Eco (Atlantic) Oil & Gas Ltd.

Condensed Interim Consolidated Financial Statements
For the Three and Nine Month Periods ended December 31, 2022

Expressed in US Dollars

(Unaudited)

NOTICE TO SHAREHOLDERS

The accompanying Unaudited Condensed Interim Consolidated Financial Statements of Eco (Atlantic) Oil & Gas Ltd. for the three and nine month period ended December 31, 2022 and 2021 have been prepared by management in accordance with International Financial Reporting Standards applicable to Condensed Interim Consolidated Financial Statements. Recognizing that the Company is responsible for both the integrity and objectivity of the Unaudited Condensed Interim Consolidated Financial Statements, management is satisfied that these Unaudited Condensed Interim Consolidated 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 Condensed Interim Consolidated Financial Statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these Unaudited Condensed Interim Consolidated 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.
Table of Contents
December 31, 2022 and 2021

Contents Page

Independent Auditor's Report

Condensed Interim Consolidated Financial Statements

Condensed Interim Consolidated Statements of Financial Position 1
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss 2
Condensed Interim Consolidated Statements of Changes in Equity 3
Condensed Interim Consolidated Statements of Cash Flows 4
Notes to Condensed Interim Consolidated Financial Statements 5 –21

Eco (Atlantic) Oil & Gas Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in US Dollars)

	December 31, 2022 (Unaudited)	March 31, 2022 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	$ 14,461,888	$ 3,438,834
Short-term investments	55,266	52,618
Government receivable	42,468	27,487
Amounts owing by license partners, net	4,279,350	-
Accounts receivable and prepaid expenses	788,597	257,911
Assets held for sale *(Note 6)*	-	2,061,734
Total Current Assets	19,627,569	5,838,584
Non- Current Assets		
Investment in associate *(Note 4)*	9,000,254	9,277,162
Petroleum and natural gas licenses *(Note 5)*	39,351,990	30,753,034
Total Non-Current Assets	48,352,244	40,030,196
Total Assets	67,979,813	45,868,780
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities *(Note 8)*	17,003,778	1,931,823
Current liabilities related to assets held for sale *(Note 6)*	-	473,254
Warrant liability *(Note 7)*	838,789	3,241,762
Total Current Liabilities	17,842,567	5,646,839
Total Liabilities	17,842,567	5,646,839
Equity		
Share capital *(Note 9)*	121,570,983	63,141,609
Shares to be issued *(Note 9)*	-	20,766,996
Restricted Share Units reserve (Note 10)	433,153	267,669
Warrants *(Note 11)*	14,778,272	7,806,000
Stock options *(Note 12)*	2,560,023	958,056
Foreign currency translation reserve	(1,846,026)	(1,309,727)
Accumulated deficit	(87,359,159)	(51,408,662)
Total Equity	50,137,246	40,221,941
Total Liabilities and Equity	$ 67,979,813	$ 45,868,780

Basis of Preparation *(Note 2)*
Commitments *(Note 15)*

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 Unaudited Condensed Interim Consolidated Financial Statements.

Eco (Atlantic) Oil & Gas Ltd.
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in US Dollars)

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	2022	2021
	Unaudited		Unaudited	
Revenue				
Interest income	**$ 36,731**	$ -	**$ 93,183**	$ 8,435
	36,731	-	**93,183**	8,435
Operating expenses:				
Compensation costs	**217,192**	116,651	**697,106**	526,738
Professional fees	**131,188**	79,763	**591,767**	261,262
Operating costs, net *(Note 16)*	**19,880,507**	179,885	**32,921,918**	597,703
General and administrative costs *(Note 17)*	**120,692**	121,569	**728,846**	430,926
Share-based compensation *(Note 10(b)&12(b))*	**484,125**	2,373	**2,236,011**	14,083
Foreign exchange loss	**(333,104)**	(12,235)	**642,117**	40,987
Total operating expenses	**20,500,600**	488,006	**37,817,765**	1,871,699
Operating loss	**(20,463,869)**	(488,006)	**(37,724,582)**	(1,863,264)
Fair value change in warrant liability *(Note 7)*	**556,277**	1,236,827	**2,402,973**	1,874,016
Share of losses of company accounted for at equity *(Note 4)*	**(92,303)**	-	**(276,908)**	-
Net profit (loss) for the period from continuing operations	**$ (19,999,895)**	$ 748,821	**$ (35,598,517)**	$ 10,752
Gain (loss) from discontinued operations, after-tax *(note 6)*	**546,343**	(512,778)	**(351,980)**	(1,000,969)
Net profit (loss) for the period	**(19,453,552)**	236,043	**(35,950,497)**	(990,217)
Foreign currency translation adjustment	**16,803**	35,160	**(536,299)**	26,925
Comprehensive profit (loss) for the period	**$ (19,436,749)**	$ 271,203	**$ (36,486,796)**	$ (963,292)
Basic and diluted net loss per share attributable to equity holders of the parent	**$ (0.055)**	$ (0.002)	**$ (0.104)**	$ (0.005)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	**365,355,650**	199,893,636	**344,158,567**	194,041,560

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

Eco (Atlantic) Oil & Gas Ltd.
Condensed Interim Consolidated Statements of Changes in Equity
(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 (net of issuance costs)	14,945,913	4,793,789	-	-	-	-	-	-	-	4,793,789
Purchase of non-controling interest	-	-	-	-	-	-	(48,674)	-	48,674	-
Warrant valuation	-	(2,921,528)	-	-	-	-	-	-	-	(2,921,528)
Stock options exercised	250,000	98,138	-	-	-	(26,750)	-	-	-	71,388
Stock options expensed	-	-	-	-	-	14,083	-	-	-	14,083
FCTR Foreign currency translation	-	-	-	-	-	-	-	26,925	-	26,925
Net loss for the period form continuing operations	-	-	-	-	-	-	10,752	-	-	10,752
Net loss for the period drom discontinued operations	-	-	-	-	-	-	(1,000,969)	-	-	(1,000,969)
Balance, December 31, 2021	**199,893,636**	**$ 61,070,124**	**$ -**	**$ 267,669**	**$ -**	**$ 2,663,057**	**$ (45,853,140)**	**$ (1,171,172)**	**$ -**	**$ 16,976,538**
Warrant valuation	-	(57,098)	-	-	-	-	-	-	-	(57,098)
Purchase of Azinam (net of costs)	-	-	20,766,996	-	7,806,000	-	-	-	-	28,572,996
Purchase of shares in associated company	1,200,000	432,000	-	-	-	-	-	-	-	432,000
Expiration of options	-	-	-	-	-	(11,585)	11,585	-	-	-
Exercise of cashless options	1,599,999	1,696,583	-	-	-	(1,696,583)	-	-	-	-
Stock options exercised	-	-	-	-	-	2,755	-	-	-	2,755
Stock options expensed	-	-	-	-	-	412	-	-	-	412
FCTR Foreign currency translation	-	-	-	-	-	-	-	(138,555)	-	(138,555)
Net loss for the period form continuing operations	-	-	-	-	-	-	(5,263,139)	-	-	(5,263,139)
Net loss for the period drom discontinued operations	-	-	-	-	-	-	(303,968)	-	-	(303,968)
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 9(a))	64,885,496	23,908,649	-	-	-	-	-	-	-	23,908,649
Issuance of shares in respect of Azinam Acquisition (Note 9(b))	40,170,474	20,766,996	(20,766,996)	-	-	-	-	-	-	-
Issuance of RSU's (Note 10)	-	-	-	634,045	-	-	-	-	-	634,045
Conversion of RSU's to shares (Note 9(c))	350,000	146,545	-	(146,545)	-	-	-	-	-	-
Conversion of RSU's to shares (Note 9(d))	475,000	185,250	-	(185,250)	-	-	-	-	-	-
Issuance of shares in a private placement (Note 9(e))	33,586,531	4,785,168	-	-	6,972,272	-	-	-	-	11,757,440
Cancelation of shares (Note 9(f))	(841,824)	-	-	-	-	-	-	-	-	-
Issuance of shares in respect of farmout agreement (Note 5(ii))	23,762,702	8,500,000	-	-	-	-	-	-	-	8,500,000
Conversion of RSU's to shares (Note 9(h))	600,000	136,766	-	(136,766)	-	-	-	-	-	-
Share option expenses (Note 12(b))	-	-	-	-	-	1,601,967	-	-	-	1,601,967
FCTR Foreign currency translation	-	-	-	-	-	-	-	(536,299)	-	(536,299)
Net loss for the period form continuing operations	-	-	-	-	-	-	(35,598,517)	-	-	(35,598,517)
Net loss for the period drom discontinued operations	-	-	-	-	-	-	(351,980)	-	-	(351,980)
Balance, December 31, 2022	**365,682,014**	**$ 121,570,983**	**$ -**	**$ 433,153**	**$ 14,778,272**	**$ 2,560,023**	**$ (87,359,159)**	**$ (1,846,026)**	**$ -**	**$ 50,137,246**

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

Eco (Atlantic) Oil & Gas Ltd.
Condensed Interim Consolidated Statements of Cash Flows
For the Three And Nine Months Ended December 31, 2022 and 2021
(Expressed in US Dollars)

	Nine months ended December 31,	
	2022 (Unaudited)	**2021 (Unaudited)**
Cash flow from operating activities		
Net loss from continuing operations	**$ (35,598,517)**	$ 10,752
Net loss from discontinued operations	**(351,980)**	(1,000,969)
Items not affecting cash:		
Share-based compensation	**2,236,012**	14,083
Depreciation and amortization	**-**	57,187
Accrued interest	**-**	8,535
Revaluation of warrant liability	**(2,402,973)**	(1,874,016)
Share of losses of companies accounted for at equity	**276,908**	-
Changes in non-cash working capital:		
Government receivable	**(14,981)**	12,444
Accounts payable and accrued liabilities	**15,243,249**	145,697
Accounts receivable and prepaid expenses	**7,969,314**	(59,781)
Reallocation to discontinued operations cashflows	**(171,294)**	-
Advance from and amounts owing to license partners	**(12,878,306)**	(298,337)
	(25,692,568)	(2,984,405)
Net change in non-cash working capital items relating to discontinued operations	**(458,842)**	-
Cash flow from investing activities		
Investment in associate	**-**	(10,000,000)
Short-term investments	**(2,648)**	1,500,022
	(2,648)	(8,499,978)
Cash flow from investing activities - discontinued operations	**2,047,322**	-
Cash flow from financing activities		
Proceeds from private placements, net	**35,666,089**	**-**
Issuance of shares	**-**	4,793,789
Exercise of stock options	**-**	71,388
	35,666,089	4,865,177
Increase (decrease) in cash and cash equivalents	**11,559,353**	(6,619,206)
Foreign exchange differences	**(536,299)**	46,000
Cash and cash equivalents, beginning of period	**3,438,834**	11,807,309
Cash and cash equivalents, end of period	**$ 14,461,888**	$ 5,234,103
Supplementary disclosure of cash flow informaion:		
Significant non-cash transactions		
Issuance of shares in respect of farmout agreement	**$ 8,500,000**	$ -
	$ 8,500,000	$ -

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

1. Nature of Operations

Eco (Atlantic) Oil & Gas Ltd. ("Eco Atlantic" or the "Company") operates businesses 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 though 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 143.

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 Condensed Interim Consolidated Financial Statements were approved by the Board of Directors of the Company on February 24, 2023.

2. Basis of Preparation

The Condensed Interim 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 ("IFRS") as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee.

These Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting. The Unaudited Condensed Interim Consolidated Financial Statements do not include all of the information required for annual consolidated financial statements and should be read in conjunction with the Company's Audited Consolidated Financial Statements for the year ended March 31, 2022.

Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2022 could result in restatement of these Condensed Interim Consolidated Financial Statements.

Significant accounting judgments and estimates

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, the reported amounts of revenues and expenses and to exercise judgment in the process of applying the accounting policies.

3. Summary of Significant Accounting Policies (continued)

Significant accounting judgments and estimates (continued)

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties, considered by management.

i) Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

ii) 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 and expected term.

iii) Income Taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

iv) Intangible assets

Intangible assets are tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of intangibles with definite lives is reviewed each reporting period to determine whether there is any indication of impairment. If there are indications of impairment the impairment analysis is completed and if the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and impairment loss is recognized.

v) Investment in associates

The Company has determined it holds significant influence over JHI (see note 4) due to its ability to appoint a director to the JHI Board. Accordingly, the Company accounts for its investment using the equity method of accounting in accordance with IAS 28 Investment in associates and joint ventures. If the Company did not have significant influence, it would account for the investment as a financial instrument carried at FVTPL.

4. Investment in associate

JHI Associates Inc.

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 period		(1,154,838)
March 31, 2022	$	9,277,162
Proportionate loss for the period		(276,908)
December 31, 2022	$	9,000,254

5. Petroleum and Natural Gas Licenses

		License acquisitions
Balance - March 31, 2021	$	1,072,260
Acquisition of Azinam licenses (note 9(b))		
Cooper		5,238,871
Guy		7,490,865
Sharon		1,713,629
Block 2B		8,465,230
Block 3B/4B		6,772,179
Total		29,680,774
Balance - March 31, 2022	**$**	**30,753,034**
Block 2B (b(i))		(1,500,000)
Block 3B/4B (b(ii))		10,098,956
Balance - December 31, 2022	**$**	**39,351,990**

5. 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") and 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 become 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 nine month period ended December 31, 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.

5. Petroleum and Natural Gas Licenses (continued)

b) South Africa (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 27, 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 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, the remaining 53.75% participating interest.

On signing of the Farm-in, the Company (i) issued to the Vendor 2,702,702 new common shares in the capital of the Company ("Common Shares"), at a deemed price of £0.30 ($0.37) per Common 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 deemed price of £0.30 ($0.37) per Common 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.

The Company recorded the Signing Consideration of $2 million in Accounts Receivable and Prepaid expenses in the Condensed Interim Consolidated Statement of Financial Position.

5. Petroleum and Natural Gas Licenses (continued)

b) South Africa (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, new 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, new Common Shares at the Issue Price having an aggregate value of $3 million. These Common Shares (the "Restricted Shares") will be subject to lock up restrictions (as further detailed below);
- issue to the Vendor, new Common Shares at the Issue Price having an aggregate value of $2 million; and
- issue to the Vendor, new Common Shares equal to $2 million divided by the greater of (i) the value of the 30 day VWAP per Common 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 the Company issued 21,060,000 Common Shares in respect of the share issuance portion of the completion consideration. The $500,000 owing to the Vendor, remains outstanding as of December 31, 2022. Subsequent to December 31, 2022, the Company issued a further 1,666,666 Common Shares due to a recalculation of the total shares owing to the Vendor.

5. Petroleum and Natural Gas Licenses (continued)

c) 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").

i) 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 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 proportionally carry NAMCOR and Tangi's WI during the exploration period.

On February 3, 2021 a new ten year life cycle for the Cooper License received final governmental approval.

ii) 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 carry NAMCOR and Titan's WI during the exploration period.

On February 3, 2021 a new ten year life cycle for the Sharon License received final governmental approval.

iii) 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 carry NAMCOR and Lotus' WI during the exploration period.

On February 3, 2021 a new ten year life cycle for the Guy License received final governmental approval.

iv) 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 carry NAMCOR and Moonshade's WI during the exploration period.

On February 3, 2021 a new ten year life cycle for the Tamar License received final governmental approval.

6. Discontinued Operations - Renewable Energy Assets

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), of which €2.1 million was received by December 31, 2022 and the balance in January 2023.

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

	Three months ended December 31,		Nine months ended December 31,	
	2022	**2021**	**2022**	**2021**
Operating expenses:				
Compensation costs	**$ -**	$ 12,073	**$ 8,922**	$ 186,253
Professional fees	**168,295**	11,592	**281,963**	253,116
Operating costs	**17,965**	480,285	**790,030**	542,259
Interest expense (income)	**(3,273)**	8,828	**3,786**	19,341
Foreign exchange gain	**21,540**	-	**18,149**	-
Pre-tax operating loss from discontinued operations	**$ 204,527**	$ 512,778	**$ 1,102,850**	$ 1,000,969
Income tax on operations	**-**	-	**-**	-
Operating loss from discontinued operations	**$ (204,527)**	**$ (512,778)**	**$ (1,102,850)**	**$ (1,000,969)**
Gain on sale of operations	**750,870**	-	**750,870**	-
Gain (loss) from sale of discontinued operations	**$ 546,343**	**$ (512,778)**	**$ (351,980)**	**$ (1,000,969)**

7. Warrant Liability

On July 19, 2021, the Company issued 14,945,913 warrants in connection with its 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 three and nine month periods ended December 31, 2022, the Company recorded a gain on the revaluation of the total warrant liability of $556,277 and $2,402,973, respectively, in the Condensed Interim 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 December 31, 2022
Share Price	CAD$0.45	CAD$0.62	CAD$0.30
Exercise Price	CAD$0.47	CAD$0.47	CAD$0.47
Expected life	2 years	1.27 years	0.54 years
Risk-free interest rate	0.48%	0.95%	4.03%
Dividend yield	0.00%	0.00%	0.00%
Foreign exchange rate (CAD/USD)	1.2477	1.2496	1.3544
Expected volatility	106%	73.39%	135.41%
Value of warrants	$2,978,626	$3,241,762	$838,789

8. Related Party Transactions and Balances and Director and Officer Remuneration

The following are the expenses incurred with related parties for the nine month periods ended December 31, 2022 and 2021 and the balances owing as of December 31, 2022 and 2021:

December 31, 2022:

	Directors Fees	Consulting Fees	Stock based awards	Option based awards	Total	Amounts owing at December 31, 2022
Executive Directors						
Gil Holzman - CEO	$ -	$ 364,405	$ 273,000	$ 340,844	$ 978,249	$ 40,489
Colin Kinley - COO	-	270,000	273,000	340,844	883,844	-
Alan Friedman - Executive Vice President	-	29,353	-	45,446	74,799	3,261
Gadi Levin - Financial Director	-	91,634	68,250	90,892	250,776	9,000
Non Executive Directors						
Moshe Peterburg (*)	96,000	-	97,500	227,229	420,729	32,000
Keith Hill	17,100	-	97,500	170,422	285,022	17,100
Peter Nicol	24,825	-	-	90,892	115,717	24,825
Helmut Angula	14,308	-	-	45,446	59,754	14,308
Officers						
Alan Rootenberg - CFO	-	16,517	-	-	16,517	1,835
Kinley Exploration LLC, a company controlled by the COO	-	412,625	-	-	412,625	71,500
Total	**$ 152,233**	**$ 1,184,534**	**$ 809,250**	**$ 1,352,014**	**$ 3,498,031**	**$ 214,319**

December 31, 2021:

	Directors Fees	Consulting Fees	Stock based awards	Option based awards	Total	Amounts owing at December 31, 2021
Executive Directors						
Gil Holzman - CEO	$ -	$ 313,458	$ -	$ -	$ 313,458	$ 34,829
Colin Kinley - COO	-	135,000	-	-	135,000	15,000
Alan Friedman - Executive Vice President	-	30,558	-	-	30,558	3,304
Gadi Levin - Financial Director	-	70,200	-	-	70,200	7,800
Non Executive Directors						
Moshe Peterburg (*)	91,800	-	-	-	91,800	30,600
Keith Hill	18,315	-	-	-	18,315	2,035
Peter Nicol	27,989	-	-	-	27,989	3,110
Helmut Angula	15,263	-	-	-	15,263	1,696
Officers						
Alan Rootenberg - CFO	-	8,550	-	-	8,550	950
Kinley Exploration LLC, a company controlled by the COO	-	279,782	-	-	279,782	31,087
Total	**$ 153,367**	**$ 837,548**	**$ -**	**$ -**	**$ 990,915**	**$ 130,410**

(*) Mr. Peterburg resigned from the board of directors effective, November 28, 2022.

9. 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) 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 ($0.40) per Common Share. In connection with the financing, the Company incurred issuance costs of $1,396,694.

b) 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.

c) On May 31, 2022, 350,000 Restricted Share Units ("RSUs") were exercised into 350,000 Common Shares.

d) On June 7, 2022, 475,000 RSUs were exercised into 475,000 Common Shares.

e) 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 ($0.36) 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.

   In connection with the private placement the Company incurred cash issuance costs (including finders fees) of $585,060. In addition, 180,000 Common Shares were issued to certain advisers in lieu of cash fees, on July 1, 2022.

   The total fair value of the June 2022 Warrants are $6,972,272, and was determined using the Black-Scholes option pricing model and 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%.

f) 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.

g) On December 19, 2022, the Company issued 21,060,000 Common Shares in respect of the Farm-in to license Block 3b/4b (see note 5 b(ii)).

h) On December 28, 2022, 600,000 RSUs were exercised into 600,000 Common Shares.

10. 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, a 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 at the issuance date was $1,121,545. The company charged $634,045 being the fair value of the 1,600,000 RSUs that vested during the nine month period ended December 31, 2022 (three month period ended December 31, 2022- $nil).

c) As at December 31, 2022, there are 1,768,000 RUS's issued of which 1,118,000 have vested. 4,154,933 RSUs are available for further issuance by the Company.

11. Warrants

A summary of changes in warrants for the year ended March 31, 2022 and the nine months ended December 31, 2022 is detailed below:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, March 31, 2021	**-**	**-**
Issued	14,945,913	0.35
Balance, March 31, 2022	**14,945,913**	**0.35**
Issued (a)	40,000,000	0.92
Issued (note 9(e))	33,406,531	0.41
Balance, December 31, 2022	**88,352,444**	**0.63**

a) 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.

11. Warrants (continued)

a) As at December 31, 2022, 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	16/05/2024
20,000,000	*	C$1.50	$1.10	16/05/2025
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

12. 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 Common Shares of the Company less the aggregate number of Common Shares reserved for issuance or issuable under any other security-based compensation arrangement of the Company.

A summary of the status of the Plan as at December 31, 2022 and changes during the period is as follows:

	Number of Options	Weighted exercise price (US$)	Remining contractual life - years
Balance, March 31, 2021	7,220,000	$ 0.380	1.22
Exercised	(250,000)	$ 0.280	-
Exercised	(4,800,000)	$ 0.240	-
Expired	(100,000)	$ 0.690	-
Balance, March 31, 2022	**2,070,000**	$ 0.760	1.34
Granted (note (a))	7,050,000	$ 0.368	-
Expired	(1,070,000)	$ 0.968	-
Balance, December 31, 2022	**8,050,000**	$ 0.455	3.71

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 remining 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 and 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%.

12. Stock Options (continued)

b) Stock-based compensation expense is recognized over the vesting period of options. During the three and nine month period ended December 31, 2022, stock-based compensation in respect of stock option grants amounted to $484,126 and $1,601,966 respectively (three and nine months period ended December 31, 2021 – $5,888 and $11,710, respectively).

c) As at December 31, 2022, 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	$0.88	January 10, 2025
7,050,000	3,525,000	C$0.50	$0.37	May 16, 2027
8,050,000	**4,525,000**			

d)

13. Asset Retirement Obligations ("ARO")

The Company is legally required to restore its properties to their original condition. Estimated future site restoration costs will be based upon engineering estimates of the anticipated method and the extent of site restoration required in accordance with current legislation and industry practices in the various locations in which the Company has properties.

As of December 31, 2022 and March 31, 2022, the Company did not operate any properties, accordingly, no ARO was required.

14. 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 nine month period ended December 31, 2022. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

14. Capital and Risk Management (continued)

Risk Management

a) Credit risk

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

b) Interest rate risk

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

c) Liquidity risk

The Company ensures, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or harm to the Company's reputation.

As at December 31, 2022, the Company had cash and cash equivalents and of $14,461,888 (March 31, 2022 - $3,438,834), short-term investments of $55,266 (March 31, 2022- $52,618), accounts receivable and prepaid expenses of $788,597 (March 31, 2022 - $257,911), amounts owing by license partners of $4,279,350 (March 31, 2022 - $nil), and government receivable of $42,468 (March 31, 2022 - $27,487) to settle current liabilities of $17,842,567 (March 31, 2022 - $5,646,839).

The Company utilizes authorization for expenditures to further manage capital expenditures and attempts to match its payment cycle with available cash resources. Accounts payable and accrued liabilities at December 31, 2022 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

In previous years, foreign exchange risk arose because most of the Company's costs were in currencies other than the Canadian dollar (then the functional currency). As a result of the change of the functional currency of most of the Company's operations to the US dollar, the Company has significantly reduced its 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 currency exchange rates would not have a significant effect on the net income (loss) of the Company.

14. Capital and Risk Management (continued)

Risk Management (continued)

e) Environmental Risk (COVID-19)

Since January 2020, the Coronavirus outbreak has dramatically expanded into a worldwide pandemic creating macro-economic uncertainty and disruption in the business and financial markets. Many countries around the world, have been taking measures designated to limit the continued spread of the Coronavirus, including the closure of workplaces, restricting travel, prohibiting assembling, closing international borders and quarantining populated areas. To date there have been minimal disruptions to the Company's operations. Despite reduced travel, the Company has been able to maintain communications and on-going operations with its partners and regulatory bodies, however, such measures present concerns that may dramatically affect the Company's ability to conduct its business effectively, including, but not limited to, adverse effect relating to negotiations and discussions with regulators, site visits, slowdown and stoppage of work, travel and other activities which are essential and critical for maintaining on-going business activities. Given the uncertainty around the extent and timing of the future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, the Company cannot reasonably estimate the impact to its future results of operations, cash flows or financial condition; infections may become more widespread and the limitation on the ability to work and travel, as well as any closures or supply disruptions, may be extended for longer periods of time and to other locations, all of which would have a negative impact on the Company's business, financial condition and operating results.

In addition, the unknown scale and duration of these developments have macro and micro negative effects on the financial markets, oil prices and the global economy which could result in an economic downturn that could have a material adverse effect on its operations and financial results, earnings, cash flow and financial condition. To mitigate some of these risks, the Company has taken steps to reduce its cash burn by reducing compensation to officers, directors and consultants.

15. Commitments

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 $600,000 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.

16. Operating Costs, net

Operating costs consist of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2022	**2021**	**2022**	**2021**
Drilling costs, data acquisition and interpretation and technical consulting, gross	**$ 32,646,425**	$ 284,042	**$ 50,794,025**	$ 832,696
Exploration license fees	**18,681**	-	**438,132**	1,381
Travel	**52,208**	40,862	**238,049**	71,656
Social corporate responsibility	**30,999**	-	**90,999**	-
Recovered under Joint Operating Agreements	**(12,867,806)**	(145,019)	**(18,639,287)**	(308,030)
	$ 19,880,507	$ 179,885	**$ 32,921,918**	$ 597,703

17. General and Administrative Costs

General and administrative costs consist of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2022	**2021**	**2022**	**2021**
Occupancy and office expenses	**$ 7,411**	$ 14,284	**$ 21,980**	$ 21,984
Travel expenses	**21,245**	-	**97,123**	28,996
Public company costs	**84,327**	121,910	**448,552**	358,552
Insurance	**-**	1,410	**141,521**	50,095
Financial services	**7,709**	3,852	**19,670**	11,816
Recovered under Joint Operating Agreements	**-**	(19,887)	**-**	(40,517)
	$ 120,692	$ 121,569	**$ 728,846**	$ 430,926

18. Segmental Information

As at December 31, 2022, 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.