

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

Condensed Consolidated Interim Financial Statements
For the Three Month Period ended June 30, 2014

(Unaudited)

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NOTICE TO SHAREHOLDERS

The accompanying unaudited condensed consolidated interim financial statements of Eco (Atlantic) Oil & Gas Ltd. for the three month period ended June 30, 2014 have been prepared by management in accordance with International Financial Reporting Standards applicable to consolidated interim financial statements (see note 2 to the unaudited condensed consolidated interim financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited condensed consolidated interim financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

Under National Instrument 51-102, part 4, sub-section 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

	June 30, 2014	March 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 2,759,335	\$ 3,641,306
Short-term investments (Note 5)	100,000	100,000
Accounts receivable and prepaid expenses	107,901	68,496
	2,967,236	3,809,802
Petroleum and natural gas licenses (Note 6)	2,685,655	2,685,655
Equipment (Note 7)	3,710	4,379
	\$ 5,656,601	\$ 6,499,836
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 181,525	\$ 189,950
Equity		
Share Capital (Note 9)	17,031,370	17,031,370
Warrants (Note 15)	965,000	965,000
Stock options (Note 14)	2,191,977	2,176,395
Accumulated deficit	(14,713,271)	(13,862,879)
	5,475,076	6,309,886
	\$ 5,656,601	\$ 6,499,836

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

Basis of Preparation and Going Concern (Note 2)

Commitments (Notes 6 and 13)

Subsequent events (Note 18)

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

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

	Three Month Period Ended June 30, 2014	Three Month Period Ended June 30, 2013
Revenue		
Interest income	\$ 9,988	\$ 22,315
Operating expenses		
Operating costs (<i>Notes 6(vii), 8 and 16</i>)	329,282	257,814
Compensation costs (<i>Notes 6(vii) and 8</i>)	251,742	180,641
Professional fees	134,814	65,071
General and administrative costs (<i>Notes 6(vii) and 17</i>)	123,786	157,937
Share-based compensation (<i>Notes 8 and 14</i>)	15,582	114,000
Foreign exchange loss	5,174	4,209
	860,380	779,672
Loss before write-down of licenses	(850,392)	(757,357)
Write-down of licenses (<i>Note 6(iv)</i>)	-	(585,343)
Net loss and comprehensive loss	\$ (850,392)	\$ (1,342,700)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.02)
Weighted average number of shares - basic and diluted	68,959,661	68,959,661

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

Eco (Atlantic) Oil & Gas Ltd.
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Condensed Consolidated Interim Statements of Equity (Unaudited)

	Number	Capital \$	Warrants \$	Stock Options \$	Deficit \$	Equity \$
Balance, March 31, 2013	68,959,661	16,961,370	1,035,000	1,805,600	(10,125,836)	9,676,134
Stock options expensed	-	-	-	114,000	-	114,000
Loss for the three month period ended June 30, 2013	-	-	-	-	(1,342,700)	(1,342,700)
Balance, June 30, 2013	68,959,661	16,961,370	1,035,000	1,919,600	(11,468,536)	8,447,434
Shares issued net of issue costs	8,098,500	3,176,318	-	-	-	3,176,318
Fair value of warrants expired	-	557,307	(557,307)	-	-	-
Stock options expensed	-	-	-	518,706	-	518,706
Loss for the nine month period ended March 31, 2014	-	-	-	-	(1,430,722)	(1,430,722)
Balance, March 31, 2014	68,959,661	17,031,370	965,000	2,176,395	(13,862,879)	6,309,886
Stock options expensed	-	-	-	15,582	-	15,582
Loss for the three month period ended June 30, 2014	-	-	-	-	(850,392)	(850,392)
Balance, June 30, 2014	68,959,661	17,031,370	965,000	2,191,977	(14,713,271)	5,475,076

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

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

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)

	Three Month Period Ended June 30, 2014	Three Month Period Ended June 30, 2013
Cash flow from operating activities		
Net loss for the period	\$ (850,392)	\$ (1,342,700)
Items not affecting cash:		
Write-down of licenses	-	585,343
Share-based compensation	15,582	114,000
Depreciation	669	699
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	(8,425)	(19,113)
Accounts receivable and prepaid expenses	(39,405)	(59,196)
	(881,971)	(720,967)
Cash flow from investing activities		
Redemption of short-term investments	-	204,109
Equipment acquired	-	(1,833)
	-	202,276
Decrease in cash and cash equivalents	(881,971)	(518,691)
Cash and cash equivalents, beginning of the period	3,641,306	6,264,402
Cash and cash equivalents, end of the period	\$ 2,759,335	\$ 5,745,711
Supplementary information		
Cash and cash equivalents, end of the period		
Cash at banks	\$ 55,616	\$ 15,280
Cash on deposit	\$ 2,703,719	\$ 5,730,431

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

Eco (Atlantic) Oil & Gas Ltd.
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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

June 30, 2014

1. Nature of Operations

The activities of Eco (Atlantic) Oil & Gas Ltd (the "Company") are directed towards the identification, acquisition, exploration and development of petroleum, natural gas and coal bed methane ("CBM") licenses in the Republic of Namibia.

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

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on August 29, 2014.

2. Basis of Preparation and Going Concern

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results in accordance with IFRS have been included.

The ability of the Company to continue as a going concern depends upon the discovery of any economically recoverable petroleum, natural gas and CBM reserves on its licenses, the ability of the Company to obtain financing to complete development, and upon future profitable operations from the licenses or profitable proceeds from their disposition. The Company is a development stage company and has not earned any revenues to date. These condensed consolidated interim financial statements do not reflect any adjustments to the carrying value of assets and liabilities that would be necessary if the Company were unable to achieve profitable operations or obtain adequate financing.

There can be no assurance that the Company will be able to raise funds in the future, in which case the Company may be unable to meet its future obligations. These matters raise substantial doubt about the Company's ability to continue as a going concern. In the event the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts recorded on its consolidated statements of financial position.

The Company has accumulated losses of \$14,713,271 since its inception and expects to incur further losses in the development of its business.

3. Summary of Significant Accounting Policies

Statement of compliance

The Company has prepared these unaudited condensed consolidated interim financial statements in accordance with IAS 34, Interim Financial Reporting, using policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

Eco (Atlantic) Oil & Gas Ltd.
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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
June 30, 2014

3. Summary of Significant Accounting Policies (continued)

Statement of compliance (continued)

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of August 29, 2014, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements of the Company as at and for the year ended March 31, 2014. Certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with IFRS have been omitted or are condensed. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended March 31, 2014.

Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2015 could result in restatement of these condensed consolidated interim financial statements.

Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Eco (BVI) Oil & Gas Ltd., Eco Oil and Gas (Namibia) (Pty) Ltd. , Eco Oil and Gas Services (Pty) Ltd and Eco Atlantic (Ghana) Ltd.

Critical accounting estimates

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

i) Impairment of assets

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

Critical judgments used in applying accounting policies

In the preparation of these condensed consolidated interim financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the condensed consolidated interim financial statements.

Re-classifications

Certain prior period balances have been reclassified to conform with the current period's presentation.

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4. Future Accounting and Reporting Changes

Policies not yet adopted

IFRS 9, "Financial Instruments: Classification and Measurement", effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the year beginning April 1, 2018 and has not yet considered the potential impact of the adoption of IFRS 9.

IFRS 15, "Revenue from Contracts with Customers", effective for annual periods beginning on or after January 1, 2017, with early adoption permitted, replaces existing revenue standards and interpretations with a single standard and provides additional guidance on revenue recognition for contracts with customers. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the year beginning April 1, 2017 and has not yet considered the potential impact of the adoption of IFRS 15.

5. Short-term Investments

The Company's short-term investments comprise interest bearing deposits with its primary bank of \$100,000 (March 31, 2014 - \$100,000), which are held as collateral for credit-card lines of credit.

6. Petroleum and Natural Gas Licenses

	Balance April 1, 2014	Additions	Impairment and Abandonment	Balance June 30, 2014
Licenses	\$ 2,685,655	\$ -	\$ -	\$ 2,685,655

	Balance April 1, 2013	Additions	Impairment and Abandonment	Balance March 31, 2014
Licenses	\$ 3,270,998	\$ -	\$ (585,343)	\$ 2,685,655

- (i) The Company currently owns three offshore petroleum and natural gas exploration licenses (the "Offshore Licenses") and one license which includes both onshore and offshore petroleum and natural gas exploration zones (the "Daniel License"). The Offshore Licenses comprise license number 30 which incorporates license area 2012A (the "Cooper License"), license number 33 which incorporates license areas 2213A and 2213B (the "Sharon License") and license number 34 which incorporates license areas 2111B and 2211A (the "Guy License"). The Daniel License incorporates license areas 2114, 2013B and 2014B. The National Petroleum Corporation of Namibia ("NAMCOR"), a legal entity enacted under the Namibian Companies Act of 1973, has a 10% interest in all the Licenses.

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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

June 30, 2014

6. Petroleum and Natural Gas Licenses (continued)

- (ii) All Licenses are initially issued for four years with two renewal options of two years each, after which time the licenses revert back to the government, unless a production license is granted at any time within the eight year period. Production licenses are generally granted for a 25 year term. The Licenses are subject to license agreements entered into between the Company and the Ministry of Mines and Energy of the Republic of Namibia (the "Ministry").
- (iii) In October 2012, the Company received Ministry confirmation of its revised work plan, which provides for a single exploration well on each license by the fourth anniversary of each license. The Company also received approval to extend the scope of its onshore licenses to include the exploration and development of shale gas. On July 8, 2013, the Ministry granted a one year extension of its Sharon and Guy licenses and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on each of the Sharon and Guy licenses. On February 12, 2014, the Ministry granted the Company a one year extension of its Cooper license and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on the Cooper license.
- (iv) Following the Company's decision to relinquish its onshore license number 32, which incorporates license area 2148 (the "Relinquished License"), in August 2013 the Company received confirmation of Ministry acceptance of the relinquishment. The capitalized costs associated with the Relinquished License were written-off during the year ended March 31, 2014.
- (v) In August 2013, the Company received Ministry approval for the inclusion of oil and gas exploration rights on its Daniel License.

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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
June 30, 2014

6. Petroleum and Natural Gas Licenses (continued)

(vi) The Company's commitments under the license agreements are as follows:

Year 1	(ending March 31, 2012)	
Desktop study		\$ 2,150,000
Year 4	(ending March 31, 2015)	
Complete and interpret a 500 Sq Km 3D seismic survey on the Cooper License		\$ 5,200,000
Complete and interpret a 1,000 Sq Km 3D seismic survey on each of the Sharon License and the Guy Licenses		20,800,000
Core hole drilling - onshore		1,200,000
Evaluation report		250,000
		\$ 27,450,000
Year 5	(ending March 31, 2016)	
Drill exploratory well through targets identified by 3D seismic		\$ 368,250,000
Evaluation report		1,200,000
		\$ 369,450,000
Year 6	(ending March 31, 2017)	
Assessment of second core hole - onshore		\$ 250,000
Resource assessment and production assessment first renewal		750,000
		\$ 1,000,000
Year 7 and 8	(ending March 31, 2018 and 2019)	
First renewal period offtake/production engineering		\$ 3,000,000
Year 9	(ending March 31, 2020)	
Complete and interpret a 250 Sq Km 3D seismic survey on the Cooper License		\$ 2,500,000
Complete and interpret a 500 Sq Km 3D seismic survey on each of the Sharon License and the Guy Licenses		10,000,000
		\$ 12,500,000
		\$ 415,550,000

As at June 30, 2014, the Company had met its obligations in connection with its desktop study and is in compliance with its initial commitments.

The entire amount of petroleum and natural gas licenses relates to license acquisition costs. As the Company has not commenced principal operations as at June 30, 2014, no depletion has been recorded.

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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
June 30, 2014

6. Petroleum and Natural Gas Licenses (continued)

(vii) On December 22, 2011, the Company entered into an agreement (the “Farm-out Agreement”) with Azimuth Ltd. (“Azimuth”) an oil and gas exploration company, pursuant to which Azimuth acquired a 20% working interest in each of the Company’s Offshore Licenses in return for funding 40% of the cost of 3D seismic surveys covering 2,500 square kilometers across all Offshore Licenses. Under the Joint Operating Agreement (the “JOA”) entered into between Azimuth, NAMCOR and the Company and signed on January 24, 2013, 20% of certain operating, general and administrative expenses and compensation and professional fees incurred by the Company are recoverable from Azimuth. During the year ended March 31, 2013, the Company commenced billing Azimuth for its share of such expenses which are treated as recoveries of costs. The Condensed Consolidated Interim Statements of Operations and Comprehensive Loss, reflect expenditures net of these recoveries from Azimuth. The amounts recovered from Azimuth for the three month period ended June 30, 2014 were; operating expenses \$80,362 (\$51,438 for the three months ended June 30, 2013), general and administrative expenses \$3,089, (\$14,744 for the three months ended June 30, 2013) and compensation costs \$15,100 (\$21,834 for the three months ended June 30, 2013).

Following approval of the Farm-out Agreement by the Ministry on May 31, 2012, the Company owns a 70% interest, Azimuth a 20% interest and NAMCOR its 10% interest in the Offshore Licenses (the “NAMCOR Interest”). The exploration activity on the Offshore Licenses is performed in the framework of the JOA, pursuant to which the Company is designated the operator of the Offshore Licenses. *(See Note 18 Subsequent Events)*.

The Company and Azimuth will be responsible for designing, sourcing and operating all aspects of 3D seismic surveys of the Offshore Licenses. The Company carries the NAMCOR Interest during the exploration period. Once production commences, NAMCOR will reimburse the Company, from production, for the full previously carried amount plus 20% interest on funds advanced by the Company.

7. Equipment

		Accumulated Depreciation	June 30, 2014 Net Book Value
Equipment	\$ 11,643	\$ 7,933	\$ 3,710

		Accumulated Depreciation	March 31, 2014 Net Book Value
Equipment	\$ 11,643	\$ 7,264	\$ 4,379

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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
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8. Related Party Transactions and Balances

	Three Month Period Ended June 30, 2014 \$	Three Month Period Ended June 30, 2013 \$
Fees for management services paid to a company controlled by the President and CEO of the Company	71,595	66,000
Amounts outstanding at the end of the period	-	23,104
Fees for management and exploration services paid to a company controlled by the COO of the Company	65,243	45,000
Amounts outstanding at the end of the period	33,058	34,034
Fees for management services paid to a company controlled by the CFO of the Company	45,000	45,000
Amounts outstanding at the end of the period	-	-
Fees for management services paid to a company controlled by the Executive Vice President of the Company	30,000	30,000
Amounts outstanding at the end of the period	-	-
Fees paid to a company controlled by the Chairman of the Company	17,064	15,000
Amounts outstanding at the end of the period	17,064	33,000

Remuneration of the Company's directors and its Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and its Executive Vice President was as follows:

	Three Month Period Ended June 30, 2014 \$	Three Month Period Ended June 30, 2013 \$
Salaries, fees and benefits	245,984	212,035
Stock-based compensation	11,556	109,329
Total	257,540	321,364

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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
June 30, 2014

9. Share Capital

Authorized:	Unlimited Common Shares	
Issued:	Common Shares	Amount
		\$
Balance, March 31, 2013	68,959,661	16,961,370
Fair value of warrants expired (<i>Note 15</i>)	-	70,000
Balance, March 31, 2014 and June 30, 2014	68,959,661	17,031,370

- (i) 6,255,709 of the Company's shares were held in escrow as at June 30, 2014.

10. 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 June 30, 2014, the Company did not operate any properties; accordingly, no ARO was required.

11. Capital Management

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

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

There were no changes in the Company's approach to capital management during the period ended June 30, 2014. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's ability to raise future capital is subject to uncertainty and the inability to raise such capital may have an adverse impact over the Company's ability to continue as a going concern (*Note 2*).

Eco (Atlantic) Oil & Gas Ltd.
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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
June 30, 2014

12. 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. 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 June 30, 2014, the Company had cash on hand and on deposit of \$2,759,335 (March 31, 2014 - \$3,641,306) to settle current liabilities of \$181,525 (March 31, 2014 - \$189,950). In addition to current liabilities, the Company has commitments as described in Note 6(vi) which will require the Company to raise funds in the near term in order to maintain its exploration licenses.

The Company utilizes authorization for expenditures to further manage capital expenditures and attempts to match its payment cycle with available cash resources. Accounts payable and accrued liabilities at June 30, 2014 all have contractual maturities of less than 90 days and are subject to normal trade terms.

d) Foreign currency risk

The Company is exposed to foreign currency fluctuations on its operations in Namibia, which are denominated in Namibian dollars. Sensitivity to a plus or minus 10% changes in rates would not have a significant effect on the net loss of the Company, given the Company's minimal assets and liabilities designated in Namibian dollars as at June 30, 2014.

13. Commitments

a) Licenses

The Company is committed to meeting all of the conditions of its licenses including annual lease renewal or extension fees as needed.

The Company submitted work plans for the development of the Namibian licenses, see *Note 6* for details.

b) Commitments

The Company has office lease commitments as follows:

2015	\$30,868
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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
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14. Stock Options

The Company maintains a stock option plan (the “Plan”) for the directors, officers, consultants and employees of the Company and its subsidiary companies. The maximum number of options issuable under the Plan shall be equal to ten percent (10%) of the Outstanding Shares of the Company less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement of the Company.

A summary of the status of the Plan as at June 30, 2014 and changes during the period is as follows:

	Number of Stock Options	Weighted Average Exercise price (\$)	Remaining Contractual Life - Years
Balance, March 31, 2013	5,940,000	0.57	
Granted December 2013	170,000	0.40	4.45
Canceled and expired	(100,000)	(0.60)	
Balance March 31, 2014	6,010,000	0.57	
Canceled and expired	(90,000)	(0.60)	
Balance, June 30, 2014	5,920,000	0.57	2.75

On December 11, 2013, 170,000 stock options (“Options”) were issued to certain directors and officers of the Company. These Options are exercisable for a maximum period of five years from the date of the grant and vest as to one third on grant date and one third on each anniversary date of the grant, for the next two years. The fair value of the Options granted was estimated at \$30,000 using the Black-Scholes option pricing model, using the following assumptions.

Expected option life 5 years
Volatility 100%
Risk-free interest rate 1.90%
Dividend yield 0%

Share-based compensation expense is recognized over the vesting period of options. During the three month period ended June 30, 2014, share-based compensation of \$15,582 (June 30, 2013 - \$114,000) was recognized based on options vesting during the period.

As at June 30, 2014, 5,779,722 options were exercisable (March 31, 2014 – 5,671,111).

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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
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15. Warrants

A summary of warrants outstanding at June 30, 2014 was as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, March 31, 2013	5,290,756	1.00
Expired during the year ended March 31, 2014 (<i>Note 9</i>)	(353,415)	1.00
Balance, March 31, 2014 and June 30, 2014	4,937,341	1.00

	Number of Warrants	Remaining Contractual Life in Years
Expiry July 2015 (<i>i</i>)	4,937,341	1.02
Balance, June 30, 2014	4,937,341	

- (i) The 4,937,341 warrants were originally due to expire on July 6, 2013. On July 5, 2013, their term was extended for 12 months and on June 24, 2014, the Company received consent from the TSX Venture Exchange to extend the expiry date of the 4,937,341 warrants for a further 12 months. The warrants will now expire on July 6, 2015.

16. Operating Costs

Operating costs consist of the following:

	Three Month Period Ended June 30, 2014	Three Month Period Ended June 30, 2013
	\$	\$
Technical consulting and evaluation	141,928	108,536
Exploration license costs	267,716	200,716
Recovered under JOAs (<i>Note 6(vii)</i>)	(80,362)	(51,438)
	329,282	257,814

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17. General and Administrative Costs

General and administrative costs consist of the following:

	Three Month Period Ended June 30, 2014	Three Month Period Ended June 30, 2013
	\$	\$
Occupancy and office expenses	68,185	63,166
Travel expenses	35,267	51,270
Insurance	11,441	12,112
Public company costs	8,510	13,447
Financial services	1,701	1,488
Advertising and communication	1,102	30,499
Depreciation	669	699
Recovered under JOAs (<i>Note 6(vii)</i>)	(3,089)	(14,744)
	123,786	157,937

18. Subsequent Events

- a) On July 17, 2014, the Company entered into a farmout agreement (the “Farmout Agreement”) with a wholly owned subsidiary of Tullow Oil plc (“Tullow”), pursuant to which Tullow has agreed to acquire up to a 40% working interest in the Cooper License. Under the Farmout Agreement, the Company will initially transfer a 25% working interest in the Cooper License to Tullow in return for a carry of the Company’s share of costs to execute and process a 1,000 Sq Km 3D seismic survey, and the reimbursement of 25% of the Company’s past costs in an amount of approximately US\$1,000,000 (the “First Transfer”). Following the First Transfer, if Tullow elects to participate in the drilling of an exploration well on the Cooper License, Tullow will acquire an additional 15% working interest in the Cooper License, in return for a full carry of the Company’s share of costs to drill such exploration well (capped at \$53 million) and the reimbursement of an additional 15% of the Company’s past costs (the “Second Transfer”). The completion of the First Transfer and the Second Transfer are subject to a number of conditions, including the approval of the Ministry.
- b) On July 28, 2014, the Company announced that the Parliament of the Republic of Ghana ratified a petroleum agreement (the “GPA”), pursuant to which the Company, through its wholly-owned subsidiary, Eco Atlantic (Ghana) Ltd, may acquire an interest in the Deepwater Cape Three Points West Block, located in the Tano Cape Three Points Basin, offshore Ghana (the “Ghana Block”). The parties to the GPA will be the Company, the Government of the Republic of Ghana, the Ghana National Petroleum Company (“GNPC”), GNPC Exploration and Production Company Limited (“GNPCEPCL”), and A-Z Petroleum Products Ghana Limited (“A-Z”). The GPA is in final form and is pending the execution by the other parties. Pursuant to the GPA, the Company will hold a 51.51% interest in the Ghana Block, A-Z will hold a 32.14% interest, GNPC will hold a 13% interest, and GNPCEPCL will hold a 4.35% interest. The GPA is conditional upon, among other things, the execution of a joint operating agreement among the Ghana Block interest holders and the posting of a performance bond with the Government of Ghana and GNPC. The GPA provides for a term of a total of 25 years, subject to the discovery of oil within the first seven years.

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

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

June 30, 2014

18. Subsequent Events (continued)

- c) On August 29, 2014, 4,150,000 Restricted Share Units were granted to certain directors, officers, service providers and consultants of the Company, pursuant to its 2013 Restricted Share Unit Plan.