

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

**Amended and Restated Condensed Consolidated Interim Financial Statements**

**For the Three and Nine Months Ending December 31, 2011  
(Unaudited)**

**These amended and restated condensed consolidated interim financial statements reflect the determination by Eco (Atlantic) Oil & Gas Ltd that its functional currency should be the Canadian dollar, the currency of the primary economic environment in which it currently operates, rather than the United States dollar as previously applied in its condensed consolidated interim financial statements for the three and nine months ending December 31, 2011. Further details on the change and its impact are discussed in Note 18 to these amended and restated condensed consolidated interim financial statements.**

**Filed July 20, 2012**

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

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*December 31, 2011*

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**NOTICE TO SHAREHOLDERS**

The accompanying amended and restated unaudited condensed consolidated interim financial statements of Eco (Atlantic) Oil & Gas Ltd. for the three and nine months ended December 31, 2011 have been prepared by management in accordance with International Financial Reporting Standards applicable to condensed consolidated interim financial statements (see note 2 to the condensed consolidated interim financial statements). They have been amended to reflect the changes indicated in Note 18 to the amended and restated unaudited condensed consolidated interim financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the amended and restated unaudited condensed consolidated interim financial statements, management is satisfied that these amended and restated unaudited condensed consolidated interim financial statements have been fairly presented.

**Auditors' Involvement**

The external auditors of Eco (Atlantic) Oil & Gas Ltd. have not audited or performed a review of the unaudited amended and restated condensed consolidated interim financial statements for the three and nine months ended December 31, 2011.

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

**Amended and Restated Condensed Consolidated Interim Statements of Financial Position  
(unaudited)**

	As at December 31, 2011	As at March 31, 2011 <i>(Notes 1 and 16)</i>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 1,459,906	\$ 111,643
Cash in trust	492,374	-
Accounts receivable	12,151	-
Subscriptions receivable	-	125,924
	<b>1,964,431</b>	237,567
Petroleum and natural gas licenses <i>(Note 6)</i>	3,270,998	3,270,998
Property, plant and equipment <i>(Note 7)</i>	4,296	-
Restricted cash <i>(Note 5)</i>	442,395	-
	<b>\$ 5,682,120</b>	<b>\$ 3,508,565</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities <i>(Note 8)</i>	\$ 110,813	\$ 120,687
Subscription receipts <i>(Note 17(a))</i>	442,369	-
Due to shareholders <i>(Note 8)</i>	37,980	21,347
	<b>591,162</b>	142,034
<b>Equity</b>		
Share Capital <i>(Note 9(a))</i>	8,341,902	3,823,104
Warrants	573,560	-
Reserves <i>(Note 16)</i>	141,620	-
Deficit	(3,966,124)	(456,573)
	<b>5,090,958</b>	3,366,531
	<b>\$ 5,682,120</b>	<b>\$ 3,508,565</b>

*The accompanying notes are an integral part of these amended and restated condensed consolidated interim financial statements.*

**Nature of Operations and Going Concern** *(Note 1)*

**Commitments and Contingencies** *(Notes 6 and 14)*

**Subsequent Events** *(Note 17)*

Approved by the Board

Signed: "Gil Holzman"

Signed: "Moshe Peterburg"

Director

Director

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

**Amended and Restated Condensed Consolidated Interim Statement of Operations and Comprehensive Loss (unaudited)**

	<b>For the Three Months Ended December 31, 2011</b>	For the Three Months Ended December 31, 2011	<b>For the Nine Months Ended December 31, 2011</b>	For the Nine Months Ended December 31, 2011
<b>Operating expenses</b>				
Transaction costs ( <i>Note 16</i> )	\$ 1,389,493	\$ -	\$ 1,389,493	\$ -
Operating ( <i>Note 8</i> )	170,660	-	1,051,088	-
Professional fees	57,936	-	383,772	-
Consulting fees ( <i>Note 8</i> )	101,422	-	356,111	-
Travel	46,340	-	154,509	-
Regulatory fees	54,783	-	117,902	-
General and administrative	1,388	-	21,510	-
Insurance	-	-	20,081	-
Bank charges and interest	11,967	-	12,952	-
Foreign exchange	3,094	-	2,011	-
Depreciation	122	-	122	-
	<b>1,837,205</b>	-	<b>3,509,551</b>	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (1,837,205)</b>	<b>\$ -</b>	<b>\$ (3,509,551)</b>	<b>\$ -</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.04)</b>	<b>\$ -</b>	<b>\$ (0.07)</b>	<b>\$ -</b>
<b>Weighted average number of shares - basic and diluted</b>	<b>50,399,971</b>	<b>-</b>	<b>50,399,971</b>	<b>-</b>

*The accompanying notes are an integral part of these amended and restated condensed consolidated interim financial statements.*

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

**Amended and Restated Condensed Consolidated Interim Statements of Equity (unaudited)**

	Number of Common shares	Share Capital \$	Warrants \$	Reserves \$	Deficit \$	Equity \$
Balance, January 4, 2011		-	-	-	-	-
Issued	30,000,000	3,823,104	-	-	-	3,823,104
Loss for the period	-	-	-	-	(456,573)	(456,573)
Balance, March 31, 2011	30,000,000	3,823,104	-	-	(456,573)	3,366,531
Issued, net of issue costs	6,200,000	3,081,247	-	-	-	3,081,247
Fair value of warrants issued	-	(573,560)	573,560	-	-	-
Conversion to Eco Atlantic common shares	9,159,973	-	-	-	-	-
Equity accounts of Goldbard Capital Corporation	12,600,000	1,624,147	-	-	-	1,624,147
Goldbard Capital Corporation consolidation at 2.5 to 1	(7,560,002)	-	-	-	-	-
Elimination of Goldbard Capital Corporation equity accounts	(5,039,998)	(1,624,147)	-	-	-	(1,624,147)
Equity accounts issued on reverse takeover	5,039,998	2,011,111	-	141,620	-	2,152,731
Loss for the period	-	-	-	-	(3,509,551)	(3,509,551)
<b>Balance, December 31, 2011</b>	<b>50,399,971</b>	<b>8,341,902</b>	<b>573,560</b>	<b>141,620</b>	<b>(3,966,124)</b>	<b>5,090,958</b>

*The accompanying notes are an integral part of these amended and restated condensed consolidated interim financial statements.*

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

**Amended and Restated Condensed Consolidated Interim Statements of Cash Flows (unaudited)**

	<b>Nine Months Ended</b>	
	<b>December 31, 2011</b>	<b>December 31, 2011</b>
<b>Cash flow from operating activities</b>		
Net loss for the period	\$ (3,509,551)	\$ -
Items not affecting cash:		
Share listing fee ( <i>Note 16</i> )	1,389,493	-
Shares issued for consulting services ( <i>Note 9</i> )	100,000	-
Depreciation	122	-
Changes in non-cash working capital:		
Accounts receivable	8,476	-
Accounts payable and accrued liabilities	(34,860)	-
Due to shareholders	16,633	-
	<b>(2,029,687)</b>	<b>-</b>
<b>Cash flow from investing activities</b>		
Increase in cash in trust	(492,374)	-
Increase in restricted cash	(442,395)	-
Cash acquired on reverse takeover ( <i>Note 16</i> )	763,177	-
	<b>(171,592)</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
Net proceeds from issuance of share capital	3,107,173	-
Subscription receipts ( <i>Note 17(a)</i> )	442,369	-
	<b>3,549,542</b>	<b>-</b>
<b>Increase in cash</b>	<b>1,348,263</b>	<b>-</b>
<b>Cash, beginning of period</b>	<b>111,643</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 1,459,906</b>	<b>\$ -</b>
<b>Non-cash items</b>		
Non-cash consideration paid for the acquisition of Goldbard		
Issuance of shares	\$ 2,011,111	\$ -
Issuance of options	\$ 141,620	\$ -
Share capital, including subscriptions receivable	\$ 2,507,687	\$ -

*The accompanying notes are an integral part of these amended and restated condensed consolidated interim financial statements.*

# Eco (Atlantic) Oil & Gas Ltd.

## (A Development Stage Company)

### Notes to the Amended and Restated Condensed Consolidated Interim Financial Statements (unaudited)

December 31, 2011

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## 1. Nature of Operations and Going Concern

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Eco Oil and Gas Ltd. ("Old Eco") was incorporated in the Territory of the British Virgin Islands, BVI Business Companies Act, 2004, on January 4, 2011, and had a fiscal year end of March 31.

On June 2, 2011, Old Eco announced that it had entered into a binding Business Combination Agreement (the "Agreement") dated as of May 31, 2011 in which Old Eco and Goldbard Capital Corporation ("Goldbard") announced that they had entered into a business combination.

The Business Combination was structured in the form of a reverse take-over ("RTO") of Goldbard by Old Eco. Pursuant to the Agreement, Goldbard formed a new corporation, Goldbard Resources Inc. ("BVI Subco") for the purpose of amalgamating with Old Eco. BVI Subco was incorporated under the laws of the British Virgin Islands. As a condition of the transaction, Goldbard held a meeting of the shareholders of Goldbard to approve the RTO pursuant to the rules and policies of the TSX Venture Exchange (the "Exchange") on September 26, 2011. The shareholders of Goldbard also approved a consolidation (the "Share Consolidation") of the common shares of Goldbard on the basis of 2.5 old shares ("Pre-Consolidated Shares") for one new share (a "Consolidated Share").

Under the terms of the Business Combination, holders of ordinary shares in the capital of Old Eco (the "Old Eco Shares") received 1.25303867 Consolidated Shares for each one Old Eco Share held. At closing (November 25, 2011), Goldbard issued 45,359,973 Consolidated Shares to the holders of Old Eco Shares. Holders of share purchase warrants of Old Eco (the "Old Eco Warrants") received replacement warrants entitling them to acquire 3,759,116 Consolidated Shares. As part of the transaction, Goldbard changed its name to "Eco (Atlantic) Oil & Gas Ltd." (the "Company" or "Eco Atlantic"), and was continued into British Columbia under the Business Corporations Act (British Columbia).

The Company is in the development stage and has not yet commenced principal operations. The Company's principal business activities are the acquisition, exploration and development of petroleum and natural gas interests and coal bed methane ("CBM") in Namibia.

As of December 31, 2011, the Company had not yet achieved profitable operations, had accumulated losses of \$3,908,393 since its inception. The Company expects to incur further losses in the development of its business, which is typical of a petroleum and natural gas company and CBM operations in the developmental stage. As of December 31, 2011, the Company's cash balance was \$1,459,906 and current liabilities of \$1,106,991 (See *Note 17* - Subsequent Events). In order to maintain its licenses, the Company is required to meet the minimum expenditures as outlined in Note 6. Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company is considering various alternatives to meet its near-term development plans. Critical to the Company's future operations are the profitable commercialisation of existing petroleum and natural gas reserves and CBM and the addition of new petroleum and natural gas reserves and CBM. The outcome of these matters cannot be predicted at this time.



# Eco (Atlantic) Oil & Gas Ltd.

## (A Development Stage Company)

### Notes to the Amended and Restated Condensed Consolidated Interim Financial Statements (unaudited)

December 31, 2011

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#### **1. Nature of Operations and Going Concern (continued)**

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These amended and restated condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has no source of operating revenues and its capacity to operate as a going concern in the near-term will likely depend on its ability to continue raising equity or debt financing. There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the amended and restated condensed consolidated interim statement of financial position. The amended and restated condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern giving the need to raise additional funds. The Company is experiencing negative operating cash flows. The Company will continue to search for new or alternate sources of financing.

The Company has sufficient cash on hand to fund its working capital needs for the twelve-month period ending December 31, 2012, due to the closing of the Offering (*Note 17*) of \$5,925,000 on January 6, 2012. The Company does not have sufficient funds to finance its commitments of approximately \$426 million (See *Note 6*) before any farm outs to any parties. Further funds will be required to meet these commitments. While there is no assurance these funds can be raised, the Company believes such financing will be available as required. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditure, and activities may be adjusted accordingly.

#### **2. Basis of Preparation and Adoption of International Financial Reporting Standards ("IFRS")**

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These amended and restated condensed consolidated interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP), as set out in Part I of the Handbook of The Canadian Institute of Chartered Accountants (CICA Handbook).

*Statement of Compliance:* These amended and restated condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of condensed interim financial statements, including International Accounting Standard (IAS) 34 – *Interim Financial Reporting*.

The policies applied in these amended and restated condensed consolidated interim financial statements are based on IFRS issued and outstanding as of July 20, 2012, the date the Board of Directors approved the amended and restated condensed consolidated interim financial statements.

The amended and restated condensed consolidated interim financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended March 31, 2011.

### **3. Summary of Significant Accounting Policies**

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The significant accounting policies of the Company are summarized as follows:

#### **Principles of consolidation**

The amended and restated condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the periods presented are included in the amended and restated consolidated statement of operations and comprehensive operations from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

#### **Foreign currencies**

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that time. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains and losses are recognized in profit or loss.

The Company determined that its functional currency should be the Canadian dollar, the currency of the primary economic environment in which the entity currently operates, rather than the United States dollar as previously applied in its consolidated interim financial statements for the three and nine months ending December 31, 2011. The Company is at an early stage of development, and as is common with many exploration companies, it requires financing for its exploration and property acquisition activities, currently from the issue of share capital in Canadian dollars. The effect of the change is detailed in Note 18.

#### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the consolidated statement of financial position at the time the Company becomes a party to the contractual provisions. Upon initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument. Financial assets held are cash, cash in trust, accounts receivable and subscriptions receivable. Financial liabilities are accounts payable and accrued liabilities and amounts due to shareholders.

These instruments are classified into one of the following five categories: fair value through profit or loss, held-to-maturity, loans and receivables, available for-sale or financial liabilities at amortized cost. Instruments are classified as current if they are assumed to be settled within one year, otherwise they are classified as non-current.

### 3. Summary of Significant Accounting Policies (continued)

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#### Financial instruments (continued)

i) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are either "held-for trading" or have been "designated at fair value through profit or loss". In both cases the financial assets and liabilities are measured at fair value with changes in fair value recognized in the statement of operations.

ii) Held-to-maturity

Held-to-maturity investments are measured at amortized cost at the settlement date at the end of each reporting period using the effective interest method of depreciation.

iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these assets are measured at amortized cost at the settlement date using the effective interest method of depreciation. Accounts and subscriptions receivable are classified as loans and receivables.

iv) Available-for-sale

Available-for-sale financial assets are instruments that are classified in this category or not classified in any other category. They are measured at fair value at the settlement date, with changes in the fair value recognized in other comprehensive income.

v) Financial liabilities at amortized cost

These financial liabilities are measured at amortized cost at the settlement date using the effective interest method of amortization. Accounts payable and accrued liabilities are classified as financial liabilities at amortized cost.

vi) Impairment of financial assets

The Company has no financial instruments that give rise to other comprehensive income. The Company will assess at each reporting period whether there is any objective evidence that a financial asset, other than those classified as held-for-trading, is impaired. When assessing impairment, the carrying value of financial assets carried at amortized cost is compared to the present value of estimated future cash flows, discounted using the instrument's original effective interest rate.

### **3. Summary of Significant Accounting Policies (continued)**

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#### **Exploration and evaluation assets and expenditures**

i) Expenditures

Exploration and evaluation expenditures include acquisition costs of oil and gas prospects, property option payments and evaluation activities. Exploration and evaluation expenditures associated with a business combination or asset acquisition are capitalized.

The Company expenses exploration and evaluation expenditures as incurred for oil and gas prospects not commercially viable and financially feasible. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for production operations. Capitalization ceases when the oil and natural gas reserves are capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset.

ii) Depletion and depreciation

Capitalized costs related to each cost center from which there is production will be depleted using the unit-of-production method based on proved petroleum and natural gas reserves, as determined by independent consulting engineers.

iii) Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

iv) Asset retirement obligations

Asset retirement obligations include present obligations where the Company will be required to retire tangible long-lived assets such as producing well sites and facilities. The asset retirement obligation is measured at the present value of the expenditure expected to be incurred using a risk-free discount rate. The associated asset retirement cost is capitalized as part of the cost of the related long-lived asset. Changes in the estimated obligation resulting from revisions to estimated timing, amount of cash flows, or changes in the discount rate are recognized as a change in the asset retirement obligation and the related asset retirement cost. Increases in asset retirement obligations resulting from the passage of time are recorded as accretion of asset retirement obligation in the consolidated statement of operations as a financial cost. Actual expenditures incurred are charged against the accumulated asset retirement obligation as incurred.

### **3. Summary of Significant Accounting Policies (continued)**

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#### **Income taxes**

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company intends to settle current tax liabilities and assets on a net basis.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **Revenue recognition**

Revenue from the sale of petroleum and natural gas is recognized when the risks and rewards of ownership pass to the purchaser (including delivery of the product), the selling price is fixed or determinable and collection is reasonably assured. Oil and natural gas royalty revenue is recognized when received.

#### **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the consideration transferred, measured at its fair value at the acquisition date. The net assets acquired are measured at their fair values. Transaction costs related to business combinations are expensed when incurred.

If the fair value of the consideration exceeds the net identifiable assets acquired it is recorded as goodwill. If the consideration is less than the fair value of the net identifiable assets acquired, the difference is recognized as a gain in the statement of operations.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

### **3. Summary of Significant Accounting Policies (continued)**

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#### **Loss per share**

Basic loss per share (“EPS”) is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to stock options, warrants and similar instruments is computed using the treasury stock method. As at December 31, 2011, the Company had 3,000,000 share purchase warrants and 480,000 stock options outstanding. If exercised by the warrant and option holders, these outstanding warrants and options would result in an additional 4,239,116 common shares being issued by the Company (*see Note 9(b) and Note 15*).

#### **Segment Reporting**

The Company operates in one segment, the oil and gas business and conducts its operations in Namibia with its head office in Canada. Substantially all the Company’s oil and gas assets are located in Namibia.

#### **Significant accounting judgments and estimates**

The preparation of the unaudited condensed amended and restated consolidated interim 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 and the reported amounts of revenues and expenses. The preparation of the unaudited amended and restated condensed consolidated interim financial statements also requires management to exercise judgment in the process of applying the accounting policies.

#### 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. 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. No impairments of non-financial assets have been recorded for the three and nine month periods ended December 31, 2011.

### **3. Summary of Significant Accounting Policies (continued)**

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#### **Significant accounting judgments and estimates (continued)**

##### *Critical accounting estimates (continued)*

##### ii) Useful life of property, plant and equipment

Property, plant and equipment is amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of property, plant and equipment. Total carrying value of property, plant and equipment at December 31, 2011 was \$4,296 (March 31, 2011 - \$nil).

##### iii) Stock-based compensation

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share based payments in the statement of operations based on estimates of forfeiture and expected lives of the underlying stock options. For the three and nine month periods ended December 31, 2011 the Company recognized \$141,620 of share based payments expense which was included in the RTO transaction costs as disclosed in *Note 16*.

##### *Critical judgments used in applying accounting policies*

In the preparation of these unaudited amended and restated 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 financial statements.

##### i) Exploration and evaluation costs

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the Company's oil and gas properties. Once technical feasibility and commercial viability of a property can be demonstrated, related development expenditures are capitalized. As at December 31, 2011, management has determined that no oil and gas properties should be capitalized.

##### ii) Income taxes and recovery of deferred tax assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

### **3. Summary of Significant Accounting Policies (continued)**

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#### **Property, plant and equipment**

Property, plant and equipment are recorded at cost. Depreciation is provided over the expected useful lives of the plant and equipment using the following methods and annual rates:

Equipment - 20 % straight line

### **4. Future Accounting and Reporting Changes**

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IFRS 9, *Financial Instruments: Classification and Measurement*, was issued in December 2009, effective for annual periods on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 10, 11, 12 and 13 were all issued in May 2011 and are effective for annual periods beginning January 1, 2013, with early adoption allowed. The Company has not yet assessed the impact of these standards or determined whether it will adopt these standards early.

IFRS 10, *Consolidated Financial Statements*, replaces the consolidation guidance in IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation — Special Purpose Entities*, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee.

IFRS 11, *Joint Arrangements*, introduces new accounting requirements for joint arrangements, replacing IAS 31, *Interests in Joint Ventures*. It eliminates the option of accounting for jointly controlled entities by proportionate consolidation.

IFRS 12, *Disclosure of Interests in Other Entities*, requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement.

IFRS 13, *Fair Value Measurement*, replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. It defines and provides guidance on determining fair value and requires disclosures about fair value measurements, but does not change the requirements regarding which items are measured or disclosed at fair value.

In June 2011, the IASB issued amendments to IAS 1, *Presentation of items of Other Comprehensive Income*, to split items of other comprehensive income (OCI) between those that are reclassified to income and those that are not. The standard is required to be adopted for periods beginning on or after July 1, 2012. The Company is evaluating the impact this standard this will have on the statement of operations and financial position.



Eco (Atlantic) Oil & Gas Ltd.

(A Development Stage Company)

Notes to the Amended and Restated Condensed Consolidated Interim Financial Statements  
(unaudited)

December 31, 2011

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**5. Restricted Cash**

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The Company has US \$682,500 (CAD \$694,103) on deposit under bank guarantee with Cidel Bank & Trust, a Barbadian bank (the "Guarantee"). This deposit was made in accordance with the license agreements (Note 6). Amounts deposited under the Guarantee will be drawn down by the Company each quarter as expenditures are made until such time as the balance is fully drawn down. US \$247,500 (CAD \$251,708) of the amount on deposit was available for draw down as of December 31, 2011 and is not considered restricted cash. No draws were made during the nine month period ending December 31, 2011.

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**6. Petroleum and Natural Gas Licenses**

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	Balance April 1, 2011	Additions (Business Acquisition)	Additions (Other)	Impairment and Abandonment	Balance December 31, 2011
Properties	\$ 3,270,998	\$ -	\$ -	\$ -	\$ 3,270,998

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	Balance January 4, 2011	Additions (Business Acquisition)	Additions (Other)	Impairment and Abandonment	Balance March 31, 2011
Properties	\$ -	\$ 2,602,249	\$ 668,749	\$ -	\$ 3,270,998

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## Eco (Atlantic) Oil & Gas Ltd.

(A Development Stage Company)

### Notes to the Amended and Restated Condensed Consolidated Interim Financial Statements (unaudited)

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#### 6. Petroleum and Natural Gas Licenses (continued)

On March 14, 2011, the Ministry of Mines and Energy, Republic of Namibia, granted five petroleum exploration licenses to Eco Oil and Gas (Namibia) (Proprietary) Limited ("Eco Namibia") a wholly owned subsidiary of the Company. Eco Namibia has a 90% interest in the licenses granted. The other 10% is owned by the National Petroleum Corporation of Namibia ("NAMCOR"). NAMCOR is a legally enacted entity with limited liability under the Namibian Companies Act of 1973. The Government of the Republic of Namibia is its sole shareholder. The licenses were granted for an initial period of 4 years, with 2 renewal options of 2 years each. After this time, the licenses revert back to the government, unless a production license is entered into at any time prior to the 8 year period. Production licenses are generally granted for a 25 year term. The Company's initial commitments under the license agreements are as follows:

<b>Year 1</b>	
Desktop study	\$ 2,150,000
Core hole drilling	2,400,000
	4,550,000
<b>Year 2 and 3</b>	
Complete and interpret a 2,500 sq Km 3D seismic survey	26,000,000
Pilot well program	5,500,000
Evaluation report	500,000
	32,000,000
<b>Year 3 and 4</b>	
Drill exploratory well through all targets identified by 3D seismic	368,250,000
Field production assessment and second target selection	500,000
	368,750,000
<b>Year 5</b>	
Resource assessment and production assessment first renewal	750,000
Additional core hole drilling	2,400,000
	3,150,000
<b>Year 6</b>	
First renewal period	1,500,000
Off take/production engineering assessment of second core hole	500,000
	2,000,000
<b>Year 7 and 8</b>	
Second renewal period	
Additional 500 sq Km 3D seismic	15,500,000
	\$ 425,950,000

The entire amount of oil and gas licenses relates to unproved property acquisition costs. As the Company has not commenced principal operations as at December 31, 2011, no depletion has been recorded.

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## **6. Petroleum and Natural Gas Licenses (continued)**

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### **FARM-OUT OF ONSHORE BLOCKS IN THE KAROO AND HUAB BASINS, NAMIBIA**

On December 8, 2011, the Company through its wholly owned subsidiary, Eco Namibia, entered into a Farm out Agreement (the "FOA") with West Bay Investments, Ltd. ("West Bay"), a Belize corporation focused on the exploration and development of unconventional onshore hydrocarbon projects in sub Saharan Africa. West Bay will farm into both of the Company's onshore license blocks.

The Company is a party to two separate CBM Agreements: one CBM Agreement covers Blocks 2013B, 2014B and 2114 and the other covers Block 2418. Pursuant to the FOA, West Bay will acquire a 50% working interest in the onshore portion of each of the following Blocks in Namibia: CBM Blocks 2013B (excluding the Western section which extends offshore), 2014B, 2114 and 2418 (the "Licenses"). The assignment of a 50% working interest in the Licenses to West Bay is subject to the approval of the Namibia Ministry of Mines and Energy.

Before taking into account the recent transaction with West Bay, the Company held a 90% working interest in the Licenses and NAMCOR, held a 10% working interest. As a result of the transaction, the Company's interest will be reduced from 90% to 40%, West Bay will have a 50% interest and NAMCOR retains a 10% interest. West Bay will assume the Company's obligation to carry the NAMCOR 10% working interest, and will pay the Company US\$400,000 for past expenses (unpaid as of December 31, 2011). Half of the Company's 40% interest will be on a free carry basis at the sole cost and expense of West Bay through all phases of exploration, production and development under each CBM Agreement and the other half will be a full working interest. The Company and Kinley Exploration LLC ("Kinley Exploration") will be joint operators. Kinley Exploration is a USA based team of industry experts who specialize in frontier oil and gas basin development and discoveries. The total cost of the work program is expected to be US\$2.9 million. As a result, West Bay will be responsible for 80% of all phases of exploration, production and development expenditures under each CBM Agreement and the Company will be responsible for 20% of such expenditures.

## Eco (Atlantic) Oil & Gas Ltd.

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## 6. Petroleum and Natural Gas Licenses (continued)

### FARM-OUT OF LICENSES

The Company currently holds a 90% working interest in the following offshore licenses: The “Cooper License” (Block 2012A), the “Sharon License” (Blocks 2213A & 2213B) and the “Guy License” (Blocks 2111B & 2211A) (jointly, the “Offshore Licenses”). The remaining 10% working interest is held by NAMCOR.

On December 22, 2011, the Company announced that it has entered into an agreement with Azimuth Ltd. (“Azimuth”), an exploration and production company jointly owned by Seacrest Capital Ltd. and Petroleum Geo Services ASA (“PGS”). Pursuant to this agreement Azimuth will acquire 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.

As a result of this transaction, the Company’s interest will be 70%, Azimuth will own a 20% interest, and NAMCOR will retain its 10% interest. The Company, through the project management group of Kinley Exploration and Azimuth, will be responsible for designing, sourcing and operating all aspects of the 3D seismic program.

The assignment of the 20% working interest in the Offshore Licenses to Azimuth is subject to a number of conditions, including the approval of Namibia’s Ministry of Mines and Energy and the completion of a definitive farm in agreement.

## 7. Property, Plant and Equipment

	December 31, 2011		March 31, 2011	
	Net Book Cost Value	Accumulated Depreciation	Net Book Value	
Equipment	\$ 4,418	\$ 122	\$ 4,296	\$ -

## 8. Related Party Transactions and Balances

The aggregate value of transactions with shareholders and directors and entities over which they have control or significant influence was as follows:

Operator fees in the amount of \$230,777 were paid to Kinley Exploration LLC for exploration services for the nine months ended December 31, 2011 (January 4, 2011 to March 31, 2011 - \$62,014). A balance of \$nil remained unpaid at December 31, 2011 (March 31, 2011 - \$nil). The president and CEO of Kinley Exploration LLC was a shareholder of the Company at December 31, 2011.

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December 31, 2011

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**8. Related Party Transactions and Balances (continued)**

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Operator fees in the amount of \$156,508 were paid to Manx Energy Inc. for exploration services for the nine months ended December 31, 2011 (January 4, 2011 to March 31, 2011 - \$21,347). A balance of \$21,347 remained unpaid at December 31, 2011 (March 31, 2011 - \$21,347) and is included in amounts due to shareholders. Manx Energy Inc. is the parent company of and has the same president and CEO as Kinley Exploration LLC.

In addition, consulting fees in the amount of \$145,574 were paid to Gil Holzman Holdings Ltd. for management services for the nine months ending December 31, 2011 (January 4, 2011 to March 31, 2011 - \$85,810). A balance of \$16,633 remained unpaid at December 31, 2011 (March 31, 2011 - \$nil) and is included in amounts due to shareholders. Gil Holzman Holdings Ltd. is owned and controlled by a shareholder and director of the Company.

For the nine months ended December 31, 2011, the Company paid \$1,500 (January 4, 2011 to March 31, 2011 - \$nil) to Marrelli CFO Outsource Syndicate Inc. ("Marrelli Co") for the services of Carmelo Marrelli to act as Chief Financial Officer of the Company. Carmelo Marrelli beneficially owns Marrelli Co. The Chief Financial Officer is also the president of Marrelli Support Services Inc., a firm providing accounting services to Eco Atlantic. During the nine months ended December 31, 2011, the Company expensed \$2,000 (January 4, 2011 to March 31, 2011 - \$nil) for services rendered by this firm. A balance of \$6,811 remained unpaid at December 31, 2011 (March 31, 2011 - \$nil) and is included in accounts payable and accrued liabilities.

Consulting fees in the amount of \$36,470 were paid to M. Peter Investments Ltd. for consulting services from May 2011 to December 31, 2011 (January 4, 2011 to March 31, 2011 - \$nil). Moshe Peterburg, a director and chairman of the Company controls M. Peter Investments Ltd.

Consulting fees in the amount of \$38,675 were paid to Rivonia Capital Inc. for advisory services for the nine months ending December 31, 2011 (January 4, 2011 to March 31, 2011 - \$nil). Alan Friedman, a director of the Company controls Rivonia Capital Inc.

Other than as noted above, there were no transactions or outstanding balances relating to key management personnel and entities over which they have control or significant influence.

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**9. Share Capital**

a) Common Shares

Authorized	Unlimited Common shares	
Issued	Common Shares	Amount
Balance, March 31, 2011 (i)	30,000,000 \$	3,823,104
Shares issued (ii), (iii), (iv)	6,200,000	3,100,000
Share issue costs	-	(18,753)
Fair value of warrants issued (ii), (iii)	-	(573,560)
Conversion to Eco Atlantic common shares ( <i>Note 16</i> )	9,159,973	-
Equity accounts of Goldbard Capital Corporation ( <i>Note 16</i> )	12,600,000	1,624,147
Goldbard Capital Corporation consolidation at 2.5 to 1 ( <i>Note 16</i> )	(7,560,002)	-
Elimination of Goldbard Capital Corporation equity accounts ( <i>Note 16</i> )	(5,039,998)	(1,624,147)
Equity accounts issued on reverse takeover ( <i>Note 16</i> )	5,039,998	2,011,111
<b>Balance, December 31, 2011</b>	<b>50,399,971</b>	<b>\$ 8,341,902</b>

i) On March 17 and 18, 2011, Old Eco issued 25,000,000 common shares to founders and other parties at a price of approximately \$0.05 per share. .

On March 25, 2011, in connection with the acquisition of the Eco Namibia licenses (*Note 6*), Old Eco issued 5,000,000 common shares at a fair value of \$0.50 per common share.

ii) On April 25, 2011, Old Eco completed a private placement of 5,920,000 units of Old Eco (the "Units") at \$0.50 per Unit for gross proceeds of \$2,960,000. Each Unit consisted of one ordinary share of Old Eco and one half of one Old Eco Warrant. Each Old Eco Warrant gives the holder the right to purchase one ordinary share from Old Eco at a price per share equal to \$1.00, at any time up to a date that is one year from a Liquidity Event, as defined in the warrant certificate.

iii) On May 5, 2011, Old Eco completed a private placement of 80,000 units of Old Eco (the "Units") at \$0.50 per Unit for gross proceeds of \$40,000. Each Unit consisted of one ordinary share of Old Eco and one half of one Old Eco Warrant. Each Old Eco Warrant gives the holder the right to purchase one ordinary share from Old Eco at a price per share equal to \$1.00, at any time up to a date that is one year from a Liquidity Event, as defined in the warrant certificate.

iv) On May 5, 2011, Old Eco issued 200,000 shares of Old Eco valued at \$0.50 per share as consideration for consulting services.

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Notes to the Amended and Restated Condensed Consolidated Interim Financial Statements

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December 31, 2011

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**9. Share Capital (continued)**

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**b) Warrants**

In connection with the private placements on April 25 and May 5, 2011 indicated above, the Company issued 3,000,000 Old Eco Warrants (Note 9(a)) with an exercise price of \$1.00. The fair value of the warrants was estimated at \$573,560, using the Black Scholes option pricing model. The assumptions used were: dividend yield of 0%, expected volatility of 120%, a risk free interest rate of 1.82% and expected life of 18 months. Under the terms of the RTO, holders of the Old Eco Warrants received replacement warrants entitling them to acquire 3,759,116 Consolidated Shares. As at December 31, 2011, all of the warrants were outstanding. The replacement warrants have an expiry date of November 25, 2012.

**10. Tax Matters**

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In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. While the Company believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities.

The Company regularly reviews the potential for adverse outcomes in respect of tax matters. The Company believes that the ultimate disposition of any tax matters in dispute with tax authorities will not have a material adverse effect on its liquidity, financial position or results of operations because the Company believes that it has complied with the appropriate taxation rules. Should the ultimate tax liability materially differ from the Company's expectations, the Company's cash position could be affected positively or negatively in the period in which the matters are resolved.

**11. Asset Retirement Obligations ("ARO")**

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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, 2011, the Company did not operate any properties, accordingly, no ARO was required.

## 12. Capital Management

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The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide benefits to its shareholders. The Company sets the amount of capital in proportion to risk. Methods employed to adjust the Company's capital structure could include any, all or a combination of the following actions: (a) repurchase capital, (b) issue new common shares, or (c) obtain debt financing.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. 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 1*).

The Company defines its capital as total equity. Currently, the Company has no short or long-term debt. The Company is not subject to any externally imposed capital requirements such as loan covenants or capital ratios.

## 13. Risk Management

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### a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its commercial obligations.

All the Company's cash, restricted cash, and cash in trust, is held with well known and established financial institutions. As such, management considers credit risk related to these financial assets to be minimal.

The Company's maximum credit risk exposure is limited to the carrying value of its cash, restricted cash, accounts receivable and cash in trust. At December 31, 2011, the Company had no material amounts deemed to be uncollectible.

### b) Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in oil and natural gas commodity prices. The nature of the Company's operations will result in exposure to fluctuations in commodity prices. The Company is currently in its development stage and as such the exposure to fluctuations in commodity prices is not actively managed. In the future, the Company may use commodity price contracts to manage exposure to fluctuations in pricing.

### c) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have a material exposure to this risk as there are no outstanding debt facilities.



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## 13. Risk Management (continued)

### d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company ensures, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or harm to the Company's reputation.

The Company 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, 2011 all have contractual maturities of less than 90 days and are subject to normal trade terms.

### e) Foreign currency risk

The Company is exposed to foreign currency fluctuations on amounts that are not designated in its reporting and functional currency.

## 14. Commitments and Contingencies

### 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.

## 15. Stock Options

	Number of stock options	Weighted average exercise price (\$)
Balance, March 31, 2011	-	-
Granted ( <i>Note 16</i> )	480,000	0.50
Balance, December 31, 2011	480,000	0.50

The following table reflects the actual stock options issued and outstanding as of December 31, 2011:

Number of Options (Exercisable)	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Expiry Date
240,000	0.50	3.50	240,000	June 29, 2015
240,000	0.50	4.42	240,000	June 2, 2016
480,000	0.50	3.96	480,000	

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### 16. Reverse Takeover

On November 25, 2011, Old Eco and Goldbard completed a transaction which resulted in a RTO of Goldbard by Old Eco. The Business Combination has been accounted for in accordance with IFRS 3, Business Combinations. Old Eco is considered to be the accounting acquirer for accounting purposes as the former shareholders of Old Eco control the consolidated group subsequent to the transaction. The Business Combination has been accounted for in the consolidated financial statements as a continuation of the financial statements of Old Eco, together with a deemed issuance of shares, equivalent to the shares held by the former shareholders of Goldbard, and a re-capitalization of the equity of Old Eco. The fair value of the shares issued was determined based on the fair value of the Units issued by Eco Atlantic, adjusted for the exchange ratio of 1.25303867 Consolidated Share for each Old Eco share.

Fair value of Goldbard's business combination was based on the April 25, 2011 private placement by Old Eco (*Note 9(a)(ii)*), adjusted for the 1.25303867 share exchange ratio for a deemed price of \$0.399. The purchase price of \$2,011,111 has been allocated as follows:

Cash	\$	763,177
Accounts receivable		20,627
Property and equipment		4,417
Accounts payable and accrued liabilities		(24,983)
Transaction costs		1,247,873
<hr/>		
Value attributed to Eco Atlantic shares issued	\$	2,011,111

In addition, under the terms of the Business Combination, 480,000 stock options were issued to the former directors of Goldbard. The fair value of the stock options was determined using the Black-Scholes option pricing model. The assumptions used were: dividend yield of 0%, expected volatility of 120%, a risk free interest rate of 1.26% and expected life between 3.50 and 4.25 years. The grant date fair value was determined to be \$141,620. As a result, the accumulated transaction costs were determined to be \$1,389,493.

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## 17. Subsequent Events

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(a) On January 6, 2012, the Company closed a non brokered private placement (the "Offering") by issuing 9,874,682 units at a price of \$0.60 per unit for a total dollar amount of approximately CDN\$5,925,000.

Each unit consists of one common share and one half of a common share purchase warrant, with each full warrant exercisable at \$1.00 for 18 months. The Company paid aggregate cash commissions of \$212,550 and issued a total of 353,415 warrants as finders' fees in connection with the Offering. Each finder's fee warrant entitles the holder to purchase one common share at CAD\$1.00 exercisable for 24 months.

Azimuth (see *Note 6*) subscribed for CDN\$3 million of the Offering.

As of December 31, 2011, the Company had received subscriptions totaling \$442,369 in connection with the Offering.

(b) On January 12, 2012, the Company granted 4,780,000 options to directors, officers, employees and consultants under its option plan. Terms of the options include an exercise price of \$0.60 per common share, and a vesting schedule allowing for the vesting of the options granted in three equal installments, with 1/3 vesting January 12, 2012; 1/3 vesting January 12, 2013 and 1/3 vesting January 12, 2014. The options expire on January 12, 2017.

## 18. Restatement

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The Company has determined that its functional currency should be the Canadian dollar, the currency of the primary economic environment in which the entity currently operates, rather than the United States dollar as previously applied in its consolidated interim financial statements for the three and nine months ending December 31, 2011. The Company is at an early stage of development, and as is common with many exploration companies, it requires financing for its exploration and property acquisition activities, currently from the issue of share capital in Canadian dollars.

In the consolidated interim financial statements for the three and nine months ending December 31, 2011 issued previously, the Company's warrants issued to investors and denominated in Canadian dollars were classified as derivative financial liabilities and measured at fair value until their extinguishment or exercise. Because the Company has now identified the Canadian dollar as its functional currency, those Canadian dollar warrants are classified on issuance as equity and are not subsequently re-measured. The effect of this determination was to reduce the derivative warrant liability at December 31, 2011 by \$515,829; to reduce the loss for the three month period ended December 31, 2011 by \$74,535 and to increase the loss for the nine month period ended December 31, 2011 by \$57,731; and to increase the amount assigned to warrants in equity at December 31, 2011 by \$573,560. The details of these changes are indicated below.

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**18. Restatement (continued)**

The consolidated interim statements of financial position as at December 31, 2011 have been restated as follows:

Consolidated Interim Statements of Financial Position as at December 31, 2011

	Previously Reported	Adjustment	Restated
<b>Assets</b>			
Current assets			
Cash	\$ 1,459,906	\$ -	\$ 111,643
Cash in trust	492,374	-	492,374
Accounts receivable	12,151	-	12,151
Subscriptions receivable	125,924	-	125,924
	1,964,431	-	237,567
Petroleum and natural gas licenses	3,270,998	-	3,270,998
Property, plant and equipment	4,296	-	4,296
Restricted cash	442,395	-	442,395
	\$ 5,682,120	\$ -	\$ 5,682,120
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 110,813	\$ -	\$ 110,813
Subscription receipts	442,369	-	442,369
Due to shareholders	37,980	-	37,980
Derivative warrant liability	515,829	(515,829)	-
	1,106,991	(515,829)	591,162
<b>Equity</b>			
Share Capital	8,341,902		8,341,902
Warrants	-	573,560	573,560
Reserves	141,620	-	141,620
Deficit	(3,908,393)	(57,731)	(3,966,124)
	4,575,129	-	5,090,958
	\$ 5,682,120	\$ -	\$ 5,682,120

There is no effect on the consolidated interim statements of financial position as at March 31, 2011

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Notes to the Amended and Restated Condensed Consolidated Interim Financial Statements

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**18. Restatement (continued)**

The consolidated interim statement of operations and comprehensive loss for the three months ended December 31, 2011 have been restated as follows:

Condensed Consolidated Interim Statement of Operations and Comprehensive Loss for the Three Months Ended December 31, 2011

	Previously Reported	Adjustment	Restated
Operating expenses			
Transaction costs	\$ 1,389,493	\$ -	\$ 1,389,493
Operating	170,660	-	170,660
Professional fees	57,936	-	57,936
Consulting fees	101,422	-	101,422
Travel	46,340	-	46,340
Regulatory fees	54,783	-	54,783
Change in fair value of warrant liability	74,535	(74,535)	-
General and administrative	1,388	-	1,388
Bank charges and interest	11,967	-	11,967
Foreign exchange	3,094	-	3,094
Depreciation	122	-	122
Net loss and comprehensive loss for the period	1,911,740	(74,535)	1,837,205
Loss per share - basic and diluted	\$ (0.04)	\$ -	\$ (0.04)
Weighted average number of shares - basic and diluted	50,399,971	-	50,399,971

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Notes to the Amended and Restated Condensed Consolidated Interim Financial Statements

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**18. Restatement (continued)**

The consolidated interim statement of operations and comprehensive loss for the nine months ended December 31, 2011 have been restated as follows:

Condensed Consolidated Interim Statement of Operations and Comprehensive Loss for the Nine Months Ended December 31, 2011

	Previously Reported	Adjustment	Restated
Operating expenses			
Transaction costs	\$ 1,389,493	\$ -	\$ 1,389,493
Operating	1,051,088	-	1,051,088
Professional fees	383,772	-	383,772
Consulting fees	356,111	-	356,111
Travel	154,509	-	356,111
Regulatory fees	117,902	-	117,902
Change in fair value of warrant liability	(57,731)	57,731	-
General and administrative	21,510	-	21,510
Insurance	20,081	-	20,081
Bank charges and interest	12,952	-	12,952
Foreign exchange	2,011	-	2,011
Depreciation	122	-	122
Net loss and comprehensive loss for the period	3,451,820	57,731	3,509,551
Loss per share - basic and diluted	\$ (0.07)	\$ -	\$ (0.07)
Weighted average number of shares - basic and diluted	50,399,971	-	50,399,971

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**18. Restatement (continued)**

The consolidated interim statement of cash flows for the nine months ended December 31, 2011 have been restated as follows:

Condensed Consolidated Interim Statements of Cash Flows for the Nine Months Ended December 31, 2011

	Previously Reported	Adjustment	Restated
<b>Cash flow from operating activities</b>			
Net loss for the period	\$ (3,451,820)	\$ (57,731)	\$ (3,509,551)
Items not affecting cash:			
Share listing fee	1,389,493	-	1,389,493
Shares issued for consulting services	100,000	-	100,000
Depreciation	122	-	122
Change in fair value of warrant liability	(57,731)	57,731	-
Changes in non-cash working capital:			
Accounts receivable	8,476	-	8,476
Accounts payable and accrued liabilities	(34,860)	-	(34,860)
Due to shareholders	16,633	-	16,633
	(2,029,687)	57,731	(2,029,687)
<b>Cash flow from investing activities</b>			
Increase in cash in trust	(492,374)	-	(492,374)
Increase in restricted cash	(442,395)	-	(442,395)
Cash acquired on reverse takeover	763,177	-	763,177
	(171,592)	-	(171,592)
<b>Cash flow from financing activities</b>			
Net proceeds from issuance of share capital	3,107,173	-	3,107,173
Subscription receipts	442,369	-	442,369
	3,549,542	-	3,549,542
Increase in cash	1,348,263	-	1,348,263
Cash, beginning of period	111,643	-	111,643
Cash, end of period	\$ 1,459,906	\$ -	1,459,906
<b>Non-cash items</b>			
Non-cash consideration paid for the acquisition of Goldbard			
Issuance of shares	\$ 2,011,111	\$ -	\$ 2,011,111
Issuance of options	\$ 141,620	\$ -	\$ 141,620
Share capital, including subscriptions receivable	\$ 2,507,687	\$ -	\$ 2,507,687