ECO (ATLANTIC) OIL & GAS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTH PERIOD ENDED
June 30, 2013

Prepared by:

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Introduction

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Eco (Atlantic) Oil & Gas Ltd. and its subsidiary companies (individually and collectively, as the context requires, "**Eco Atlantic**" or the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the three month period ended June 30, 2013. This discussion should be read in conjunction with the audited consolidated annual financial statements of the Company for the year ended March 31, 2013, together with the notes thereto, as well as the unaudited condensed consolidated interim financial statements for three month period ended June 30, 2013. These documents have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). This MD&A contains forward-looking information that is subject to risk factors including those set out under "Forward Looking Information" below and elsewhere in this MD&A, including under "Risk Factors". Further information about the Company and its operations can be obtained from the offices of the Company or at www.ecooilandgas.com.

All amounts are reported in Canadian dollars, unless otherwise noted. This MD&A has been prepared as at August 22, 2013.

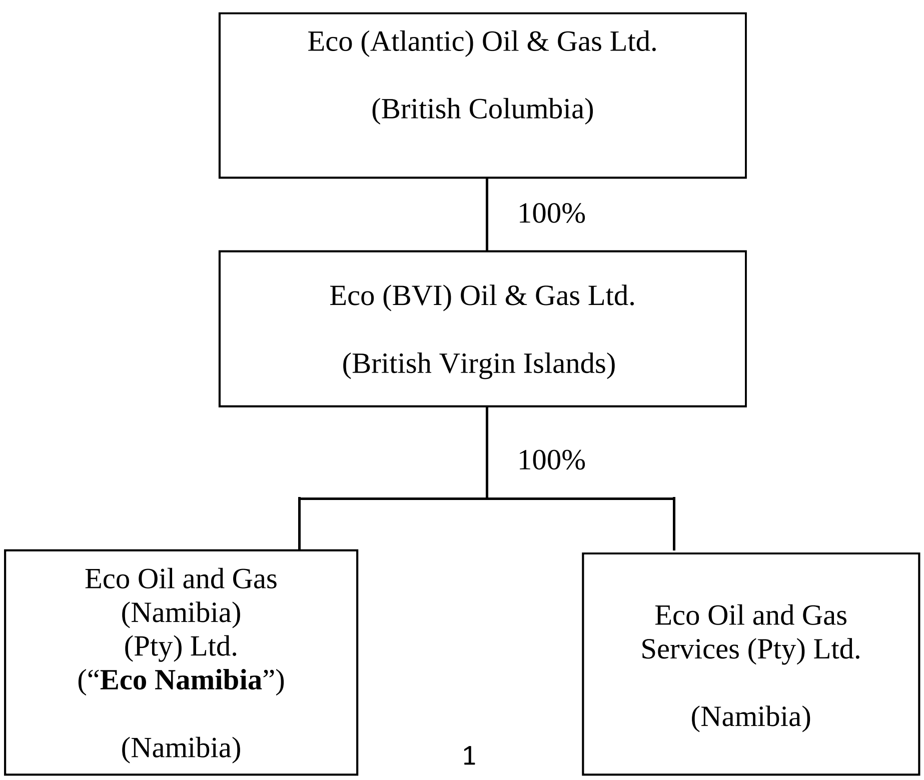
Nature of Business

The Company's business is to identify, acquire, explore and produce petroleum, natural gas, shale gas, and coal bed methane ("**CBM**") licenses in the Republic of Namibia ("**Namibia**").

Structure of the Company

The common shares of the Company (the "**Common Shares**") trade on the TSX Venture Exchange (the "**Exchange**") under the symbol "EOG". The Company also trades on the Namibian Stock Exchange under the symbol "EOG".

The structure of the Company and its significant subsidiaries is as follows:



Overview of Operations

<u>Business Overview:</u>

In March 2011, through its wholly owned subsidiary, Eco Namibia, the Company was granted five petroleum, natural gas and coal bed methane ("**CBM**") licenses, issued by the Government of Namibia (the "**Licenses**"). On October 5, 2012, the Company received approval from the Ministry to include the exploration of shale gas in its work program for the Offshore License (as defined below).

Offshore, the Company was granted and holds three licenses (the "**Offshore Licenses**") covering approximately 28,000 square kilometers (6,919,000 acres). The Offshore Licenses include (i) petroleum exploration license number 0030 (the "**Cooper License**"), (ii) petroleum exploration license number 0033 (the "**Sharon License**"), and (iii) petroleum exploration license number 0034 (the "**Guy License**").

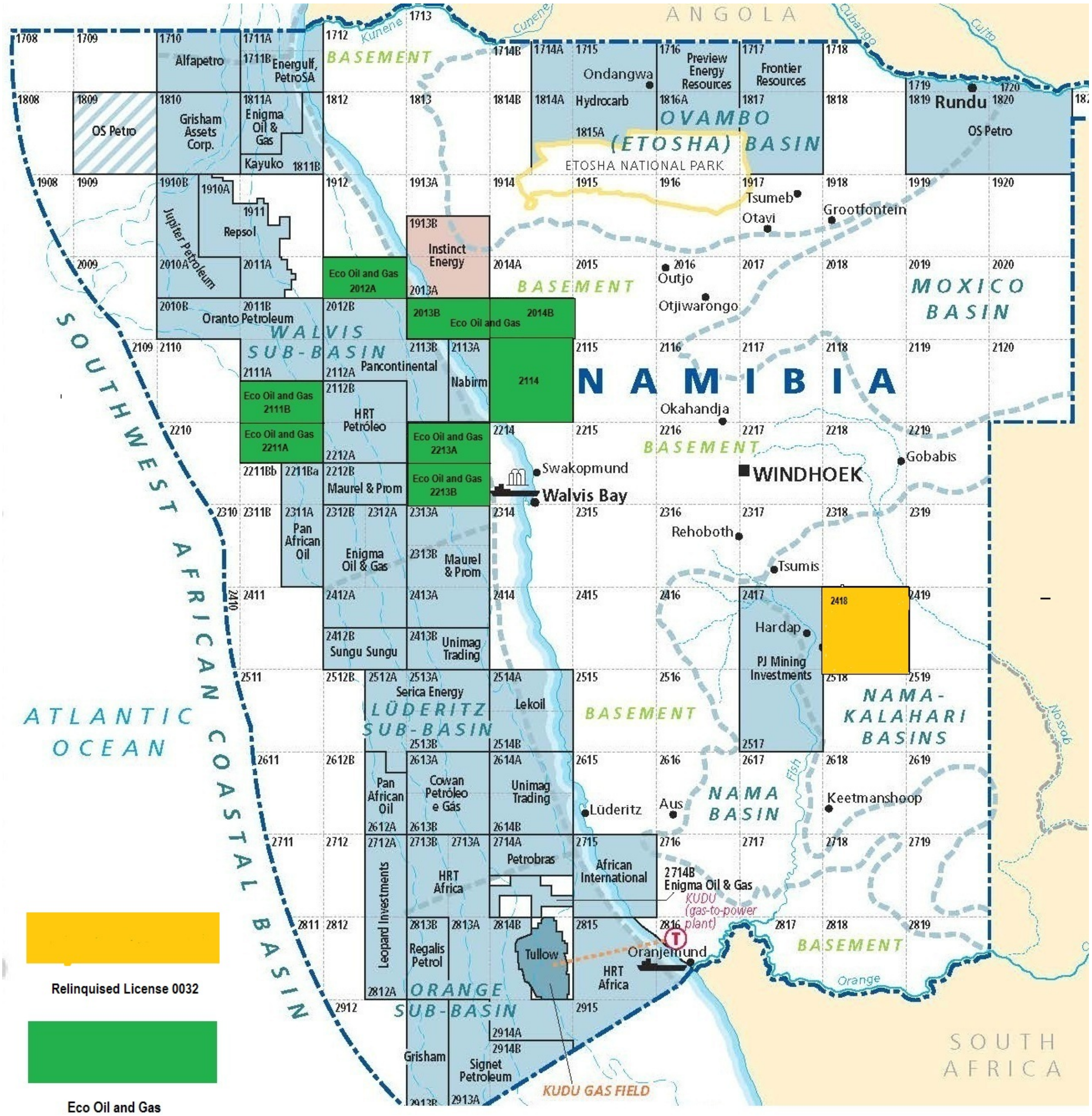
Onshore, the Company was granted two licenses covering approximately 34,000 square kilometers (8,401,000 acres) and comprised CBM exploration license number 0031 and CBM exploration license number 0032 (the Onshore Licenses). In October 2012, the Company received approval from the Ministry to amend the Company's work program for the Onshore Licenses to include exploration for shale gas in addition to CBM.

In August 2013, the Company received final confirmation from Namibia's Ministry of Mines and Energy (the "**Ministry**") for the relinquishment of its exploration license number 0032 (the "**Relinquished License**"). The capitalized costs associated with the Relinquished License were written-off during the three month period ended June 30, 2013. The Company's remaining onshore license, license number 0031 (the "**Onshore License**"), covers approximately 23,000 square kilometers (5,683,000 acres

In August 2013, the Company received Ministry approval for the inclusion of oil and gas exploration rights on the Onshore License.

The Company is in the development stage and has not yet commenced principal drillings operations other than acquiring and analyzing certain pertinent geological data. The Company is currently engaged in the exploration and development of its properties to determine whether commercially exploitable quantities of oil and gas are present.

The location of the Offshore Licenses and the Onshore License is indicated on the map below:



Offshore Licenses:

Cooper License

The Cooper License covers approximately 5,800 square kilometers (1,433,000 acres) and is located in license area 2012A offshore in the economical waters of Namibia (the "**Cooper Block**"). The Cooper License was issued by the Ministry on March 14, 2011 for an initial four year period with two renewal options of two years each. Thereafter, a 25 year "production license" (as defined in the Petroleum (Exploration and Production) Act, 1991 (Namibia) (the "**Petroleum Act**")), may be sought if a "discovery" (as defined in the Petroleum Act) is made.

The Company currently holds a 70% working interest in the Cooper License, the National Petroleum Corporation of Namibia ("**NAMCOR**") holds a 10% interest and AziNam Ltd., formerly Azimuth Ltd. ("**AziNam**"), an exploration and production company jointly owned by Seacrest Capital Ltd. and Petroleum Geo-Services ASA, holds a 20% interest.

On April 4, 2012, the Company entered into a farmout agreement with NAMCOR (the "**NAMCOR Farmout Agreement**"), setting out the terms pursuant to which the Company carries NAMCOR's working interest in the Licenses during the exploration period. If production commences, NAMCOR will reimburse the Company from production revenue for the full carried amount plus 20% interest on funds advanced by the Company. The Company received access to NAMCOR's database of geological studies, 2D and 3D seismic reports and well reports.

On April 12, 2012, the Company, entered into a farmout agreement with AziNam (the "**AziNam Farmout Agreement**") pursuant to which AziNam acquired a 20% working interest in each of the Offshore Licenses in return for funding 40% of the cost of 3D seismic surveys for each of the Offshore Licenses. The assignment of the 20% working interest in the Offshore Licenses to AziNam was approved by the Ministry on May 31, 2012.

In April, 2012, the Company completed an Environmental Impact Assessment (an "**EIA**") and Environmental Management Plan (and "**EMP**") for the Cooper License. On August 2, 2012, the Company received environmental clearance from the Ministry of Environment and Tourism for its 3D seismic survey activities.

The exploration activity on the Cooper License is performed in the framework of a joint operating agreement (the "**Cooper JOA**") between the Company, NAMCOR and AziNam. Pursuant to the Cooper JOA, the Company is designated the operator of the Cooper License. The Cooper JOA was signed on January 24, 2013. Under the Cooper JOA, 20% of certain operating, general and administrative expenses and compensation and professional fees incurred by the Company are recoverable from AziNam. During the year ended March 31, 2013, the Company commenced billing AziNam for its share of such expenses as recoveries of costs.

The Company received an independent Leads Report, dated February 1, 2012 for the Cooper Block. The report was prepared by Gustavson Associates LLC of Boulder, Colorado ("**Gustavson**") in accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**") and is available under the Company' profile on www.sedar.com. The data provided includes speculative 2D seismic data and reports from four wells that were drilled in the vicinity of the Cooper Block. The interpretation of over 800 line kilometers of 2D seismic data produced five leads. The leads, which are interpreted as structures with associated faults, are identified as Flat, A, B, C, and D. Based on probabilistic estimates, the prospective resources for the five leads are listed in the table below. These estimates do not include consideration for the risk of failure in exploring for these resources.

	Oil in Place, MMBO[1]			**Prospective Oil Resources, MMBO**		
Lead	**Low Estimate**	**Best Estimate**	**High Estimate**	**Low Estimate**	**Best Estimate**	**High Estimate**
Flat	265	594	1,033	59	135	249
A	409	1,086	2,468	91	250	581
B	479	1,259	2,883	105	291	686
C	381	916	1,945	84	210	464
D	415	1,123	2,510	92	259	591
Sum	**1,949**	**4,978**	**10,840**	**431**	**1,146**	**2,571**

(1) "**MMBO**" means million barrels of oil.

"Prospective resources" are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market, facility, corporate commitment or political risks). The chance of commerciality is the product of these two risk components. The prospective resource estimates referred to herein have not been risked for either the chance of discovery or the chance of development. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. The Low Estimate represents the P90 values from the probabilistic analysis (i.e. the value is greater than or equal to the P90 value 90% of the time), while the Best Estimate represents the P50 values and the High Estimate represents the P10.

Actual resources may be greater or less than those calculated. Statements relating to resources are deemed to be forward-looking statements, as they involve the implied assessment that the resources described exist in the quantities predicted or estimated. This assessment is based on a number of assumptions, such as geological, technological and engineering estimates, and is subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated in the estimates. These uncertainties and risks include, but are not limited to: (1) the fact that there is no certainty that the zones of interest will exist to the extent estimated or that the zones will be found to have oil and/or natural gas with characteristics that meet or exceed the minimum criteria to make it commercially recoverable to the extent estimated; (2) the number of competitors in the oil and gas industry with greater technical, financial and operations resources and staff; (3) potential liabilities for pollution or hazards against which the company cannot adequately insure or which the company may elect not to insure; (4) contingencies affecting the classification as reserves versus resources which relate to the following issues as detailed in the Canadian Oil and Gas Evaluation Handbook: ownership considerations, drilling requirements, testing requirements, regulatory considerations, infrastructure and market considerations, timing of production and development, and economic requirements; and (5) other factors beyond the Company's control.

Sharon License

The Sharon License covers approximately 11,400 square kilometers (2,817,000 acres) and is located in license area 2213A and 2213B offshore in the economical waters of Namibia (the "**Sharon Block**"). The Sharon License was issued by the Ministry on March 14, 2011 for an initial four year period with two renewal options of two years. Thereafter, a 25 year "production license" (as defined in the Petroleum Act) may be sought if a "discovery" (as defined in the Petroleum Act) is made. On July 8, 2013, the Ministry granted a one year extension of the Sharon License and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on the Sharon License.

The Company currently holds a 70% working interest in the Sharon License, NAMCOR holds a 10% interest and AziNam holds a 20% interest.

Pursuant to the NAMCOR Farmout Agreement, the Company carries NAMCOR's working interest in the Sharon License during the exploration period. If production commences, NAMCOR will reimburse the Company from production revenue for the full previously carried amount plus 20% interest on funds advanced by the Company.

Pursuant to the AziNam Farmout Agreement, AziNam will fund 40% of the cost of 3D seismic surveys for the Sharon License.

In April, 2012, the Company completed an EIA and EMP for the Sharon License. On August 2, 2012, the Company received environmental clearance from the Ministry of Environment and Tourism for its 3D seismic survey activities.

The exploration activity on the Sharon License is performed in the framework of a joint operating agreement (the "**Sharon JOA**") between the Company, NAMCOR and AziNam. Pursuant to the Sharon JOA, the Company is designated the operator of the Sharon License. The Sharon JOA was signed on January 24, 2013. Under the Sharon JOA, 20% of certain operating, general and administrative expenses and compensation and professional fees incurred by the Company are recoverable from AziNam. During the year ended March 31, 2013, the Company commenced billing AziNam for its share of such expenses as recoveries of costs.

On March 8, 2012, the Company announced the results of an independent Leads Report for the Sharon Block. The report was prepared by Gustavson in accordance with NI 51-101 and is available under the Company's profile on www.sedar.com. The data provided includes speculative 2D seismic data and reports from four wells that were drilled in the vicinity of the block. The interpretation of 606 line kilometers of 2D seismic data produced two leads. The leads are identified as the North Structure and the Wedge. Based on probabilistic estimates, the prospective resources for the two leads are listed in the table below. These estimates do not include consideration for the risk of failure in exploring for these resources.

	Oil in Place, MMBO			Prospective Oil Resources, MMBO		
Lead	**Low Estimate**	**Best Estimate**	**High Estimate**	**Low Estimate**	**Best Estimate**	**High Estimate**
N Structure	2,699	8,149	18,690	604	1,864	4,449
Wedge	9,362	25,843	62,016	2,132	5,933	14,706
Total	12,062	33,992	80,706	2,736	7,798	19,155

Guy License

The Guy License covers 11,400 square kilometers (2,817,000 acres) and is located in license area 2111B and 2211A offshore in the economical waters of Namibia (the "**Guy Block**", together with the Cooper Block and the Sharon Block, the "**Offshore Blocks**"). The Guy License was issued by the Ministry on March 14, 2011 for an initial four year period with two renewal options of two years. Thereafter, a 25 year "production license" (as defined in the Petroleum Act) may be sought if a "discovery" (as defined in Petroleum Act) is made. On July 8, 2013, the Ministry granted a one year extension of the Guy License and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on the Guy License.

The Company currently holds a 70% working interest in the Guy License, NAMCOR holds a 10% interest and AziNam holds a 20% interest.

Pursuant to the NAMCOR Farmout Agreement, the Company carries NAMCOR's working interest in the Guy License during the exploration period. If production commences, NAMCOR will reimburse the Company from production for the full previously carried amount plus 20% interest on funds advanced by the Company.

Pursuant to the AziNam Farmout Agreement, AziNam will fund 40% of the cost of 3D seismic surveys for the Guy License.

In April, 2012, the Company completed an EIA and EMP for the Guy License. On August 2, 2012, the Company received environmental clearance from the Ministry of Environment and Tourism for its 3D seismic survey activities.

The exploration activity on the Guy License is performed in the framework of a joint operating agreement (the "**Guy JOA**", together with the Cooper JOA and the Sharon JOA, the "**Offshore JOAs**") between the Company, NAMCOR and AziNam. Pursuant to the Guy JOA, the Company is designated the operator of the Guy License. The Guy JOA was signed on January 24, 2013.

Under the Guy JOA, 20% of certain operating, general and administrative expenses and compensation and professional fees incurred by the Company are recoverable from AziNam. During the year ended March 31, 2013, the Company commenced billing AziNam for its share of such expenses as recoveries of costs.

On May 22, 2012, the Company announced that it had received an independent Leads Report for the Guy Block (the "**Guy Report**"). The report was prepared by Gustavson in accordance with NI 51-101 and is available under the Company's profile on www.sedar.com.

The data provided includes selected speculative 2D seismic data and reports from four wells that were drilled in the vicinity of the block. The Company acquired 675 line kilometers of 2D seismic data over the eastern part of the block. The seismic data available on these blocks was limited to the eastern portion of the area and one 2D seismic line that extended to the western boundary of the Guy Block. A total of seven lead areas have been identified from the seismic interpretation. The leads are interpreted as structures with associated faults in the Cretaceous and Tertiary aged section. Based on probabilistic estimates, the prospective resources for the seven leads are listed below in the table below. These estimates do not include consideration for the risk of failure in exploring for these resources.

	Oil in Place, MMBO			Prospective Oil Resources, MMBO		
Lead	**P90**	**P50**	**P10**	**P90**	**P50**	**P10**
Far West Lead #1	1,249	3,975	9,247	277	917	2,175
Far West Lead #2	3,367	9,605	20,238	759	2,177	4,782
Cretaceous Sand Lead #1	1,654	5,780	14,505	370	1,321	3,405
Cretaceous Sand Lead #2	318	905	2,046	70	211	483
Cretaceous Sand Lead #3	6,000	17,641	38,160	1,362	4,039	8,958
Cretaceous Sand Lead #4	582	1,428	2,960	131	329	702
Cretaceous Sand Lead #5	321	907	2,087	72	208	488
Total	**13,491**	**40,242**	**89,243**	**3,041**	**9,202**	**20,994**

Following to receipt of the Guy Report, the Company acquired an additional 615.25 line kilometers of 2D seismic data for the Guy Block. To date, the Company has not had a NI 51-101 report prepared using this additional data.

Onshore License:

The Onshore License covers approximately 23,000 square kilometers (5,683,000 acres) and is located in license areas 2013B, 2014B and 2114 in Namibia. The Onshore License was issued on March 14, 2011 for an initial four year period with two renewal options of two years. Thereafter, a 25 year "production license" (as defined in the Petroleum Act) may be sought if a "discovery" (as defined in Petroleum Act) is made.

The Company currently holds a 90% working interest in the Onshore License and NAMCOR holds a 10% working interest.

Pursuant to the NAMCOR Farmout Agreement, the Company carries NAMCOR's working interest in the Onshore License during the exploration period. If production commences, NAMCOR will reimburse the Company, from production, for the full previously carried amount plus 20% interest on funds advanced by the Company.

The exploration activity on the Onshore License is performed in the framework of two joint operating agreements (the "**Onshore JOAs**") between the Company and NAMCOR. Pursuant to the Onshore JOAs, the Company is designated the operator of the Onshore License. The Onshore JOAs were signed in April, 2012.

In April, 2012, the Company completed an EIA for the Onshore License. On August 2, 2012, the Company received environmental clearance from the Ministry of Environment and Tourism for its CBM drilling activities.

On October 5, 2012, the Company received approval from the Ministry to amend the Company's work program for the Onshore Licenses to include exploration for shale gas in addition to CBM. Approval was also granted to amend the Company's work program under the Onshore Licenses to include a detailed exploratory well by March 2015 instead of March 2012.

In August 2013, the Company received Ministry approval for the inclusion of oil and gas exploration rights on the Onshore License.

Financial position

The Company operates in Namibia and has no separate business segments.

As at June 30, 2013, the Company had total assets of $8,660,550 and a net equity position of $8,447,434. This compares with total assets of $9,908,363 and a net equity position of $9,676,134 at March 31, 2013 The Company had liabilities of $213,116 at June 30, 2013 as compared with $232,229 at March 31, 2013.

As at June 30, 2013, the Company had working capital of $5,755,395 compared with working capital of $6,399,886 at March 31, 2013. The Company had cash on hand, in short-term deposits and in trust of $5,845,711 at June 30, 2013, compared with $6,568,511 at March 31, 2013.

Licenses development

In the immediate future, the Company intends to continue developing the Licenses with a view to producing additional NI 51-101 compliant reports.

In addition, the Company is in the process of planning, together with AziNam, a near term program for 2013 to include additional 2D surveys on certain of its Offshore Blocks. The survey will be dependent on the availability of financing, survey vessels and other regional developments in neighboring blocks.

Environmental Regulation

The Company's activities may be subject to environmental regulation, which may cover a wide variety of matters. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees.

The Company does not believe that any provision for such costs is currently required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

Summarized Financial Information

	Three Months Ended June 30,			
	2013		2012	
Revenue				
Interest income	$	22,315	$	15,352
Operating Expenses				
Operating costs(1)	$	257,814	$	456,470
Compensation and professional fees(2)	$	245,712	$	272,922
General and administrative costs(3)	$	157,238	$	315,111
Share-based compensation	$	114,000	$	290,128
Foreign exchange	$	4,209	$	1,483
Depreciation	$	699	$	479
Write-down of licenses	$	585,343	$	-
Net loss for the period	$	(1,342,700)	$	(1,321,241)

Notes

(1) Net of $51,438 (2012 -$nil) recovered from AziNam pursuant to the Offshore JOAs.
(2) Net of $21,834 (2012 -$nil) recovered from AziNam pursuant to the Offshore JOAs.
(3) Net of $14,744 (2012 -$nil) recovered from AziNam pursuant to the Offshore JOAs.

Exploration and evaluation assets and expenditures

For oil and gas prospects not commercially viable and financially feasible, the Company expenses exploration and evaluation expenditures as incurred. 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.

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.

Under the Offshore JOAs and the AziNam Farmout Agreement, 20% (40% in the case of 3D seismic surveys) of certain operating, compensation and administrative expenses incurred by the Company on the Offshore Licenses are recoverable from AziNam. During the year ended March 31, 2013, the Company commenced billing AziNam its share of such expenses.

Interest income

During the three month period ended June 30, 2013, the Company earned interest of $22,315 from funds invested in interest bearing deposits with financial institutions, as compared with $15,352 earned during the three month period ended June 30, 2012. The increase in interest earned reflects the additional cash held in interest bearing deposits, resulting from the Company's financing activities in November 2012.

Expenses

As indicated above, the Company commenced billing AziNam for its share of certain compensation, operating and administrative expenses effective from April 2012.

Operating costs

Operating costs include amounts spent on technical consulting and analysis, incurred in connection with the Licenses.

During the three months ended June 30, 2013, the Company incurred expenses of $309,252 in operating costs and billed AziNam $51,438, being its contribution to expenses in this category. Included in these expenditures are the Company's annual license fees of $200,000 on its offshore licenses paid to the Ministry. During the three months ended June 30, 2012, the Company incurred expenses of $456,470 in operating costs. The decrease in expenditures is the result of reduced operating activities during the quarter ended June 30, 2013.

Compensation and professional fees

Compensation and professional fees represent amounts paid by the Company for compensation and professional fees provided to the Company by certain members of management and independent service providers. It further includes compensation paid to the Company's directors for their services as directors.

During the three months ended June 30, 2013, the Company incurred expenses of $267,546 for compensation and professional fees and billed AziNam $21,834, being its contribution to expenses in this category. During the three months ended June 30, 2012, the Company incurred expenses of $272,922 in this category.

General and administrative costs

During the three months ended June 30, 2013, the Company incurred expenses of $171,982 in general and administrative costs and billed AziNam $14,744, being its contribution to expenses in this category. During the three months ended June 30, 2012, the Company incurred expenses of $315,111 in this category. These expenses include public company charges, travel and entertainment, occupancy and general office expenditures.

The decrease in general and administrative costs reflects management's efforts to curtail its expenses in order to conserve its cash resources.

Share based compensation

The share based compensation expense reflects the fair value of stock options granted to directors, officers, employees and consultants of the Company. One third of the stock options granted vest on the grant date and one third vests on each anniversary date of the grant, for the next two years.

No stock options were granted by the Company during the three month period ended June 30, 2013.

The fair value of all stock options that vested during the three month period ended June 30, 2013 was $114,000 and the fair value of all stock options that vested during the three month period ended June 30, 2012 was $290,128.

Write-down of licenses

As discussed above, in July 2013, the Company received acceptance from the Ministry for the relinquishment of its CBM exploration license number 0032. The capitalized costs of $585,343 associated with the Relinquished License were written-off during the three months ended June 30, 2013

Foreign exchange

The foreign exchange movement during the three months ended June 30, 2013 reflects the movements of the United States dollar, Euro and Namibian dollar relative to the Canadian dollar. The Company's cash and cash equivalents and short-term investments are held in Canadian dollars.

Summary of Quarterly Results

Summarized quarterly results for the past eight quarters are as follows:

	Quarter ended							
	June 30, 2013		March 31, 2013		December 31, 2012		September 30, 2012	
Total Sales	$	-	$	-	$	-	$	-
Net loss for the period	$	(1,342,700)	$	(775,633)	$	(655,089)	$	(1,232,239)
Basic loss per share	$	(0.02)	$	(0.01)	$	(0.01)	$	(0.02)

	Quarter ended							
	June 30, 2012		March 31, 2012		December 31, 2011		September 30, 2011	
Total Sales	$	-		-	$	-	$	-
Net loss for the period	$	(1,321,241)		(2,075,512)	$	(1,837,205)	$	(887,433)
Basic loss per share	$	(0.02)		(0.03)	$	(0.04)	$	(0.02)

The Company commenced its operational activities during the quarter ended June 30, 2011.

During the quarter ended December 31, 2011, the Company recorded a charge of $1,389,493 being the transaction costs related to the Reverse Takeover (as such term is defined under the policies of the Exchange) between the Company and Eco Oil and Gas Ltd., a private company formed to identify, acquire, explore and develop petroleum, natural gas and CBM licenses in Namibia. (the "**Business Combination**").

During the quarter ended March 31, 2012, the Company recorded an additional charge of $157,426 in transaction costs related to the Business Combination and recorded a share-based compensation charge of $809,600 in connection with the issue of stock options to directors, officers, consultants and employees of the Company.

During the quarter ended June 30, 2012, the Company recorded a share-based compensation charge of $290,128 in connection with the issue of stock options to directors, officers, consultants and employees of the Company.

During the quarter ended September 30, 2012, the Company paid $272,000, in respect of the annual renewal of its exploration license fees and recorded a share-based compensation charge of $187,166 in connection with the issue of stock options to directors, officers, consultants and employees of the Company.

During the quarter ended December 31, 2012, 20% of certain operating, compensation and administrative expenses, retroactive to April 2012, were recovered from AziNam pursuant to the Offshore JOAs. (*see "Summarized Financial Information" above*). During the quarter, The Company recorded a share-based compensation charge of $111,001 in connection with the issue of stock options to directors, officers, consultants and employees of the Company.

During the quarter ended March 31, 2013, the Company recorded a share-based compensation charge of $111,000 in connection with the issue of stock options to directors, officers, consultants and employees of the Company.

As discussed above, in July 2013, the Company received acceptance from the Ministry for the relinquishment of its CBM exploration license number 0032.The capitalized costs associated with the Relinquished License were written-off during the three months ended June 30, 2013. During the quarter ended June 30, 2013, the Company recorded a share-based compensation charge of $114,000 in connection with the issue of stock options to directors, officers, consultants and employees of the Company.

Additional Disclosure for Venture Issuers Without Significant Revenue

	Three Months Ended June 30, 2013	2012
Expenditures on exploration and evaluation		
Cooper License	$ 70,000	$ 91,000
Guy License	$ 94,000	$ 91,000
Sharon License	$ 94,000	$ 91,000
Onshore licenses	$ 7,000	$ 183,000
	$ 265,000	$ 456,000
General and administrative expenses		
Travel expenses	$ 51,000	$ 176,000
Occupancy and office expenses	$ 63,000	$ 88,000
Public company costs	$ 13,000	$ 34,000
Insurance	$ 12,000	$ 12,000
Financial services	$ 1,000	$ 3,000
Advertising and Communication	$ 31,000	$ 2,000
JOA Recoveries	$ (14,000)	$ -
	$ 157,000	$ 315,000

Liquidity and Capital Resources

The Financial Statements have been prepared on a going concern basis whereby the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of operations. The Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption was not appropriate for these consolidated annual financial statements, then adjustments of a material nature would be necessary in the carrying value of assets such as petroleum and natural gas licenses, liabilities, the reported expenses, and the balance sheet classifications used. Management continues to pursue financing opportunities for the Company to ensure that it will have sufficient cash to carry out its planned exploration program beyond the next year.

In order to maintain its Licenses, the Company is required to meet specific minimum exploration work commitments for each of the Licenses during each phase of development. Dollar values have also been allocated to each phase for each of the Licenses. If the actual cost of the minimum exploration work on a License is less than the amount of the minimum exploration expenditure, the company shall be relieved of its minimum exploration expenditure obligations for the given period for that License. Additionally, if the actual cost of the minimum exploration work for a particular phase is greater than the amount of the minimum exploration expenditure, the amount so overspent may be carried over and credited against the minimum exploration expenditure for the ensuing period on that License.

The minimum aggregate exploration expenditures for the Licenses are as follows:

Year		Offshore Licenses[1]		Onshore License[2]
1	$	1,650,000	$	500,000
2 & 3	$	5,200,000	$	-
4	$	143,550,000	$	1,450,000
5	$	245,500,000	$	1,200,000
6	$	2,250,000	$	250,000
7 & 8	$	12,500,000	$	1,500,000
Total	**$**	410,650,000	**$**	4,900,000

Notes:

(1) The Company is responsible for 80% of the exploration expenditure for the Offshore Licenses (60% in the case of 3D seismic surveys).

(2) The Company is responsible for 100% of the exploration expenditure for the Onshore Licenses.

Management estimates that, to date, the Company has incurred costs of approximately $7,200,000 towards exploration work. These expenses are reflected in its Financial Statements, under various categories of expenses, including operating costs, general and administrative costs, consulting and professional fees, and compensation expenses.

The Company is currently engaged in the exploration and development of the Licenses in order to assess the existence of commercially exploitable quantities of oil and gas and to determine if additional resources should be allocated to these Licenses as per the work program commitments set out above. The Company has completed the minimum exploration work required for Year 1 and 2 for each of the Licenses. The Company has until March, 2014 to complete the shooting of certain 3D surveys of the Cooper Block, a process that will take an estimated three to four months to complete. Furthermore, the Company has until March 2015 to complete the shooting of certain 3D surveys of the Sharon License and the Guy License.

The Company has no revenue producing operations and continues to manage its costs, focusing on its higher potential licenses as described above. It also continues to seek funding in the capital markets and to pursue joint venture and farm-in opportunities with compatible partner companies having access to capital, in order to meet its exploratory commitments and development strategy in the next 18 months. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company. See "Risk Factors" below.

As at the date of this MD&A, the Company has cash on hand and in short term investments of $5,567,000 which are held in Canadian and Namibian banks.

Common Share Data (as at August 22, 2013)	
Common shares outstanding	68,959,661
Warrants	5,290,756
Options issued to directors, officers, consultants and employees	5,940,000
Common shares outstanding assuming exercise of all Warrants and Options	80,190,417

Off-Balance Sheet Agreements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, and without limitation, such consolidations as liquidity, capital expenditure and capital resources that would be considered material to investors.

Contractual Commitments

Licenses

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

Leases

The Company has office lease commitments as follows:

2014	$ 16,519
2015	13,370
Total	$ 29,889

Financial Instruments

Other risks and uncertainties the Company faces at present are market risk and foreign exchange risk.

Market risk is the risk of loss that may arise from changes in interest rates, foreign exchange rates and oil and gas. An extended period of depressed oil and gas prices could make access to capital more difficult and the Company is dependent on capital markets to fund its exploration and ultimately, its development programs.

Foreign exchange risk arises since most of the Company's costs are in currencies other than the Canadian dollar. Fluctuations in exchange rates between the Canadian dollar and the U.S. dollar could materially affect the Company's financial position. Management periodically considers reducing the effect of exchange risk through the use of forward currency contracts but has not entered into any such contracts to date.

Transactions Between Related Parties and Balances

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

	Three Month Periods ended	
	June 30, 2013	June 30, 2012
	$	$
Fees for management services paid to a company controlled by the President and CEO of the Company	66,000	63,673
Amount outstanding at the end of the period	23,104	21,285
Fees for management services paid to a company controlled by the COO of the Company	45,000	85,731
Amount outstanding at the end of the period	34,034	33,253
Fees paid to companies controlled by the CFO of the Company	45,000	22,500
Amount outstanding at the end of the period	-	15,000
Fees for management services paid to a company controlled by the Executive Vice President of the Company	30,000	30,000
Amount outstanding at the end of the period	-	10,000
Fees paid to a company controlled by the Chairman of the Company	15,000	16,528
Amount outstanding at the end of the period	33,000	-

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

	Three Month Periods Ended	
	June 30, 2013	June 30, 2012
	$	$
Salaries, fees and benefits	212,035	225,716
Stock-based compensation	109,329	274,204
Total	321,364	499,920

Risks and Uncertainties

The business of exploring for, developing and producing oil and gas reserves is inherently risky. The Company is in the development stage and has not determined whether its Licenses contain economically recoverable reserves. The Company's future viability is dependent on the existence of oil and gas reserves and on the ability of the Company to obtain financing for its exploration programs and development of such reserves and ultimately on the profitability of operations or disposition of its oil and gas interests.

The Company's actual exploration and operating results may be very different from those expected as at the date of this MD&A.

For a complete discussion on risk factors, please refer to the Company's Annual Information Form dated July 16, 2013, filed on www.sedar.com.

Critical Accounting Estimates

The Company's critical accounting estimates are defined as those estimates that have a significant impact on the portrayal of its financial position and operations and that require management to make judgments, assumptions and estimates in the application of IFRS. Judgments, assumptions and estimates are based on historical experience and other factors that management believes to be reasonable under current conditions. As events occur and additional information is obtained, these judgments, assumptions and estimates may be subject to change. The Company believes the following are the critical accounting estimates used in the preparation of its consolidated financial statements. The Company' significant accounting policies can be found in note 3 of the Company's consolidated financial statements for the year ended March 31, 2013.

Use of estimates

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the condensed consolidated interim financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates related to unsettled transactions and events as of the date of the condensed consolidated interim financial statements. Accordingly, actual results may differ from these estimated amounts as future confirming events occur.

Significant estimates used in the preparation of the Company's condensed consolidated interim financial statements for the three month period ended June 30, 2013 include, but are not limited to, impairment of exploration license costs capitalized in accordance with IFRS, stock based compensation and future income taxes.

The impairment of exploration licenses is dependent on the existence of economically recoverable reserves, the ability to obtain financing to complete the development and exploitation of such reserves, its ability to meet its obligations under various agreements and the success of future operations or dispositions.

Stock Based Compensation

The Company uses the fair value method, utilizing the Black-Scholes option pricing model, for valuing stock options granted to directors, officers, consultants and employees. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense. The recognized costs are subject to the estimation of what the ultimate payout will be using pricing models such as the Black-Scholes model which is based on significant assumptions such as volatility, dividend yield and expected term.

Income Taxes

The Company follows the liability method of accounting for income taxes whereby future income taxes are recognized based on the differences between the carrying values of assets and liabilities reported in the audited consolidated annual financial statements of the Company and their respective tax basis. Deferred income tax assets and liabilities are recognized at the tax rates at which Management expects the temporary differences to reverse. Management bases this expectation on future earnings, which require estimates for reserves, timing of production, crude oil price, operating cost estimates and foreign exchange rates. Management assesses, based on all available evidence, the likelihood that the deferred income tax assets will be recovered from future taxable income and a valuation allowance is provided to the extent that it is more than likely that deferred income tax assets will not be realized. As a result, future earnings are subject to significant Management judgment.

Changes in accounting policies

As of April 1 2013 the Company adopted several new IFRS standards and amendments in accordance with the transitional provisions of each standard. A brief description of each new standard and its impact on the Company's financial statements follows:

IFRS 10, "Consolidated Financial Statements" supersedes IAS 27 "Consolidation and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities". This standard provides a single model to be applied in control analysis for all investees including special purpose entities. The retrospective adoption of this standard does not have any impact on the Company's financial statements.

IFRS 11, "Joint Arrangements" divides joint arrangements into two types, joint operations and joint ventures, each with their own accounting model. All joint arrangements are required to be reassessed on transition to IFRS 11 to determine their type to apply the appropriate accounting. The retrospective adoption of this standard does not have any impact on the Company's financial statements.

IFRS 12, "Disclosure of Interests in Other Entities" combines in a single standard the disclosure requirements for subsidiaries, associates and joint arrangements as well as unconsolidated structured entities. The retrospective adoption of this standard does not have any impact on the Company's financial statements.

IFRS 13, "Fair Value Measurement" defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The adoption of this standard does not have an impact on the Company's financial statements.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Forward Looking Information

Statements contained in this MD&A that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of petroleum and/or natural gas; capital expenditures; costs, timing and future plans concerning the development of petroleum and/or natural gas properties; permitting time lines; currency fluctuations; requirements for additional capital; government regulation of petroleum and natural gas matters; environmental risks; unanticipated reclamation expenses; title disputes or claims; and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to operations; termination or amendment of existing contracts; actual results of drilling activities; results of reclamation activities, if any; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of petroleum and natural gas; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the petroleum and natural gas industries; delays in obtaining or failure to obtain any governmental approvals, licenses or financing or in the completion of development activities; as well as those factors discussed in the section entitled "Risk Factors" in this MD&A. Although the Company has attempted to identify important factors that may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as may be required by law.

Additional Information

Additional information relating to the Company, the Company's quarterly and annual consolidated financial statements, annual information form, technical reports and other disclosure documents, is available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.