ACL INTERNATIONAL LTD.

MANAGEMENT DISCUSSION AND ANALYSIS FOR

THE YEAR ENDED

MARCH 31, 2016

The following Management Discussion and Analysis ("MD&A") prepared as of March 31, 2016, and dated July 29, 2016, is provided for the purpose of reviewing the results for the year ended March 31, 2016 and is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations as at the year ended March 31, 2016 and 2015. This discussion and analysis of the performance, financial condition and future prospects of ACL International Ltd. (the "Company" or “ACL) should be read in conjunction with the Company’s audited financial statements for the year ended March 31, 2016 together with the notes thereto.

Petroleum and natural gas reserves and volumes are converted to a common unit of measure on a basis of six thousand cubic feet of gas to one barrel (bbl) of oil. BOEs may be misleading, particularly if used in isolation. The forgoing conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms to the Canadian Securities Regulators’ National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. For the purpose of this MD&A, oil is defined to include the following commodities: light and medium oil and primary heavy oil.

Amounts are shown in Canadian dollars unless otherwise stated.

FORWARD LOOKING STATEMENTS

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts that address activities, events or developments that ACL expects are forward-looking statements. The Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions which the Company is required to make regarding future events and may constitute forward-looking statements within the meaning of applicable securities laws. Management’s assessment of future plans and operations, capital expenditure requirements, methods of financing and the ability to fund financial liabilities, changes in royalty rates and the timing and impact of accounting policies may constitute forward-looking statements under applicable laws and necessarily involve risks including and without limitation, risks associated with oil and gas exploration, development and exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations imprecision of reserve estimates, environmental risks, competition from, other producers, the inability to fully realize the benefits of acquisitions, delays resulting from, or inability to obtain, required regulatory approvals and ability to access sufficient capital from internal and external sources. Readers and investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include market prices, exploration and exploitation successes, continued availability of capital and financing and general economic, market or business conditions.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will be realized. The use of any of the words "anticipate", "believe", "continue", "estimate", "expect", "may", "will", "forecast", "project", "plan", "should" and similar expressions are intended to identify forward-looking information. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The risks associated with these forward-looking statements include, but are not limited to, the following:

Fluctuations in oil production levels; Volatility in market prices for gas, liquids and oil; Uncertainties associated with estimating reserves; Well production and decline rates; Changes in the general economic conditions in Canada and Worldwide; The effects of weather conditions; The ability of ACL to obtain financing including equity and debt; and Actions taken and policies by governmental or regulatory authorities including changes to tax laws, incentive programs, royalty calculations and environmental regulations.

Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and the forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Additional information related to the Company is available on SEDAR at www.sedar.com, and on the Company's website at http://acinternational.ca/

DESCRIPTION OF BUSINESS

ACL is a Canadian Natural Resources company presently engaged in the acquisition, exploration, development and production of oil and gas properties in Indonesia. Shares of the Company trade on the TSX Venture Exchange ("Exchange") under the symbol "ACL".

The Company owns a 50% interest in a Technical Assistance Contract for a block in production referred to as "Langsa TAC". Located in the East Aceh Offshore contract area in North Sumatra, Indonesia Langsa TAC covers an area of approximately 77 square kilometers. The Company also owns a 38.25% working interest in a Production Sharing Contract for the block referred to as "South Block A" ("SBA") located onshore, North Sumatra, Indonesia.

ACL formerly operated general insurance brokerages in Canada and the United States. On May 1, 2014 the Company completed the sale of all of its shares (51%) in the Canadian subsidiary Anthony Clark Insurance Brokers Ltd. held by the Company, to an arm's length third party for cash consideration of approximately $13,000,000, before repayment of certain senior debt and adjustments. As the transaction contemplated the sale of all or substantially all of the Company's assets shareholder approval was obtained on April 14, 2014 and TSX Venture Exchange approval on April 22, 2014. The Company paid certain liabilities in the amount of $7,942,971 from the sale proceeds including debt settlement $6,101,475, legal expenses $277,221 and severance and outstanding compensation of $1,564,275.

Subsequent to obtaining TSX Venture Exchange approval on April 29, 2014, the Company changed its name from Anthony Clark International Insurance Brokers Ltd. to ACL International Ltd. effective May 1, 2014 and transferred its common shares listing to the NEX Board of the TSX Venture Exchange effective May 2, 2014.

On May 26, 2014, the Board of Directors of the Company declared a capital distribution to the shareholders and set the record date for the distribution at June 9, 2014. The Company made an initial distribution of $0.28 per common share to its shareholders on June 18, 2014.

On July 2, 2014, the Company received $2,008,240 representing the balance of the sale proceeds for the sale of all of the shares of Anthony Clark Insurance Brokers Ltd.

On January 26, 2015, the Company entered into a letter of intent ("LOI") with Blue Sky International Holdings, Inc. ("BSIH") for the acquisition of oil and gas interests in the North Sumatra region of Indonesia. Under the terms of the LOI, the Company was to acquire 100% of the issued and outstanding shares of BSIH's subsidiary Blue Sky Langsa Ltd., effective January 1, 2015.

On April 30, 2015, the Company entered into an Amended and Restated Asset Purchase Agreement with Blue Sky Langsa Ltd., pursuant to which the Company agreed to acquire, from Blue Sky Langsa Ltd., a 50% interest in a Technical Assistance Contract for a block referred to as "Langsa TAC". Located in the East Aceh Offshore contract area in North Sumatra, Indonesia the block covers an area of approximately 77 square kilometers. The purchase price of C$9,924,600 was settled with C$100,000 in cash and the issuance of 81,871,667 Common Shares in the capital of the Company at C$0.12 per Common Share. The Effective Date of the transaction was January 1, 2015.

On June 8, 2015 the Exchange conditionally approved the proposed acquisition.

On June 11, 2015 the Company closed its Amended and Restated Asset Purchase Agreement dated April 30, 2015 with Blue Sky Langsa Ltd. with an effective date of January 1, 2015. Closing price adjustments aggregated for a total purchase price of C$11,882,972.

On June 30, 2015 the TSX Venture Exchange accepted the Company's change of business from a general insurance brokerage issuer to an oil and gas issuer. The Company met the requirements to be listed as a TSX Venture Tier 1 issuer. Effective July 2, 2015, listing of the Company's shares was transferred from the NEX to the TSX Venture exchange.

On June 29, 2015 the Company paid C$762,786 ($800,000 Australian) to acquire a 38.25% working interest in a Production Sharing Contract for SBA located onshore, North Sumatra, Indonesia, from Peak Oil & Gas (Australia) Pty Ltd. ("Peak"). The acquisition had an effective date of May 1, 2015 and closed on July 2, 2015. The Company acquired all of the issued and outstanding shares of Peak, ("POGSBA") and a loan receivable in the amount of US$4,164,763 which was due to Peak from POGSBA. POGSBA owns 75% of the issued and outstanding shares of Renco Elang Energy Pte. Ltd. which owns a 51% working interest in SBA and is the operator.

OVERALL PERFORMANCE

Revenues from operations were $8,008,404 for the year ending March 31, 2016 and $nil for the year ending March 31, 2015. The increase in revenue is contributed solely to the sale of crude inventory from the Langsa TAC joint operation. The net loss for the year ending March 31, 2016 was $7,259,676 as compared to a net income of $10,035,187 in the year ended March 31, 2015. The net loss for the year was largely contributed to the production and subsequent depletion of the oil and gas assets from the Langsa TAC joint operations, which contributed $6,790,973 to the loss and a one-time listing cost associated with the accounting of the takeover transaction, $957,252.

Working capital for the year ended March 31, 2016 decreased to $1,489,144 from $1,726,628 for the year ended March 31, 2015. In the prior year, the working capital was concentrated exclusively in cash as the Company had just disposed of its business operations through a sale. The company maintains a solid working capital ratio of 2.04 for March 31, 2016. Short term assets are concentrated in accounts receivable from the net profit of the oil operations of Langsa TAC.

On June 11, 2015, the Company closed its Amended and Restated Asset Purchase Agreement dated April 30, 2015 with Blue Sky Langsa Ltd. pursuant to which ACL acquired from Blue Sky Langsa Ltd. a 50% interest in a Technical Assistance Contract for a block referred to as "Langsa TAC" located offshore, North Sumatra, Indonesia. As consideration, ACL paid $100,000 cash and issued 81,871,667 common shares to certain nominees of Blue Sky Langsa Ltd. (the "Transaction"). The Transaction results in a change of business and a reactivation of ACL pursuant to Policy 5.2 of the TSX Venture Exchange.

For accounting purposes, the Langsa TAC was deemed to be a business while ACL, at the date of the Transaction, was deemed not to be a business. As a result of the shares issued on the Transaction, the nominees of Blue Sky Langsa Ltd. controlled 85.39% of the issued and outstanding common shares of ACL. The substance of the Transaction was therefore a reverse take-over ("RTO") of ACL by the nominees of Blue Sky Langsa Ltd. with Langsa TAC deemed to be the accounting acquirer.

The Langsa TAC met the definition of a business under IFRS but it is not a legal entity. IFRS does not provide specific accounting guidance for an RTO involving a non-legal-entity accounting acquirer. Therefore, the Transaction has been accounted for as a continuation of Langsa TAC from the date of the acquisition whereby the shares issued to effect the Transaction are issued for the net assets of ACL, resulting in a public company listing expense of $957,272. The fair value of the consideration was determined based on the percentage of ownership of the merged entity that was transferred to the shareholders of ACL upon completion of the Transaction. This value represents the fair value of the number of shares that Langsa TAC would have had to issue for the ratio of ownership interest in the combined entity to be the same as if the Transaction had taken the legal form of Langsa TAC acquiring 100% of the shares of ACL. The percentage of ownership that ACL shareholders had in the combined entity upon completion of the Transaction was 14.61%. On the date of the Transaction, IFRS 1 was applied to the assets and liabilities of Langsa TAC resulting in a fair value determination of oil and gas properties and equity to be $10,925,700 determined using internal estimates as well as independent reserve evaluation using proved and probable reserves discounted at 12%.

SOUTH BLOCK A

Also significant to the Company's operations, the Company obtained 38.25% working interest in a Production Sharing Contract for SBA located onshore, North Sumatra, Indonesia. Those interests are held through a 75% interest in the issued and outstanding shares of Renco Elang Energy Pte. Ltd. ("REE") which owns a 51% working interest in the SBA and is the operator. As part of the acquisition of REE, the Company acquired loans receivable of $723,726 and subsequently advanced a further $334,753 bringing total advances to $1,058,479. These advances are interest free loans. As part of the REE shareholder's agreement, all after-tax proceeds from the operations of SBA are first paid against the shareholder loans, prior to any distributions relative to each parities share interests. As at March 31, 2016, SBA had not reached technical feasibility or commercial viability and as such the amounts remain outstanding.

On May 18th, 2016, ACL announced its subsidiary REE, the operator of South Block A, has received regulatory approval to drill the Amanah Timur #1 well ("AT1") before November 30th 2016. AT1 is located within the South Block A ("SBA") concession onshore and offshore North Sumatra, Indonesia.

AT1 will test the Paya Bili Prospect at a depth not exceeding 700 m TD and will evaluate reservoir productivity in a pre-1940 oil field as well as evaluate untested deeper sandstone reservoirs which are known to be well developed in the area. The prospect is located on a productive trend and has near term commercialization potential.

SELECTED ANNUAL INFORMATION

Years ended March 31,	**2016**	**2015**	**2014**
Revenue	$ 8,008,404	$ -	$ -
Net earnings (loss)	(7,937,966)	10,035,187	(1,742,091)
Total assets	5,965,731	1,866,829	11,155,724
Current liabilities	1,428,518	136,184	3,944,161
Total long-term liabilities	-	818,054	12,695,647
Shareholder's equity	4,537,214	912,591	(6,327,895)
Earnings (loss) per share – basic and fully diluted	(0.10)	1.04	(0.29)

The Company's total assets increased as at March 31, 2016 compared to March 31, 2015 due to the change in business and asset acquisition of oil and gas properties from Blue Sky Langsa Ltd..

The Company's total long-term liabilities decreased as at March 31, 2016 compared to March 31, 2015 as the USD $645,000 note became current during the year and matures on February 2, 2017.

The Company's total assets have decreased as at March 31, 2015 compared to March 31, 2014 due to the sale of its Canadian insurance operations resulting in de-recognizing goodwill, customer accounts and liabilities. In addition, the Company repaid the Canadian debt with the net proceeds of sale of Canadian operations.

The net earnings (loss) for the year ended March 31, 2016 of $7,937,966 included $9,791,198 of net non-cash expenses consisting of depreciation and impairment costs relating to the depletion of oil and gas properties relating to the asset acquisition from Blue Sky Langsa Ltd., and a loss from discontinued operations of $31,638.

The net earnings for the year ended March 31, 2015, were generated through the gain on sale of its Canadian operations. At this time, ACL had not yet become an operating oil and gas producer.

The net earnings (loss) for the year ended March 31, 2014 of $1,742,091 included $3,512,002 of net non-cash expenses consisting of amortization of deferred financing costs, deferred income taxes recovery, depreciation and amortization and loss from discontinued operations of $177,541.

Equity attributable to owners of the Company increased by $3,624,623 primarily due to an increase in share capital of $10,781,872 resulting from the issuance of common shares for the asset acquisition from Blue Sky Langsa Ltd., which was offset by net losses of $7,937,966.

RESULTS OF OPERATIONS IN THE YEARS ENDED MARCH 31, 2016 AND 2015

Production

This was the first fiscal year of production. Total production, net to ACL, for the year ended March 31, 2016 from wells L3 and H4 was 182,276 bbls.

Expenses

Operating cost

All activities associated with operating the wells and facilities are included in the operating expenses. They include such items as gathering, processing, lifting, treating and storage production. The operating costs for the year ended March 31, 2016 was $8,372,319 which include workover charges of $693,304. Management continues to monitor operating costs to minimize expenses where possible.

Salaries and wages

Salaries and wages decreased from $1,476,812 for the year ended March 31, 2015 to $326,950 for the year ended March 31, 2016. In the prior fiscal year, salaries and wages were driven higher by severance costs.

General and administrative

The general and administrative cost for the year ending March 31, 2016 was $578,822 and for the year ending March 31, 2015 was $490,569. The totals reflect the cost of managing the Company's properties and associated activities and includes employees' salaries and wages, office rent, computer services, legal, transfer agent fees, reserve evaluation fees, audit and accounting and other professional fees. Also included in General and Administrative costs for the year ending March 31, 2016 were a number of one-time charges for due diligence and other exchange approval related work for the acquisitions of Blue Sky Langsa Ltd. and Peak. ACL continually directs significant efforts to maintaining or reducing its controllable costs.

Other expenses

The Company incurred a one-time listing expense cost during the fiscal year ended March 31, 2016 of $957,272. On July 3, 2015 the Company issued 833,333 common shares of the Company at $0.12 per share to settle an outstanding note payable of $100,000. At the date of settlement, the share price of the Company was $0.10. As a result, the Company recorded a gain of $16,667 on the difference between the settlement and the share price.

Impairment of oil and gas properties

As a result of continued declines in forward commodity prices for crude oil, an impairment test was conducted on the Blue Sky Langsa CGU.

In assessing the value in use of the Blue Sky Langsa CGU, key assumptions were made about crude oil prices, budgeted operating costs, discount rates, future development costs, and upcoming land expires. In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the asset's/CGU's fair value less costs to sell and value in use. Given the nature of the Company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described below is value in use. The Company generally estimates value in use using a discounted cash flow model.

Total impairment losses recognized for the year ended March 31, 2016 for the Blue Sky Langsa cash-generating unit totaled $657,266 and the asset was written down to a fair value in use value of $2,880,444. The future cash flows were discounted to their present values using a pre-tax discount rate of 15%.

Depletion and depreciation
A depreciation value of $8,066,969 has been charged to property and equipment representing the depletion of the property and $689 in deprecation of other property, plant and equipment.

INTEREST AND FINANCING COSTS

Year ended March 31,		2016		2015
Interest	$	73,150	$	84,191
Amortization of deferred financing costs and loan discount		-		50,281
	$	73,150	$	134,472

The company incurred lower interest and financing costs due to a change in substance of the debt the company held, which resulted in no finance costs for fiscal 2016.

CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2016

Net cash provided by operating activities during the year ended March 31, 2016 was $316,296. The net loss from continuing operations of $7,937,966 was primarily offset by non-cash expenses including depreciation, depletion, and amortization, impairment of oil and gas properties, and share-based payments. A net loss of $31,638 from discontinued operations reduced cash equivalently. An increase to accounts receivable reduced cash by $1,737,055. The accounts receivable is exclusively from the anticipated proceeds of the Langsa TAC joint operation for the period ending March 31st, 2016

Net cash used in investing activities during the year ended March 31, 2016 was $2,099,328 of which a net of $1,001,789 was spent to acquire oil & gas assets, $762,786 to acquire POGSBA, and $334,753 in advances to the REE/SBA joint venture.

Net cash provided by financing activities during the year ended March 31, 2016 was $200,000 which includes the issuance of three promissory notes for proceeds of $100,000.

SUMMARY QUARTERLY INFORMATION

The following table summarizes the Company's key consolidated financial information for the last eight quarters.

Quarter ended	Revenue ($)	EBITDA ($)	Net earnings (loss) ($)	EPS –Basic and Diluted ($/share)
March 31, 2016	1,029,251	(1,620,115)	(5,095,889)	(0.06)
December 31, 2015	4,034,881	2,153,686	309,506	0.01
September 30, 2015	2,187,235	(187,611)	(1,872,435)	(0.05)
June 30, 2015	757,037	(709,875)	(1,247,509)	(0.09)
March 31, 2015	-	(197,629)	(170,961)	(0.05)
December 31, 2014	-	(147,306)	(200,102)	-
September 30, 2014	-	(40,997)	(41,253)	-
June 30, 2014	-	(1,581,449)	10,447,503	1.09
March 31, 2014	-	(494,783)	(555,913)	(0.07)

- EBITDA is defined as Earnings before interest, income taxes, and depreciation and amortization.
- EBITDA is discussed and presented here as a non-IFRS measure because it is management's major performance indicator.
- EBITDA is reconciled to Net earnings above.
- The Revenue and EBITDA exclude the results of the discontinued operations.

The Company's revenue and operating expenses are driven largely by the timing of the oil production, which can vary materially from period to period. These variations accounts for the apparent seasonality of revenue and earnings.

During the fourth quarter of fiscal year 2016, the Company incurred an impairment charge of $657,266 in conjunction with the issuance of the reserve report.

During the first quarter of fiscal year 2016, the $957,272 listing expense was incurred.

LIQUIDITY

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing in the future.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities when due. With the Company's continuing cash flow from operations, the Company may have sufficient cash equivalent to settle its trade and other payables at March 31, 2016 of $1,428,518. The Company's working capital at March 31, 2016 was $1,489,144. All of the Company's financial liabilities have contractual maturities of 30 days or less, are subject to normal trade terms and are scheduled for payment within one year.

Typically, the Company ensures that it has sufficient cash on hand to meet expected operational expenses for a period of 12 months. Management believes that the ongoing proceeds from operations of the Langsa TAC joint operation will fund its ongoing administrative expenses and to meet its liabilities for the ensuing year as they fall due.

In the event of unforeseen circumstances and the Langsa TAC joint operation was not able to continue to operate or forward proceeds from operations, the Company would be at risk and the Company would have use its capital resources to fund the operations.

The Company has a long-term debt note of $836,630 (USD$645,000), bearing interest at 6.75% and is due and payable on February 21, 2017. If the Company cannot renegotiate this debt, or raise capital to extinguish the debt, the Company's operations will be at risk because the note carries a general security agreement over the assets of the ACL International Ltd. The Company has an additional series of notes equaling $100,000 that mature on October 30, 2016.

CAPITAL RESOURCES

During the year ended March 31, 2016, ACL issued 81,871,667 common shares to acquire 50% of the operations of Langsa TAC.

The following table sets forth the Company's future contractual and long-term obligations as at March 31, 2016:

Debt	Total	< 1 year	1 - 3 yrs.	3 – 5 yrs.	>5 yrs.
Notes payable	$944,524	$944,524	-	-	-

As previously disclosed, the Company has a note of $836,630 (USD$645,000), bearing interest at 6.75% and is due and payable on February 21, 2017. Three promissory notes, including interest, total $107,894, mature on October 30, 2016, bear interest at 12% and have no security.

In relation to a proposed transaction discussed further in the MD&A, ACL is anticipating paying USD $3.0 million for a 55% interest in share in Tangai-Sukananti KSO, an oil and gas company. The SSA had a closing date set for July 29, 2016. The closing has not occurred, but management estimates that it will close by the end of the second quarter. It is anticipated the purchase will be paid through a balance of cash flow from operations and a debt facility with terms yet to be finalized.

OUTSTANDING SHARES

The Company is authorized to issue an unlimited number of Common Shares. As at March 31, 2016 there were 92,310,184 issued and outstanding Common Shares.

Changes in share capital during the year ended March 31, 2016 and the year ended March 31, 2015 are as follows:

	Shares	Amount
Balance, April 1, 2014	9,605,184	$ 9,473,447
Distribution to shareholders	-	(2,689,452)
Balance, March 31, 2015	9,605,184	6,783,995
Common shares issued for PP&E	81,871,667	10,781,872
Common shares issued in exchange of promissory note	833,333	83,333
Balance, March 31, 2016	92,310,184	$ 17,649,200

STOCK OPTIONS

The Company has adopted an incentive stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the total number of issued and outstanding common shares of the Company from time to time on a non-diluted basis.

The Company had a total of 6,117,658, of which 917,649 were exercisable, options outstanding at a weighted average exercise price of $0.12 at March 31, 2016 and carry an average term of 4.20 years.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company enters into transactions with related parties from time to time in the normal course of business, as well as key management personnel.

In August 2015 an Officer of the Company granted an unsecured loan in the amount of $10,000 for general working capital. The loan was paid in full in October 2015. The above transaction was in the normal course of business and was at terms agreed to by the related parties.

Compensation of Key Management Personnel

Key management personnel are comprised of all members of the Board of Directors and the Named Officers (as defined in Form 51-102F6 Statement of Executive compensation and disclosed in the Company's Management Proxy Circular in connection with its annual meeting of shareholders). The summary of compensation of key management personnel is as follows:

For the years ended March 31,	2016	2015
Salary and bonuses	$ 130,598	$ 966,498

Share based compensation	125,669	-
Short-term employee benefits	-	28,560
Total compensation of key management personnel	$ 256,267	$ 995,058

PROPOSED TRANSACTIONS

ACL announced on June 14th, 2016 that its wholly owned subsidiary, Bow Energy International Holdings Inc., and Lamara Energy Pte. Ltd., a Singapore based oil and gas company, have executed a Share Sale Agreement ("SSA") with Cooper Energy Limited (ASX:COE) to acquire its 55% interest in Tangai-Sukananti KSO ("KSO"). Cooper Energy is a non-arms length party to ACL. ACL and Lamara will acquire 100% of the shares of Cooper Energy Sukananti Limited ("CESL") which operates the KSO. Specifically, ACL will acquire 70% of the shares and Lamara will acquire the balance of 30% of the shares in CESL.

Under the terms of the SSA, ACL shall pay its proportionate share of approximately US$3.0 million inclusive of working capital adjustments and outstanding receivables. ACL has paid a deposit of US$130,000 which is refundable under certain terms and conditions. Completion date for the transaction is scheduled for 29 July 2016. The SSA is subject to regulatory approval.

The KSO is currently producing 800 BOPD gross; however, ACL believes that the KSO has material potential to increase production with minimum capital expenditures. The KSO comprises an area of 18.25 square kilometers.

The SSA had a closing date set for July 29, 2016. The closing has not occurred, but management estimates that it will close by the end of the second quarter.

OTHER SIGNIFICANT EVENTS AND COMMITMENTS

None.

RISKS

The risks in the oil and gas industry are varied and wide-ranging:

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves.

Without the continual addition of new reserves, any existing reserves the Company may have at any particular time, and the production there from, will decline over time as such existing reserves are exploited. A future increase in the Company's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties and prospects. No assurance can be given that the Company will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of the Company may determine that current markets, terms of acquisitions and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Company.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field-operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents; shut in of connected wells for various reasons including access issues resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical issues. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

A material change in prices of commodities may affect the Company's borrowings and ultimately affecting the raising of equity capital by the Company.

Global Financial Crisis

Recent market events and conditions, including disruptions in the international credit markets and to the financial systems, and the deterioration of global economic conditions, have caused significant volatility to commodity prices. These conditions are continuing in 2015, causing a loss of confidence in the broader Canadian and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate. These factors have negatively impacted corporate valuations and will impact the performance of the global economy going forward. Although improved, petroleum prices are expected to remain volatile for the near future as a result of the market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions, regional conflicts and the ongoing global credit and liquidity concerns.

Commodity Price Risk

The nature of the Company's operations results in exposure to commodity fluctuations. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. A material change in prices of commodities affected the Company's borrowings and ultimately affecting the raising of equity financing. The Company does not hedge commodity price risk and has no physical forward price or financial derivative sales contracts as at or during the year ended March 31, 2016.

Operational Dependence

Other companies operate various producing wells in which the Company holds interests. The Company has limited ability to exercise influence over the non-operated assets or their associated costs, which could adversely affect the Company's financial performance. The Company's return on assets operated by others therefore depends upon a number of factors that may be outside of the Company's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase the Company's costs, any of which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In order to conduct oil and gas operations, the Company will require licenses from various government authorities. There can be no assurance that the Company will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations.

Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it will be in material compliance with current applicable environmental regulations no assurance can be given that environmental laws will not result in a curtailment of production or a material adverse effect on the Company's business, financial condition, results of operations and prospects. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Company and its operations and financial condition.

Substantial Capital Requirements

The Company anticipates making capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future in order to replace reserves. If the Company's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. In addition, uncertain levels of near term industry activity coupled with the recent global credit crisis exposes the Company to additional access to capital risk. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes including repayment of loan facilities when due or, if debt or equity financing is available, that it will be on terms acceptable to the Company. The inability of the Company to access sufficient capital for its operations and capital requirements could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive.

RECENT ACCOUNTING STANDARDS

The Company has reviewed amendments to accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. IFRS 9 is effective for annual period beginning on or after January 1, 2018.

IFRS 11 Joint Arrangements

Amendments to IFRS 11 Joint Arrangements clarify the accounting for acquisitions of interests in joint operations. The amendments are effective for annual period beginning on or after January 1, 2016.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the International Accounting Standards Board ("IASB") issued IFRS 15 Revenue from Contracts with Customers which specifies how and when an entity will recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. IFRS 15 is effective for annual period beginning on or after January 1, 2018.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases which replaces the previous leases standard, IAS 17 Leases.

IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessors continue to classify leases as operating leases or finance leases, and account for those two types of leases differently. IFRS 16 is effective for periods beginning on or after January 1, 2019.

IAS 7 Statement of Cash Flows

Amendments to IAS 7 Statement of Cash Flows require disclosures that enable financial statement users to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments are effective for annual periods beginning on or after January 1, 2017.

IAS 12 Income Taxes

Amendments to IAS 12 Income Taxes clarify the recognition of deferred tax assets for unrealized losses related debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets clarify acceptable methods of depreciation and amortization. The amendments are effective for annual periods beginning on or after January 1, 2016.

The Company is currently assessing the impact these standards and amendments may have on its consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely disclosure information.