

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

Condensed Consolidated Interim Financial Statements
For the Six Month and Three Month Period ended September 30, 2015

(Unaudited)

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

Table of Contents

	Page
Unaudited	
Condensed Consolidated Interim Statements of Financial Position	2
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss	3
Condensed Consolidated Interim Statements of Equity	4
Condensed Consolidated Interim Statements of Cash Flows	5
Notes to the Condensed Consolidated Interim Financial Statements	6 - 24

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, 2015 and September 30, 2014 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 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 (Unaudited)

	September 30, 2015	March 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 8,117,084	\$10,490,818
Short-term investments (Note 6)	100,000	100,000
Government receivable	54,486	1,191,844
Accounts receivable and prepaid expenses	1,067,810	113,004
	<u>9,339,380</u>	<u>11,895,666</u>
Petroleum and natural gas licenses (Note 7)	4,298,037	2,685,655
Equipment (Note 8)	5,453	7,572
	<u>\$ 13,642,870</u>	<u>\$ 14,588,893</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,644,709	\$ 2,238,417
Advance from license partners	54,850	1,954,871
	<u>4,699,559</u>	<u>4,193,288</u>
Equity		
Share capital (Note 10)	20,268,169	20,636,597
Shares to be issued (Note 10)	176,581	200,183
Warrants (Note 16)	965,000	965,000
Stock options (Note 15)	2,350,619	2,343,619
Non-controlling interest	(72,178)	(66,637)
Accumulated deficit	(14,744,880)	(13,683,157)
	<u>8,943,311</u>	<u>10,395,605</u>
	<u>\$ 13,642,870</u>	<u>\$ 14,588,893</u>

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

Basis of Preparation and Going Concern (Note 2)

Commitments (Notes 7 and 14)

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

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss (Unaudited)

	Six months ended September 30,		Three months ended September 30,	
	2015	2014	2015	2014
	Unaudited			
Revenue				
Income from Farm-out Agreements	\$ -	\$ 1,027,000	\$ -	\$ 1,027,000
Interest income	10,035	17,243	3,025	7,255
	10,035	1,044,243	3,025	1,034,255
Operating expenses:				
Compensation costs	341,956	479,972	152,555	228,231
Professional fees	303,945	335,437	203,937	200,623
Operating costs (<i>Notes 17</i>)	160,657	309,368	(235,911)	(19,914)
General and administrative costs (<i>Note 18</i>)	330,136	382,056	153,740	258,269
Share-based compensation (<i>Notes 15</i>)	7,000	1,032,165	3,500	1,016,583
Foreign exchange (gain) loss	(66,395)	2,254	(236,257)	(2,920)
Total expenses	1,077,299	2,541,212	41,564	1,680,872
Net loss and comprehensive loss	<u>\$(1,067,264)</u>	<u>\$(1,497,009)</u>	<u>\$ (38,539)</u>	<u>\$(646,617)</u>
Net comprehensive loss attributed to:				
Equity holders of the parent	<u>\$(1,061,723)</u>	\$(1,497,009)	<u>\$ (33,918)</u>	\$(646,617)
Non-controlling interests	<u>(5,541)</u>	-	<u>(4,621)</u>	-
	<u>\$(1,067,264)</u>	<u>\$(1,497,009)</u>	<u>\$ (38,539)</u>	<u>\$(646,617)</u>
Basic and diluted net loss per share attributable to equity holders of the parent	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	<u>90,069,080</u>	<u>69,676,601</u>	<u>89,345,558</u>	<u>70,385,748</u>

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, 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	4,100,000	1,004,500	-	-	-	-	-	1,004,500
Stock options expensed	-	-	-	-	27,665	-	-	27,665
Net loss for six month period ended September 30, 2014	-	-	-	-	-	(1,497,009)	-	(1,497,009)
Balance, September 30, 2014	73,059,661	18,035,870	-	965,000	2,204,060	(15,359,888)	-	5,845,042
Shares issued on vesting of Restricted Share Units (<i>Note 10</i>)	475,000	43,813	23,602	-	-	-	-	67,415
Consideration for asset acquisition (<i>Note 10(ii)</i>)	17,627,364	2,586,614	176,581	-	111,277	-	(66,581)	2,807,891
Stock options expensed	-	-	-	-	28,282	-	-	28,282
Share repurchase	-	(29,700)	-	-	-	-	-	(29,700)
Net income for the six month period ended March 31, 2015	-	-	-	-	-	1,676,731	(56)	1,676,675
Balance, March 31, 2015	91,162,025	\$ 20,636,597	\$ 200,183	\$ 965,000	\$ 2,343,619	\$ (13,683,157)	\$ (66,637)	\$ 10,395,605
Shares issued on vesting of Restricted Share Units	250,000	23,602	(23,602)	-	-	-	-	-
Stock options expensed	-	-	-	-	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	89,939,025	\$ 20,268,169	\$ 176,581	\$ 965,000	\$ 2,350,619	\$ (14,744,880)	\$ (72,178)	\$ 8,943,311

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)

	Six Month Period Ended September 30, 2015	Six Month Period Ended September 30, 2014
Cash flow from operating activities		
Net loss for the period	\$ (1,067,264)	\$ (1,497,009)
Items not affecting cash:		
Share-based compensation	7,000	1,032,165
Depreciation	2,119	1,337
Changes in non-cash working capital:		
Government receivable	1,137,358	-
Accounts payable and accrued liabilities	2,406,292	73,447
Accounts receivable and prepaid expenses	(954,806)	(1,295,119)
Advance from license partners	(1,900,021)	-
	(369,322)	(1,685,179)
Cash flow from investing activities		
Acquisition of new license	(1,612,382)	-
	(1,612,382)	-
Cash flow from financing activities		
Share repurchases	(392,030)	-
	(392,030)	-
Decrease in cash and cash equivalents	(2,373,734)	(1,685,179)
Cash and cash equivalents, beginning of the period	10,490,818	3,641,306
Cash and cash equivalents, end of the period	\$ 8,117,084	\$ 1,956,127
Supplementary information		
Cash and cash equivalents, end of the period		
Cash at banks	7,174,942	45,252
Cash on deposit	942,142	1,910,875

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 and explore petroleum, natural gas, shale gas, and coal bed methane ("CBM") licenses. The Company primarily operates in the Republic of Namibia ("Namibia") and in the Republic of Ghana ("Ghana").

The head office of the Company is located at 120 Adelaide Street West, Suite 800, Toronto, Ontario.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on November 30, 2015.

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 \$14,744,880 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 30, 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 figures for September 30, 2014 have been reclassified in order to conform to the current year's financial statement 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, 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").

The Amalgamation was completed on January 28, 2015, 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.

5. Amalgamation (continued)

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 (March 31, 2014 - \$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 September 30, 2015
Licenses	\$ 2,685,655	\$ ^(*)1,612,382	\$ -	\$ 4,298,037

	Balance April 1, 2014	Additions	Impairment and Abandonment	Balance March 31, 2015
Licenses	\$ 2,685,655	\$ -	\$ -	\$ 2,685,655

(*) see Note 7 (xv) 2.

- (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, between the Company and the Namibian Ministry of Mines and Energy (the “Ministry”), as amended from time to time. The terms of the PAO 51 License (the “PAO License”) are governed by petroleum agreement for the license (“PAO Petroleum Agreement”), dated October 28, 2011, between the Company and the Ministry. Pursuant to the Eco Petroleum Agreements and the PAO 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”).

7. Petroleum and Natural Gas Licenses (continued)

- (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 were 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. As discussed in more detail below, the Cooper License, Sharon License and Guy License have been extended beyond their initial four year term with corresponding amendments to milestone dates for the Exploration Activities.

- (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 January 5, 2015, 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 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 six month period ended September 30, 2015, the Company recovered \$1,196,695 from Tullow and Azimuth which has been applied against operating costs (*Note 17*) and general and administrative costs (*Note 18*) in the consolidated statement of operations and comprehensive loss.

7. Petroleum and Natural Gas Licenses (continued)

(ix) *The Cooper License*

- 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.
- 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.
- 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).
- 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 (the “First Tullow Transfer”).
- 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.
- In connection with the completion of the First Tullow Transfer, the Company’s work commitments on the Cooper License were further amended.
- 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 • Offtake/production engineering	40,000,000 500,000	0 ⁽¹⁾ 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. The Company is required 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. As of July 1, 2015 AziNam assumed operatorship of 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 Company is required to produce a resource assessment on 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 an 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. On September 15, 2015, the Company advised the Ministry of its intention to relinquish the Daniel License. As of the date of this report, the Ministry is taking the necessary actions to complete the process.
4. 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

7. Petroleum and Natural Gas Licenses (continued)

(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.
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) <ul style="list-style-type: none"> • 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) <ul style="list-style-type: none"> • Complete and interpret 500 km² 3D seismic survey • Evaluation of farm-out and relinquishment of part (original 25%) or all of the PAO 50 License 	8,000,000	5,760,000
Year 8 (ending October 31, 2019) <ul style="list-style-type: none"> • Drill exploratory well (subject to the availability of adequate drilling rigs) 	50,000,000	36,000,000
Total	58,000,000	41,760,000

7. Petroleum and Natural Gas Licenses (continued)

(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.
2. On September 15, 2015, the Company advised the Ministry of its intention to relinquish the PAO 51 License. As of the date of this report, the Ministry is taking the necessary actions to complete the process.
3. 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 6 (ending October 31, 2017) <ul style="list-style-type: none"> • Complete and interpret 500 km² 3D seismic survey • Evaluation of farm-out and relinquishment of part (original 25%) or all of the PAO 50 License 	6,000,000	4,860,000
Year 8 (ending October 31, 2019) <ul style="list-style-type: none"> • Drill exploratory well (subject to the availability of adequate drilling rigs) 	40,000,000	32,400,000
Total	46,000,000	37,260,000

7. Petroleum and Natural Gas Licenses (continued)

(xv) Ghana

- 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”).
- 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 was 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. 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 companies 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 Company’s Statement of Financial Position
- 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 on March 24, 2015.
- 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 (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

- (xvi) 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.

8. Equipment

	September 30, 2015		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 34,307	\$ 28,854	\$ 5,453

	March 31, 2015		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 34,307	\$ 26,735	\$ 7,572

9. 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:

	Six months ended September 30,		Three months ended September 30,	
	2015	2014	2015	2014
	Unaudited			
Salaries, consulting fees and benefits	373,600	493,718	119,806	248,734
Stock-based compensation	-	1,011,861	-	1,000,306
	<u>\$ 373,600</u>	<u>\$1,505,579</u>	<u>\$ 119,806</u>	<u>\$ 1,249,040</u>

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

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	(23,602)
Repurchase of Shares (vii)	-	(392,030)	-
Cancellation of shares (vii)	(2,473,000)	-	-
Balance, September 30, 2015	89,939,025	20,268,169	176,581

10. Share Capital (continued)

- (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 period ended September 30, 2015, the remaining 250,000 shares were issued and \$23,602 was reclassified from shares to be issued to share capital.
- (iv) On February 24, 2015, 225,000 restricted share units (“RSUs”) were granted to certain 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.
- (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 September 30, 2015, 2,783,078 (March 31, 2015, 2,783,078) of the Company’s shares were held in escrow.
- (vii) As at September 30, 2015, the Company repurchased a total of 3,727,500 shares, of which 2,473,000 shares have been cancelled. The Company held shares, as of September 30, 2015, valued at \$59,385 (March 31, 2015 - \$29,700) in treasury.

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 September 30, 2015, the Company did not operate any properties; accordingly, no ARO was required.

12. Capital Management

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

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

There were no changes in the Company’s approach to capital management during the period ended 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*).

13. Risk Management

a) Credit risk

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

b) Interest rate risk

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

13. 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 September 30, 2015, the Company had cash and cash equivalents of \$8,117,084 (March 31, 2015 - \$10,490,818) to settle current liabilities of \$4,699,559 (March 31, 2015 - \$4,193,288). 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, 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 loss of the Company, given the Company's minimal assets and liabilities designated in Namibian dollars as at September 30, 2015.

14. Commitments

a) 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.

b) Commitments

The Company has office lease commitments as follows:

2016	\$ 12,000
Total	\$ 12,000

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 September 30, 2015 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, 2014	6,010,000	0.30	2.75
Granted January 2015	350,000	0.30	4.29
Granted January 2015	1,200,000	0.30	2.33
Granted January 2015	538,240	0.46	2.82
Granted January 2015	83,520	0.46	2.91
Granted January 2015	222,720	0.97	6.48
Granted January 2015	83,520	0.97	6.54
Granted January 2015	75,400	2.17	0.89
Canceled and expired	(90,000)	0.60	
Balance, March 31, 2015 and June 30, 2015	8,473,400	0.54	2.01

Share-based compensation expense is recognized over the vesting period of options. During the three and six months periods ended September 30, 2015, share-based compensation of \$3,500 and \$7,000, respectively (September 30, 2014 - 8,056 and \$19,611, respectively) was recognized based on options vesting during the period.

As at September 30, 2015, 8,298,678 options were exercisable (March 31, 2015 – 7,710,067).

16. Warrants

A summary of warrants outstanding at September 30, 2015 was as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, March 31, 2014	4,937,341	1.00
Granted during the year	2,587,967	1.40
Expired during the year	(2,587,967)	1.40
Balance, March 31, 2015	4,937,341	1.00
Expired during the period	(4,937,341)	1.00
Balance, September 30, 2015	-	-

17. Operating Costs

Operating costs consist of the following:

	Six months ended September 30,		Three months ended September 30,	
	2015	2014	2015	2014
Exploration data acquisition and interpretation and technical consulting	2,995,455	244,343	1,720,212	102,415
Exploration license fees	179,934	270,809	-	3,093
Travel	117,228	-	21,210	-
Recovered under JOAs (Note 6(viii))	(3,131,960)	(205,784)	(1,977,333)	(125,422)
	160,656	309,368	(235,911)	(19,914)

18. General and Administrative Costs

General and administrative costs consist of the following:

	Six months ended September 30,		Three months ended September 30,	
	2015	2014	2015	2014
Occupancy and office expenses	223,105	131,673	98,607	63,488
Travel expenses	91,468	205,104	38,476	169,748
Public company costs	22,204	25,437	6,907	16,926
Insurance	42,596	22,793	22,072	11,441
Financial services	7,284	3,463	4,840	1,763
Advertising and communication	2,077	1,788	1,264	685
Depreciation	2,119	1,337	223	668
Recovered under JOAs (Note 6(viii))	(60,717)	(9,539)	(18,649)	(6,450)
	330,136	382,056	153,740	258,269