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

Condensed Consolidated Interim Financial Statements
For the Three Month and Nine Month Periods ended December 31, 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 and nine month periods ended December 31, 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 Chartered Professional Accountants of Canada 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)

	December 31, 2014	March 31, 2014
Assets		
Current assets		
Cash and cash equivalents	**$ 12,202,003**	$ 3,641,306
Short-term investments *(Note 5)*	**100,000**	100,000
Accounts receivable and prepaid expenses *(Note 6(vii))*	**513,741**	68,496
	12,815,744	3,809,802
Petroleum and natural gas licenses *(Note 6)*	**2,685,655**	2,685,655
Equipment *(Note 7)*	**2,373**	4,379
	$ 15,503,772	$ 6,499,836
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(Notes 8 and 6(vii)*	**$ 11,005,721**	$ 189,950
Advance from license partners *(Note 6 (ix))*	**214,748**	-
	$ 11,220,469	$ 189,950
Equity		
Share Capital *(Note 9)*	**18,035,870**	17,031,370
Warrants *(Note 15)*	**965,000**	965,000
Stock options *(Note 14)*	**2,215,309**	2,176,395
Accumulated deficit	**(16,932,876)**	(13,862,879)
	4,283,303	6,309,886
	$ 15,503,772	$ 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 December 31, 2014	Three Month Period Ended December 31, 2013	**Nine Month Period Ended December 31, 2014**	Nine Month Period Ended December 31, 2013
Revenue				
Interest income	**$ 5,835**	$ 14,564	**$ 23,077**	$ 53,916
Operating expenses				
Share-based compensation *(Notes 8, 9(i) and 14)*	**11,249**	118,250	**1,043,414**	339,250
Compensation costs *(Notes 6(vii) and 8)*	**311,053**	335,487	**791,075**	763,898
General and administrative costs *(Notes 6(vii) and 17)*	**227,952**	210,602	**610,008**	584,820
Professional fees	**223,645**	18,168	**559,082**	109,437
Operating costs *(Notes 6(vii), 8 and 16)*	**961,491**	183,131	**1,270,859**	717,236
Foreign exchange	**(156,568)**	(113)	**(154,314)**	4,840
Expense reimbursement *(Note 6(vii))*	**-**	-	**(1,027,000)**	-
	1,578,822	865,525	**3,097,074**	2,519,481
Loss before write-down of licenses	**(1,572,988)**	(850,961)	**(3,069,997)**	(2,465,565)
Write-down of licenses *(Note 6(iv))*	**-**	-	**-**	(585,343)
Net loss and comprehensive loss	**$ (1,572,988)**	$(850,961)	**$(3,069,997)**	$(3,050,908)
Loss per share - basic and diluted	**$ (0.02)**	$ (0.01)	**$ (0.04)**	$ (0.04)
Weighted average number of shares - basic and diluted	**73,059,661**	68,959,661	**70,808,388**	68,959,661

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 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	-	-	-	339,250	-	339,250
Loss for the nine month period ended December 31,2013	-	-	-	-	(3,050,908)	(3,050,908)
Balance, December 31, 2013	**68,959,661**	**16,961,370**	**1,035,000**	**2,144,850**	**(13,176,744)**	**6,964,476**
Fair value of warrants expired	-	70,000	(70,000)	-	-	-
Stock options expensed	-	-	-	31,545	-	31,545
Loss for the nine month period ended March 31, 2014	-	-	-	-	(686,135)	(686,135)
Balance, March 31, 2014	**68,959,661**	**17,031,370**	**965,000**	**2,176,395**	**(13,862,879)**	**6,309,886**
Shares issued on vesting of Restricted Share Units	**4,100,000**	1,004,500	-	-	-	1,004,500
Stock options expensed	-	-	-	38,914	-	38,914
Loss for the nine month period ended December 31, 2014	-	-	-	-	(3,069,997)	(3,069,997)
Balance, December 31, 2014	**73,059,661**	**18,035,870**	**965,000**	**2,215,309**	**(16,932,876)**	**4,283,303**

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)

	Nine Month Period Ended December 31, 2014	Nine Month Period ended December 31, 2013
Cash flow from operating activities		
Net loss for the period	**$ (3,069,997)**	$ (3,050,908)
Items not affecting cash:		
Share-based compensation	**1,043,414**	339,250
Depreciation	**2,006**	2,036
Write-down of licenses	**-**	585,343
Changes in non-cash working capital:		
Advance from license partners	**214,748**	-
Accounts payable and accrued liabilities	**10,815,771**	39,776
Accounts receivable and prepaid expenses	**(445,245)**	(31,761)
	8,560,697	(2,116,264)
Cash flow from investing activities		
Redemption of short-term investments	**-**	204,109
Equipment acquired	**-**	(1,832)
	-	202,277
Increase (decrease) in cash and cash equivalents	**8,560,697**	(1,913,987)
Cash and cash equivalents, beginning of the period	**3,641,306**	6,264,402
Cash and cash equivalents, end of the period	**$ 12,202,003**	$ 4,350,415
Supplementary information		
Cash and cash equivalents, end of the period		
Cash at banks	**$ 10,376,633**	$ 118,487
Cash on deposit	**$ 1,825,370**	$ 4,231,928

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

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.

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 February 25, 2015.

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 $16,932,876 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").

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 November 27, 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.

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 December 31, 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 Daniel License and the Offshore Licenses collectively the “Licenses”). 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.

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.

(vi) On January 5, 2015, the Company completed a farm-out agreement in connection with its Offshore Licenses. *See Subsequent Events Note 18(a).*

6. Petroleum and Natural Gas Licenses (continued)

(vi) The total commitment of the Company and its license partners under the license agreements are as follows:

Year 1 **(ending March 31, 2012)**		
Desktop study	$	2,150,000
Year 4 **(ending March 31, 2015)**		
Airborne gravity/slick survey on the Cooper License and the Guy License	$	300,000
Complete and interpret a 1,000 Sq Km 3D seismic survey on the Cooper License		7,700,000
Complete and interpret a 1,000 Km 2D seismic survey on the Guy License		1,200,000
Interpret a 3,000 Km 2D seismic survey on the Sharon License		100,000
Core hole drilling - onshore		1,200,000
Evaluation report		250,000
	$	10,750,000
Year 5 **(ending March 31, 2016)**		
Complete and interpret a 1,000 Sq Km 3D seismic survey on the Sharon License and a 800 Sq Km 3D seismic survey on the Guy License		18,720,000
Evaluation report		1,200,000
	$	19,920,000
Year 6 **(ending March 31, 2017)**		
Assessment of second core hole - onshore	$	250,000
Resource assessment and production assessment first renewal		500,000
	$	750,000
Year 7 and 8 **(ending March 31, 2018 and 2019)**		
Drill exploratory well through targets identified by 3D seismic on the Sharon License and Guy License	$	245,500,000
Resource assessment and production assessment for the Cooper License		250,000
First renewal period offtake/production engineering		2,500,000
	$	248,250,000
Year 9 **(ending March 31, 2020)**		
After interpretation of 3D survey, drill exploratory well on the Cooper License	$	40,000,000
Offtake/production engineering for the Cooper License		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
	$	50,500,000
	$	332,320,000

As at December 31, 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 December 31, 2014, no depletion has been recorded.

6. Petroleum and Natural Gas Licenses (continued)

Management estimates that as of December 31, 2014, based on the current costs in the oil and gas exploration services industry, the Company's participating interest and license partners' carry commitments, the total commitment attributable to the Company is approximately $60 million.

(vii) On December 22, 2011, the Company entered into a 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.

On July 17, 2014, the Company entered into a farm-out agreement with a wholly owned subsidiary of Tullow Oil plc ("Tullow"), pursuant to which Tullow acquired a 25% working interest in the Cooper License in return for a carry (capped at US$4,103,000), of the Company's share of costs to execute and process a 1,097 Sq Km 3D seismic survey, the reimbursement of 25% of the Company's past costs to March 31, 2014 (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 US$53 million) and the reimbursement of an additional 17.14% of the Company's past costs (the "Second Transfer").

The exploration activity on the Offshore Licenses is performed in the framework of joint operating agreements, pursuant to which the Company is designated the operator.

Under the joint operating agreements covering the Guy License and the Sharon License (the "Guy and Sharon JOAs") entered into between Azimuth, NAMCOR and the Company effective January 24, 2013 and the amended and restated joint operating agreement covering the Cooper License, (the "Cooper JOA") entered into between Tullow, Azimuth, NAMCOR and the Company effective September 24, 2014, certain operating, general and administrative expenses and compensation and professional fees incurred by the Company are recoverable from Tullow and Azimuth. The amounts recovered under the JOA and the Cooper JOA for the three and nine month periods ended December 31, 2014 were; operating expenses of $9,962,560 and $10,168,344 ($48,847 and $166,945 for the three and nine months ended December 31, 2013), general and administrative expenses of $69,327 and $78,866, ($9,937 and $47,785 for the three and nine months ended December 31, 2013) and compensation costs of $47,456 and $92,601 ($9,083 and $30,917 for the three and nine months ended December 31, 2013). The Condensed Consolidated Interim Statements of Operations and Comprehensive Loss reflect expenditures net of these recoveries.

As of December 31, 2014, the Company owns a 60% interest, Azimuth a 30% interest and NAMCOR a 10% interest in the Guy License and the Sharon License. The Company owns a 45% interest, Tullow a 25% interest, Azimuth a 20% interest and NAMCOR a 10% interest in the Cooper License. *See Subsequent Events Note 18(a) for changes in the Company's working interest.*

The Company carries NAMCOR's interest in the Guy License and the Sharon License during the exploration period and the Company and Tullow collectively carry NAMCOR's interest in the Cooper License.

6. Petroleum and Natural Gas Licenses (continued)

(viii) On July 29, 2014, the Company announced that the Parliament of the 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 Ghana, the Ghana National Petroleum Company ("**GNPC**"), GNPC Exploration and Production Company Limited ("**GNPCEPCL**"), A-Z Petroleum Products Ghana Limited ("**A-Z**"), and PetroGulf Limited ("**PetroGulf**"). The GPA is in final form and is not yet effective. Pursuant to the GPA, the Company will hold a 50.42% interest in the Ghana Block, A-Z will hold a 27.88% interest, GNPC will hold a 13% interest, GNPCEPCL will hold a 4.35% interest, and PetroGulf will hold a 4.53% 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. There is no guarantee that the GPA will become effective, that the conditions to the GPA will be satisfied, or that the procurement of an interest in the Ghana Block will be completed.

(ix) As of December 31, 2014, the Company received advances from its license partners in the amount of approximately $10.2 million, of which approximately $9.7 million has been charged in respect of the 3D seismic program executed on the Cooper license, for which the Company is fully carried.

7. Equipment

						December 31, 2014
		Cost		**Accumulated Depreciation**		**Net Book Value**
Equipment	**$**	**11,643**	**$**	**9,720**	**$**	**2,373**

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

8. Related Party Transactions and Balances

	Three Month Periods Ended		Nine Month Periods Ended	
	December 31, 2014 $	December 31, 2013 $	**December 31, 2014 $**	December 31, 2013 $
Fees for management services paid to a company controlled by the President and CEO of the Company	75,448	66,000	219,747	132,000
Amount outstanding at the end of the period	30,239	-	30,239	-
Fees for management and exploration services paid to a company controlled by the COO of the Company	55,542	47,666	160,424	139,384
Amount outstanding at the end of the period	88,380	41,568	88,380	41,568
Fees for management services paid to a company controlled by the CFO of the Company	82,500	45,000	173,250	135,000
Amount outstanding at the end of the period	-	15,000	-	15,000
Fees for management services paid to a company controlled by the Executive Vice President of the Company	30,000	30,000	90,000	90,000
Amount outstanding at the end of the period	-	10,000	-	10,000
Fees paid to a company controlled by the Chairman of the Company	20,349	18,311	62,053	52,383
Amount outstanding at the end of the period	20,349	18,311	20,239	18,311

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 Periods Ended		Nine Month Periods Ended	
	December 31, 2014 $	December 31, 2013 $	**December 31, 2014 $**	December 31, 2013 $
Salaries, fees and benefits	**265,963**	227,477	**749,128**	662,767
Stock-based compensation	**8,056**	102,329	**1,019,917**	313,987
Total	**274,018**	329,806	**1,769,045**	976,754

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 *(Note 15)*	-	70,000
Balance, March 31, 2014	**68,959,661**	**17,031,370**
Shares issued on vesting of Restricted Share Units	4,100,000	1,004,500
Balance, December 31, 2014	**73,059,661**	**18,035,870**

(i) On August 29, 2014, 4,100,000 restricted share units ("RSUs") were granted to certain Company directors, officers and consultants to the Company. The RSUs vested immediately on the grant date. These RSUs had a fair value of $0.245 per unit based on the market price of the Company's common shares on the grant date. $1,004,500 was recognized as share-based compensation expense during the nine months ended December 31, 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 December 31, 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 December 31, 2014. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

The 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).*

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 December 31, 2014, the Company had cash on hand and on deposit of $12,202,003 (March 31, 2014 - $3,641,306) to settle current liabilities of $11,220,469 (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 December 31, 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 December 31, 2014. The Company's significant contracts with suppliers and service providers are denominated in US dollars. However, as the Company is carried by its license partners for the majority of these expenses, and therefore a plus or minus 10% change in UD dollar exchange rates would not have a significant effect on the net loss of the Company.

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	$	16,089

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.

At the Annual and Special Meeting of the Shareholders of the Company held November 13, 2014, the disinterested shareholders of the Company approved a re-pricing of the Company's outstanding options to an exercise price of $0.30. The re-pricing will have no material effect on future share-based compensation expense. The disinterested shareholders of the Company also approved a re-pricing of the Company's outstanding warrants to an exercise price of $0.30, subject to approval of 100% of the warrant holders.

A summary of the status of the Plan as at December 31, 2014 and changes during the period is as follows:

	Number of Stock Options	Weighted Average Exercise price ($) *(Note 14(iii))*	Remaining Contractual Life – Years
Balance, March 31, 2013	**5,940,000**	**0.57**	
Granted December 2013	170,000	0.40	4.20
Canceled and expired	(100,000)	(0.60)	
Balance March 31, 2014	**6,010,000**	**0.57**	
Canceled and expired	(90,000)	(0.60)	
Balance, December 31, 2014	**5,920,000**	**0.30**	**2.25**

(i) 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%

(ii) Share-based compensation expense is recognized over the vesting period of options. During the three and nine month periods ended December 31, 2014, share-based compensation from the vesting of outstanding options of $11,249 and $1,043,414 (2013 - $118,250 and $339,250) was recognized based on options vesting during the periods.

(iii) At the Annual and Special Meeting of the Shareholders of the Company held November 13, 2014, the disinterested shareholders of the Company approved a re-pricing of the Company's outstanding options to an exercise price of $0.30.

(iv) As at December 31, 2014, 5,958,056 options were exercisable (March 31, 2014 – 5,671,111).

15. Warrants

A summary of warrants outstanding at December 31, 2014 was as follows:

	Number of Warrants	Weighted Average Exercise Price *(Note 15(ii))* ($)
Balance, March 31, 2013	5,290,756	1.00
Expired during the year ended March 31, 2014 *(Note 9)*	(353,415)	1.00
Balance, March 31, 2014 and December 31, 2014	4,937,341	0.30

	Number of Warrants	Remaining Contractual Life in Years
Expiry July 2015 *(i)*	4,937,341	0.77
Balance, December 31, 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.

(ii) At the Annual and Special Meeting of the Shareholders of the Company held November 13, 2014, the disinterested shareholders of the Company approved a re-pricing of the Company's outstanding warrants to an exercise price of $0.30, subject to approval of 100% of the warrant holders.

16. Operating Costs (Recoveries)

Operating costs (recoveries) consist of the following:

	Three Month Periods Ended		Nine Month Periods Ended	
	December 31, 2014 ($)	December 31, 2013 ($)	**December 31, 2014 ($)**	December 31, 2013 ($)
Exploration license costs	**850,045**	9,841	**1,120,853**	291,077
Technical consulting and evaluation	**10,076,006**	115,541	**10,318,350**	331,256
Exploration data acquisition and interpretation	**-**	106,596	**-**	261,848
Recovered under JOAs *(Note 6(vii))*	**(9,962,560)**	(48,847)	**(10,168,344)**	(166,945)
	961,491	183,131	**1,270,859**	717,736

17. General and Administrative Costs

General and administrative costs consist of the following:

	Three Month Periods Ended		Nine Month Periods Ended	
	December 31, 2014 ($)	December 31, 2013 ($)	**December 31, 2014 ($)**	December 31, 2013 ($)
Travel expenses	**139,635**	101,479	**344,650**	243,767
Occupancy and office expenses	**89,117**	77,883	**220,790**	222,325
Public company costs	**15,386**	23,970	**40,823**	66,543
Insurance	**43,232**	10,968	**66,114**	34,048
Financial services	**5,882**	2,244	**9,346**	6,523
Advertising and communication	**3,359**	3,327	**5,146**	57,363
Depreciation	**669**	668	**2,005**	2,036
Recovered under JOAs *(Note 6(vii))*	**(69,327)**	(9,937)	**(78,866)**	(47,785)
	227,952	210,602	**610,008**	584,820

18. Subsequent Events

a) On January 5, 2015, the Company entered into an amended and restated farm-out agreement (the "**AziNam Farmout Agreement**") with Azimuth Namibia Ltd. pursuant to which the Company transferred a portion of its working interest in the Offshore Licenses in exchange for, among other things, an aggregate of $4.2 million (the "**Farm-out Transaction**"). The Farm-out Transaction closed on February 4, 2015. As of the date of this report, the company now holds a 60% working interest in the Sharon block, a 50% working interest in the Guy block and a 45% working interest in the Cooper block

b) On December 19, 2014, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with 1864361 Alberta Ltd. ("Subco"), a wholly-owned subsidiary of the Company incorporated solely for the purpose of completing the amalgamation, and Pan African Oil Ltd. ("PAO") to acquire all of the issued and outstanding capital of PAO (the "Amalgamation").

   On January 28, 2015, the Company completed the Amalgamation and, as a result, the former shareholders of PAO will receive 0.323 of a Common Share in exchange for each common share of PAO formerly held. The resulting corporation, Eco Atlantic Holdings Ltd., is a wholly-owned subsidiary of the Company. Upon the closing of the amalgamation, the Company acquired cash and equivalents of approximately $2.9 million and the Namibian petroleum exploration licenses held by PAO.

18. Subsequent Events (continued)

In connection with the Amalgamation, 18,842,326 Common Shares, 1,397,834 stock options of the Company and 2,971,154 Common Share purchase warrants of the Company were issued to the former security holders of PAO. After giving effect to the completion of the Amalgamation, the Company has 91,901,987 Common Shares issued and outstanding, 8,517,834 Common Shares reserved for issuance upon the exercise of outstanding the Company stock options, and 7,908,495 Common Shares reserved for issuance upon exercise of outstanding the Company common share purchase warrants.

Upon the completion of the Amalgamation, the Company acquired the Namibian petroleum exploration licenses held by PAO (the "PAO Licenses"), being (i) petroleum exploration license number 0050 (the "Walvis License"), and (ii) petroleum exploration license number 0051 (the "Lüderitz License") located offshore in the economical waters of Namibia. The terms of the PAO Licenses are governed by petroleum agreements (each, a "PAO Petroleum Agreement" and collectively, the "PAO Petroleum Agreements"), for each of the PAO Licenses, dated October 28, 2011, between the Company and the Ministry.