,031,370**	**-**
Shares issued on vesting of Restricted Share Units	*(i)*	4,100,000	1,004,500	-
Shares issued as consideration in asset acquisition	*(ii)*	17,627,364	2,586,614	176,581
Shares issued on vesting of Restricted Share Units	*(iii)*	250,000	23,602	23,602
Shares issued on vesting of Restricted Share Units	*(iv)*	225,000	20,211	-
Repurchase of Shares	*(vii)*	-	(29,700)	-
Balance, March 31, 2015		**91,162,025**	**20,636,597**	**200,183**
Shares issued on vesting of Restricted Share Units	*(iii)*	250,000	23,602	192,511
Expiry of warrants	*Note 17*	-	965,000	-
Redemption of shares	*(vii)*	(6,368,000)	(787,143)	-
Balance, March 31, 2016		**85,044,025**	**20,838,056**	**392,694**

(i) On August 29, 2014, 4,100,000 restricted share units ("RSUs") were granted to certain Company directors, officers and consultants. The RSUs vested immediately on the grant date. These RSUs had a fair value of $0.25 per unit based on the volume weighted average market price of the Common Shares for the five preceding days before the grant date. $1,004,500 was recognized as share-based compensation expense during year ended March 31, 2015.

(ii) In connection with the Amalgamation *(Note 5)*, the Company authorized for issuance 18,830,738 Common Shares. In order to obtain their Common Shares in the Company, former shareholders of PAO were required to surrender for cancellation the certificates representing their PAO shares (the "Certificates"). During the year ended March 31, 2015, 17,627,364 shares were issued to former PAO shareholders, with the remaining 1,203,374 shares recorded as to be issued. Former shareholders of PAO have six years to surrender their certificates, at which point the shares will be cancelled. The 17,627,364 shares issued and 1,203,374 shares to be issued were valued at $2,586,614 and $176,581 respectively, measured based on the consideration received in the transaction net of transaction costs, options and warrants granted as part of the acquisition *(Note 5)*.

(iii) 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.

10. Share Capital (continued)

(iv) On February 24, 2015, 225,000 restricted share units ("RSUs") were granted to certain an officer of the Company. The RSUs vested immediately on the grant date. These RSUs 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. $20,211 was recognized as share-based compensation expense during year ended March 31, 2015.

(v) On March 23, 2016, 1,002,600 restricted share units ("RSUs") were granted to certain officers, directors and consultants of the Company. The RSUs vested immediately on the grant date. These RSUs had a fair value of $0.216 per unit based on the volume weighted average market price of the Common Shares for the five preceding days before the grant date. $192,511 was recognized as share-based compensation expense during year ended March 31, 2016 reflecting a value of $162,000 and $57,116 RSU's were granted to settle outstanding accounts payable balances. As the underlying 1,002,600 common shares have not yet been issued an aggregate fair value of $216,113 has been recorded as shares to be issued as at March 31, 2016.

(vi) 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 2015 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 received Exchange approval for a second 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.

(vii) During the year ended March 31, 2016, the Company repurchased 6,633,500 shares and cancelled 6,368,000 shares. As at March 31, 2016, the Company held shares valued at $14,190 (2015 - $29,700) in treasury. The shares held in treasury were repurchased as part of the share repurchase program *(Note 10 (vi))*.

(viii) As at March 31, 2016, Nil (2015 – 2,783,078) of the Company's shares were held in escrow.

11. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2015 – 26.5%) to the effective rate is as follows:

	March 31, 2016 $	March 31 2015 $
Net loss (income) before recovery of income taxes	5,107,496	(179,666)
Expected income tax recovery	(1,353,490)	48,650
Difference in foreign tax rates	202,000	1,072,370
Tax rate changes and other adjustments	(57,470)	21,370
Non-deductible expenses	70,270	300,050
Unrealized foreign exchange	72,290	-
Change in tax benefits not recognized	1,066,400	(1,442,440)
Income tax recovery reflected in the statements of operations and comprehensive loss	-	-

11. Income Taxes (continued)

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	March 31, 2016 **$**	March 31, 2015 $
Deferred Tax Assets		
Non-capital losses - Canada	3,811,317	6,673,700
Non-capital losses - Ghana	1,849,218	44,200
Non-capital losses - Namibia	3,642,423	411,821
Non-capital loses – Guyana	114,261	-
Share issue and financing costs	-	117,310
Namibia exploration and operating losses	-	-
Other deductible temporary difference	318,077	418,530

The Canadian non-capital loss carry forwards expire as noted in the table below. Ghana non-capital tax losses expire between 2019 and 2021. Guyanese losses may be carried forward indefinitely but may be applied against 50% of taxable income in each subsequent year. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital loss carry forwards expire as follows:

2017	$	16,900
2028		141,140
2029		90,610
2030		225,110
2031		601,080
2032		774,280
2033		369,710
2034		1,246,047
2035		68,040
2036		278,400
	$	3,811,317

12. 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 March 31, 2016 and 2015, the Company did not operate any properties, accordingly, no ARO was required.

13. 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 year ended March 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)*.

14. 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 which has been collected subsequent to year end. Management believes that the credit risk concentration with respect to amounts 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 March 31, 2016, the Company had cash and cash equivalents and on deposit of $3,463,178. (2015 - $10,490,818) and short-term investments of $100,000 (2015 - $100,000) to settle current liabilities of $2,538,579 (2015 - $4,193,288).

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 March 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% change in rates would not have a significant effect on the net income (loss) of the Company, given the Company's minimal assets and liabilities designated in Namibian dollars as at March 31, 2016.

15. 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.

16. 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 March 31, 2016 and changes during the year was as follows:

Number of stock options		Number of stock options	Weighted average exercise price $	Remaining contractual life - years
Balance, March 31, 2014		6,010,000	0.57	3.00
Granted January 2015		350,000	0.30	4.79
Granted January 2015		1,200,000	0.30	2.83
Granted January 2015		538,240	0.46	3.32
Granted January 2015		83,520	0.46	3.41
Granted January 2015		222,720	0.97	6.98
Granted January 2015		83,520	0.97	7.04
Granted January 2015		75,400	2.17	1.39
Canceled and expired		(90,000)	0.60	
Balance, March 31, 2015		**8,473,400**	**0.54**	**2.51**
Granted March 2016	(i)	650,000	0.30	4.98
Balance, March 31, 2016		**9,123,400**	**0.53**	**1.76**

(i) On March 23, 2016, 650,000 options were issued to officers and directors and consultants of the Company. These options are exercisable for a maximum period of five years from the date of the grant and vest as to one third on grant date and one third on each anniversary date of the grant, for the following two years. The fair value of the options granted was estimated at $67,175 using the Black-Scholes option pricing model, using the following assumptions.

Expected option life 5 years

Volatility 65.36%

Risk-free interest rate 0.64%

Dividend yield 0%

(ii) During the year ended March 31, 2016, $57,116 (2015 - $28,056) was recorded in share-based payments related to the vesting of options.

(iii) As at March 31, 2016, 8,516,733 (2015 – 7,710,067) options were exercisable.

17. Warrants

A summary of warrants outstanding at March 31, 2016 was as follows:

		Number of Warrants	Weighted Average Exercise Price ($)
Balance, March 31, 2014	(i)	4,937,341	1.00
Granted during the year	(ii)	2,587,967	1.40
Expired during the year	(ii)	(2,587,967)	1.40
Balance, March 31, 2015		**4,937,341**	**1.00**
Expired during the year	(i)	(4,937,341)	1.00
Balance, March 31, 2016		**-**	**-**

(i) The 4,937,341 warrants were originally due to expire on July 6, 2013. On July 5, 2013, their term was extended for 12 months and on June 24, 2014, the Company received consent from the TSX Venture Exchange to extend the expiry date of the 4,937,341 warrants for a further 12 months. The warrants expired on July 6, 2016.

(ii) On January 28, 2015, 2,587,967 warrants were issued in connection with the Amalgamation *(Note 5)*. Due to their short term to expiry the warrants were valued at $nil.

18. Operating Costs

Operating costs consist of the following:

	Years ended March 31	
	2016	**2015**
Exploration data acquisition and interpretation and technical consulting	**$ 5,538,576**	$ 11,475,602
Exploration license fees	**364,404**	416,489
Travel	**124,219**	196,241
Recovered under JOAs *(Note 7(viii))*	**(2,703,315)**	(9,952,268)
	$ 3,323,884	$ 2,136,064

19. General and Administrative Costs

General and administrative costs consist of the following:

	Years ended March 31	
	2016	**2015**
Occupancy and office expenses	**$ 307,701**	$ 290,804
Travel expenses	**178,802**	217,029
Public company costs	**47,796**	83,105
Insurance	**52,471**	69,381
Financial services	**14,102**	12,222
Advertising and communication	**3,509**	6,535
Depreciation	**2,565**	3,475
Recovered under JOAs (Note 7(viii))	**(97,674)**	(133,648)
	$ 509,272	$ 548,903

20. Earnings per Share

The Company's 9,123,400 (2015 – 8,473,400) options and Nil (2015 - 4,937,341) warrants have been excluded from the calculation of dilutive earnings per share as their inclusion would be antidilutive.

21. Subsequent Events

a) 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.

b) 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.

c) 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.

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

Consolidated Financial Statements

March 31, 2015 and 2014

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March 31, 2015 and 2014

Independent Auditors' Report

To the Shareholders of Eco (Atlantic) Oil & Gas Ltd.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Eco (Atlantic) Oil & Gas Ltd., which comprise the consolidated statements of financial position as at March 31, 2015 and 2014, and the consolidated statements of operations and comprehensive income (loss), equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Eco (Atlantic) Oil & Gas Ltd. as at March 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern.

MNP LLP

Chartered Professional Accountants Licensed Public Accountants

Mississauga, Ontario
July 29, 2015

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

Consolidated Statements of Financial Position

	March 31, 2015	March 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$10,490,818	$ 3,641,306
Short-term investments *(Note 6)*	100,000	100,000
Government receivable *(Note 14(a))*	1,191,844	-
Accounts receivable and prepaid expenses	113,004	68,496
	11,895,666	3,809,802
Petroleum and natural gas licenses *(Note 7)*	2,685,655	2,685,655
Equipment *(Note 8)*	7,572	4,379
	$14,588,893	$ 6,499,836
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(Note 9)*	$ 2,238,417	$ 189,950
Advance from license partners *(Note 7(xvii))*	1,954,871	-
	4,193,288	189,950
Equity		
Share capital *(Note 10)*	20,636,597	17,031,370
Shares to be issued (*Note 10(ii)*)	200,183	-
Warrants *(Note 17)*	965,000	965,000
Stock options *(Note 16)*	2,343,619	2,176,395
Non-controlling interest *(Note 5)*	(66,637)	-
Accumulated deficit	(13,683,157)	(13,862,879)
	10,395,605	6,309,886
	$14,588,893	$ 6,499,836

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

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

Commitments *(Notes 7 and 15)*

Subsequent events *(Note 21)*

Approved by the Board of Directors of the Company

Signed: **"Gil Holzman"**
Director

Signed: **"Alan Friedman"**
Director

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

Consolidated Statements of Operations and Comprehensive Income (Loss)

	Year ended March 31, 2015	Year ended March 31, 2014
Revenue		
Income from Farm-out Agreements *(Note 7)*	5,595,007	-
Interest income	29,625	66,448
	5,624,632	66,448
Operating expenses		
Compensation costs *(Notes 7(viii) and 9)*	928,258	795,063
Professional fees *(Note 7)*	979,675	462,961
Operating costs *(Notes 7(viii), 9 and 18)*	2,136,064	910,558
General and administrative costs *(Note 19)*	548,903	674,094
Share-based compensation *(Notes 9, 10 and 16)*	1,127,862	370,795
Foreign exchange loss (gain)	(275,796)	4,677
	5,444,966	3,218,148
Net income (loss) before write-down of license	179,666	(3,151,700)
Write-down of license *(Note 7(vi))*	-	(585,343)
Net income (loss) and comprehensive income (loss) for the year	$ 179,666	$(3,737,043)
Net income (loss) and comprehensive income (loss) attributed to:		
Equity holders of the parent	$ 179,722	$(3,737,043)
Non-controlling interests	(56)	-
Income (loss) and comprehensive income (loss) for the year	$ 179,666	$(3,373,043)
Earnings (loss) per share – basic and diluted *(Note 20)*	**$ 0.00**	**$ (0.05)**
Weighted average number of shares – basic and diluted *(Note 20)*	**74,154,652**	**68,959,661**

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

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

Consolidated Statements of Equity

	Number	Capital	Shares to be issued	Warrants	Stock Options	Deficit	Non-controlling Interest	Equity
Balance, March 31, 2013	**68,959,661**	**$ 16,961,370**	**$ -**	**$ 1,035,000**	**$ 1,805,600**	**$ (10,125,836)**	**$ -**	**$ 9,676,134**
Fair value of warrants expired	-	70,000	-	(70,000)	-	-	-	-
Stock options expensed	-	-	-	-	370,795	-	-	370,795
Loss for the year	-	-	-	-	-	(3,737,043)	-	(3,737,043)
Balance, March 31, 2014	**68,959,661**	**17,031,370**	**-**	**965,000**	**2,176,395**	**(13,862,879)**	**-**	**6,309,886**
Shares issued on vesting of Restricted Share Units *(Note 10)*	4,575,000	1,048,313	23,602	-	-	-	-	1,071,915
Consideration for asset acquisition *(Note 10(ii))*	17,627,364	2,586,614	176,581	-	111,277	-	(66,581)	2,807,891
Stock options expensed	-	-	-	-	55,947	-	-	55,947
Share repurchase	-	(29,700)	-	-	-	-	-	(29,700)
Net income (loss) for the year	-	-	-	-	-	179,722	(56)	179,666
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**

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

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

Consolidated Statements of Cash Flows

	Year ended March 31, 2015	Year ended March 31, 2014
Cash flow from operating activities		
Net income (loss) for the year	**$ 179,666**	$ (3,737,043)
Items not affecting cash:		
Write-down of license	**-**	585,343
Share-based compensation	**1,127,862**	370,795
Depreciation	**3,475**	2,704
Changes in non-cash working capital:		
Accounts receivable and prepaid expenses	**7,958**	(4,892)
Government receivable	**(1,191,844)**	-
Accounts payable and accrued liabilities	**1,853,792**	(42,279)
Advance from license partners	**1,954,871**	-
	3,935,780	(2,825,372)
Cash flow from investing activities		
Short-term investments	**-**	204,109
Equipment acquired	**-**	(1,833)
	-	202,276
Cash flow from financing activities		
Proceeds from issuance of share capital	**3,012,317**	-
Shares purchased held in treasury	**(29,700)**	-
Transaction costs incurred on acquisition	**(68,885)**	
	2,913,732	-
Increase (decrease) in cash and cash equivalents	**6,849,512**	(2,623,096)
Cash and cash equivalents, beginning of year	**3,641,306**	6,264,402
Cash and cash equivalents, end of year	**$ 10,490,818**	$ 3,641,306
Supplementary information		
Cash and cash equivalents, end of year		
Cash at banks	**$ 7,189,955**	$ 97,572
Cash on deposit	**$ 3,300,863**	$ 3,543,734

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

1. Nature of Operations

The activities of Eco (Atlantic) Oil & Gas Ltd. are directed towards the identification, acquisition, exploration and development of petroleum and natural gas licenses. The head office of the Company is located at 120 Adelaide Street West, Suite 800, Toronto, Ontario.

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

These consolidated financial statements were approved by the Board of Directors of the Company on July 27, 2015.

2. Basis of Preparation and Going Concern

These consolidated 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 economically recoverable petroleum and natural gas 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 consolidated 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 substantial 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 consolidated statements of financial position.

The Company has accumulated deficit of $13,683,157 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 applies International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of March 31, 2015.

3. Summary of Significant Accounting Policies (continued)

Statement of compliance (continued)

The significant accounting policies followed by the Company are summarized as follows:

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its directly and indirectly owned subsidiaries, as follows:

Subsidiary	Ownership
Eco (BVI) Oil & Gas Ltd. ("EBVI")	100%
Eco Oil and Gas (Namibia) (Pty) Ltd. ("EOGN")	100%
Eco Oil and Gas Services (Pty) Ltd. ("EOGS")	100%
Eco Atlantic (Ghana) Ltd.	100%
Eco Atlantic Holdings Ltd.	100%
Pan African Oil (Mauritius) Ltd.	100%
Pan African Oil Holdings Ltd.	100%
Pan African Oil Namibia Holdings (Pty) Ltd. ("PAO Namibia")	90%

Foreign currencies

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that time. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains and losses are recognized in profit or loss.

Financial instruments

Financial instruments are required to be classified as one of the following: held-to-maturity; loans and receivables; fair value through profit or loss; available-for-sale or other financial liabilities.

The Company's financial instruments include cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities. The Company designated its cash and cash equivalents as fair value through profit or loss. The Company designated its accounts receivable as loans and receivables, and its accounts payable and accrued liabilities as other financial liabilities, all of which are measured at amortized cost.

Fair value through profit or loss financial assets are measured at fair value, with gains and losses recognized in operations. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss).

3. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of a financial instrument that is quoted in active markets is based on the bid price for a financial asset held and the offer price for a financial liability. When an independent price is not available, fair value is determined by using a valuation which refers to observable market data. Such a valuation technique includes comparisons with a similar financial instrument where an observable market price, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants exist.

Exploration and evaluation assets and expenditures

i) Expenditures

For oil and gas prospects not commercially viable and financially feasible, the Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of oil and gas prospects, property option payments and evaluation activities. Exploration and evaluation expenditures are capitalized only when associated with a business combination or asset acquisition or the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for production operations. Capitalization ceases when the oil and natural gas reserves are capable of commercial production, with the exception of development costs that give rise to a future benefit.

ii) Depletion and depreciation

Capitalized costs related to each cost center from which there is production will be depleted using the unit-of-production method based on proven petroleum and natural gas reserves, as determined by independent consulting engineers.

iii) Farm-out arrangements

The Company, as farmor, accounts for the farm-out arrangements as follows; the farmor does not record any expenditure made by the farmee on its behalf, and recognizes its expenditures under farm-out arrangements in respect of its own interest when the costs are incurred. Any cash consideration received as reimbursements of expenditures incurred in prior years is recorded as income from farm-out agreements in profit or loss. Any cash consideration received as reimbursements of expenditures incurred in the current year is offset against related expenditures in operating costs and general and administrative costs in profit or loss. Any cash consideration received in advance of underlying expenditures is capitalized to advance from license partners until the applicable expenditures have been incurred, at which point the recovery is transferred to income from farm-out agreements in profit or loss.

3. Summary of Significant Accounting Policies (continued)

Exploration and evaluation assets and expenditures (continued)

iv) Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives, to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value, less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

iv) Asset retirement obligations

Asset retirement obligations are measured at the present value of the expenditure expected to be incurred using a risk-free discount rate. The associated asset retirement cost is capitalized as part of the cost of the related long-lived asset. Changes in the estimated obligation resulting from revisions to estimated timing, amount of cash flows, or changes in the discount rate are recognized as a change in the asset retirement obligation and the related asset retirement cost. Increases in asset retirement obligations resulting from the passage of time are recorded as accretion of asset retirement obligation in the consolidated statement of operations as a financial cost. Actual expenditures incurred are charged against the accumulated asset retirement obligation as incurred.

The Company currently does not have any asset retirement obligations.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they related to items recognized in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Revenue recognition

Revenue from the sale of petroleum and natural gas is recognized when the risks and rewards of ownership pass to the purchaser, including delivery of the product, the selling price is fixed or determinable and collection is reasonably assured. Oil and natural gas royalty revenue is recognized when received.

3. Summary of Significant Accounting Policies (continued)

Loss per share

Basic loss per share is computed based on the weighted average number of common shares outstanding during the year. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year.

Segment reporting

The Company operates in one segment, the oil and gas business and conducts its operations in Namibia with its head office in Canada. Substantially all the Company's oil and gas assets are located in Namibia.

Significant accounting judgments and estimates

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, the reported amounts of revenues and expenses and to exercise judgment in the process of applying the accounting policies.

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. During the year ended March 31, 2015, an impairment write-down of a petroleum and natural gas license in the amount of $nil (2014 - $585,343) was reflected in the consolidated statements of operations and comprehensive income (loss).

4. Future Accounting and Reporting Changes

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements, but which may affect the consolidated financial statements are listed below.

IFRS 9, "Financial Instruments: Classification and Measurement", effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. 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 9.

IFRS 15, "Revenue from Contracts with Customers", effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, replaces existing revenue standards and interpretations with a single standard and provides additional guidance on revenue recognition for contracts with customers. 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.

5. Amalgamation

On December 19, 2014, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with 1864361 Alberta Ltd. ("Subco"), a wholly-owned subsidiary of the Company incorporated solely for the purpose of completing the amalgamation, and Pan African Oil Ltd. ("PAO") pursuant to which Subco and PAO amalgamated and the resulting corporation, (Eco Atlantic Holdings Ltd.) became a wholly-owned subsidiary of the Company (the "Amalgamation").

On January 28, 2015, the Company completed the Amalgamation and, as a result, the former shareholders of PAO received 0.323 of a common share in the capital of the Company (a "Common Share") in exchange for each common share of PAO formerly held. Upon the closing of the amalgamation, the Company acquired cash and cash equivalents and the Namibian petroleum exploration licenses held by PAO.

In connection with the Amalgamation, the Company issued 18,830,738 Common Shares, 1,003,400 stock options and 2,587,967 Common Share purchase warrants to the former option, warrant and security holders of PAO. In addition, as part of the Amalgamation Agreement and included in the consideration for the transaction, the Company issued 1,200,000 options to certain individuals as compensation for facilitating the Amalgamation.

Details of the acquisition are as follows:

Purchase Price		
Fair value of 18,830,738 shares issued in exchange for 58,299,497 PAO common shares outstanding.	$	2,832,080
Fair value of 1,003,400 stock options issued in exchange for 4,325,000 PAO options		63,986
Fair value of 1,200,000 stock options issued in connection with the consulting agreement		47,291
Transaction costs		68,885
Fair value of 2,587,967 warrants issued in exchange for 8,012,281 PAO warrants		-
Total Purchase Price	$	3,012,242

Fair Value of Net Assets Acquired		
Cash and cash equivalents	$	3,012,317
Accounts receivable		17,364
Prepaid expenses		35,102
Equipment		6,670
Exploration and evaluation assets		-
Non-controlling interest		66,581
Less: Accounts payable and accrued liabilities		(125,792)
Total Purchase Price	$	3,012,242

For accounting purposes PAO was not considered to be carrying on a business at the time of acquisition. Accordingly, the purchase consideration has been allocated to the net assets acquired. The options and warrants have been valued using the Black-Scholes pricing model *(Note 16 and 17)*. The quoted price of the Company's common shares was not considered a level 1 measurement given the absence of an active market, the common share consideration was therefore measured using the fair value of the net assets acquired less transaction costs and the value of options and warrants issued as part of the consideration.

6. Short-term Investments

The Company's short-term investments comprise interest bearing deposits with its primary bank of $100,000 (2014 - $100,000), which are held as collateral for credit-card lines of credit.

7. Petroleum and Natural Gas Licenses

	Balance April 1, 2014	**Impairment and Abandonment**	**Balance March 31, 2015**
Licenses	**$ 2,685,655**	**$ -**	**$ 2,685,655**

	Balance April 1, 2013	Impairment and Abandonment	Balance March 31, 2014
Licenses	$ 3,270,998	**$** (585,343)	$ 2,685,655

(i) The oil and gas interests of the Company are located both onshore and offshore Namibia which is on the west coast of southern Africa situated south of Angola, north of South Africa, and west of Botswana.

(ii) The Company holds five offshore petroleum licenses in the Republic of Namibia covering approximately 41,537 square kilometers (10,264,000 acres); 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", and together with the Sharon License and the Cooper License, the "ECO Offshore Licenses"), petroleum exploration license number 0050 (the "PAO 50 License"), and petroleum exploration license number 0051 (the "PAO 51 License"). The Company also holds one license that consists of both onshore and offshore portions (the "Daniel License"), being coal bed methane and petroleum exploration license number 0031, covering approximately 23,000 square kilometers (5,683,000 acres).

(iii) The terms of the Cooper License, the Sharon License, the Guy License, and the Daniel License (the "Eco 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 PAO 50 License and the PAO 51 License (the "PAO Licenses") are governed by petroleum agreements for each of those licenses (each, a "PAO Petroleum Agreement"), dated October 28, 2011, between the Company and the Ministry. Pursuant to the Eco Petroleum Agreements and the PAO Petroleum Agreements, the Company is required to undertake specific exploration activities on each of the Licenses during each phase of development (each, an "Exploration Activity").

7. Petroleum and Natural Gas Licenses

(iv) In the Eco Petroleum Agreements and the PAO Petroleum Agreements, 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.

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.

(v) In August 2013 the Company received confirmation of Ministry acceptance for the relinquishment of its onshore license number 32, which incorporates license area 2148 (the "Relinquished License"). The capitalized costs associated with the Relinquished License of $585,343 were written-off during the year ended March 31, 2014.

(vi) On April 12, 2012, the Company entered into a farm-out agreement with Azimuth Ltd. ("Azimuth") an oil and gas exploration company, pursuant to which Azimuth acquired a 20% working interest in each of the Company's ECO Offshore Licenses in return for funding 40% of the cost of 3D seismic surveys covering 2,500 square kilometers across all ECO Offshore Licenses.

(vii) On December 31, 2014, the Company entered into an amended and restated farm-out agreement (the "Azimuth Farm-out Agreement") with Azimuth Namibia Ltd. pursuant to which the Company transferred a portion of its working interest in the ECO Offshore Licenses in exchange for, among other things, an aggregate of $4,200,000 (USD$3,500,000) (the "Farm-out Transaction") which has been recorded in income from farm-out agreements on the consolidated statement of operations and comprehensive income (loss). The Farm-out Transaction closed on February 4, 2015.

(viii) 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. During the year the Company recovered $10,085,916 from Tullow and Azimuth which has been applied against operating costs *(Note18)* and general and administrative costs *(Note 19)* in the consolidated statement of operations and comprehensive income (loss).

7. Petroleum and Natural Gas Licenses (continued)

(ix) ***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 February 12, 2014, the Ministry granted the Company a one year extension of its Cooper license and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on the Cooper license until March 14, 2016.

3. Pursuant to the Azimuth Farm-out Agreement, Azimuth will fund 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, the reimbursement of 25% of the Company's past costs to March 31, 2014.

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.

7. Petroleum and Natural Gas Licenses (continued)

6. As of the date hereof, the outstanding Exploration Activities and the aggregate expenditure as provided in the Petroleum Agreement for the Cooper License for each year of exploration is as follows:

Exploration Activities	Expenditure (as provided in the Petroleum Agreement) (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	40,000,000	0[(1)]
• Offtake/production engineering	500,000	125,000[(1)]
Total	40,750,500	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 completed, the 25% from Tullow will be transferred back to the Company at no cost and the Company will be responsible for 67.5% of the listed Expenditure.

7. Petroleum and Natural Gas Licenses (continued)

(x) ***The Sharon License***

1. The Sharon License covers 11,400 square kilometers (2,817,000 acres) 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 July 8, 2013, the Ministry granted the Company one year extension of its Sharon License and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on the Sharon License until March 14, 2016.

3. Pursuant to the Azimuth Farm-out Agreement, Azimuth will fund 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.

4. As of the date hereof, the outstanding Exploration Activities and the aggregate expenditure as provided in the Petroleum Agreement for the Sharon License for each year of exploration is as follows:

Exploration Activities	**Expenditure (as provided in the Petroleum Agreement)** (US$)	**Company's share of Expenditure** **(US$)**
Year 4 (ending March 31, 2015) • Interpret a 3,000 Km 2D seismic survey	90,000	0
Year 5 (ending March 31, 2016) • Complete and interpret a 1,000 Sq Km 3D seismic survey	10,000,000	4,500,000
Year 6 (ending March 31, 2017) • 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 • Offtake/production engineering	122,750,000 500,000	81,874,250 333,500
Year 9 (ending March 31, 2020) • Complete and interpret a 500 Sq Km 3D seismic survey	5,000,000	3,335,000
Total	138,590,000	90,209,500

7. Petroleum and Natural Gas Licenses (continued)

(xi) ***The Guy License***

1. The Guy License covers 11,400 square kilometers (2,817,000 acres) 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.

2. On July 8, 2013, the Ministry granted the Company one year extension of its Guy license and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on each of the Guy license until March 14, 2016.

3. Pursuant to the Azimuth Farm-out Agreement, Azimuth will fund 100% of the cost for the shooting and processing of the recently completed 1,000 kilometer 2D seismic survey on the Guy Block. Additionally, Azimuth will fund 66.44% of the costs of a 8,000 square kilometer 3D seismic survey on the Guy Block.

4. As of the date hereof, the outstanding Exploration Activities and the aggregate expenditure as provided in the Petroleum Agreement for the Guy License for each year of exploration is as follows:

Exploration Activities	**Expenditure (as provided in the Petroleum Agreement)** **(US$)**	**Company's share of Expenditure** **(US$)**
Year 5 (ending March 31, 2016) • Complete and interpret a 800 Sq Km 3D seismic survey	8,000,000	2,640,000
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 • Offtake/production engineering	122,750,000 500,000	68,249,000 278,000
Year 9 (ending March 31, 2020) • Complete and interpret a 500 Sq Km 3D seismic survey	5,000,000	2,780,000
Total	136,500,000	74,086,000

7. Petroleum and Natural Gas Licenses (continued)

(xii) ***The Daniel License***

1. The Daniel License cover approximately 23,000 square kilometers (5,683,000 acres) and is located in license area 2013B, 2014B, and 2114 in Namibia. The Company holds a 90% working interest in the Daniel License and NAMCOR holds a 10% carried interest.

2. In August 2013, the Company received Ministry approval for the inclusion of oil and gas exploration rights on its Daniel License.

3. As of the date hereof, the outstanding Exploration Activities and the aggregate expenditure as provided in the Petroleum Agreement for the Daniel License for each year of exploration is as follows:

Exploration Activities	Expenditure (as provided in the Petroleum Agreement) (US$)	Company's share of Expenditure (US$)
Year 4 (ending March 31, 2015)		
• Core hole drilling	1,200,000	1,200,000
• Evaluation report	250,000	250,000
Year 5 (ending March 31, 2016)		
• Additional core hole drilling - Onshore	1,200,000	1,200,000
Year 6 (ending March 31, 2017)		
• Assessment of second core hole	250,000	250,000
Year 7 and 8 (ending March 31, 2018 and 2019)		
• Offtake/production engineering	1,500,000	1,500,000
Total	4,400,000	4,400,000

(xiii) ***The PAO 50 License***

1. The PAO 50 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 PAO 50 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.

7. Petroleum and Natural Gas Licenses (continued)

2. As of the date hereof, the outstanding Exploration Activities and the aggregate expenditure as provided in the Petroleum Agreement for the PAO 50 License for each year of exploration is as follows:

Exploration Activities	Expenditure (as provided in the Petroleum Agreement) (US$)	Company's share of Expenditure (US$)
Year 4 (ending October 31, 2015) • Identification and characterization of leads and prospects • Evaluation of farm-out and relinquishment of part (original 50%) or all of the PAO 50 License	-	-
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 PAO 50 License	8,000,000	5,760,000
Year 8 (ending October 31, 2019) • Drill exploratory well (subject to the availability of adequate drilling rigs)	50,000,000	36,000,000
Total	58,000,000	41,760,000

(xiv) ***The PAO 51 License***

1. The PAO 51 License covers approximately 4,867 square kilometers (1,202,661 acres) and is located in license area 2612A offshore in the economical waters of the Republic of Namibia. PAO Namibia holds a 90% working interest in the PAO 51 License (the Company's net interest is 81% due to its 90% ownership of PAO Namibia) and NAMCOR holds a 10% working interest.

7. Petroleum and Natural Gas Licenses (continued)

2. As of the date hereof, the outstanding Exploration Activities and the aggregate expenditure as provided in the Petroleum Agreement for the PAO 51 License for each year of exploration is as follows:

Exploration Activities	Expenditure (as provided in the Petroleum Agreement) (US$)	Company's share of Expenditure (US$)
Year 4 (ending October 31, 2015) • Identification and characterization of leads and prospects • Evaluation of farm-out and relinquishment of part (original 50%) or all of the PAO 51 License	-	-
Year 6 (ending October 31, 2017) • Complete and interpret 250 km^2 3D seismic survey • Evaluation of farm-out and relinquishment of part (original 25%) or all PAO 51 License	6,000,000	4,860,000
Year 8 (ending October 31, 2019) • Drill exploratory well (subject to the availability of adequate drilling rigs)	40,000,000	32,400,000
Total	46,000,000	37,260,000

(xv) The entire amount of petroleum and natural gas licenses relates to license acquisition costs. As the Company has not commenced principal operations as at March 31, 2015, no depletion has been recorded.

7. Petroleum and Natural Gas Licenses (continued)

(xvi) ***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., may acquire 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 will be 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 will hold a 50.51% interest in the Ghana Block, A-Z will hold a 27.79% interest, GNPC will hold a 13% interest, and GNPCEPCL and PetroGulf will each hold a 4.35% interest. The GPA is conditional upon, among other things, the execution of a joint operating agreement among the Ghana Block interest holders and the posting of a performance guarantee and the payment of fees. The GPA provides for a term of a total of 25 years, subject to the discovery of oil within the first seven years.

3. The Ghana Petroleum Agreement was signed in September 2014 but remains conditional on the submission of a performance guarantee, and the payment of fees. A joint operating agreement among the parties was signed in March, 2015.

4. When the GPA becomes effective, the following are the Exploration Activities and the aggregate expenditure as provided in the Petroleum Agreement:

Exploration Activities	**Expenditure (as provided in the Petroleum Agreement)** **(US$)**	**Company's share of Expenditure** **(US$)**
Year 3 • Purchase at least 850 km^2 3D seismic survey • Reprocess at least 850 km^2 3D seismic survey • Drill exploratory well	1,275,000 400,000 40,000,000	740,000 232,000 23,200,000
Total	41,675,000	24,172,000

5. There is no guarantee that the GPA will become effective, that the conditions to the GPA will be satisfied, or that the procurement of an interest in the Ghana Block will be completed.

7. Petroleum and Natural Gas Licenses (continued)

(xvi) As of March 31, 2015, the Company has recorded $1,954,871 as advance from license partners related to funds received in advance of the Company incurring applicable operating costs to which the advances can be applied.

8. Equipment

		Cost		Accumulated Depreciation		March 31, 2015 Net Book Value
Equipment	**$**	**34,307**	**$**	**26,735**	**$**	**7,572**

		Cost		Accumulated Depreciation		March 31, 2014 Net Book Value
Equipment	$	11,643	$	7,264	$	4,379

9. Related Party Transactions and Balances

	March 31, 2015 $	March 31, 2014 $
Amount paid for exploration services to a company controlled by the COO of the Company	**735.878**	516,923
Amount outstanding at the end of the year	**70,959**	43,826
Fees for management services paid to a company controlled by the President and CEO of the Company	**320,937**	270,520
Amount outstanding at the end of the year	**27,905**	-
Fees paid to a company controlled by the CFO of the Company	**180,750**	180,000
Amount outstanding at the end of the year	**5,085**	-
Fees for management services paid to a company controlled by the Executive Vice President of the Company	**143,160**	120,000
Amount outstanding at the end of the year	**13,900**	-
Fees paid to a company controlled by the Chairman of the Company	**63,326**	71,141
Amount outstanding at the end of the year	-	18,758

Remuneration of the Company's directors and its Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and its Executive Vice President was as follows:

	March 31, 2015 $	March 31, 2014 $
Salaries, fees and benefits	1,359,939	912,852
Share-based compensation	949,168	341,124
Total	2,309,107	1,253,976

10. Share Capital

Authorized: Unlimited Common Shares

Issued		Common Shares	Amount $	Shares to be issued $
Balance, March 31, 2013		**68,959,661**	**16,961,370**	**-**
Fair value of warrants expired		-	70,000	-
Balance, March 31, 2014		**68,959,661**	**17,031,370**	**-**
Shares issued on vesting of Restricted Share Units	*(i)*	4,100,000	1,004,500	-
Shares issued as consideration in asset acquisition	*(ii)*	17,627,364	2,586,614	176,581
Shares issued on vesting of Restricted Share Units	*(iii)*	250,000	23,602	23,602
Shares issued on vesting of Restricted Share Units	*(iv)*	225,000	20,211	-
Shares held in treasury	*(vii)*	-	(29,700)	-
Balance, March 31, 2015		**91,162,025**	**20,636,597**	**200,183**

(i) On August 29, 2014, 4,100,000 restricted share units ("RSUs") were granted to certain Company directors, officers and consultants. The RSUs vested immediately on the grant date. These RSUs had a fair value of $0.25 per unit based on the volume weighted average market price of the Common Shares for the five preceding days before the grant date. $1,004,500 was recognized as share-based compensation expense during year ended March 31, 2015.

(ii) In connection with the Amalgamation *(Note 5)*, the Company authorized for issuance 18,830,738 Common Shares. In order to obtain their Common Shares in the Company, former shareholders of PAO were required to surrender for cancellation the certificates representing their PAO shares (the "Certificates"). During the year ended March 31, 2015, 17,627,364 shares were issued to former PAO shareholders, with the remaining 1,203,374 shares recorded as to be issued. Former shareholders of PAO have six years to surrender their certificates, at which point the shares will be cancelled. The 17,627,364 shares issued and 1,203,374 shares to be issued were valued at $2,586,614 and $176,581 respectively, measured based on the consideration received in the transaction net of transaction costs, options and warrants granted as part of the acquisition *(Note 5)*.

(iii) 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. $47,205 was recognized as share-based compensation expense during the year ended March 31, 2015 which represents the entire 500,000 RSU grant.

(iv) On February 24, 2015, 225,000 restricted share units ("RSUs") were granted to certain an officer of the Company. The RSUs vested immediately on the grant date. These RSUs 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. $20,211 was recognized as share-based compensation expense during year ended March 31, 2015.

10. Share Capital (continued)

(v) On February 20, 2015, the company's Board of Directors authorized a share repurchase program (the "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.

(vi) As at March 31, 2015, 2,783,078 (2014 – 8,788,926) of the Company's shares were held in escrow.

(vii) As at March 31, 2014, the Company held shares valued at $29,700 (2014 - $NIL) in treasury. The shares held in treasury were not repurchased as part of the share repurchase program *(Note 10 (v))*.

11. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% on the net loss for the years ended March 31 is as follows:

	March 31, 2015 $	March 31 2014 $
Net (income) loss before recovery of income taxes	(179,666)	3,737,043
Expected income tax recovery	48,650	(990,320)
Difference in foreign tax rates	1,072,370	392,790
Tax rate changes and other adjustments	21,370	20,350
Non-deductible expenses	300,050	99,690
Change in tax benefits not recognized	(1,442,440)	477,490
Income tax recovery reflected in the statements of operations and comprehensive loss	-	-

11. Income Taxes (continued)

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	March 31, 2015 **$**	March 31, 2014 $
Deferred Tax Assets		
Non-capital losses - Canada	6,673,700	4,602,660
Non-capital losses - Ghana	44,200	5,820
Non-capital losses - Namibia	411,821	-
Share issue and financing costs	117,310	222,000
Namibia exploration and operating losses	-	3,828,240
Other deductible temporary difference	418,530	202,640

The Canadian non-capital loss carry forwards expire as noted in the table below. Ghana non-capital tax losses expire between 2019 and 2020. Share issue and financing costs will be fully amortized in 2017. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital loss carry forwards expire as follows:

2029	$	170,460
2030		256,420
2031		570,590
2032		864,970
2033		1,619,550
2034		1,841,230
2035		1,265,510
2036		68,040
	$	6,656,770

12. 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 March 31, 2015 and 2014, the Company did not operate any properties, accordingly, no ARO was required.

13. 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 year ended March 31, 2015. 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).*

14. 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 which has been collected subsequent to year end. Management believes that the credit risk concentration with respect to amounts 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 March 31, 2015, the Company had cash on hand and on deposit of $10,490,818 (2014 - $3,641,306) and short-term investments of $100,000 (2014 - $100,000) to settle current liabilities of $4,193,288 (2014 - $189,950).

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 March 31, 2015 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 income (loss) of the Company, given the Company's minimal assets and liabilities designated in Namibian dollars as at March 31, 2015.

15. 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.

Commitments

The Company has office lease commitments as follows:

2016	$	96,901
2017		85,200
2018		28,400
Total	$	210,501

16. 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 March 31, 2015 and changes during the year was as follows:

Number of stock options		Number of stock options	Weighted average exercise price $	Remaining contractual life - years
Balance, March 31, 2013		5,940,000	0.57	
Granted December 2013	(i)	170,000	0.40	4.70
Canceled and expired		(100,000)	(0.60)	
Balance, March 31, 2014		6,010,000	0.57	3.00
Granted January 2015	(ii)	350,000	0.30	4.79
Granted January 2015	(iii)	1,200,000	0.30	2.83
Granted January 2015	(iv)	538,240	0.46	3.32
Granted January 2015	(iv)	83,520	0.46	3.41
Granted January 2015	(iv)	222,720	0.97	6.98
Granted January 2015	(iv)	83,520	0.97	7.04
Granted January 2015	(iv)	75,400	2.17	1.39
Canceled and expired		(90,000)	0.60	
Balance, March 31, 2015		**8,473,400**	**0.54**	**2.51**

(i) On December 11, 2013, 170,000 stock options ("Options") were issued to certain officers and consultants of the Company. These Options are exercisable for a maximum period of five years from the date of the grant and vest as to one third on grant date and one third on each anniversary date of the grant, for the next two years. The fair value of the Options granted was estimated at $30,000 using the Black-Scholes option pricing model, using the following assumptions.

Expected option life 5 years
Volatility 100%
Risk-free interest rate 1.90%
Dividend yield 0%

During the year ended March 31, 2015, the Company recorded $10,319 (2014 - $14,521) in share-based compensation related to the vesting of these options.

16. Stock Options (continued)

(ii) On January 11, 2015, 350,000 Options were issued to a consultant. These Options are exercisable for a maximum period of five years from the date of the grant and vest as to one third on grant date and one third on each anniversary date of the grant, for the next two years. The fair value of the Options granted was estimated at $39,795 using the Black-Scholes option pricing model, using the following assumptions.

Expected option life 5 years
Volatility 100%
Risk-free interest rate 1.70%
Dividend yield 0%

During the year ended March 31, 2015, the Company recorded $17,572 in share-based compensation related to the vesting of these options.

(iii) On January 28, 2015, 1,200,000 Options were issued to certain consultants of the Company in connection with the Amalgamation and vest immediately. The fair value of the Options granted was estimated at $47,291 using the Black-Scholes option pricing model, using the following assumptions.

Expected option life 3 years
Volatility 100%
Risk-free interest rate 0.46%
Dividend yield 0%

These options contributed $47,291 towards the consideration granted in connection with the asset acquisition *(Note 5)*.

(iv) On January 28, 2015, 1,003,400 Options were issued in connection with the Amalgamation. These Options vest immediately. The fair value of the Options granted was estimated at $63,986 using the Black-Scholes option pricing model, using the following weighted average assumptions.

Expected option life 4.25 years
Volatility 100%
Risk-free interest rate 0.6%
Dividend yield 0%

These options contributed $63,986 towards the consideration granted in connection with the asset acquisition *(Note 5)*.

(v) During the year ended March 31, 2015, $28,056 (2014 - $356,274) was recorded in share-based payments related to options issued prior to March 31, 2013.

As at March 31, 2015, 7,710,067 (2014 – 5,671,111) options were exercisable.

17. Warrants

A summary of warrants outstanding at March 31, 2015 was as follows:

		Number of Warrants	Weighted Average Exercise Price ($)
Balance, March 31, 2013		5,290,756	1.00
Expired during the year		(353,415)	1.00
Balance, March 31, 2014	(i)	4,937,341	1.00
Granted during the year	(ii)	2,587,967	1.40
Expired during the year	(ii)	(2,587,967)	1.40
Balance, March 31, 2015		**4,937,341**	**1.00**

		Number of Warrants	Remaining Contractual Life in Years
Expiry July 6, 2015	(ii)	4,937,341	0.27

(i) The 4,937,341 warrants were originally due to expire on July 6, 2013. On July 5, 2013, their term was extended for 12 months and on June 24, 2014, the Company received consent from the TSX Venture Exchange to extend the expiry date of the 4,937,341 warrants for a further 12 months. The warrants expired on July 6, 2015.

(ii) On January 28, 2015, 2,587,967 Options were issued in connection with the Amalgamation *(Note 5)*. Due to their short term to expiry the warrants were valued at $nil.

18. Operating Costs

Operating costs consist of the following:

	March 31, 2015	March 31, 2014
Exploration data acquisition and interpretation and technical consulting	**$ 11,475,602**	730,834
Exploration license fees	**416,489**	291,079
Travel expenses	**196,241**	75,156
Recovered under JOAs *(Note 7(viii))*	**(9,952,268)**	(186,511)
	$ 2,136,064	$ 910,558

19. General and Administrative Costs

General and administrative costs consist of the following:

	March 31, 2015	March 31, 2014
Occupancy and office expenses	**$ 290,804**	$ 338,075
Travel expenses	**217,029**	240,309
Public company costs	**83,105**	86,389
Insurance	**69,381**	45,331
Financial services	**12,222**	8,215
Advertising and communication	**6,535**	2,857
Depreciation	**3,475**	2,704
Recovered under JOAs *(Note 7)*	**(133,648)**	(49,786)
	548,903	674,094

20. Earnings per Share

The Company's 8,473,400 (2014 – 6,010,000) options and 4,937,341 (2014 - 4,937,341) warrants have been excluded from the calculation of dilutive earnings per share as their inclusion would be antidilutive.

21. Subsequent Events

a) Subsequent to year end, and in connection with the ECO Share Repurchase Program *(Note 10(v))*, 1,312,000 common shares were purchased for cash consideration of $113,728. Subsequent to year end, the Company cancelled 1,514,000 common shares which include shares held in treasury at year end *(Note 10(vii))*.

b) On May 15, 2015, the Company issued 250,000 common shares in connection with the RSU's granted on January 28, 2015 *(Note 10(iii))* and recorded as shares to be issued at March 31, 2015.

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

Consolidated Financial Statements

March 31, 2014 and 2013

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March 31, 2014 and 2013

MNP LLP

Independent Auditor's Report

To the Shareholders of
Eco (Atlantic) Oil & Gas Ltd.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Eco (Atlantic) Oil & Gas Ltd., which comprise the consolidated statements of financial position as at March 31, 2014 and 2013, and the consolidated statements of operations and comprehensive loss, equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ACCOUNTING › CONSULTING › TAX
701 EVANS AVENUE, 8TH FLOOR, TORONTO ON, M9C 1A3
P: 416.626.6000 F: 416.626.8650 MNP.ca

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Eco (Atlantic) Oil & Gas Ltd. as at March 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes material uncertainty and raises substantial doubt about the Company's ability to continue as a going concern.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
July 29, 2014

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

Consolidated Statements of Financial Position

	March 31, 2014	March 31, 2013
Assets		
Current assets		
Cash and cash equivalents	**$ 3,641,306**	$ 6,264,402
Short-term investments *(Note 5)*	**100,000**	304,109
Accounts receivable and prepaid expenses	**68,496**	63,604
	3,809,802	6,632,115
Petroleum and natural gas licenses *(Note 6)*	**2,685,655**	3,270,998
Equipment *(Note 7)*	**4,379**	5,250
	$ 6,499,836	$ 9,908,363
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(Note 8)*	**$ 189,950**	$ 232,229
Equity		
Share capital *(Note 9)*	**17,031,370**	16,961,370
Warrants *(Note 16)*	**965,000**	1,035,000
Stock options *(Note 15)*	**2,176,395**	1,805,600
Accumulated deficit	**(13,862,879)**	(10,125,836)
	6,309,886	9,676,134
	$ 6,499,836	$ 9,908,363

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

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

Commitments *(Notes 6 and 14)*

Subsequent events *(Note 19)*

Approved by the Board of Directors of the Company

Signed: ***"Gil Holzman"***
Director

Signed: ***"Alan Friedman"***
Director

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

Consolidated Statements of Operations and Comprehensive Loss

	Year ended March 31, 2014	Year ended March 31, 2013
Revenue		
Interest income	**$ 66,448**	$ 63,858
Operating expenses		
Compensation costs *(Notes 6(vii) and 8)*	**795,063**	669,087
Professional fees *(Note 6(vii))*	**462,961**	706,020
Operating costs *(Notes 6(vii), 8 and 17)*	**910,558**	974,642
General and administrative costs *(Notes 6(vii) and 18)*	**674,094**	690,597
Share-based compensation *(Notes 8 and 15)*	**370,795**	996,000
Foreign exchange loss	**4,677**	11,714
	3,218,148	4,048,060
Net loss before write-down of license	**(3,151,700)**	(3,984,202)
Write-down of license *(Note 6)*	**(585,343)**	-
Net loss and comprehensive loss for the year	**$ (3,737,043)**	$ (3,984,202)
Loss per share - basic and diluted	**$ (0.05)**	$ (0.06)
Weighted average number of shares-basic and diluted	**68,959,661**	63,778,261

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

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

Consolidated Statements of Equity

	Number	Capital	Warrants	Stock Options	Deficit	Equity
Balance, March 31, 2012	**60,754,653**	**$ 13,126,284**	**$ 1,608,560**	**$ 809,600**	**$ (6,141,634)**	**$ 9,402,810**
Shares issued net of issue costs	8,098,500	3,176,318	-	-	-	3,176,318
Shares issued on exercise of warrants	106,508	85,208	-	-	-	85,208
Fair value of warrants exercised	-	16,253	(16,253)	-	-	-
Fair value of warrants expired		557,307	(557,307)	-	-	-
Stock options expensed -	-	-	-	996,000	-	996,000
Loss for the year	-	-	-	-	(3,984,202)	(3,984,202)
Balance, March 31, 2013	**68,959,661**	**16,961,370**	**1,035,000**	**1,805,600**	**(10,125,836)**	**9,676,134**
Fair value of warrants expired		70,000	(70,000)	-	-	-
Stock options expensed -	-	-	-	370,795	-	370,795
Loss for the year	-	-	-	-	(3,737,043)	(3,737,043)
Balance, March 31, 2014	**68,959,661**	**$ 17,031,370**	**$ 965,000**	**$ 2,176,395**	**$ (13,862,879)**	**$ 6,309,886**

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

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

Consolidated Statements of Cash Flows

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from operating activities		
Net loss for the year	**$ (3,737,043)**	$ (3,984,202)
Items not affecting cash:		
Write-down of license	**585,343**	-
Share-based compensation	**370,795**	996,000
Depreciation	**2,704**	2,397
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	**(42,279)**	(242,685)
Accounts receivable and prepaid expenses	**(4,892)**	11,512
Cash in trust	**-**	252,512
	(2,825,372)	(2,964,466)
Cash flow from investing activities		
Short-term investments	**204,109**	(204,109)
Equipment acquired	**(1,833)**	(3,716)
	202,276	(207,825)
Cash flow from financing activities		
Proceeds from issuance of share capital	**-**	3,239,400
Share issue costs	**-**	(63,082)
Proceeds from exercise of warrants	**-**	85,208
	-	3,261,526
(Decrease) increase in cash and cash equivalents	**(2,623,096)**	89,235
Cash and cash equivalents, beginning of year	**6,264,402**	6,175,167
Cash and cash equivalents, end of year	**$ 3,641,306**	$ 6,264,402
Supplementary information		
Cash and cash equivalents, end of year		
Cash at banks	**$ 97,572**	$ 60,391
Cash on deposit	**$ 3,543,734**	$ 6,204,011

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

1. Nature of Operations

The activities of Eco (Atlantic) Oil & Gas Ltd. (the "Company") are directed towards the identification, acquisition, exploration and development of petroleum, natural gas and coal bed methane ("CBM") licenses in the Republic of Namibia. The head office of the Company is located at 120 Adelaide Street West, Suite 800, Toronto, Ontario.

These consolidated financial statements were approved by the Board of Directors of the Company on July 29, 2014.

2. Basis of Preparation and Going Concern

These consolidated 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 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 consolidated 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 substantial 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 consolidated statements of financial position.

The Company has accumulated deficit of $13,862,879 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 applies International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of March 31, 2014, the date the Board of Directors approved the consolidated financial statements.

3. Summary of Significant Accounting Policies (continued)

Statement of compliance (continued)

The significant accounting policies followed by the Company are summarized as follows:

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly- owned subsidiaries, Eco (BVI) Oil & Gas Ltd. ("EBVI"), Eco Oil and Gas (Namibia) (Pty) Ltd. ("EOGN"), Eco Oil and Gas Services (Pty) Ltd. ("EOGS") and Eco Atlantic (Ghana) Ltd.

Foreign currencies

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that time. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains and losses are recognized in profit or loss.

Financial instruments

Financial instruments are required to be classified as one of the following: held-to-maturity; loans and receivables; fair value through profit or loss; available-for-sale or other financial liabilities.

The Company's financial instruments include cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities. The Company designated its cash and cash equivalents as fair value through profit or loss, its accounts receivable as loans and receivables, and its account payable and accrued liabilities, as other financial liabilities, all of which are measured at amortized cost.

Fair value through profit or loss financial assets are measured at fair value, with gains and losses recognized in operations. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive loss.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of a financial instrument that is quoted in active markets is based on the bid price for a financial asset held and the offer price for a financial liability. When an independent price is not available, fair value is determined by using a valuation which refers to observable market data. Such a valuation technique includes comparisons with a similar financial instrument where an observable market price, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants exist.

3. Summary of Significant Accounting Policies (continued)

Exploration and evaluation assets and expenditures

i) Expenditures

For oil and gas prospects not commercially viable and financially feasible, the Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of oil and gas prospects, property option payments and evaluation activities. Exploration and evaluation expenditures associated with a business combination or asset acquisition are capitalized.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for production operations. Capitalization ceases when the oil and natural gas reserves are capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset.

ii) Depletion and depreciation

Capitalized costs related to each cost centre from which there is production will be depleted using the unit-of-production method based on proven petroleum and natural gas reserves, as determined by independent consulting engineers.

iii) Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives, to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value, less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

iv) Asset retirement obligations

Asset retirement obligations are measured at the present value of the expenditure expected to be incurred using a risk-free discount rate. The associated asset retirement cost is capitalized as part of the cost of the related long-lived asset. Changes in the estimated obligation resulting from revisions to estimated timing, amount of cash flows, or changes in the discount rate are recognized as a change in the asset retirement obligation and the related asset retirement cost. Increases in asset retirement obligations resulting from the passage of time are recorded as accretion of asset retirement obligation in the consolidated statement of operations as a financial cost. Actual expenditures incurred are charged against the accumulated asset retirement obligation as incurred.

The Company currently does not have any asset retirement obligations.

3. Summary of Significant Accounting Policies (continued)

Income taxes

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company intends to settle current tax liabilities and assets on a net basis.

Revenue recognition

Revenue from the sale of petroleum and natural gas is recognized when the risks and rewards of ownership pass to the purchaser, including delivery of the product, the selling price is fixed or determinable and collection is reasonably assured. Oil and natural gas royalty revenue is recognized when received.

Loss per share

Basic loss per share is computed based on the weighted average number of common shares outstanding during the period. Share purchase warrants and stock options outstanding have not been included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

Segment reporting

The Company operates in one segment, the oil and gas business and conducts its operations in Namibia with its head office in Canada. Substantially all the Company's oil and gas assets are located in Namibia.

Significant accounting judgments and estimates

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, the reported amounts of revenues and expenses and to exercise judgment in the process of applying the accounting policies.

3. Summary of Significant Accounting Policies (continued)

Significant accounting judgments and estimates (continued)

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. An impairment write-down of a petroleum and natural gas license in the amount of $585,343 is reflected in the consolidated statement of operations and comprehensive loss.

Critical judgments used in applying accounting policies

In the preparation of these consolidated 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 consolidated financial statements.

Re-classifications

Certain prior year balances have been reclassified to conform with the current year's presentation

4. Future Accounting and Reporting Changes

Policies recently adopted

As of April 1, 2013 the Company adopted several new IFRS standards and amendments in accordance with the transitional provisions of each standard. A brief description of each new standard and its impact on the Company's consolidated financial statements follows:

IFRS 10, "Consolidated Financial Statements" supersedes IAS 27 "Consolidation and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities". This standard provides a single model to be applied in control analysis for all investees including special purpose entities. The retrospective adoption of this standard did not have any impact on the Company's consolidated financial statements.

IFRS 11, "Joint Arrangements" divides joint arrangements into two types, joint operations and joint ventures, each with their own accounting model. All joint arrangements are required to be reassessed on transition to IFRS 11 to determine their type to apply the appropriate accounting. The retrospective adoption of this standard did not have any impact on the Company's consolidated financial statements.

IFRS 12, "Disclosure of Interests in Other Entities" combines in a single standard the disclosure requirements for subsidiaries, associates and joint arrangements as well as unconsolidated structured entities. The retrospective adoption of this standard did not have any impact on the Company's consolidated financial statements.

4. Future Accounting and Reporting Changes (continued)

IFRS 13, "Fair Value Measurement" defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

Policies not yet adopted

IFRS 9, "Financial Instruments: Classification and Measurement", effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. 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 9.

IFRS 15, "Revenue from Contracts with Customers", effective for annual periods beginning on or after January 1, 2017, with early adoption permitted, replaces existing revenue standards and interpretations with a single standard and provides additional guidance on revenue recognition for contracts with customers. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the year beginning April 1, 2017 and has not yet considered the potential impact of the adoption of IFRS 15.

5. Short-term Investments

The Company's short-term investments comprise interest bearing deposits with its primary bank of $100,000 (2013 - $100,000), which are held as collateral for credit-card lines of credit and GIC's of $nil (2013 - $204,109) held with an investment company.

6. Petroleum and Natural Gas Licenses

	Balance April 1, 2013	**Impairment and Abandonment**	**Balance March 31, 2014**
Licenses	**$ 3,270,998**	**$ (585,343)**	**$ 2,685,655**

	Balance April 1, 2012	Impairment and Abandonment	Balance March 31, 2013
Licenses	$ 3,270,998	$ -	$ 3,270,998

6. Petroleum and Natural Gas Licenses (continued)

(i) The Company currently owns three offshore petroleum and natural gas exploration licenses (the "Offshore Licenses") and one license which includes both onshore and offshore petroleum and natural gas exploration zones (the "Daniel License). The Offshore Licenses comprise license number 30 which incorporates license area 2012A (the "Cooper License"), license number 33 which incorporates license areas 2213A and 2213B (the "Sharon License") and license number 34 which incorporates license areas 2111B and 2211A (the Guy License'). The Daniel License incorporates license areas 2114, 2013B and 2014B. The National Petroleum Corporation of Namibia ("NAMCOR"), a legal entity enacted under the Namibian Companies Act of 1973, has a 10% interest in all the Licenses.

(ii) 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 of Mines and Energy of the Republic of Namibia (the "Ministry").

(iii) In October 2012, the Company received Ministry confirmation of its revised work plan, which provides for a single exploration well on each license by the fourth anniversary of each license. The Company also received approval to extend the scope of its onshore licenses to include the exploration and development of shale gas. On July 8, 2013, the Ministry granted the Company one year extension of its Sharon and Guy licenses and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on each of the Sharon and Guy licenses. On February 12, 2014, the Ministry granted the Company a one year extension of its Cooper license and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on the Cooper license.

(iv) Following the Company's decision to relinquish its onshore license number 32, which incorporates license area 2148 (the "Relinquished License"), in August 2013 the Company received confirmation of Ministry acceptance of the relinquishment. The capitalized costs associated with the Relinquished License of $585,343 were written-off during the year ended March 31, 2014.

(v) In August 2013, the Company received Ministry approval for the inclusion of oil and gas exploration rights on its Daniel License.

6. Petroleum and Natural Gas Licenses (continued)

(vi) The Company's commitments under the license agreements are as follows:

Year 1 (ending March 31, 2012)	
Desktop study	$ 2,150,000
Year 4 (ending March 31, 2015)	
Complete and interpret a 500 Sq Km 3D seismic survey on the Cooper License	5,200,000
Complete and interpret a 1,000 Sq Km 3D seismic survey on each of the Sharon License and the Guy Licenses	20,800,000
Core hole drilling - onshore	1,200,000
Evaluation report	250,000
	27,450,000
Year 5 (ending March 31, 2016)	
Drill exploratory well through targets identified by 3D seismic	368,250,000
Evaluation report	1,200,000
	369,450,000
Year 6 (ending March 31, 2017)	
Assessment of second core hole – onshore	250,000
Resource assessment and production assessment first renewal	750,000
	1,000,000
Year 7 and 8 (ending March 31, 2018 and 2019)	
First renewal period offtake/production engineering	3,000,000
Year 9 (ending March 31, 2020)	
Complete and interpret a 250 Sq Km 3D seismic survey on the Cooper License	2,500,000
Complete and interpret a 500 Sq Km 3D seismic survey on each of the Sharon License and the Guy Licenses	10,000,000
	12,500,000
	$ 415,550,000

As at March 31, 2014, the Company had met its obligations in connection with the desktop study and is in compliance with its initial commitments.

The entire amount of petroleum and natural gas licenses relates to license acquisition costs. As the Company has not commenced principal operations as at March 31, 2014, no depletion has been recorded.

6. Petroleum and Natural Gas Licenses (continued)

(vii) On December 22, 2011, the Company entered into an agreement (the "Farm-out Agreement") with Azimuth Ltd. ("Azimuth") an oil and gas exploration company, pursuant to which Azimuth acquired a 20% working interest in each of the Company's Offshore Licenses in return for funding 40% of the cost of 3D seismic surveys covering 2,500 square kilometers across all Offshore Licenses. Under the Joint Operating Agreement (the "JOA") entered into between Azimuth, NAMCOR and the Company and signed on January 24, 2013, 20% of certain operating, general and administrative expenses and compensation and professional fees incurred by the Company are recoverable from Azimuth. During the year ended March 31, 2013, the Company commenced billing Azimuth for its share of such expenses as recoveries of costs. The consolidated Statements of Operations and Comprehensive Loss, reflect expenditures net of these recoveries from Azimuth. The amounts recovered from Azimuth were; operating expenses $186,511 (2013 - $157,108), general and administrative expenses $49,786 (2013 - $73,447) and compensation costs $59,750 (2013 - $53,939).

Following approval of the Farm-out Agreement by the Ministry on May 31, 2012, the Company owns a 70% interest, Azimuth a 20% interest and NAMCOR its 10% interest in the Offshore Licenses (the "NAMCOR Interest"). The exploration activity on the Offshore Licenses is performed in the framework of the JOA, pursuant to which the Company is designated the operator of the Offshore Licenses. *(See Note 19 Subsequent Events)*

The Company and Azimuth will be responsible for designing, sourcing and operating all aspects of 3D seismic surveys of the Offshore Licenses. The Company carries the NAMCOR Interest during the exploration period. Once production commences, NAMCOR will reimburse the Company, from production, for the full previously carried amount plus 20% interest on funds advanced by the Company.

7. Equipment

	Cost	**Accumulated Depreciation**	**March 31, 2014 Net Book Value**
Equipment	**$ 11,643**	**$ 7,264**	**$ 4,379**

	Cost	Accumulated Depreciation	March 31, 2013 Net Book Value
Equipment	$ 9,810	$ 4,560	$ 5,250

8. Related Party Transactions and Balances

	March 31, 2014 $	March 31, 2013 $
Amount paid for exploration services to a company controlled by the COO of the Company	**516,923**	472,807
Amount outstanding at the end of the year	**43,826**	48,675
Fees for management services paid to a company controlled by the President and CEO of the Company	**270,520**	248,000
Amount outstanding at the end of the year	**-**	23,374
Fees paid to a company controlled by the CFO of the Company	**180,000**	157,500
Amount outstanding at the end of the year	**-**	-
Fees for management services paid to a company controlled by the Executive Vice President of the Company	**120,000**	120,000
Amount outstanding at the end of the year	**-**	-
Fees paid to a company controlled by the Chairman of the Company	**71,141**	68,000
Amount outstanding at the end of the year	**18,758**	18,000

Remuneration of the Company's directors and its Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and its Executive Vice President was as follows:

	March 31, 2014 $	March 31, 2013 $
Salaries, fees and benefits	**912,852**	837,852
Share-based compensation	**341,124**	953,456
Total	**1,253,976**	1,791,308

9. Share Capital

Authorized: Unlimited Common Shares

Issued	Common Shares	Amount $
Balance, March 31, 2012	**60,754,653**	**13,126,284**
Shares issued net of issue costs *(i)*	8,098,500	3,176,318
Shares issued on exercise of warrants	106,508	85,208
Fair value of warrants exercised	-	16,253
Fair value of warrants expired *(Note 16)*	-	557,307
Balance, March 31, 2013	**68,959,661**	**16,961,370**
Fair value of warrants expired *(Note 16)*	-	70,000
Balance, March 31, 2013	**68,959,661**	**17,031,370**

(i) On November 19, 2012 the Company completed a non-brokered private placement of common shares of the Company (the "Common Shares") (the "Offering"). In connection with the Offering, the Company issued 8,098,500 Common Shares at a price of $0.40 per Common Share for gross proceeds of $3,239,400. The Company incurred costs of $63,082 in connection with this private placement.

(ii) 8,788,926 of the Company's shares are held in escrow as of March 31, 2014.

10. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% on the net loss for the years ended March 31 is as follows:

	March 31, 2014 $	March 31, 2013 $
Net loss before recovery of income taxes	**3,737,043**	3,984,202
Expected income tax recovery	**(990,320)**	(1,055,810)
Difference in foreign tax rates	**392,790**	(4,730)
Tax rate changes and other adjustments	**20,350**	(188,180)
Non-deductible expenses	**99,690**	272,840
Undeducted share issue costs	**-**	(16,720)
Change in tax benefits not recognized	**477,490**	992,600
Income tax recovery reflected in the statements of operations and comprehensive loss	-	-

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	March 31, 2014 $	March 31, 2013 $
Deferred Tax Assets		
Non-capital losses – Canada	4,602,660	3,337,150
Non-capital losses – Ghana	5,820	-
Share issue and financing costs	222,000	386,500
Namibia exploration and operating losses	3,828,240	3,336,200
Other deductible temporary differences	202,640	177,000

The Canadian non-capital loss carry forwards expire as noted in the table below. Ghana non-capital tax losses expire in 2019. Share issue and financing costs will be fully amortized in 2017. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

10. Income Taxes (continued)

The Company's Canadian non-capital loss carry forwards expire as follows:

2027	$62,510
2028	182,650
2029	165,820
2030	345,490
2031	263,890
2032	845,270
2033	1,471,520
2034	1,265,510
	$4,602,660

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 March 31, 2014 and 2013, 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 year ended March 31, 2014. 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. Management believes that the credit risk concentration with respect to amounts 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.

d) 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 March 31, 2014, the Company had cash on hand and on deposit of $3,641,306 (2013 - $6,264,402) and short-term investments of $100,000 (2013 - $304,109) to settle current liabilities of $189,950 (2013 - $232,229).

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 March 31, 2014 all have contractual maturities of less than 90 days and are subject to normal trade terms.

e) 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 March 31, 2014.

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 6* for details.

Commitments

The Company has office lease commitments as follows:

2015	$ 13,150
Total	$ 13,150

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 March 31, 2014 and changes during the year was as follows:

	Number of stock options	Weighted average exercise price ($)	Remaining contractual life - years
Balance, March 31, 2012	4,780,000	0.60	2.79
Granted May 2012	350,000	0.68	3.13
Granted December 2012	900,000	0.40	3.74
Canceled and expired	(90,000)	(0.60)	
Balance, March 31, 2013	5,940,000	0.57	
Granted December 2013	170,000	0.40	4.70
Canceled and expired	(100,000)	(0.60)	
Balance, March 31, 2014	**6,010,000**	**0.57**	**3.00**

On May 16, 2012, 350,000 stock options ("Options") were issued to a director of the Company. These Options are exercisable for a maximum period of five years from the date of the grant and vest as to one third on grant date and one third on each anniversary date of the grant, for the next two years. The fair value of the Options granted was estimated at $168,000 using the Black-Scholes option pricing model, using the following assumptions.

Expected option life 5 years
Volatility 110%
Risk-free interest rate 1.21%
Dividend yield 0%

On December 24, 2012, 900,000 stock options ("Options") were issued to certain directors and officers of the Company. These Options are exercisable for a maximum period of five years from the date of the grant and vest as to one third on grant date and one third on each anniversary date of the grant, for the next two years. The fair value of the Options granted was estimated at $265,500 using the Black-Scholes option pricing model, using the following assumptions.

Expected option life 5 years
Volatility 110%
Risk-free interest rate 1.37%
Dividend yield 0%

15. Stock Options (continued)

On December 11, 2013, 170,000 stock options ("Options") were issued to certain officers and consultants of the Company. These Options are exercisable for a maximum period of five years from the date of the grant and vest as to one third on grant date and one third on each anniversary date of the grant, for the next two years. The fair value of the Options granted was estimated at $30,000 using the Black-Scholes option pricing model, using the following assumptions.

Expected option life 5 years
Volatility 100%
Risk-free interest rate 1.90%
Dividend yield 0%

Share-based compensation expense is recognized over the vesting period of options. During the year ended March 31, 2014, share-based compensation of $370,795 (2013 - $996,000) was recognized based on options vesting during the year.

As at March 31, 2014, 5,671,111 options were exercisable (2013 - 3,976,111).

16. Warrants

A summary of warrants outstanding at March 31, 2014 was as follows:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, March 31, 2012	8,290,756	0.93
Exercised during the year ended March 31, 2013	(85,000)	0.80
Expired during the year ended March 31, 2013 *(Note 9)*	(2,915,000)	0.80
Balance, March 31, 2013	5,290,756	1.00
Expired during the year ended March 31, 2014 *(Note 9)*	(353,415)	1.00
Balance, March 31, 2014	4,937,341	1.00

	Number of Warrants	Remaining Contractual Life in Years
Expiry July 2014 (a)	4,937,341	0.27
Balance, December 31, 2014	4,937,341	0.27

a) The 4,937,341 warrants were originally due to expire on July 6, 2013. On July 5, 2013, their term was extended for 12 months and on June 24, 2014, the Company received consent from the TSX Venture Exchange to extend the expiry date of the 4,937,341 warrants for a further 12 months. The warrants will now expire on July 6, 2015.

17. Operating Costs

Operating costs consist of the following:

	March 31, 2014 $	March 31, 2013 $
Technical consulting and evaluation	**445,288**	354,390
Exploration license costs	**291,079**	288,096
Exploration data acquisition and interpretation	**285,546**	304,264
Travel expenses	**75,156**	185,000
Recovered under JOAs *(Note 6(vii))*	**(186,511)**	(157,108)
	910,558	974,642

18. General and Administrative Costs

General and administrative costs consist of the following:

	March 31, 2014 $	March 31, 2013 $
Occupancy and office expenses	**338,075**	349,957
Travel expenses	**240,309**	252,109
Public company costs	**86,389**	111,545
Insurance	**45,331**	33,871
Financial services	**8,215**	11,278
Advertising and communication	**2,857**	2,887
Depreciation	**2,704**	2,397
Recovered under JOAs *(Note 6(vii))*	**(49,786)**	(73,447)
	674,094	690,597

19. Subsequent Events

a) On July 17, 2014, the Company entered into a farmout agreement (the "Farmout Agreement") with a wholly owned subsidiary of Tullow Oil plc ("Tullow"), pursuant to which Tullow has agreed to acquire up to a 40% working interest in the Cooper License. Under the Farmout Agreement, the Company will initially transfer a 25% working interest in the Cooper License to Tullow in return for a carry of the Company's share of costs to execute and process a 1,000 Sq Km 3D seismic survey, and the reimbursement of 25% of the Company's past costs in an amount of approximately US$1,000,000 (the "First Transfer"). Following the First Transfer, if Tullow elects to participate in the drilling of an exploration well on the Cooper License, Tullow will acquire an additional 15% working interest in the Cooper License, in return for a full carry of the Company's share of costs to drill such exploration well (capped at $53 million) and the reimbursement of an additional 15% of the Company's past costs (the "Second Transfer"). The completion of the First Transfer and the Second Transfer are subject to a number of conditions, including the approval of the Ministry.

19. Subsequent Events (continued)

b) On July 28, 2014, the Company announced that the Parliament of the Republic of Ghana ratified a petroleum agreement (the "GPA"), pursuant to which the Company, through its wholly-owned subsidiary, Eco Atlantic (Ghana) Ltd, may acquire 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 will be the Company, the Government of the Republic of Ghana, the Ghana National Petroleum Company ("GNPC"), GNPC Exploration and Production Company Limited ("GNPCEPCL"), and A-Z Petroleum Products Ghana Limited ("A-Z"). The GPA is in final form and is pending the execution by the other parties. Pursuant to the GPA, the Company will hold a 51.51% interest in the Ghana Block, A-Z will hold a 32.14% interest, GNPC will hold a 13% interest, and GNPCEPCL will hold a 4.35% interest. The GPA is conditional upon, among other things, the execution of a joint operating agreement among the Ghana Block interest holders and the posting of a performance bond with the Government of Ghana and GNPC. The GPA provides for a term of a total of 25 years, subject to the discovery of oil within the first seven years.