

Eco (Atlantic) Oil & Gas Ltd.
Consolidated Financial Statements
(in US Dollars)
March 31, 2023 and 2022

Eco (Atlantic) Oil & Gas Ltd.
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March 31, 2023 and 2022

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To the Shareholders of Eco (Atlantic) Oil & Gas Ltd.:

Opinion

We have audited the consolidated financial statements of Eco (Atlantic) Oil & Gas Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and March 31, 2022, and the consolidated statements of operations and comprehensive profit and loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2023 and March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern

Key Audit Matter Description

The Company has incurred a net loss during the year ended March 31, 2023, has negative cash flows from operations, and is reliant on external financing to continue its exploration activity. These conditions could indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. In accordance with IAS 1 Presentation of Financial Statements, management has assessed the Company's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, the entity shall disclose those uncertainties. Management has determined that the Company will have sufficient cash to allow it to continue as a going concern for the period of at least, but not limited to, twelve months from the end of the reporting period and accordingly, assessed that there were no material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

We identified the assessment of whether there was a material uncertainty that the Company would continue as a going concern as a key audit matter. There was a high degree of auditor judgment required to evaluate the significant assumptions used in management's assessment including, but not limited to, the Company's ability to raise additional funding, or, in the case where funding may not be readily obtained, the ability of the Company to manage its cash expenditures until such funding becomes available.

Audit Response

We responded to this matter by performing audit procedures in relation to the assessment of whether there was a material uncertainty that the Company would continue as a going concern. Our audit work in relation to this included, but was not restricted to, the following:

- Assessed management's significant assumptions against norms within the industry.
- Evaluated the significant assumptions used in management's assessment including:
 - Obtaining an understanding from management about the Company's existing financial conditions in relation to the Company's ability to continue as a going concern;
 - Assessment of the discretionary and non-discretionary spending;
 - Evaluation of the Company's ability to curtail its discretionary spending until sufficient financing has been obtained; and
 - Testing of cash receipts subsequent to year-end.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

Mississauga, Ontario

July 31, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Eco (Atlantic) Oil & Gas Ltd.
Consolidated Statements of Financial Position
As at March 31, 2023 and 2022
(Expressed in US Dollars)

	March 31, 2023	March 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,110,734	\$ 3,438,834
Short-term investments	13,107	52,618
Government receivable	22,494	27,487
Amounts owing by license partners, net (Note 19a)	477,578	-
Accounts receivable and prepaid expenses (Note 19a)	1,529,451	257,911
Assets held for sale (Note 10)	-	2,061,734
Total Current Assets	6,153,364	5,838,584
Non- Current Assets		
Investment in associate (Note 7)	8,612,267	9,277,162
Petroleum and natural gas licenses (Note 9)	40,852,020	30,753,034
Total Non-Current Assets	49,464,287	40,030,196
Total Assets	55,617,651	45,868,780
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 11)	4,416,789	1,931,823
Advances from and amounts owing to license partners, net	286,553	-
Current liabilities related to assets held for sale (Note 10)	-	473,254
Warrant liability (Note 15)	261,720	3,241,762
Total Current Liabilities	4,965,062	5,646,839
Total Liabilities	4,965,062	5,646,839
Equity		
Share capital (Note 13)	121,570,983	63,141,609
Shares to be issued (Note 13)	-	20,766,996
Restricted Share Units reserve (Note 14)	920,653	267,669
Warrants (Note 15)	14,778,272	7,806,000
Stock options (Note 16)	2,804,806	958,056
Foreign currency translation reserve	(1,458,709)	(1,309,727)
Accumulated deficit	(87,963,416)	(51,408,662)
Total Equity	50,652,589	40,221,941
Total Liabilities and Equity	\$ 55,617,651	\$ 45,868,780

Basis of Preparation (Note 2)

Commitments (Notes 20)

Events After the Reporting Period (Note 24)

Approved by the Board of Directors of the Company ("Board")

"Gil Holzman"
Director

"Gadi Levin"
Director

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

Eco (Atlantic) Oil & Gas Ltd.
Consolidated Statements of Operations and Comprehensive Profit and Loss
For the years ended March 31, 2023 and 2022
(Expressed in US Dollars)

	Year ended March 31,	
	2023	2022
Revenue		
Interest income	\$ 66,571	\$ 3,556
	66,571	3,556
Operating expenses:		
Compensation costs	905,974	852,383
Professional fees	694,304	551,751
Operating costs, net (Note 21)	33,039,264	1,932,826
General and administrative costs (Note 22)	848,893	603,145
Share-based compensation (Note 14(b)&16(b))	2,968,294	14,495
Foreign exchange loss (gain)	559,947	(116,631)
Total operating expenses	39,016,676	3,837,969
Operating loss	(38,950,105)	(3,834,413)
Fair value change in warrant liability (Note 15)	2,980,042	(263,136)
Share of losses of company accounted for at equity (Note 7)	(664,895)	(1,154,838)
Net loss for the year from continuing operations	\$ (36,634,958)	\$ (5,252,387)
Gain (loss) from discontinued operations, after-tax (note 10)	80,204	(1,304,937)
Net loss for the year	(36,554,754)	(6,557,324)
Foreign currency translation adjustment	(148,982)	(111,630)
Comprehensive loss for the year	\$ (36,703,736)	\$ (6,668,954)
Basic and diluted net loss per share:		
from continuing operations	\$ (0.105)	\$ (0.027)
from discontinued operations	\$ 0.000	\$ (0.007)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	349,622,239	195,869,114

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

Eco (Atlantic) Oil & Gas Ltd.
Consolidated Statements of Changes in Equity
For the years ended March 31, 2023 and 2022
(Expressed in US Dollars)

	Number of Shares	Capital	Shares to be issued \$	Restricted Share Units	Warrant Reserve	Stock Options	Deficit	Foreign Currency Translation Reserve	Non- controlling Interest	Total Equity
Balance, March 31, 2021	184,697,723	\$ 59,099,725	\$ -	\$ 267,669	\$ -	\$ 2,675,724	\$ (44,814,249)	\$ (1,198,097)	\$ (48,674)	\$ 15,982,098
Issuance of shares in private placement (net of issuance costs) (Note 13 b(i))	14,945,913	4,793,789	-	-	-	-	-	-	-	4,793,789
Warrant valuation (Note 15)	-	(2,978,626)	-	-	-	-	-	-	-	(2,978,626)
Purchase of Azinam (net of costs) (Note 4)	-	-	20,766,996	-	7,806,000	-	-	-	-	28,572,996
Purchase of non-controlling interest (Note 10)	-	-	-	-	-	-	(48,674)	-	48,674	-
Purchase of shares in associated company (Note 7)	1,200,000	432,000	-	-	-	-	-	-	-	432,000
Expiration of options (Note 13 b(iii))	-	-	-	-	-	(11,585)	11,585	-	-	-
Stock options exercised (Note 13 b(ii))	250,000	98,138	-	-	-	(23,995)	-	-	-	74,143
Exercise of cashless options (Note 13 b(iii))	1,599,999	1,696,583	-	-	-	(1,696,583)	-	-	-	-
Stock options expensed (Note 16(b))	-	-	-	-	-	14,495	-	-	-	14,495
FCTR Foreign currency translation	-	-	-	-	-	-	-	(111,630)	-	(111,630)
Net loss for the year from continuing operations	-	-	-	-	-	-	(5,252,387)	-	-	(5,252,387)
Net loss for the year from discontinued operations	-	-	-	-	-	-	(1,304,937)	-	-	(1,304,937)
Balance, March 31, 2022	202,693,635	\$ 63,141,609	\$ 20,766,996	\$ 267,669	\$ 7,806,000	\$ 958,056	\$ (51,408,662)	\$ (1,309,727)	\$ -	\$ 40,221,941
Issuance of shares in a private placement (Note 13 a(i))	64,885,496	23,908,649	-	-	-	-	-	-	-	23,908,649
Issuance of shares in respect of Azinam Acquisition (Note 13 a(ii))	40,170,474	20,766,996	(20,766,996)	-	-	-	-	-	-	-
Issuance of RSU's (Note 14)	-	-	-	1,121,545	-	-	-	-	-	1,121,545
Conversion of RSU's to shares (Note 13 a(iii), iv))	825,000	331,795	-	(331,795)	-	-	-	-	-	-
Issuance of shares in a private placement (Note 13 a(v))	33,586,531	4,785,168	-	-	6,972,272	-	-	-	-	11,757,440
Cancellation of shares (Note 13 a(vi))	(841,824)	-	-	-	-	-	-	-	-	-
Issuance of shares in respect of farmout agreement (Notes 9(ii), 13 a(vii))	25,429,368	8,500,000	-	-	-	-	-	-	-	8,500,000
Conversion of RSU's to shares (Note 13 a(viii))	600,000	136,766	-	(136,766)	-	-	-	-	-	-
Share option expenses (Note 16 b)	-	-	-	-	-	1,846,750	-	-	-	1,846,750
FCTR Foreign currency translation	-	-	-	-	-	-	-	(148,982)	-	(148,982)
Net loss for the year from continuing operations	-	-	-	-	-	-	(36,634,958)	-	-	(36,634,958)
Net gain for the year from discontinued operations	-	-	-	-	-	-	80,204	-	-	80,204
Balance, March 31, 2023	367,348,680	\$ 121,570,983	\$ -	\$ 920,653	\$ 14,778,272	\$ 2,804,806	\$ (87,963,416)	\$ (1,458,709)	\$ -	\$ 50,652,589

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

Eco (Atlantic) Oil & Gas Ltd.
Consolidated Statements of Cash Flows
For the years ended March 31, 2023 and 2022
(Expressed in US Dollars)

	Year ended March 31,	
	2023	2022
Cash flow from operating activities - continued operations		
Net loss from continuing operations	\$(36,634,958)	\$ (5,252,387)
Items not affecting cash:		
Share-based compensation	2,968,295	14,495
Revaluation of warrant liability	(2,980,042)	263,136
Share of losses of companies accounted for at equity	664,895	1,154,838
Changes in non-cash working capital:		
Government receivable	4,993	(4,790)
Accounts payable and accrued liabilities	2,484,966	(7,279)
Accounts receivable and prepaid expenses	(1,271,540)	530,121
Reallocation to discontinued operations cashflows	-	(317,340)
Advance from and amounts owing to license partners	(191,025)	-
Cash flow from operating activities - continued operations	(34,954,416)	(3,619,206)
Cash flow from operating activities - discontinued operations	(839,029)	(1,008,182)
Cash flow from investing activities		
Investment in associate	-	(10,000,000)
Short-term investments	39,511	1,500,022
Acquisition of interest in property	(1,598,986)	-
Cash flow from investing activities - continued operations	(1,559,475)	(8,499,978)
Cash flow from investing activities - discontinued operations	2,507,713	-
Cash flow from financing activities		
Proceeds from private placements, net	35,666,089	4,793,814
Acquisition of Azinam	-	2,590
Exercise of stock options	-	74,212
Cash flow from financing activities	35,666,089	4,870,616
Increase (decrease) in cash and cash equivalents	820,882	(8,256,750)
Foreign exchange differences	(148,982)	(111,725)
Cash and cash equivalents, beginning of year	3,438,834	11,807,309
Cash and cash equivalents, end of year	\$ 4,110,734	\$ 3,438,834
Supplementary disclosure of cash flow information:		
Significant non-cash transactions		
Issuance of shares in respect acquisitions (notes 4 and 9)	\$ 8,500,000	\$ 28,572,992
Issuance of shares in respect of JHI acquisition (note 7)	\$ -	\$ 432,000

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

Eco (Atlantic) Oil & Gas Ltd.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2023 and 2022
(Expressed in US Dollars)

1. Nature of Operations

Eco (Atlantic) Oil & Gas Ltd. ("Eco Atlantic" or the "Company") operates a business focused on high growth, high impact energy projects - primarily through identifying, acquiring, and exploring oil and gas assets. The Company's key oil and gas assets include Block 2B and Block 3B/4B offshore the republic of South Africa ("South Africa"), four licenses offshore the Republic of Namibia ("Namibia"), an interest in the Orinduik License offshore the Co-Operative Republic of Guyana ("Guyana"), and an indirect ownership of an interest in the Canje Block offshore Guyana through a 7.3% investment in a privately owned company. The head office of the Company is located at 7 Coulson Avenue, Toronto, ON, Canada, M4V 1A3.

The Company is listed on the TSX Venture Exchange ("TSXV") and trades under the symbol "EOG.V" and on the AIM Market ("AIM") of the London Stock Exchange and trades under the symbol "ECO.L".

These consolidated financial statements were approved by the Board of Directors of the Company on July 31, 2023.

2. Basis of Preparation

The consolidated financial statements of the Company have been prepared on a historical cost basis with the exception of certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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, 2023.

The significant accounting policies followed by the Company are summarized as follows:

Eco (Atlantic) Oil & Gas Ltd.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2023 and 2022
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3. Summary of Significant Accounting Policies (continued)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its directly and indirectly owned subsidiaries. The Company's material subsidiaries are as follows:

	Proportionate Ownership	
	March 31, 2023	March 31, 2022
Eco (Atlantic) Guyana Inc. ("Eco Guyana")	100%	100%
Eco Oil and Gas (Namibia) (Pty) Ltd.	100%	100%
Eco Oil and Gas Services (Pty) Ltd.	100%	100%
Pan African Oil Namibia Holdings (Pty) Ltd.	100%	100%
Pan African Oil Namibia (Pty) Ltd.	100%	100%
Azinam Group Limited (Bermuda)	100%	100%
Azinam Limited (Bermuda)	100%	100%
Azinam South Africa Limited (UK)	100%	100%
Solear Ltd. (formerly Eco (BVI) Oil and Gas Ltd) ("Solear")	100%	100%
AA Energy Factory Ltd	100%	100%
AFOI IOAKEIMIDI IKE	-	100%
Scrantix Ltd	100%	100%
XIOAKEIMIDIS-K.XATZI Ltd	-	100%

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

Investment in associate

Investments in associates are accounted for using the equity method. Investments of this nature are recorded at original cost. The investment is adjusted at each reporting date for the Company's share of the profit or loss of the investment after the date of acquisition.

Foreign currencies

These consolidated financial statements are presented in US dollars.

The functional currency of the Company and its subsidiaries is the US dollar, except for Solear Ltd. and its subsidiaries which have the European Euro as their functional currency.

Translation gains or losses resulting from the translation of the financial statements from the functional currency to the presentation currency are recorded as a foreign currency translation reserve in the Statement of Changes in Equity.

Within each entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the end of each reporting period at the period-end exchange rate. Exchange gains and losses on the settlement of transactions and the translation of monetary assets and liabilities to the functional currency are recorded in profit or loss.

Eco (Atlantic) Oil & Gas Ltd.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2023 and 2022
(Expressed in US Dollars)

3. Summary of Significant Accounting Policies (continued)

Share-based compensation

Where equity settled share options are awarded to employees and service providers, the fair value of the options calculated at the grant date is based on the market share price and is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense charged is not adjusted for failure to achieve a market vesting condition.

Restricted Share Units

The Company has a Restricted Share Unit Plan (the “RSU Plan”) for its employees, officers, directors and consultants. The RSU Plan allows employees, directors, officers and consultants to participate in the growth and development of the Company.

All Restricted Share Units (“RSUs”) granted are settled with common shares of the Company. The expense and corresponding increase in contributed surplus in shareholders’ equity are determined based on the grant date fair value of the award, which is based on the market price of the Company’s common shares and recognized using the graded method over the period that the employees unconditionally become entitled to the awards. Upon the conversion of RSUs to common shares at the end of restricted period, the amount attributable to the RSUs that was previously recognized in restricted share units reserve is recorded as an increase to share capital.

Financial instruments

Classification

The following table shows the classification of financial instruments under IFRS 9:

Financial asset/liability	Classification
Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Amounts owing by license partners	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Amounts owing to license partners	Amortized cost
Warrant liability	FVTPL

The Company determines the classification of financial instruments at initial recognition. The classification of its instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as fair value through profit and loss (“FVTPL”). For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at fair value through other comprehensive income (“FVTOCI”). Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Eco (Atlantic) Oil & Gas Ltd.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2023 and 2022
(Expressed in US Dollars)

3. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Measurement

Financial assets and liabilities:

- i) Financial instruments carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations and comprehensive profit and loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statements of operations and comprehensive profit and loss in the period in which they arise. Where the Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in loss and other comprehensive (loss).
- ii) For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at fair value through other comprehensive income ("FVTOCI").
- iii) Financial instruments carried at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company recognizes an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The carrying value of the Company's financial assets approximate their fair value.

Eco (Atlantic) Oil & Gas Ltd.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2023 and 2022
(Expressed in US Dollars)

3. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Financial Liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss: Warrants are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such liabilities are subsequently measured at fair value through profit or loss.

i) Issue of a unit of securities:

The issue of a unit of securities involves the allocation of the proceeds received (before issue expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

ii) Derivative liability - Warrants

Warrants that are denominated in a currency other than the functional currency of the Company are considered a derivative liability and are classified as financial liabilities at fair value through profit or loss. Accordingly, these warrants are measured at fair value and the changes in fair value in each reporting period are recognized in profit or loss.

Exploration and evaluation assets and expenditures – Petroleum and natural gas licenses

i) *Expenditures*

For oil and gas prospects not commercially viable and technically feasible, the Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include technical studies and exploratory drilling. 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.

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3. Summary of Significant Accounting Policies (continued)

Exploration and evaluation assets and expenditures – Petroleum and natural gas licenses (continued)

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 expenditures which the Company incurs under farm-out arrangements in respect of its own interest when such 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. Any cash received without an underlying commitment to incur expenditures is recorded as income from farm-out agreements in profit or loss.

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 are facts and circumstances which 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.

Intangible assets – Kozani Project

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures relating to internally generated intangible assets, excluding capitalized development costs, are recognized in profit or loss when incurred.

Intangible assets with finite useful lives are amortized over their useful lives and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end.

Intangible assets with indefinite useful lives are not systematically amortized and are tested for impairment annually, or whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite life is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment. Commencing from that date, the asset is amortized systematically over its useful life.

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3. Summary of Significant Accounting Policies (continued)

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.

Loss per share

Basic loss per share is computed based on the weighted average number of Shares outstanding during the year. In calculating the diluted loss per share, the weighted average number of Shares outstanding assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase Shares at the average market price during the year. Stock options, warrants, and restricted share units are excluded from the loss per share calculation if their impact is anti-dilutive.

Asset held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through their sale rather than through continuing use. Such assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Discontinued operations are reported when a component of the Company, representing a separate major line of business or area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Discontinued operations are reported as a separate element of net income or loss on the consolidated statement of operations and comprehensive profit and loss for both the current and comparative periods. When a disposal group is classified as held for sale, assets and liabilities are aggregated and presented as separate line items, respectively, on the consolidated statement of financial position. Comparative periods are not restated on the consolidated statement of financial position. Assets held for sale are not depreciated and are measured at the lower of carrying value and fair value less costs to sell.

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3. Summary of Significant Accounting Policies (continued)

Leases

The Company accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

For leases in which the Company is the lessee, the Company recognizes, on the commencement date of the lease, a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these excluded leases, the Company has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis over the lease term.

Leases which entitle employees to a company car as part of their employment terms are accounted for as employee benefits in accordance with the provisions of IAS 19 and not as subleases.

On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate. After the commencement date, the Company measures the lease liability using the effective interest rate method.

On the commencement date, the right-of-use asset is recognized in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life and the lease term.

The Company tests for impairment of the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36.

Segment reporting

An operating segment is a component of the Company that meets the following three criteria:

- i) Is engaged in business activities from which it may earn revenues and incur expenses;
- ii) Whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about allocated resources to the segment and assess its performance; and
- iii) For which separate financial information is available.

Segment revenue and segment costs include items that are attributable to the relevant segments and items that can be allocated to segments. Items that cannot be allocated to segments include the Company's financial income and expenses and income tax.

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3. Summary of Significant Accounting Policies (continued)

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.

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.

Judgements

i) Impairment of petroleum and natural gas licenses

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.

ii) Investment in associates

The Company has determined it holds significant influence over JHI due to its ability to appoint a director to the JHI Board (see note 7). Accordingly, the Company accounts for its investment using the equity method of accounting in accordance with IAS 28 investment in associates and joint ventures. Management applies its judgement as to whether the Company has significant influence over JHI. If the Company did not have significant influence, it would account for the investment as a financial instrument carried at FVTPL.

Estimates

i) Stock Based Compensation

The Company uses the fair value method, utilizing the Black-Scholes option pricing model, for valuing stock options granted to directors, officers, consultants and employees. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense. The recognized costs are subject to the estimation of what the ultimate payout will be using pricing models such as the Black-Scholes model which is based on significant assumptions such as volatility, dividend yield, risk free rate, estimated forfeitures and expected term.

ii) Acquisition of Azinam and JHI

As part of the acquisition of Azinam (notes 4 and 7) and JHI the Company issued share-based consideration, which required fair value estimations. See respective notes for estimate details.

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4. Acquisition

The Company completed and closed the acquisition of the Azinam Group, including Azinam Groups' entire offshore asset portfolio, in return for a 16.5% equity stake in the enlarged Company as of March 25, 2022 (the "Acquisition").

The Acquisition resulted in the issuance to Azinam of 40,170,474 Shares (the "Consideration Shares") and 40,000,000 share purchase warrants (the "Consideration Warrants").

22,296,200 Shares were issued on April 4, 2022 and the balance were issued in May 2022. The Company acquired control on March 25, 2022, and the share consideration was classified as shares to be issued at March 31, 2022.

The 40,000,000 Consideration warrants, exercisable only in the case of a producible commercial discovery on Block 2B or Block 3B/4B, are as follows:

- 20,000,000 warrants exercisable at a price of CAD\$1.00 per Share during the two years immediately following the date of receipt of the final approval of the TSXV, and
- 20,000,000 warrants exercisable at a price of CAD\$1.50 per Share during the three years immediately following the final approval of the TSXV.

Such exercise dates to be extended in the event a well is not drilled on either Block 2B or Block 3B/4B, until such time as a well is drilled on either block and a producible commercial discovery declared.

At no time will Azinam be entitled to subscribe for and purchase such amount of Shares which, when aggregated with its already existing ownership of Shares, would result in Azinam Shareholders being the registered or beneficial holder of more than 19.9% of the then issued and outstanding Shares, without the prior written consent of the TSXV and Eco and in accordance with the policies of the TSXV.

8,034,094 Shares of the Second Tranche Shares and 4,000,000 Consideration Warrants ("Escrow Equities") were placed in escrow in accordance with the Azinam share purchase agreement, with such securities to be released to the vendors on July 31, 2023, subject to there being no excess debt above \$1.5 million within Azinam as confirmed by a final balance sheet as at the Closing Date (to be prepared by Eco within 75 days of the Closing Date) ("Excess Debt"). In the event that there is determined to be Excess Debt, such number of escrowed securities as is equal to the Excess Debt amount divided by \$0.44 will be returned to Eco's treasury account. The Company has agreed to issue 1,625,000 additional shares in respect of the Excess Debt. As of the date of this report, these shares have not been issued.

On December 19, 2022, the Escrow Equities were released from escrow.

In connection with the Acquisition, a fee of 350,000 Shares ("Bankers Shares") and US\$50,000 were payable to an arm's-length third party in connection with their advisory services to the Company. The Bankers Shares were included in shares to be issued at March 31, 2022 and were formally issued in May 2022.

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4. Acquisition (continued)

The fair value of the acquired assets - the exploration licenses - which represent the Azinam Group's only significant asset, was determined to be \$29,680,774, being the excess fair value of the Total Azinam Consideration over the net book value of the Azinam Group assets.

The Acquisition has been accounted for as an asset acquisition as the Azinam Group at the time of acquisition did not constitute a business in accordance with IFRS 3. The table below summarizes the fair value of the purchase price and the allocation to net assets acquired:

	March 25, 2022
Fair value of 40,170,474 shares to be issued	\$ 20,587,615
Fair value of 40,000,000 warrants	7,806,000
Fair value of 350,000 Bankers Shares	179,377
Advisory fees and other transaction costs	89,487
Loan to Azinam extinguished on acquisition	413,842
	<u>29,076,321</u>
Cash	2,590
Accounts receivable and prepaid expenses	204,151
Accounts payable and accrued liabilities	(811,194)
Petroleum and natural gas licenses (note 9)	29,680,774
	<u>\$ 29,076,321</u>

5. Short-term investments

As of March 31, 2023, the Company's short-term investments comprise interest bearing deposits with its primary bank of \$13,107 (March 31, 2022 - \$52,618).

6. Accounts receivable and prepaid expenses

Accounts receivable balances are reviewed for impairment on a case-by-case basis and are provided for based on the deterioration of credit risk since initial recognition, at which time a provision is recognized in the consolidated statements of operations and comprehensive profit and loss. If the credit risk has not increased significantly, allowances are based on 12 month expected losses. If the credit risk has increased significantly and if the loan receivable is impaired, the allowance is based on lifetime expected losses. See note 19a.

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7. Investment in associate

JHI Associates Inc. ("JHI")

During the year ended March 31, 2022, the Company acquired a 7.35% interest in JHI Associates Inc. ("JHI"), a private company incorporated in Ontario and headquartered in Toronto, Canada, including the right to appoint a non-executive director to the board of JHI. The Company was also issued 9,155,451 warrants to purchase the same number of shares in JHI at a price of \$2.00 per share, which expired on December 28, 2022.

The Canje Block is operated by ExxonMobil and is held by Esso Exploration & Production Guyana Limited (35%), Total E&P Guyana B.V. (35%), JHI Associates (BVI) Inc. (17.5%) and Mid-Atlantic Oil & Gas Inc. (12.5%) (together the "JV Partners").

The following table summarizes the equity method accounting for the investment:

Balance April 1, 2021	\$	-
Investment during the year		10,432,000
Proportionate loss for the year		(1,154,838)
March 31, 2022	\$	9,277,162
Proportionate loss for the year		(664,895)
March 31, 2023	\$	8,612,267

(i) The Company's initial investment comprised a purchase of 5,000,000 JHI shares and 9,155,471 JHI share purchase warrants for \$10,000,000.

(ii) On January 20, 2022, the Company acquired an additional 800,000 JHI shares from a private transaction in consideration for 1,200,000 common shares of the Company valued at \$432,000.

At March 31, 2023, the Company held 7.35% of the total common shares of JHI. The Company's proportionate share of JHI's net assets (adjusted to the Company's accounting policies) is \$1,681,457.

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8. Right of use assets – Kozani Project

	<u>Kozani land lease</u>
Balance - March 31, 2021	\$ 332,495
Depreciation during the year	<u>(14,456)</u>
Balance - March 31, 2022	\$ 318,039
Depreciation during the period	(13,252)
Disposal of assets (see note 10)	<u>(304,787)</u>
Balance - March 31, 2023	<u>\$ -</u>

See Note 10 regarding discontinued operations.

9. Petroleum and Natural Gas Licenses

	<u>License acquisitions</u>
Balance - March 31, 2021	\$ 1,072,260
Acquisition of Azinam licenses (note 4)	
Cooper	5,238,871
Guy	7,490,865
Sharon	1,713,629
Block 2B	8,465,230
Block 3B/4B	<u>6,772,179</u>
Total	<u>29,680,774</u>
Balance - March 31, 2022	\$ 30,753,034
Block 3B/4B (b(ii))	<u>10,098,986</u>
Balance - March 31, 2023	<u>\$ 40,852,020</u>

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9. Petroleum and Natural Gas Licenses (continued)

The petroleum and natural gas interests of the Company are located offshore in Guyana, South Africa, and Namibia.

a) Guyana

The Orinduik License covers the Orinduik block, offshore Guyana. The Orinduik block is situated in shallow to deep water (70m – 1,400m), 170 kilometers offshore Guyana in the Suriname Guyana basin (“Orinduik License”).

In accordance with the Guyana Petroleum Agreement, Eco Guyana holds a 15% working interest (“WI”) in the Orinduik License, TotalEnergies E&P Activities Petrolieres (“Total”) and TOQAP Guyana B.V. hold a 25% WI and Tullow Guyana B.V. (“Tullow Guyana”) currently holds a 60% interest (Operator).

During 2019, the Company completed two exploration wells, including two discoveries, and on February 3, 2020, the Company announced the filing of a National Instrument 51-101 compliant resource report on the Orinduik Block, offshore Guyana showing a significant increase in Gross Prospective Resources to 5,141 MMBOE (771 MMBOE net to Eco) from the previous estimate of Gross Prospective Resources of 3,981 MMBOE in March 2019.

b) South Africa

The Company holds two offshore petroleum licenses in South Africa being petroleum exploration license number 2B (the “2B Block”), petroleum exploration license number 3B/4B (the “3B/4B Block”), (together the “South African Licenses”).

i) Block 2B

Block 2B is located in the Orange Basin and covers 3,062 Km off the west coast of South Africa 300 kilometers north of Cape Town with water depths ranging from 50 to 200 meters.

Under the terms of Azinam’s farmout agreement with Africa Energy Corp., Azinam has acquired a 50% participating interest in Block 2B and became the Operator of Block 2B on behalf of the joint venture partners. Africa Energy Corp. will retain a 27.5% participating interest in the block. Simultaneously, Panoro Energy has become a 12.5% participating interest holder on the license. Crown Energy AB indirectly holds the remaining 10% participating interest.

During the six month period ended September 30, 2022, the Company received \$1,500,000 in respect of expenses incurred prior to the acquisition of Azinam.

On November 15, 2022, a Production Right Application to the Petroleum Agency of South Africa (“PASA”), for Block 2B, based on the existing oil discovery of AJ-1 and potential future operations was submitted by the JV Partners.

On November 18, 2022, the Company announced that the Gazania-1 well on Block 2B, offshore South Africa, which spudded on October 10, 2022, reached target depth of 2,360m but did not show evidence of commercial hydrocarbons. The well was plugged and abandoned as planned. Gases normally associated with light oil were encountered throughout the drilling of the well.

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9. Petroleum and Natural Gas Licenses (continued)

ii) Block 3B/4B

Block 3B/4B, located between 120-250kms offshore western South Africa, covers an area of 17,581km² and lies in water depths ranging from 300-2500m.

On June 24, 2022, the Company signed a farmout agreement (the "Farmout Agreement") pursuant to which its wholly owned subsidiary, Azinam Limited ("Azinam"), acquired an additional 6.25% participating interest in Block 3B/4B from the Lunn Family Trust (the "Vendor"), one of the shareholders of Ricocure, subject to the receipt of requisite regulatory approvals from the government of South Africa (the "Farm-in").

Following the completion of the Farm-in, the Company, through Azinam, holds a 26.25% participating interest in Block 3B/4B, with strategic alliance partners, Africa Oil Corp., the Operator of the block, holding a 20% participating interest, and Ricocure, which will hold the remaining 53.75% participating interest.

On signing of the Farm-in, the Company (i) issued to the Vendor 2,702,702 common shares in the capital of the Company ("Common Shares"), at a fair value of £0.30 (\$0.37) per Share (the "Issue Price") having an aggregate value of \$1 million on the date of the Farmout Agreement and (ii) paid a cash amount of \$1 million to the Vendor (the "Signing Consideration"). On July 5, 2022 the Company paid \$1 million in cash and on July 6, 2022 the Company issued 2,702,702 Common Shares at a fair value of £0.30 (\$0.37) per Share thus completing the payment of the Signing Consideration.

Subject to certain exceptions, an amount equal to the Signing Consideration plus interest is repayable by the Vendor to the Company in the event that the Farmout Agreement is terminated prior to Completion.

The Vendor shall be entitled to sell in one block or transfer all or any portion of the Common Shares issued as part of the Signing Consideration immediately on or following the date of the Farmout Agreement provided that such transfer is in compliance with UK and Canadian securities laws.

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9. Petroleum and Natural Gas Licenses (continued)

ii) Block 3B/4B

Completion Consideration

On the date of completion of the Farm-in ("Completion"), following the satisfaction of the conditions precedent, the Company is required to:

- pay a cash amount of \$1.00 to Ricocure;
- pay a cash amount of \$500,000 to the Vendor;
- issue to the Vendor, Common Shares at the Issue Price having an aggregate value of \$500,000 (or, at the Company's sole discretion, pay an additional amount of \$500,000 to the Vendor such that the cash consideration is \$1 million);
- issue to the Vendor, Common Shares at the Issue Price having an aggregate value of \$3 million. These Shares (the "Restricted Shares") will be subject to lock up restrictions;
- issue to the Vendor, Common Shares at the Issue Price having an aggregate value of \$2 million; and
- issue to the Vendor, Common Shares equal to \$2 million divided by the greater of (i) the value of the 30 day VWAP per Share prior to the date of the press release announcing the issue of such Common Shares; and (ii) the lowest issuance price then allowed by the rules of the TSXV and AIM (to the extent then listed on such markets, otherwise the average (if listed on more than one market) on such markets as the Common Shares are then listed) subject to a maximum of 10,000,000 Common Shares.

The Company received TSXV approval on July 6, 2022 and subsequently announced on December 19, 2022 that all remaining conditions to closing had been satisfied.

On December 19, 2022 and February 28, 2023, the Company issued 21,060,000 and 1,666,666 common Share, respectively, in respect of the share issuance portion of the completion consideration. The \$500,000 owing to the Vendor, remains outstanding as of March 31, 2023. See note 24 events After the Reporting Period.

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9. Petroleum and Natural Gas Licenses (continued)

Namibia

The Company holds four offshore petroleum licenses in the Republic of Namibia being petroleum exploration license number 097 (the “Cooper License”), petroleum exploration license number 098 (the “Sharon License”), petroleum exploration license number 099 (the “Guy License”) and petroleum exploration license number 100 (the “Tamar License”), (together the “Namibia Licenses”).

The Cooper License

The Cooper License covers approximately 5,788 Km and is located in license area 2012A offshore in the economical waters of Namibia (the “Cooper Block”). The Company holds, through its subsidiaries, a 85% WI (“WI”) in the Cooper License, the National Petroleum Corporation of Namibia (“NAMCOR”) holds a 10% WI and Tangi Trading Enterprise cc holds a 5% WI (“Tangi”). The Company carries NAMCOR and Tangi’s WI proportionally during the exploration period. On February 5, 2021 a new ten (10) year life cycle for the Cooper License received final governmental approval.

The Sharon License

The Sharon License covers approximately 5,700 Km and is located in license area 2213 offshore in the economical waters of Namibia (the “Sharon Block”). The Company holds, through its subsidiaries, a 85% WI in the Sharon License, NAMCOR holds a 10% WI, and Titan Oil and Gas (Pty) Ltd holds a 5% WI (“Titan”). The Company proportionally carries NAMCOR and Titan’s WI during the exploration period.

On February 5, 2021 a new ten (10) year life cycle for the Sharon License received final governmental approval.

The Guy License

The Guy License covers 11,457 Km and is located in license area 2111B and 2211A offshore in the economical waters of Namibia (the “Guy Block”). The Company holds, through its subsidiaries, a 85% WI in the Guy License, NAMCOR holds a 10% WI, and Lotus Explorations (Pty) Ltd holds a 5% WI (“Lotus”). The Company proportionally carries NAMCOR and Lotus’ WI during the exploration period.

On February 5, 2021 a new ten (10) year life cycle for the Sharon License received final governmental approval.

The Tamar License

The Tamar License covers approximately 5,649 Km and is located in license areas 2211B and 2311A offshore in the economical waters of Namibia (the “Tamar Block”). The Company holds, through its subsidiaries, an 85% WI in the Tamar Block, NAMCOR holds a 10% WI and Moonshade Investment (Pty) Ltd holds a 5% WI (“Moonshade”). The Company proportionally carries NAMCOR and Moonshade’s WI during the exploration period.

On February 5, 2021 a new ten (10) year life cycle for the Sharon License received final governmental approval.

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10. Discontinued Operations - Kozani Project

- a. On January 29, 2022, the Company approved to sell the Kozani project and discontinue the renewable energy operations. As such, all the assets and liabilities relating to the Kozani project have been reclassified to assets and liabilities held for sale and the operations and cash flows have been presented discontinued operations.

On November 25, 2022, the Company completed the sale of its 100% interest in the Kozani project to a third party purchaser for total proceeds of €2.3 million (US\$2.4 million).

- b. The Company's operating results from discontinued operations included in the Consolidated Statements of Operations and Comprehensive loss are summarized as follows:

	Year ended March 31,	
	2023	2022
Operating expenses:		
Compensation costs	\$ 8,922	\$ 131,336
Professional fees	286,480	308,298
Operating costs	744,057	722,947
General and administrative costs	78,527	125,790
Interest expense	3,825	21,743
Foreign exchange loss (gain)	17,392	(5,177)
Pre-tax operating loss from discontinued operations	(1,139,203)	(1,304,937)
Gain on sale of operations	(1,219,407)	-
Gain (loss) from sale of discontinued operations	80,204	(1,304,937)
Tax expense	-	-
Gain (loss), net of tax for the year from sale of discontinued operations	\$ 80,204	\$ (1,304,937)

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11. Accounts Payable and Accrued Liabilities

	As of March 31	
	2023	2022
Accounts payable and accrued liabilities	\$ 4,267,209	\$ 1,774,963
Related parties (a)	149,580	156,860
	<u>\$ 4,416,789</u>	<u>\$ 1,931,823</u>

(a) The following are the expenses incurred with related parties for the years ended March 31, 2023 and 2022 and the balances owing as of March 31, 2023 and 2022:

I. March 31, 2023:

	Directors Fees	Consulting Fees	Stock based awards	Option based awards	Total	Amounts owing at March 31, 2023
Executive Directors						
Gil Holzman - CEO	\$ -	\$ 474,696	\$ 273,000	\$ 392,925	\$ 1,140,621	\$ 29,956
Colin Kinley - COO	-	360,000	273,000	392,925	1,025,925	-
Alan Friedman - Executive Vice President	-	38,807	-	52,390	91,197	3,234
Gadi Levin - Financial Director	-	120,734	68,250	104,780	293,764	-
Non Executive Directors						
Moshe Peterburg (*)	96,000	-	97,500	261,950	455,450	24,000
Keith Hill	22,752	-	97,500	196,463	316,715	7,650
Peter Nicol	33,224	-	-	104,780	138,004	6,800
Helmut Angula	19,019	-	-	52,390	71,409	4,710
Officers						
Alan Rootenberg - CFO	-	21,308	-	-	21,308	1,776
Kinley Exploration LLC, a company controlled by the COO	-	607,674	-	-	607,674	71,454
Total	\$ 170,995	\$ 1,623,219	\$ 809,250	\$ 1,558,603	\$ 4,162,067	\$ 149,580

II. March 31, 2022:

	Directors Fees	Consulting Fees	Stock based awards	Option based awards	Total	Amounts owing at March 31, 2022
Executive Directors						
Gil Holzman - CEO	\$ -	\$ 406,532	\$ -	\$ -	\$ 406,532	\$ -
Colin Kinley - COO	-	323,550	-	-	323,550	26,963
Alan Friedman - Executive Vice President	-	40,764	-	-	40,764	3,517
Gadi Levin - Financial Director	-	93,150	-	-	93,150	-
Non Executive Directors						
Moshe Peterburg (*)	122,400	-	-	-	122,400	30,600
Keith Hill	24,367	-	-	-	24,367	6,092
Peter Nicol	36,761	-	-	-	36,761	9,190
Helmut Angula	20,306	-	-	-	20,306	5,077
Officers						
Alan Rootenberg - CFO	-	23,699	-	-	23,699	1,074
Kinley Exploration LLC, a company controlled by the COO	-	151,028	-	-	151,028	74,347
Total	\$ 203,834	\$ 1,038,723	\$ -	\$ -	\$ 1,242,557	\$ 156,860

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12. Lease Liabilities

	Kozani land lease liability
Balance - March 31, 2021	\$ 348,904
Interest expenses	8,535
Lease payments	(21,364)
Balance - March 31, 2022	\$ 336,075
Interest expenses	7,824
Lease payments	(19,584)
Disposal of liabilities (see note 10)	(324,315)
Balance - March 31, 2023	\$ -

The Company had 16 leases with combined annual lease payments of EUR 19,075 per year, paid in advance, for 23 years. The payments were discounted using a rate of 4%. See Note 10 regarding discontinued operations.

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13. Share Capital

Authorized Share Capital

The authorized share capital consists of an unlimited number of Common Shares with no par value.

Issued Share Capital

- a) Share transactions during the year ended March 31, 2023:
 - i) On April 5, 2022, the Company completed a private placement for gross proceeds of approximately \$25.3 million and issued 64,885,496 Common Shares at a price of £0.30 (\$0.039) per Common Share. In connection with the financing, the Company incurred issuance costs of \$1,396,694.
 - ii) The Company completed and closed the acquisition of the Azinam Group, including Azinam Groups' entire offshore asset portfolio, in return for a 16.5% equity stake in the enlarged Company as of March 25, 2022 ("Azinam Acquisition"). The Azinam Acquisition was accounted for in the prior year, however, the Company issued 40,170,474 Common Shares (the "Consideration Shares") and 40,000,000 share purchase warrants (the "Consideration Warrants") in April and May 2022 (see note 4).
 - iii) On May 31, 2022, 350,000 Restricted Share Units ("RSUs") were exercised into 350,000 Common Shares.
 - iv) On June 7, 2022, 475,000 RSUs were exercised into 475,000 Common Shares.
 - v) On June 30, 2022, the Company completed a private placement financing of 33,406,531 units ("June 2022 Units") at a price of £0.30 (\$0.37) per June 2022 Unit, for gross proceeds of \$12.3 million. Each June 2022 Unit consists of one Common Share and one share purchase warrant ("June 2022 Warrants"). Each June 2022 Warrant is exercisable at \$0.40625 for a period of three years.

The total fair value of the June 2022 Warrants is \$6,972,272 and was determined using the Black-Scholes option pricing model with the following assumptions: share price - \$0.35; exercise price - \$0.41; expected life - three years; annualized volatility - 98.38%; dividend yield - 0%; risk free rate - 3.12%.

In connection with the private placement the Company incurred cash issuance costs (including finders fees) of \$528,020. In addition, 180,000 Common Shares were issued to certain advisers in lieu of cash fees, on July 1, 2022 ("Finder's Shares"). The total fair value of the Finder's Shares was \$74,412, and were based on the closing price of the Company's Common Shares on the date of the issuance.

On July 11, 2022, the Company cancelled 841,824 Common Shares in connection with the transaction with the former Shareholders of Pan Africa Oil Ltd ("PAO") who were required to surrender for cancellation the certificates representing their shares in PAO (the "Certificates") in order to obtain Common Shares. Former Shareholders of PAO had until January 28, 2021 to surrender their Certificates, failing which their Common Shares would be cancelled.

- vi) On December 19, 2022 and February 28, 2023, the Company issued 22,726,666 Common Shares in respect of the Farm-in to license Block 3b/4b (see note 9 (ii)).
- vii) On December 28, 2022, 600,000 RSUs were exercised into 600,000 Common Shares.

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13. Share Capital (continued)

Issued Share Capital (continued)

b) Share transactions during the year ended March 31, 2022:

- i) On July 19, 2021, the Company completed a private placement financing of 14,945,913 units ("July 2021 Units") at CAD\$0.41 per Unit, for gross proceeds of \$4,802,989. Each July 2021 Unit consist of one Share and one Share purchase warrant exercisable at CAD\$0.47 for a period of two years (note 15 for valuation of warrants on July 19, 2021).

In connection with the offering the Company incurred issuance costs of \$23,844, of which \$9,200 was allocated to the Shares and \$14,284 was allocated to the warrants. The amounts allocated to the warrants are recorded in the statement of operations and comprehensive loss.

- ii) On September 6, 2021, 250,000 options with an exercise price of CAD\$0.36 per option were exercised into 250,000 shares. The options had a fair value of \$23,995 at the time of issuance.
- iii) On January 11, 2022, the six directors of the Company and one senior manager elected to exercise 4,800,000 options which were due to expire at midnight on January 12, 2022, at an exercise price of CAD \$0.30.

In order to effect a cashless exercise, as permitted under the Company's Stock Option Plan, and minimize dilution to shareholders, the Board has agreed to issue, in aggregate, 1,599,999 Shares in lieu of the 4,800,000 options exercised, based on the closing price of the Company's Shares on the TSXV on 11 January 2022 of CAD\$0.45.

14. Restricted Share Units

- a) On December 11, 2013, the Company approved a "fixed number" restricted share unit plan (the "RSU Plan"), which was amended December 29, 2017. The RSU Plan is designed to provide certain directors, officers, employees, and consultants of the Company with the opportunity to acquire RSUs of the Company. Each unit 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, one Common Share.
- b) On May 16, 2022, the Company granted 2,850,000 RSUs to directors, officers and advisers of the Company. Of this grant, 2,075,000 RSUs were issued to directors, 425,000 RSU's were issued to a consultant and vest 50% immediately and 50% in six months from the date of grant and 350,000 RSUs were in lieu of the bankers shares in connection with the Azinam Acquisition and vested immediately. The fair value of the RSUs was \$1,121,545, based on the closing price of the Company's common shares on the date of issuance. The company charged \$1,121,545 to share-based compensation being the fair value of the 2,850,000 RSUs that vested during the year ended March 31, 2023 (year ended March 31, 2022- \$nil).
- c) As at March 31, 2023, there are 1,768,000 RUS issued and vested. 4,154,933 RSUs are available for further issuance by the Company.

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15. Warrants

A summary of warrants activity for the years ended March 31, 2023 and 2022 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, March 31, 2021	-	-
Issued (a)	14,945,913	0.35
Balance, March 31, 2022	14,945,913	0.35
Issued (b)	40,000,000	0.92
Issued (note 13 a(v))	33,406,531	0.41
Balance, March 31, 2023	88,352,444	0.63

- a) On July 19, 2021, the Company issued 14,945,913 warrants in connection with the private placement financing. The warrants have an exercise price denominated in a different currency (Canadian dollars) than the functional currency of the Company. At the time of the grant, these warrants were recorded at their fair value as a derivative liability and are revalued at the end of each reporting period. During the year ended March 31, 2023, the Company recorded a gain on the revaluation of the total warrant liability of \$2,980,042, in the consolidated statements of operations and comprehensive loss.

The Black-Scholes option pricing model was used to measure the derivative warrant liability with the following assumptions:

	Issuance date July 19, 2021	Reporting period March 31, 2022	Reporting period March 31, 2023
Share Price	CAD\$0.45	CAD\$0.62	CAD\$0.35
Exercise Price	CAD\$0.47	CAD\$0.47	CAD\$0.47
Expected life	2 years	1.27 years	0.29 years
Risk-free interest rate	0.48%	0.95%	3.8%
Dividend yield	0.00%	0.00%	0.00%
Foreign exchange rate (CAD/USD)	1.2477	1.2496	1.3533
Expected volatility	106%	73.39%	76.46%
Value of warrants	\$2,978,626	\$3,241,762	\$261,720

- b) The 40,000,000 Consideration warrants, exercisable only in the case of a producible commercial discovery on Block 2B or Block 3B/4B, are as follows:
- 20,000,000 warrants exercisable at a price of CAD\$1.00 per Common Share during the two years immediately following the date of receipt of the final approval of the TSXV, and
 - 20,000,000 warrants exercisable at a price of CAD\$1.50 per Common Share during the three years immediately following the final approval of the TSXV.

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15. Warrants (continued)

c) As at March 31, 2023, outstanding warrants were as follows:

Number of warrants		Exercise Price	Exercise Price (USD)	Expiry Date
14,945,913	**	C\$0.47	\$0.35	19/07/2023
20,000,000	*	C\$1.00	\$0.74	11/05/2024
20,000,000	*	C\$1.50	\$1.10	11/05/2025
33,406,531		\$0.41	\$0.41	30/06/2025
88,352,444				

(*) Exercisable only in the case of a producible commercial discovery on Block 2B or Block 3B/4B.

(**) Expired subsequent to year end.

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, 2023 and changes during the year is as follows:

	Number of Stock options	Weighted average exercise price (US\$)	Remaining contractual life - years
Balance, March 31, 2021	7,220,000	\$ 0.380	1.22
Expired	(100,000)	0.690	-
Exercised	(250,000)	0.280	-
Exercised	(4,800,000)	0.240	-
Balance, March 31, 2022	2,070,000	\$ 0.760	1.34
Granted (note (a))	7,050,000	0.370	-
Expired	(1,070,000)	0.365	-
Balance, March 31, 2023	8,050,000	\$ 0.456	3.75

- a) On May 16, 2022, the Company granted 7,050,000 stock options to directors, officers, and advisers of the Company (the "Options"). 5,950,000 of the Options were issued to directors of the Company. The Options are exercisable at CAD\$0.50 per Common Share (\$0.39). 50% of the Options vest after six months and the remaining 50% after one year. The Options are exercisable for a period of five years from the date of grant.

The total fair value of the Options are \$1,958,261, and was determined using the Black-Scholes option pricing model with the following assumptions: share price - \$0.40; exercise price - \$0.39; expected life - five years; annualized volatility - 86.57%; dividend yield - 0%; risk free rate - 2.58%.

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16. Stock Options (continued)

b) Stock-based compensation expense is recognized over the vesting period of options. During the year ended March 31, 2023, stock-based compensation in respect of stock option grants amounted to \$1,846,750 (year ended March 31, 2022 – \$14,495).

c) As at March 31, 2023, outstanding options were as follows:

Number of Options Outstanding	Numnber of Options Exercisable	Exercise Price	Exercise Price (US\$)	Expiry Date
800,000	800,000	C\$1.50	\$1.11	March 1, 2024
200,000	200,000	C\$1.20	\$0.89	January 10, 2025
7,050,000	3,525,000	C\$0.50	\$0.37	May 16, 2027
8,050,000	4,525,000			

17. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2022 - 26.5%) to the effective tax rate is as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Net loss before recovery of income taxes	(36,554,754)	(6,557,324)
Expected income tax recovery	(9,724,130)	(1,737,690)
Differences in subsidiary tax rates changes and other adjustments	1,906,930	299,090
Stock based compensation and other non-deductible expenses	1,233,620	35,370
Share issuance costs booked to equity	(510,050)	(6,330)
Change in tax benefits not recognized	7,093,630	1,409,560
Income tax recovery reflected in the statements of operations and comprehensive Profit and Loss	-	-

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17. Income Taxes (continued)

Deferred Tax

The following table summarizes the components of deferred tax:

	March 31, 2023	March 31, 2022
	\$	\$
Deferred Tax Assets		
Capital lease obligation	-	69,970
Deferred Tax Liabilities		
Right of use asset	-	(69,970)
Net deferred tax liability	-	-

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

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, 2023	March 31, 2022
	\$	\$
Deferred Tax Assets		
Operating tax losses carried forward - Canada	15,981,690	15,086,230
Tax attributes – Foreign countries	13,459,500	13,459,500
Property plant and equipment	33,040	33,040
Investment in associates	1,819,630	1,154,840
Share issue costs	1,755,080	421,070
Capital losses carried forward - Canada	576,670	576,670
Resource pools	59,130	59,130

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17. Income Taxes (continued)

The Canadian non-capital losses expire as noted in the table below. 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 Company can utilize the benefit therefrom. The Company's Canadian non-capital loss expire as follows (presented in USD):

2037	1,289,990
2038	1,718,920
2039	2,017,050
2040	2,415,940
2041	2,348,560
2042	2,489,560
2043	3,629,020
	15,981,690

18. 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.

During the year ended March 31, 2022, two wells were drilled, plugged, and abandoned by the Operator in accordance with international standards and the Petroleum Regulations and the Government of Guyana, so there is no further liability after the drilling program was completed.

During the year ended March 31, 2023, one well was drilled, plugged, and abandoned as the Operator in accordance with international standards and the Petroleum Regulations and the Government of the Republic of South Africa, so there is no further liability after the drilling program was completed.

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19. Capital and Risk Management

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 the year ended March 31, 2023. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

Risk Management

a) Credit risk

The Company's credit risk is primarily attributable to short-term investments amounts receivable and amounts owing by license partners. 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, and VAT due from the South African Government. Government receivables and amounts owing by license partners have been collected subsequent to year end. Management believes that the credit risk concentration with respect to amounts receivable and amounts owing by partners is remote and has a history of collecting all such receivables. 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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19. Capital and Risk Management (continued)

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.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due. As of March 31, 2023, the Company has working capital balance of \$1,450,022 (March 31, 2022 – working capital of \$3,433,507). The table below presents the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Carrying amount	Contractual cash flows	Within 1 year
Accounts payable and accrued liabilities	\$ 4,416,789	\$ 4,416,789	\$ 4,416,789
Advances from and amounts owing to license partners, net	286,553	286,553	286,553
	\$ 4,703,342	\$ 4,703,342	\$ 4,703,342

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, 2023 all have contractual maturities of less than 90 days and are subject to normal trade terms.

The Company is dependent on obtaining financing to complete development, and upon future profitable operations from the licenses or profitable proceeds from their disposition.

d) Foreign currency risk

The functional currency of the Company's continuing operations is the US dollar, and therefore, the Company is not materially exposed to foreign exchange risk. Management periodically considers reducing the effect of exchange risk through the use of forward currency contracts but has not entered into any such contracts to date.

Sensitivity to a plus or minus 10% change in rates would not have a significant effect on the net income (loss) of the Company.

20. Commitments

Licenses

The Company is committed to meeting all of the conditions of its licenses including annual lease renewals, regulatory payments and social responsibility initiatives or extension fees as needed, which the Company estimates to be approximately \$650,000 per year.

The Company, together with its partners on each license, submit annual work plans for the development of each license, which are approved by the relevant regulator.

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21. Operating Costs

Operating costs consist of the following:

	Year ended March 31,	
	2023	2022
Drilling costs, data acquisition and interpretation and technical consulting, gross	\$ 51,273,002	\$ 1,364,949
Exploration license fees	653,618	634,768
Travel	265,258	176,737
Social corporate responsibility	123,740	140,000
Recovered under Joint Operating Agreements	(19,276,354)	(383,628)
	<u>\$ 33,039,264</u>	<u>\$ 1,932,826</u>

22. General and Administrative Costs

General and administrative costs consist of the following:

	Year ended March 31,	
	2023	2022
Occupancy and office expenses	\$ 23,242	\$ 9,875
Travel expenses	136,631	46,145
Public company costs	520,630	490,549
Insurance	141,521	83,204
Financial services	26,869	13,889
Recovered under Joint Operating Agreements	-	(40,517)
	<u>\$ 848,893</u>	<u>\$ 603,145</u>

23. Segmental Information

As at March 31, 2023, the Company has one operating segment, oil and gas exploration. The corporate office does not represent an operating segment and is included for informational purposes only. Corporate office expenses consist of public company costs, office, and administrative costs, as well as salaries, share-based compensation and other expenses pertaining to corporate activities.

The Company's non-current assets by geographical locations are as follows:

March 31, 2023	Guyana	Namibia	South Africa	Total
Investment in associate *	\$ 8,612,267	\$ -	\$ -	\$ 8,612,267
Petroleum and natural gas licenses	-	15,515,625	25,336,395	40,852,020
	<u>\$ 8,612,267</u>	<u>\$ 15,515,625</u>	<u>\$ 25,336,395</u>	<u>\$ 49,464,287</u>

March 31, 2022	Guyana	Namibia	South Africa	Total
Investment in associate *	\$ 9,277,162	\$ -	\$ -	\$ 9,277,162
Petroleum and natural gas licenses	-	15,515,625	15,237,409	30,753,034
	<u>\$ 9,277,162</u>	<u>\$ 15,515,625</u>	<u>\$ 15,237,409</u>	<u>\$ 40,030,196</u>

(*) The investment is in shares held of a Canadian domiciled company.

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24. Events After the Reporting Period

- a) On July 17, 2023, the Company issued 1,200,000 shares in respect of the \$500,000 debt to the Vendor (see note (9(ii))).
- b) On July 11, 2023, the Company announced that it has signed a legally binding Letter of Intent (the "Agreement") pursuant to which its wholly owned subsidiary, Azinam Limited ("Azinam"), will farm out 6.25% Participating Interest in Block 3B/4B, offshore South to Africa Oil SA Corp, a wholly owned subsidiary of Africa Oil Corp. ("Africa Oil") (the "Acquisition"). Pursuant to the terms of the LOI, the completion of the Acquisition is subject to the satisfaction of customary conditions precedent including, but not limited to, the receipt of requisite regulatory approvals from the government of South Africa and the TSXV.

The consideration for the Acquisition is up to \$10.5 million in cash, payable conditional on certain milestones as set out below:

- \$2.5 million within 30 days of signing of the LOI;
- \$2.5 million upon government approval for the transfer of the 6.25% interest in Block 3B/4B to Africa Oil;
- \$4 million upon the completion of targeted farm out to a third party; and
- \$1.5 million upon spud of the first exploration well in Block 3B/4B

On closing of the Acquisition, which is subject, amongst other things, to Section 11 approval for the transfer from the government of South Africa, TSXV approval and customary pre-emption provisions, the Block 3B/4B interests of the JV partners in Block 3B/4B will be as follows:

- Africa Oil SA Corp, a wholly owned subsidiary of Africa Oil Corp. and the Operator of the Block, holding a 26.25% Participating Interest;
- Azinam Limited, a wholly owned subsidiary of Eco Atlantic, holding a Participating Interest of 20%; and
- Ricocure (Proprietary) Limited, holding the remaining 53.75% Participating Interest.

The JV partners continue to progress the collaborative farm-out process, as previously announced, for up to a 55% gross working interest in the Block, with various potential parties.