

Eco (Atlantic) Oil & Gas Ltd.

**Condensed Consolidated Interim Financial Statements
For the Three and Nine Month Periods ended December 31, 2018**

(Unaudited)

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NOTICE TO SHAREHOLDERS

The accompanying unaudited condensed consolidated interim financial statements of Eco (Atlantic) Oil & Gas Ltd. for the three and nine month periods ended December 31, 2018 and 2017 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.

All currency amounts stated are in Canadian Dollars unless otherwise specified.

Eco (Atlantic) Oil & Gas Ltd.

Consolidated Statements of Financial Position

	December 31, 2018	March 31, 2018
	Unaudited	Audited
Assets		
Current assets		
Cash and cash equivalents	\$ 25,745,351	\$ 14,316,042
Short-term investments (Note 5)	74,818	74,818
Government receivable	19,722	23,626
Accounts receivable and prepaid expenses (Note 6)	783,992	832,322
	26,623,883	15,246,808
Petroleum and natural gas licenses (Note 7)	1,489,971	1,489,971
Total Assets	\$ 28,113,854	\$ 16,736,779
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 567,590	\$ 521,537
Advances from and amounts owing to license partners, net	201,444	209,487
	769,034	731,024
Equity		
Share capital (Note 9)	45,005,064	43,813,254
Shares to be issued (Note 9)	249,000	1,139,257
Restricted Share Units reserve (Note 9)	70,393	70,393
Warrants (Note 10)	115,378	167,931
Stock options (Note 11)	2,983,827	2,979,367
Non-controlling interest	-	(55,065)
Accumulated deficit	(21,078,842)	(32,109,382)
Total Equity	27,344,820	16,005,755
Total Liabilities and Equity	\$ 28,113,854	\$ 16,736,779

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Basis of Preparation (Note 2)

Commitments (Notes 7 and 15)

Subsequent Events (Note 18)

Eco (Atlantic) Oil & Gas Ltd.

Consolidated Statements of Operations and Comprehensive Loss

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	Unaudited		Unaudited	
Revenue				
Income from option agreement	\$16,759,307	\$ -	\$ 16,759,307	\$ 1,248,000
Interest income	47,877	5,997	144,852	39,554
	16,807,184	5,997	16,904,159	1,287,554
Operating expenses:				
Compensation costs	247,330	256,811	771,953	660,524
Professional fees	72,295	196,812	172,591	351,653
Operating costs (Notes 16)	1,891,595	1,217,364	3,656,989	4,226,274
General and administrative costs (Note 17)	337,005	155,972	968,458	618,398
Share-based compensation (Notes 11)	1,487	1,438,224	4,460	2,536,628
Foreign exchange (gain) loss	(96,049)	213,426	(4,897)	325,948
Total expenses	2,453,663	3,478,609	5,569,554	8,719,425
Net profit (loss) and comprehensive profit (loss)	\$14,353,521	\$ (3,472,612)	\$ 11,334,605	\$ (7,431,871)
Basic and diluted net profit (loss) per share attributable to equity holders of the parent	\$ 0.09	\$ (0.03)	\$ 0.07	\$ (0.06)
Weighted average number of ordinary shares used in computing basic and diluted net profit (loss) per share	159,785,217	135,918,317	158,998,512	124,395,401

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statements of Equity

	Number of Shares \$	Capital \$	Shares to be issued \$	Restricted Share Units \$	Warrants \$	Stock Options \$	Deficit \$	Non- controlling Interest \$	Total Equity \$
Balance, March 31, 2017 (Audited)	118,249,833	26,961,675	-	184,029	237,267	2,985,732	(22,337,588)	(76,288)	7,954,827
Shares issued on vesting of Restricted Share Units	7,482,500	2,541,992	-	(70,674)	-	-	-	-	2,471,318
Shares issued for Services	62,500	17,500	-	-	-	-	-	-	17,500
Cancellation of shares	(262,500)	-	-	-	-	-	-	-	-
Shares issued in private placement	29,200,000	13,286,682	-	-	-	-	-	-	13,286,682
Issuance of warrants	-	(969)	-	-	969	-	-	-	-
Stock options expensed	-	-	-	-	-	65,310	-	-	65,310
Net loss for the period	-	-	-	-	-	-	(7,433,173)	-	(7,433,173)
Balance, December 31, 2017 (Unaudited)	154,732,333	42,806,880	-	113,355	238,236	3,051,042	(29,770,761)	(76,288)	16,362,464
Shares issued on vesting of Restricted Share Units	-	42,962	-	(42,962)	-	-	-	-	-
Shares issued in private placement	-	-	-	-	-	-	-	-	-
Purchase of minority interest in Eco Guyana	-	-	1,139,257	-	-	-	(1,589,561)	195,504	(254,800)
Exercise of stock options	1,200,000	407,291	-	-	-	(47,291)	-	-	360,000
Exercise of warrants	1,562,500	556,121	-	-	(70,305)	-	-	-	485,816
Stock options expensed	-	-	-	-	-	(24,384)	-	-	(24,384)
Net loss for the period	-	-	-	-	-	-	(749,060)	(174,281)	(923,341)
Balance, March 31, 2018 (Audited)	157,494,833	43,813,254	1,139,257	70,393	167,931	2,979,367	(32,109,382)	(55,065)	16,005,755
Issuance of shares (Note 9(i))	1,700,384	1,139,257	(1,139,257)	-	-	-	-	-	-
Exercise of warrants (Note 10 (i))	590,000	52,553	-	-	(52,553)	-	-	-	-
Stock options expensed (Note 11)	-	-	-	-	-	4,460	-	-	4,460
Purchase of minority interest in PAO (Note 7c(v)(iii))	-	-	249,000	-	-	-	(304,065)	55,065	-
Net loss for the period	-	-	-	-	-	-	11,334,605	-	11,334,605
Balance, December 31, 2018 (Unaudited)	159,785,217	\$ 45,005,064	\$ 249,000	\$ 70,393	\$ 115,378	\$ 2,983,827	\$ (21,078,842)	\$ -	\$ 27,344,820

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Eco (Atlantic) Oil & Gas Ltd.

Consolidated Statements of Cash Flows

	Nine months ended	
	December 31,	
	2018	2017
	Unaudited	
Cash flow from operating activities		
Net loss from continued operations	\$ 11,334,605	\$ (7,431,873)
Items not affecting cash:		
Share-based compensation	4,460	2,536,628
Changes in non-cash working capital:		
Government receivable	3,904	2,612
Accounts payable and accrued liabilities	46,053	(218,949)
Accounts receivable and prepaid expenses	48,330	261,788
Advance from and amounts owing to license partners	(8,043)	(130,146)
	11,429,309	(4,979,940)
Cash flow from investing activities		
Short-term investments	-	(25,000)
	-	(25,000)
Cash flow from financing activities		
Proceeds from Brokered Private Placement	-	14,016,000
Costs incurred on Brokered Private Placement	-	(721,792)
	-	13,294,208
Increase in cash and cash equivalents	11,429,309	8,289,268
Cash and cash equivalents, beginning of period	14,316,042	6,088,567
Cash and cash equivalents, end of period	\$ 25,745,351	\$ 14,377,835

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Notes to the Consolidated Financial Statements

For the Three and Nine Month Periods Ended December 31, 2018

1. Nature of Operations

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

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

These consolidated financial statements were approved by the Board of Directors of the Company on February 26, 2019.

2. Basis of Preparation

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.

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").

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of February 26, 2019, 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, 2018. 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, 2018.

Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2018 could result in restatement of these condensed consolidated interim financial statements.

Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Eco (Barbados) Oil and Gas Holdings Ltd., Eco Namibia Oil and Gas (Barbados) Ltd. (Barbados), Eco Guyana Oil and Gas (Barbados) Ltd., Eco (BVI) Oil & Gas Ltd., Eco Oil and Gas (Namibia) (Pty) Ltd. Eco Oil and Gas Services (Pty) Ltd, , Eco Atlantic 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 Holdings") and Pan Africa Oil Namibia Ltd ("PAO Namibia").

Notes to the Consolidated Financial Statements

For the Three and Nine Month Periods Ended December 31, 2018

3. Summary of Significant Accounting Policies (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.

New Standards adopted

IFRS 9, Financial Instruments ("IFRS 9") was initially issued by the IASB on November 12, 2009 and replaced IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 became effective for year ends commencing after January 1, 2018 and the adoption of this standard did not have a material impact on the Company's condensed consolidated interim financial statements.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), which replaced IAS 18, Revenue, results in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 became effective for year ends commencing after January 1, 2018 and the adoption of this standard did not have a material impact on the Company's condensed consolidated interim financial statements.

4. Future Accounting and Reporting Changes

The IASB issued new standards and amendments which are not yet effective.

IFRS 16, Leases ("IFRS 16") was issued by the IASB in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. An entity applies IFRS 16 for annual periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The Company is currently assessing the effects of IFRS 16 and intends to adopt IFRS 16 on its effective date.

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

Notes to the Consolidated Financial Statements

For the Three and Nine Month Periods Ended December 31, 2018

5. Short-term Investments

The Company's short-term investments comprise interest bearing deposits with its primary bank of \$74,818 (March 31, 2018 - \$74,818), which are held as collateral for credit-card lines of credit.

6. Accounts receivable and prepaid expenses

Included in accounts receivable and prepared expenses is a receivable (US\$576,580) in respect of the sale of the Company's Ghana subsidiary, which took place during the year ended March 31, 2017.

7. Petroleum and Natural Gas Licenses

	Balance April 1, 2018	Additions	Impairment, Sale and Abandonment	Balance December 31, 2018
Licenses	\$ 1,489,971	\$ -	\$ -	\$ 1,489,971

	Balance April 1, 2017	Additions	Impairment, Sale and Abandonment	Balance March 31, 2018
Licenses	\$ 1,489,971	\$ -	\$ -	\$ 1,489,971

- a) The oil and gas interests of the Company are located both offshore in Guyana and offshore in Namibia.
- b) Guyana
 - i. The Guyana license is located in the Orinduik block, offshore Guyana. The Orinduik block is situated in shallow water, 170 kilometers offshore Guyana in the Suriname Guyana basin ("Guyana License") and is located in close proximity to the Exxon's 12 recent oil discoveries which is estimated by Exxon to contain an estimated 5bn recoverable barrels of oil (BOE).
 - ii. In accordance with the Guyana Petroleum Agreement and following Total's farm in (as defined below), Eco Guyana holds a 15% working interest in the Guyana License, Total holds a 25% working interest and Tullow Guyana holds a 60% interest (Operator).
 - iii. On February 20, 2018, the Company entered into two share purchase agreements (collectively, the "Purchase Agreements") to purchase the minority interests in Eco Guyana, consisting of 6% of the outstanding shares of Eco Guyana (the "Minority Shares"). As consideration for the acquisition of the Minority Shares the Company agreed to pay a cash consideration in the amount of US\$200,000 payable in two equal tranches (the first upon closing of the Purchase Agreements (the "Closing") and the second 60 days after Closing); and issue a total of 1,700,384 common shares (the "Consideration Shares"). The Consideration Shares are subject to a lock up arrangement, with 1/3 being released on Closing; 1/3 being released 91 days after Closing; and the remaining balance being released 181 days after Closing. Accordingly, the Company now owns 100% of Eco Guyana and the shares were issued on June 1, 2018.

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Notes to the Consolidated Financial Statements

For the Three and Nine Month Periods Ended December 31, 2018

7. Petroleum and Natural Gas Licenses (continued)

b) Guyana (continued)

- iv. On September 11, 2018, the Company announced the filing of a National Instrument 51-101 compliant resource report on the Orinduik block.
- v. On September 13, 2018 Total E&P Activités Pétrolières, (a wholly owned subsidiary of Total SA) (“Total”) exercised the option they bought in September 2017 to acquire a 25% Working Interest in the Orinduik block, offshore Guyana, from Eco Atlantic (Guyana) Inc. On October 31, 2018, the Company received approval for the transfer of 25% working interest to Total from the President of Guyana and on November 27, 2018, Total transferred \$16.8 million (US\$12.5 million) to the Company and completed the transfer. The \$16.8 million was recorded as Income for option agreement in the Company’s statement of comprehensive profit and loss.
- vi. On December 5, 2018 the Company announced its 2019 drilling program for the Orinduik block, offshore Guyana.
- vii. As of December 31, 2018, the outstanding Exploration Activities and the aggregate expenditure as estimated by management based on current costs for the Guyana License for is as follows:

Exploration Activities ⁽¹⁾	Expenditure (US\$)	Company’s current share of Expenditure ⁽²⁾ (US\$)
By January 2023		
• 1 st renewal period – Drill one exploration well (contingent)	46,666,667	7,000,000
By January 2026		
• 2 nd renewal period – Drill one exploration well (contingent)	35,000,000	5,250,000
Total	81,666,667	12,250,000

Notes:

- (1) Exploration Activities are estimates are based on management estimates for the costs if the relevant Exploration Activity was to be undertaken as at the date of this document.
- (2) Company's working interest at 15%.

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Notes to the Consolidated Financial Statements

For the Three and Nine Month Periods Ended December 31, 2018

7. Petroleum and Natural Gas Licenses (continued)

c) Namibia

- i. 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”) and petroleum exploration license number 0050 (the “Tamar License”).

ii. The Cooper License

- 1) The Cooper License covers approximately 5,000 square kilometers 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, the National Petroleum Corporation of Namibia (“NAMCOR”) holds a 10% working interest (carried by the Company and Tullow Namibia (as defined below) collectively), AziNam Ltd. (“AziNam”), holds a 32.5% working interest, and Tullow Namibia Limited, a wholly owned subsidiary of Tullow Oil plc (“Tullow Namibia”), holds a 25% working interest. AziNam and Tullow proportionally carry NAMCOR’s working interest during the exploration period.
- 2) Pursuant to the Company’s original farmout agreement with Tullow Namibia (the “Tullow Farmout Agreement”), if Tullow Namibia elects to participate in the drilling of an exploration well on the Cooper Block, Tullow Namibia will acquire an additional 15% working interest in the Cooper License from Eco and Azinam, will carry (capped at \$18.17 million) the Company’s share of costs to drill the exploration well and will reimburse the Company for 17.14% of its past costs (the “Second Transfer).
- 3) On October 26, 2018 the Company received a formal notice from Tullow Namibia confirming that it is unable to either enter into the Second Renewal Period for the Cooper License or to make a financial commitment to drilling. As a result, the Company has received back Tullow Namibia's Working interest and the Company now holds a 57.5% working interest in the Cooper License.
- 4) As of December 31, 2018, the outstanding Exploration Activities and the aggregate expenditure as estimated by management based on current costs for the Cooper License is as follows:

Exploration Activities ⁽¹⁾	Expenditure (US\$)	Company’s share of Expenditure (US\$) ⁽²⁾
By March 31, 2021		
• After interpretation of 3D survey, drill exploratory well	35,000,000	20,125,000
• Offtake/production engineering	500,000	287,500
• Complete and interpret a 500 square kilometers 3D seismic survey	1,400,000	805,000
Total	36,900,000	21,217,500

Notes:

- (1) Exploration Activities are not currently committed and cost estimates are based on management estimates for the costs if the relevant Exploration Activity was to be undertaken as at the date of this document.
- (2) These amounts reflect Tullow Namibia’s decision not to enter into the Second Renewal Period, which increases the Company’s working interest to 57.5%

Notes to the Consolidated Financial Statements

For the Three and Nine Month Periods Ended December 31, 2018

7. Petroleum and Natural Gas Licenses (continued)

c) Namibia (continued)

iii. The Sharon License

- 1) The Sharon License covers 5,000 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, and AziNam holds a 30% interest. The Company and AziNam proportionally carry NAMCOR’s working interest during the exploration period.
- 2) As of December 31, 2018, the outstanding Exploration Activities and the aggregate expenditure as estimated by management based on current costs for the Sharon License is as follows:

Exploration Activities ⁽¹⁾	Expenditure (US\$)	Company’s share of Expenditure (US\$)
By March 31, 2021		
• Complete and interpret a 1,000 square kilometers 3D seismic survey	8,000,000	5,280,000
• Resource assessment and production assessment has been completed		
• Assuming a target has been defined after interpretation of 3D survey, drill exploratory well	35,000,000	23,100,000
• Offtake/production engineering	500,000	333,500
• Complete and interpret a 500 square kilometers 3D seismic survey	1,400,000	933,800
Total	44,900,000	29,647,300

Notes:

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

iv. The Guy License

- 1) The Guy License covers 5,000 square kilometers and is located in license area 2111B and 2211A offshore in the economical waters of Namibia (the “Guy Block”). The Company holds a 50% working interest in the Guy License, NAMCOR holds a 10% carried interest (by the Company) and AziNam holds a 40% interest. As of July 1, 2015, AziNam assumed the role of operator with respect to the Guy License. The Company and AziNam proportionally carry NAMCOR’s working interest during the exploration period.

7. Petroleum and Natural Gas Licenses (continued)

c) Namibia (continued)

iv. The Guy License (continued)

- 2) As of December 31, 2018, the outstanding Exploration Activities and the aggregate expenditure as estimated by management based on current costs for the Guy License is as follows:

Exploration Activities ⁽¹⁾	Expenditure (US\$)	Company's share of Expenditure (US\$)
By March 31, 2021		
• Assuming a target has been defined after interpretation of 3D survey, drill exploratory well	35,000,000	19,460,000
• Offtake/production engineering	500,000	278,000
• Complete and interpret a 500 square kilometers 3D seismic survey	1,400,000	778,400
Total	36,900,000	20,516,400

Notes:

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

v. The Tamar License

- 1) The Tamar License covers approximately 7,500 square kilometers 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 June 25, 2018, the Company received a one-year extension to March 20, 2019 for the First Renewal Period from the Petroleum Commissioner of the Republic of Namibia.
- 3) On September 20, 2018 the Company through its wholly owned subsidiary Pan Africa Holdings acquired the remaining 10% of the shares of Pan Africa Namibia ("PAO Minority Share"). Following completion of the acquisition, PAO Namibia became a wholly owned subsidiary of the Company. As consideration for the acquisition of the POA Minority Share, the Company agreed to issue the sellers 300,000 common shares of the Company.

Eco (Atlantic) Oil & Gas Ltd.
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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Nine Month Periods ended December 31, 2018 and 2017

7. Petroleum and Natural Gas Licenses (continued)

c) Namibia (continued)

v. **The Tamar License (continued)**

4) As of December 31, 2018, the outstanding Exploration Activities and the aggregate expenditure as estimated by management based on current costs for the Tamar License is as follows:

Exploration Activities ⁽¹⁾	Expenditure (US\$)	Company's share of Expenditure (US\$)
By October 28, 2020		
<ul style="list-style-type: none"> • Complete and interpret 250 kilometers² 3D seismic survey • Evaluation of farm-out and relinquishment of part (original 25%) or all of the Tamar Block 	1,040,000	1,040,000
By October 28, 2021		
<ul style="list-style-type: none"> • Drill exploratory well (subject to identifying a target and the availability of adequate drilling rigs) 	35,000,000	35,000,000
Total	36,040,000	36,040,000

Notes:

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

8. Related Party Transactions and Balances

The following are the expenses incurred with related parties for the nine months ended December 31, 2018 and 2017 and the balances owing as of December 31, 2018 and 2017:

Nine months ended December 31, 2018:

	Directors Fees	Consulting Fees	Share based awards	Option based awards	Total	Amounts owing at December 31, 2018
Executive Directors						
Gil Holzman - CEO	\$ -	\$ 329,112	\$ -	\$ -	\$ 329,112	\$ 36,568
Colin Kinley - COO (*)	-	408,804	-	-	408,804	45,423
Alan Friedman - Executive Vice President	-	90,000	-	-	90,000	10,000
Gadi Levin - Financial Director	-	90,000	-	-	90,000	10,000
Non Executive Directors						
Moshe Peterberg - Chairman of the board	82,278	-	-	-	82,278	27,426
Keith Hill	27,000	-	-	-	27,000	9,000
Peter Nicol	41,854	-	-	-	41,854	13,951
Helmut Angula	18,000	-	-	-	18,000	6,000
Officers						
Alan Rootenberg - CFO	-	11,250	-	-	11,250	1,250
Total	\$ 169,132	\$ 929,166	\$ -	\$ -	\$ 1,098,298	\$ 159,618

(*) Includes technical consulting fees to a Company controlled by Mr. Kinley in the amount of \$176,310

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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three and Nine Month Periods ended December 31, 2018 and 2017

8. Related Party Transactions and Balances (continued)

Nine months ended December 31, 2017:

	Directors Fees	Consulting Fees	Share based awards	Option based awards	Total	Amounts owing at December 31, 2017
Executive Directors						
Gil Holzman - CEO	\$ -	\$ 324,251	\$ 269,100	\$ -	\$ 593,351	\$ 30,108
Colin Kinley - COO (*)	-	390,155	269,100	-	659,255	\$ 40,144
Alan Friedman - Executive Vice President	-	90,000	89,700	-	179,700	\$ 10,000
Gadi Levin - Financial Director	-	77,760	89,700	-	167,460	\$ 8,640
Non Executive Directors						
Moshe Peterberg - Chairman of the board	42,044	-	119,600	-	161,644	20,160
Derek Linfield	23,625	-	-	-	23,625	15,750
Peter Nicol	23,625	-	-	-	23,625	15,750
Helmut Angula	18,000	-	-	-	18,000	6,000
Officers						
Alan Rootenberg - CFO	-	9,000	-	-	9,000	1,500
Total	\$ 107,294	\$ 891,166	\$ 837,200	\$ -	\$ 1,835,660	\$ 148,052

(*) Includes technical consulting fees to a Company controlled by Mr. Kinley in the amount of \$174,164.

9. Share Capital

Authorized: Unlimited Common Shares

Issued	Note	Common Shares	Amount \$	Shares to be issued \$	Restricted Share Units Reserve \$
Balance, March 31, 2017 (audited)		118,249,833	26,961,675	-	184,029
Shares issued on vesting of Restricted Share Units					
From March 23, 2016		433,600	95,392	-	(95,392)
From November 24, 2017		400,000	88,000	-	(5,182)
From June 8, 2017		3,400,000	1,016,600	-	29,900
From November 24, 2017		3,050,000	1,342,000	-	-
From November 24, 2017		198,900	42,962	-	(42,962)
Shares issued for services		62,500	17,500	-	-
Cancellation of shares		(262,500)	-	-	-
Shares issued in a brokered private placement		29,200,000	13,286,682	-	-
Exercise of warrants		1,562,500	556,121	-	-
Exercise of stock options		1,200,000	407,291	-	-
Purchase of minority interest in subsidiary		-	-	1,139,257	-
Issuance of warrants		-	(969)	-	-
Balance, March 31, 2018 (audited)		157,494,833	43,813,254	1,139,257	70,393
Shares issued in respect of purchase of minority interest in Eco Guyana	7(b)(vi)	1,700,384	1,139,257	(1,139,257)	-
Shares to be issued in respect of purchase of minority interest in PAO Namibia	7(c)(v)(3)	-	-	249,000	-
Exercise of warrants	10(a)	590,000	52,553	-	-
Balance, December 31, 2018 (unaudited)		159,785,217	\$ 45,005,064	\$ 249,000	\$ 70,393

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10. Warrants

- a) Issuance of warrants

On October 5, 2018, 590,000 warrants with an exercise price of £0.16 were exercised for gross proceeds of \$159,866 (£94,400).

- b) A summary of warrants outstanding at December 31, 2018 was as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, March 31, 2017	3,702,935	0.29
Granted	132,376	0.29
Exercised	(1,562,500)	0.29
Balance, March 31, 2018	2,272,811	0.29
Exercised (Note 10(a))	(590,000)	0.28
Balance, December 31, 2018	1,682,811	0.31

- c) As of December 31, 2018, outstanding warrants were as follows:

Number of Warrants	Exercise Price (*)	Exercisable at December 31, 2018	Expiry Date
1,090,313	\$ 0.33	1,090,313	February 8, 2019
592,498	\$ 0.28	592,498	August 7, 2019
<u>1,682,811</u>		<u>1,682,811</u>	

(*) The exercise price of these warrants is denominated in British Pounds and was translated to Canadian Dollars in the table above using the exchange rate as of December 31, 2018. See 18b.

11. Stock Options

A summary of the status of the Plan as at December 31, 2018 and changes during the period is as follows:

	Number of stock options	Weighted average exercise price \$	Remaining contractual life - years
Balance, March 31, 2017	7,870,000	0.30	4.15
Granted	250,000	0.36	
Exercised	(1,200,000)	0.30	
Balance, March 31, 2018 and December 31, 2018	6,920,000	0.302	4.15

- (i) Share-based compensation expense is recognized over the vesting period of options. During the nine months ended December 31, 2018, share-based compensation of \$4,460 was recognized based on options vesting during the period (December 30, 2017 – \$683,603).
- (ii) As at December 31, 2018, 6,836,667 options were exercisable (March 31, 2018 – 6,753,333).

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

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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 December 31, 2018 and 2017, 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 an exploration 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 Nine months ended December 31, 2018. 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.

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 current amounts owing from partners on the Company’s licenses and an amount owing in respect of the sale of the Company’s operations in Ghana (US\$576,580), which is overdue, however, the Company believes will be collected (see note 6). Government receivable consists of harmonized sales tax due from the Federal Government of Canada value added tax due from the Namibian government. 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.

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14. 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 December 31, 2018, the Company had cash and cash equivalents and on deposit of \$25,745,351, (March 31, 2018 - \$14,316,042) and short-term investments of \$74,818 (March 31, 2018 - \$74,818) to settle current liabilities of \$769,034 (March 31, 2018 - \$731,024).

The Company utilizes authorization for expenditures to further manage capital expenditures and attempts to match its payment cycle with available cash resources. Accounts payable and accrued liabilities at December 31, 2018 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 December 31, 2018.

15. Commitments

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 Company's licenses, see Note 7 for details.

16. Operating Costs

Operating costs consist of the following:

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	Unaudited		Unaudited	
Exploration data acquisition and interpretation and technical consulting	\$ 1,776,663	\$ 1,163,171	\$ 3,523,987	\$ 4,247,111
Exploration license fees	134,751	-	314,669	205,476
Travel	46,975	66,438	103,406	172,640
Recovered under JOAs	(66,794)	(12,245)	(285,073)	(398,953)
	\$ 1,891,595	\$ 1,217,364	\$ 3,656,989	\$ 4,226,274

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17. General and Administrative Costs

General and administrative costs consist of the following:

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	Unaudited		Unaudited	
Occupancy and office expenses	\$ 17,900	\$ 17,094	\$ 42,382	\$ 38,610
Travel expenses	131,562	934	340,177	147,406
Public company costs	177,771	121,119	556,688	391,974
Insurance	11,055	13,327	45,040	43,159
Financial services	5,435	3,969	12,698	11,539
Advertising and communication	563	285	2,548	1,164
Recovered under JOAs	(7,281)	(756)	(31,075)	(15,454)
	\$ 337,005	\$ 155,972	\$ 968,458	\$ 618,398

18. Subsequent Events

- a) On January 25, 2019, the Company announced that it had issued 1,090,313 new common shares in the Company pursuant to an exercise of warrants, previously issued in connection with the AIM admission, at an exercise price of \$0.33 (£0.192) per common share for total proceeds of \$364,420 (£209,340).
- b) On January 25, 2019, the Company announced that it had issued 50,000 new common shares in the Company pursuant to an exercise of share options at a price of \$0.30 per common share for total proceeds of \$15,000.
- c) On February 8, 2019, the Company announced that it had issued 150,000 new common shares in the Company pursuant to an exercise of share options at a price of \$0.30 per common share for total proceeds of \$45,000.

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