ECO (ATLANTIC) OIL & GAS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED
March 31, 2013

Prepared by:

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July 16, 2013

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, ("**Eco Atlantic**" or the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended March 31, 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 (the "**Financial Statements**"). 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 July 16, 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"**).

Formation and Structure of the Company

The Company, formerly Goldbard Capital Corporation ("**Goldbard**"), was incorporated under the *Business Corporations Act* (Ontario) on June 11, 2007 and was classified as a capital pool company as defined in Policy 2.4 of the TSX Venture Exchange ("**TSXV**").

On November 25, 2011, Goldbard completed a business combination (the "**Business Combination**") when its wholly owned subsidiary, Goldbard Resources Inc., amalgamated with Eco Oil and Gas Ltd. ("**EOG**"), a private company incorporated in the British Virgin Islands formed to identify, acquire, explore and develop petroleum, natural gas and CBM licenses in Namibia.

The Business Combination was accomplished through an exchange of shares, and qualified as a "reverse takeover" under the policies of the TSXV. The Business Combination was accounted for in accordance with IFRS 3, Business Combinations. EOG is considered to be the acquirer for accounting purposes as the former shareholders of EOG controlled the consolidated group subsequent to the transaction. In connection with the transaction, the shareholders of Goldbard approved a consolidation of the common shares of Goldbard on the basis of 2.5 old commons shares for one new common share (a "**Consolidated Share**").

Under the terms of the Business Combination, the shareholders of EOG received 1.253 Consolidated Shares for each share of EOG, with a total of 45,359,971 Consolidated Shares issued to the shareholders of EOG. Holders of EOG share purchase warrants received replacement warrants entitling them to acquire an aggregate of 3,759,116 Consolidated Shares.

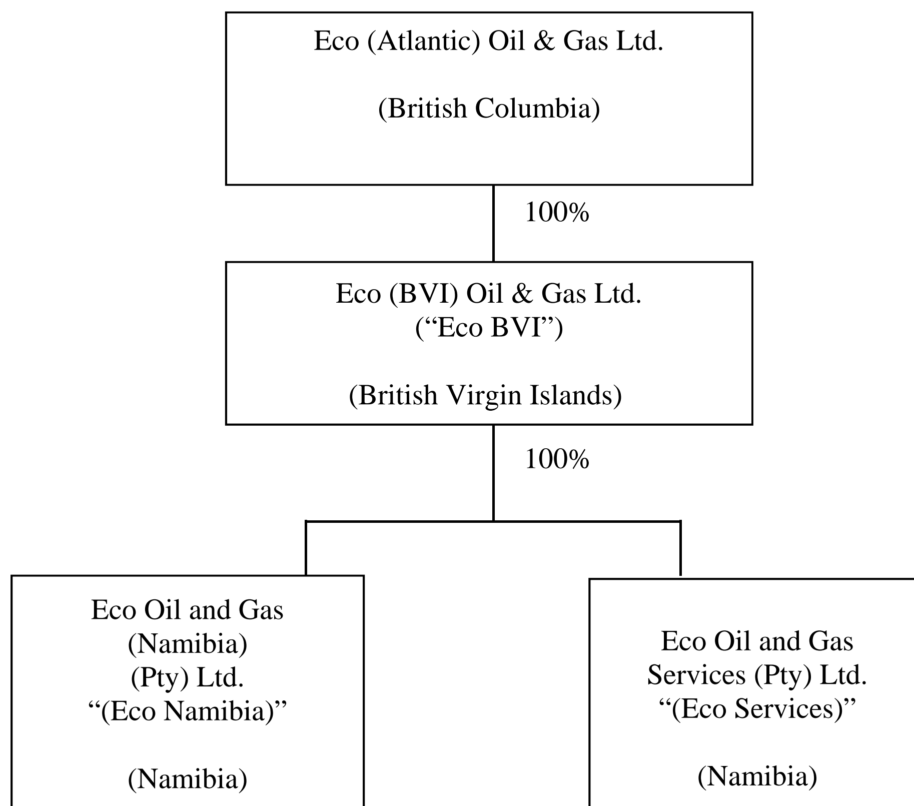
The Business Combination was accounted for as a continuation of the financial statements of EOG, together with a deemed issuance of shares, equivalent to the Consolidated Shares held by the former shareholders of Goldbard, and a re-capitalization of the equity of EOG.

The fair value of the Consolidated Shares issued to the Goldbard shareholders was based on a private placement of units by EOG on April 25, 2011, adjusted for the exchange ratio of 1.253 Consolidated Shares for each EOG share held. Based on this ratio, the deemed price of a Consolidated Share was $0.40.

Concurrent with the Business Combination, Goldbard changed its name to Eco (Atlantic) Oil & Gas Ltd., and was continued into British Columbia under the *Business Corporations Act* (British Columbia).

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

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



Significant Developments

- On August 14, 2012, the Company announced that Namibia's Minister of Environment and Tourism has granted environmental clearance for the Environmental Impact Assessment and Environmental Management Plan of the Company's proposed 3D seismic survey of the Offshore Licenses (as defined below).
- On October 9, 2012, the Company announced that the Ministry (as defined below) approved amendments to the Company's work program for the Onshore Licenses (as defined below) to include the exploration of shale gas in addition to CBM (as defined below). The Ministry also approved the extension of certain milestones of the Company's work program for the Onshore Licenses.
- On November 16, 2012, the Company completed a non-brokered private placement of 8,098,500 Common Shares at $0.40 per Common Share for net proceeds of $3,176,318.
- On January 24, 2013, the Company, through Eco Namibia, signed three joint operating agreements with NAMCOR (as defined below) and AziNam (as defined below) with respect to the Offshore Licenses.

- On July 5, 2013, the term of 4,937,341 warrants due to expire on July 6, 2013 were extended for 12 months and will now expire on July 6, 2014 *(See Liquidity and Capital Reserves below).*
- On July 8, 2013, the Ministry approved the extension of the initial four year period of the Sharon License and the Guy License for an additional year with corresponding extensions of certain work program milestones.

Select Annual Information

The following table includes selected financial information for the year ended March 31, 2013, and the two prior financial years.

	Year Ended March 31,				Period January 4, 2011[1] to March 31, 2011	
	2013		2012			
Revenues	$	-	$	-	$	-
Interest income	$	63,858	$	12,473	$	-
Net loss	$	(3,984,202)	$	(5,685,061)	$	(456,573)
Basic and diluted loss per share	$	(0.06)	$	(0.10)	$	(0.01)
Total assets	$	9,908,363	$	9,877,724	$	3,508,565
Non-current liabilities	$	-	$	-	$	-
Dividends	$	-	$	-	$	-

Notes:
(1) January 4, 2011, was the date of incorporation of EOG.

Overview of Operations

Business Overview:

Through its wholly owned subsidiary, Eco Namibia, the Company holds three offshore petroleum licenses (the **"Offshore Licenses"**) and two onshore CBM and shale gas licenses (the **"Onshore Licenses"**), issued by the Government of Namibia (the "**Licenses**"). On October 5, 2012, the Company received approval from Namibia's Ministry of Mines and Energy (the "**Ministry**") to amend the Company's work programs for the Onshore Licenses to include the exploration of shale gas in addition to the exploration for CBM.

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.

Offshore, the Company 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 holds two licenses (the "**Onshore Licenses**") covering approximately 30,000 square kilometers (7,413,000 acres). The Company's Onshore Licenses include (i) CBM exploration license number 0031 and (ii) CBM license number 0032.

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 the Republic 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 previously 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 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 (defined below) for the five leads are listed in the table below.

Lead	Oil in Place, MMBO			Prospective Oil Resources, MMBO		
	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 = million barrels of oil.

These estimates do not include consideration for the risk of failure in exploring for these resources. "**Prospective Resources**" (as defined in the independent Leads Report) are "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 have both an associated chance of discovery and a chance of development. 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." 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 (in other words, the value is greater than or equal to the P90 value 90% of the time), while the Best Estimate represents the P50 and the High Estimate represents the P10.

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 the Republic 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.

As described above, 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.

As described above, 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 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.

	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

These estimates do not include consideration for the risk of failure in exploring for these resources. 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 (in other words, the value is greater than or equal to the P90 value 90% of the time), while the Best Estimate represents the P50 and the High Estimate represents the P10.

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 the Republic 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.

As described above, 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.

As described above, 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 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.

	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**

Note that these estimates do not include consideration for the risk of failure in exploring for these resources. 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.

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 Licenses:

The Onshore Licenses cover approximately 30,000 square kilometers located in license areas 2013B, 2014B, 2114 and 2418 in the Republic of Namibia. The Onshore Licenses were 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 Licenses and NAMCOR holds a 10% working interest.

As described above, pursuant to the NAMCOR Farmout Agreement, the Company carries NAMCOR's working interest in the Onshore Licenses 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 Licenses 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 Licenses. The Onshore JOAs were signed in April, 2012.

In April, 2012, the Company completed an EIA for each of the Onshore Licenses. 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.

Financial position

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

As at March 31, 2013, the Company had total assets of $9,908,363 and a net equity position of $9,676,134. This compares with total assets of $9,877,724 and a net equity position of $9,402,810 at March 31, 2012. The Company had liabilities of $232,229 at March 31, 2013 as compared with $474,914 at March 31, 2012.

As at March 31, 2013, the Company had working capital of $6,399,886 compared with working capital of $6,127,881 at March 31, 2012. The Company had cash on hand, in short-term deposits and in trust of $6,568,511 at March 31, 2013, compared with $6,527,679 at March 31, 2012.

Licenses development

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

In addition, the Company is completing the planning, together with AziNam, of a near term program for 2013 to include additional 2D and 3D 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

	Year Ended March 31,			
		2013		2012
Revenue				
Interest income	$	63,858	$	12,473
Operating Expenses				
Compensation and professional fees(1)	$	1,375,107	$	1,099,709
Share-based compensation	$	996,000	$	809,600
Operating costs(2)	$	974,642	$	1,409,577
General and administrative costs(3)	$	688,200	$	798,860
Foreign exchange	$	11,714	$	32,472
Depreciation	$	2,397	$	397
Transaction costs	$	-	$	1,546,919
Net loss for the year	$	(3,984,202)	$	(5,685,061)

Notes

(1) Net of $53,939 recovered from AziNam pursuant to the Offshore JOAs.
(2) Net of $157,108 recovered from AziNam pursuant to the Offshore JOAs.
(3) Net of $73,447 recovered from AziNam pursuant to the Offshore JOAs.

Exploration and evaluation assets and expenditures

a) 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.

b) Exploration and evaluation expenditures associated with a business combination or asset acquisition are capitalized.

c) 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.

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

e) 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 retroactive to April 2012, as indicated in the summary below

Interest income

During the year ended March 31, 2013, the Company earned interest of $63,858 from funds invested in interest bearing deposits with financial institutions, as compared with $12,473 earned during the year ended March 31, 2012. The increase in interest earned reflects the additional cash held in interest bearing deposits, resulting from the Company's financing activities in January 2012 and in November 2012.

Expenses

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

Compensation and professional fees

Compensation and professional fees represent amounts paid by the Company for consulting, compensation and professional services 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 year ended March 31, 2013, the Company incurred expenses of $1,429,046 for consulting, compensation and professional fees and services, and billed AziNam $53,939, being its contribution to expenses in this category. During the year ended March 31, 2012, the Company incurred expenses of $1,099,709 in this category. The increase in expenditures reflects the addition of a full-time Chief Financial Officer to the management team, the provision of strategic advisory services to the Company and the additional staffing and services required, as the Company migrated from a start-up operation to an operating entity.

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. Stock options granted vest as to one third on grant date and one third on each anniversary date of the grant, for the next two years.

In May 2012, 350,000 stock options were granted by the Company. The fair value of the stock options granted was estimated at $168,000 using the Black-Scholes option pricing model, using the following assumptions: Expected option life 5 years, volatility 110%, risk-free interest rate 1.21% and dividend yield 0%.

In December 2012, 900,000 stock options were granted by the Company. The fair value of the stock options granted was estimated at $265,500 using the Black-Scholes option pricing model, using the following assumptions: Expected option life 5 years, volatility 110%, risk-free interest rate 1.37% and dividend yield 0%.

During the year ended March 31 2012, 5,260,000 stock options were granted by the Company.

The fair value of all stock options that vested during the year ended March 31, 2013 was $996,000, and the fair value of all stock options that vested during the year ended March 31, 2012 was $809,600.

Operating costs

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

During the year ended March 31, 2013, the Company incurred expenses of $1,131,750 in operating costs and billed AziNam $157,108, being its contribution to expenses in this category. Included in these expenditures is the purchase of 2D data and interpretations relating to the Company's Guy Block and data interpretations and reports relating to the Offshore Blocks. These reports are detailed under *Overview of Operations* above. During the year ended March 31, 2012, the Company incurred expenses of $1,409,577 in operating costs.

General and administrative costs

During the year ended March 31, 2013, the Company incurred expenses of $761,647 in general and administrative costs and billed AziNam $73,447, being its contribution to expenses in this category. During the year ended March 31, 2012, the Company incurred expenses of $798,860 in this category. These expenses include public company charges, travel and entertainment, occupancy and general office expenditures.

Foreign exchange

The foreign exchange movement during the year ended March 31, 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			
	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
Total Sales	$ -	$ -	$ -	$ -
Net loss for the period	$ (775,633)	$ (655,089)	$ (1,232,239)	$ (1,321,241)
Basic loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)

	Quarter ended			
	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Total Sales	$ -	$ -	$ -	$ -
Net loss for the period	$ (2,075,512)	$ (1,837,205)	$ (887,433)	$ (884,911)
Basic loss per share	$ (0.03)	$ (0.04)	$ (0.02)	$ (0.02)

Following the closing of the 2011 Financing (as defined below), 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 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.

Additional Disclosure for Venture Issuers Without Significant Revenue

	Year Ended March 31,	
	2013	2012
Expenditures on exploration and evaluation		
Cooper License	$ 371,000	$ 344,000
Guy License	$ 675,000	$ 344,000
Sharon License	$ 433,000	$ 325,000
Onshore licenses	$ 237,000	$ 346,000
	$ 1,716,000	$ 1,359,000
General and administrative expenses		
Travel expenses	$ 252,000	$ 483,000
Occupancy and office expenses	$ 350,000	$ 69,000
Public company costs	$ 111,000	$ 215,000
Insurance	$ 34,000	$ 18,000
Financial services	$ 11,000	$ 31,000
Advertising and Communication	$ 3,000	$ 33,000
JOA Recoveries	$ (73,000)	$ -
	$ 688,000	$ 799,000

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.

On April 25, 2011 and May 5, 2011, Eco Oil and Gas Ltd completed a private placement of 6,200,000 units (the "**2011 Units**") at $0.50 per unit for net proceeds of $2,972,176 (the "**2011 Financing**"). Each 2011 Unit consisted of one ordinary share of Eco Privateco and one half warrant (each full warrant, an "**EOG Warrant**"). Each EOG Warrant gave the holder the right to purchase one ordinary share from Eco Privateco at a price per share equal to $1.00, at any time up to a date one year from a Liquidity Event, as defined in the warrant certificate.

The Company acquired cash of $763,117 in connection with the Business Combination.

On January 6, 2012, the Company completed a non-brokered private placement in which it issued 9,874,682 units (the "**2012 Units**") for net proceeds of $5,662,245. Each 2012 Unit consisted of one Common Share and one half warrant (each full warrant, a "**2012 Warrant**"). Each 2012 Warrant gave the holder the right to purchase one Common Share at a price of $1.00 per Common Share, at any time up to July 6, 2013. On July 6, 2013, the term of Warrants was extended to July 6, 2014.

On May 10, 2012, the Company received $85,208 from the exercise of 85,000 EOG Warrants.

On November 16, 2012, the Company completed a non-brokered private placement in which it issued 8,098,500 Common Shares for net proceeds of $3,176,318.

The net proceeds from the private placements, Business Combination and warrant exercise noted above were and will continue to be used for the exploration and development of its oil and gas licenses and for general corporate and working capital purposes.

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 all five Licenses are as follows:

Year	Offshore Licenses[1]		Onshore Licenses[2]	
1	$	1,650,000	$	500,000
2 & 3	$	5,200,000	$	-
4	$	143,550,000	$	2,900,000
5	$	245,500,000	$	2,400,000
6	$	2,250,000	$	500,000
7 & 8	$	2,500,000	$	3,000,000
8 & 9	$	10,000,000		-
Total	**$**	419,950,000	**$**	9,300,000

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 $7,000,000 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.

At March 31, 2013, the Company had working capital of $6,399,886 (March 31, 2012 - $6,127,881).

As at the date of this MD&A, the Company has cash on hand and in short term investments of $5,540,000 which are held in Canadian and Namibian banks.

Common Share Data (as at July 16, 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.

Commitments

The Company has office lease commitments as follows:

2014	$ 23,095
2015	14,200
Total	$ 47,687

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:

	Year ended March 31, 2013	**Year ended March 31, 2012**
	$	**$**
Amount paid for exploration services to a company of of which a director of the Company is the President and CEO	472,807	467,427
Amount outstanding at the end of the year	48,675	52,861
Fees for management services paid to a company controlled by the President and CEO of the Company	248,000	190,803
Amount outstanding at the end of the year	23,374	20,000
Fees paid to companies controlled by the CFO of the Company	157,500	45,580
Amount outstanding at the end of the year	-	2,000
Fees for management services paid to a company controlled by the Executive Vice President of the Company	120,000	84,000
Amount outstanding at the end of the year	-	10,000
Fees paid to companies controlled by the chairman of the Company	68,000	57,079
Amount outstanding at the end of the year	18,000	20,114

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:

	Year ended March 31, 2013	**Year ended March 31, 2012**
	$	$
Salaries, fees and benefits	837,852	543,382
Stock-based compensation	953,456	768,950
Total	**1,791,308**	**1,312,332**

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 consolidated 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 consolidated financial statements for the year ended March 31, 2013include, 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 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.

Recent Accounting Pronouncements

The Company is currently assessing the impact of the following recent accounting pronouncements on its consolidated financial statements:

IFRS 7, Financial Instruments Disclosures, was amended by the IASB in January 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013.

IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

IFRS 10, Consolidated Financial Statements and IFRS 12, Disclosure of Interests in Other Entities: In May 2011, IASB issued IFRS 10 and IFRS 12. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity's consolidated financial statements. IFRS 10 sets out three elements of control: a) power over the investee; b) exposure, or rights, to variable returns from involvement with the investee; and c) the ability to use power over the investee to affect the amount of the investors return. IFRS 10 sets out the requirements on how to apply the control principle. IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's consolidated financial position, financial performance and cash flows. IFRS 10 and IFRS 12 supersede IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 and IFRS 12 are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted if adopted along with IFRS 11, IAS 27 (revised) and IAS 28 (revised).

IFRS 11, Joint Arrangements: On May 12, 2011 the IASB issued IFRS 11 which will replace IAS31, Interest in Joint Ventures. The new standard will apply to the accounting for interests in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor in classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidation will be removed and replaced with equity accounting. IFRS 11 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 13, Fair Value Measurement: In May 2011, the IASB issued IFRS 13. This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements. IFRS 13 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. Fair value is a market-based measurement, not an entity-specific measurement so assumptions that market participants would use should be applied in measuring fair value.

IFRS 13 is effective for annual periods on or after January 1, 2013, with earlier application permitted. This IFRS is to be applied prospectively as of the beginning of the annual year in which it is initially applied and the disclosure requirements do not need to be applied in comparative periods before initial application.

IAS 1, Preparation of Financial Statements: In June 2011, IAS 1 was issued by the IASB and the Financial Accounting Standards Board ("FASB"). IAS 1 amends standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS 1, to require companies preparing financial statements under IFRS to separately group items within OCI that may be reclassified to profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.
The amendments to IAS 1 set out in Presentation of Items of Other Comprehensive Income are effective for fiscal years beginning on or after July 1, 2012.

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.