ECO (ATLANTIC) OIL & GAS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED

DECEMBER 31, 2011

Prepared by:

ECO (ATLANTIC) OIL & GAS LTD.

120 Adelaide St. W, Suite 1204
Toronto, ON, Canada, M5H 1T1
Tel: +1 416.250.1955
Fax: +1 416.361.6455

February 8, 2012

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Eco (Atlantic) Oil & Gas Ltd. ("Eco Atlantic" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine month periods ended December 31, 2011. This discussion should be read in conjunction with the audited financial statements of the Company for the period ended March 31, 2011, together with the notes thereto and the unaudited condensed consolidated interim financial statements for the three and nine month periods ended December 31, 2011, together with the notes thereto. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the Standing Interpretations Committee of the IASB for interim financial reporting and, accordingly, do not include all of the information and notes required by IFRS for annual financial statements. Further information about the Company and its operations can be obtained from the offices of the Company or at **www.ecooilandgas.com**.

Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at **www.sedar.com** or at the Company's offices.

All amounts are reported in Canadian dollars, unless otherwise noted. This MD&A is dated February 8, 2012.

Forward Looking Information

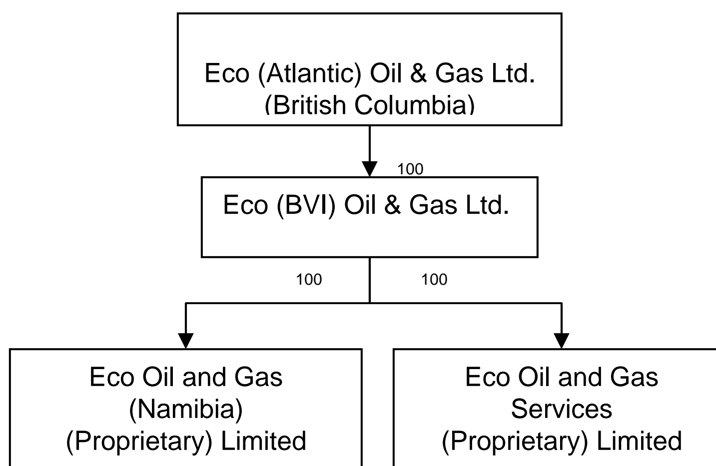
Statements contained in this MD&A that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of petroleum and/or natural gas; capital expenditures; costs, timing 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.

Description of Business

The Company is an integrated oil and gas exploration company focused on the new and bourgeoning energy play in Namibia. The shares of the Company trade on the TSX Venture Exchange (the "Exchange") under the symbol EOG.

The structure of the Company is as indicated below:



Through its wholly owned subsidiary, Eco Oil & Gas (Namibia) (Proprietary) Limited ("Eco Namibia"), the Company holds five petroleum and Coal Bed Methane ("CBM") licenses, issued by the Government of the Republic of Namibia. Eco Namibia, founded in 2008, enjoys a strong local presence, having a longstanding relationship with the energy and oil and gas sector in Namibia and the region.

Offshore, the Company holds three license blocks covering more than 25,000 square kilometres (6,177,000 acres) (the "Offshore Licenses") and onshore, the Company holds two license blocks covering 30,000 square kilometres (7,413,000 acres) (the "Onshore Licenses").

The Company is in the development stage and has not yet commenced principal operations other than acquiring the necessary geological data and analyzing it. The Company is currently engaged in the exploration and development of its material property, the Cooper License (as defined below), in order to assess the existence of commercially exploitable quantities of oil and gas.

The Company also intends to undertake evaluation work on the other licenses it currently holds to establish whether future exploration and expenditures are justified.

The Company's Offshore Licenses include (i) petroleum exploration license number 0030 (relating to license area location 2012A in the Republic of Namibia), referred to as the "Cooper License"), (ii) petroleum exploration license number 0033 (relating to license area location 2213A and 2213B in the Republic of Namibia, referred to as the "Sharon License"), and (iii) petroleum exploration license number 0034 (relating to license area location 2111B and 2211A in the Republic of Namibia, referred to as the "Guy License"). The Offshore Licenses were granted to the Company by the Republic of Namibia, Ministry of Mines and Energy on March 14, 2011. The Company has a 90% interest in the Offshore

Licenses and the National Petroleum Corporation of Namibia ("NAMCOR") has a 10%interest in the Offshore Licenses.;

The Company's Onshore Licenses include (i) coal bed methane exploration license number 0031 (relating to license area location 2013B, 2014B and 2114 in the Republic of Namibia) and (ii) coal bed methane exploration license number 0032 (relating to license area location 2418 in the Republic of Namibia). The Onshore Licenses were granted to the Company by the Republic of Namibia, Ministry of Mines and Energy on March 14, 2011. The Company has a 90% interest in the Onshore Licenses and the National Petroleum Corporation of Namibia ("NAMCOR") has a 10% interest in the Onshore Licenses.;

The Company is in the process of farming out the following licenses:

- On December 8, 2011, the Company announced that it has entered into a Farm-out Agreement (the "FOA") with West Bay Investments, Ltd. ("West Bay"), a Belize corporation focused on the exploration and development of unconventional onshore hydrocarbon projects in sub Saharan Africa. West Bay will farm into both of the Company's CBM onshore license blocks.

  The Company is a party to two separate CBM Agreements: one CBM Agreement covers Blocks 2013B, 2014B and 2114 and the other covers Block 2418. Pursuant to the FOA, West Bay, or a subsidiary of West Bay, will acquire a 50% working interest in the onshore portion of each of the following Blocks in Namibia: CBM Blocks 2013B (excluding the Western section which extends offshore), 2014B, 2114 and 2418 (the "Permits"). The assignment of a 50% working interest in the Permits to West Bay is subject to the approval of the Namibia Ministry of Mines and Energy (in progress at December 31, 2011).

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

- On December 22, 2011, the Company announced that it has entered into an agreement with Azimuth Ltd. ("Azimuth"), an exploration and production company jointly owned by Seacrest Capital Ltd. and Petroleum Geo-Services ASA ("PGS").

  Pursuant to this agreement,, Azimuth will acquire a 20% working interest in each of the Company's offshore Namibia licenses, namely the Cooper License, the Sharon License and the Guy License (jointly, the "Rights") in return for funding 40% of the cost of 3D seismic surveys covering 2,500 square kilometres across all three Rights.

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

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

Overall Performance

Highlights

- Acquisition of approx. 800km of 2D on Cooper block, analyzed and processed by Gustavson Associates, and forming part of a 51-101 compliant 450 million barrels P50 resource report, released by Petrotech Engineering Ltd.;
- Acquisition of approx. 700km of 2D data on Guy block for a 51-101 resource report (analysis and interpretation in progress with Kinley Exploration LLC and Gustavson Associates);
- Ongoing analysis of the additional approx. 700KM 2D data acquired on Sharon block by Kinley Exploration LLC and Gustavson Associates to conclude a definitive resource report on Sharon block, (expected to be finalized in the upcoming months);
- On January 6, 2012, the Company completed a non-brokered private placement (the "Offering") by issuing 9,874,682 units at a price of $0.60 per unit for a total dollar amount of approximately $5,925,000;
- Completed the reverse takeover (defined herein) with Goldbard (defined herein);
- Entered into a Farm-out Agreement on the two onshore licenses with West Bay according to which they farm into 50% of the Company's onshore licenses in return for 80% carry and US$400,000 in cash. They assume all obligations under the CBM agreements and Kinley Exploration and the Company remain Operators. (See "Description of Business", above);
- Entered into a Letter of Intent with Azimuth to farm into 20% of the Company's offshore licenses in return for 40% carry of the entire 3D program (US$10 million out of US25 million) and an equity investment in the Company of $3 million. (See "Description of Business" above and "Financing" under subheading "Overall Performance"); and
- Opening of the Company's local Namibian headquarters with five personnel, led by Naeman Amalwa and Phillipine Angula as the general and deputy managers.

Transaction

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

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

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

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

Financing

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

- On March 25, 2011, in connection with the acquisition of the Licenses, Old Eco issued 5,000,000 common shares at a fair value of $0.50 per common share.

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

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

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

- On January 6, 2012, the Company completed a Offering by issuing 9,874,682 units at a price of $0.60 per unit for a total dollar amount of approximately $5,925,000.

  Each unit consists of one common share and one half of a common share purchase warrant, with each full warrant exercisable at $1.00 for 18 months. The Company paid aggregate cash commissions of approximately $213,000 and issued a total of 353,415 warrants as finders' fees in connection with the Offering. Each finder's fee warrant entitles the holder to purchase one common share at $1.00 exercisable for 24 months.

  Azimuth, *(see Description of Business above),* subscribed for $3 million as part of the Offering.

Financial

As at December 31, 2011, the Company had assets of $5,682,120 and a net equity position of $4,575,129. This compares with assets of $3,508,565 and a net equity position of $3,366,531 at March 31, 2011. The Company had liabilities of $1,106,991at December 31, 2011 (March 31, 2011 - $142,034)

At December 31, 2011, the Company had working capital of $857,440, compared to working capital of $95,533 at March 31, 2011. The Company had cash of $1,459,906 at December 31, 2011, compared to

$111,643 at March 31, 2011, an increase of about $1.3 million. The increase in cash and working capital during the nine months ended December 31, 2011, is primarily due to the Company's financing initiatives.

While the Company has no source of revenue, it believes it has sufficient cash resources to meet its administrative overhead and planned exploration program over the next 12 months as a result of the Offering completed on January 6, 2012. In order to meet future expenditures and cover administrative and exploration costs beyond that point, the Company will need to raise additional financing. 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 favourable to the Company. See "Financial Conditions, Liquidity and Capital Resources", below.

Trends

The Company will focus on crude oil and gas exploration.

There are significant uncertainties regarding the price of crude oil and other natural resources and the availability of equity financing for the purposes of acquisitions, exploration and development activities. The future performance of the Company is largely tied to the development of its current oil and natural gas properties and the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects.

Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing and raising funds. Companies worldwide have been materially and adversely affected by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of oil and natural gas exploration and development, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of the Company to develop and/or further explore its current oil and gas properties and any other property interests that may be acquired in the future.

The Company is aware that governments around the world are looking to the resource sector as a possible source of additional revenue, be it taxes or royalties.

For a summary of other factors and risks that have affected, and which in future may affect, the Company and its financial position, please refer to the section entitled "Risk Factors", below.

Overall Objective

The primary business objective of the Company is to build a significant oil and natural gas exploration and development company based upon its holdings in the Republic of Namibia.

Off-Balance-Sheet Arrangements

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 considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company. The Company continues to evaluate properties and corporate entities that it may acquire in the future.

Selected Quarterly Information

Three Months Ended	Total Sales ($)	Profit or loss	
		Total ($)	Loss Per Share ($)
December 31, 2011	-	(1,911,740) (1)	(0.04)
September 30, 2011	-	(755,167) (2)	(0.02)
June 30, 2011	-	(784,913) (3)	(0.01)
January 4, 2011 to March 31, 2011	-	(456,573) (4)	(0.10)

Notes:

(1) Net loss of $1,911,740 consisted primarily of transaction costs of $1,389,493, operating costs of $170,660, professional fees of $57,936, consulting fees of $101,422, travel costs of $46,340, regulatory fees of $54,783, change in fair value of warrant liability of $74,535, general and administrative of $1,388, bank charges and interest of $11,967, foreign exchange of $3,094, and depreciation of $122.

(2) Net loss of $755,167 consisted primarily of operating costs of $353,659, professional fees of $212,641, consulting fees of $194,803, travel costs of $72,410, regulatory fees of $15,442, change in fair value of warrant liability of ($132,266), general and administrative of $18,236, bank charges and interest of $924, insurance of $20,081 and foreign exchange of ($763).

(3) Net loss of $784,913 consisted primarily of operating costs of $526,769, professional fees of $113,194, consulting fees of $59,886, travel costs of $35,758, regulatory fees of $47,677, general and administrative of $1,886, bank charges and interest of $61 and foreign exchange of ($320).

(4) Net loss of $456,573 consisted primarily of professional fees of $104,095, consulting fees of $227,291, travel costs of $101,590, general and administrative of $16,817, bank charges and interest of $296, and foreign exchange of $6,484.

Discussion of Operations

Nine months ended December 31, 2011

The level of operations has been determined by the availability of capital resources. To date, private placement financings have provided the sole source of funding.

By December 31, 2011, the Company has not reported any profit since it is still under the development stage.

The Company's net loss totaled $3,451,820 for the nine months ended December 31, 2011, with basic and diluted loss per share of $0.07. There is no comparative period as the Company was incorporated on January 4, 2011. The net loss of $3,451,820 consisted of the following items:

- Operating expenditures in the amount of $1,051,088 were incurred as work continued on the Company's Licenses.

- Transaction costs of $1,389,493 were incurred as a direct result of the RTO. Specific details of the RTO are as follows:

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

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

	$
Cash	**763,177**
Accounts Receivable	**20,627**
Property and Equipment	**4,417**
Accounts payable and accrued liabilities	**(24,983)**
Transaction costs	**1,247,873**
Value attributed to the Company shares issued	**2,011,111**

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

- Regulatory fees in the amount of $117,902 were incurred as a result of the Company's RTO.

- Professional fees in the amount of $383,772 were incurred. These costs include mostly accounting, legal, and other professional services required for the RTO.

- Travel costs of $154,509 were incurred. The costs include business development and travel charges incurred to raise the Company's investor profile, including developing new project opportunities in the Republic of Namibia.

- Consulting fees in the amount of $356,111 were incurred. These costs can be attributed to fees paid to management (See "Related Party Transactions" below).

- Change in fair value of warrant liability of $57,731 was incurred. This amount can be attributed to the fair market value warrant adjustment at December 31, 2011. The fair value of the warrants was determined using the Black Scholes Option Pricing Model. The 3,759,116 warrants issued to investors with an exercise price of $0.80 (after the RTO was completed) meet the revaluation requirement and therefore the value of these warrants is presented as a current liability on the consolidated statement of financial position. As at December 31, 2011, warrant liability was $515,829 (March 31, 2011 - $nil).

- Foreign exchange loss in the amount of $2,011 was incurred. Foreign exchange losses are as a result of fluctuations in the Namibian dollar rates against the Canadian dollar.

- All other expenses related to general working capital.

Three months ended December 31, 2011

The Company's net loss totaled $1,911,740 for the three months ended December 31, 2011, with basic and diluted loss per share of $0.04. There is no comparative period as the Company was incorporated on January 4, 2011. The net loss of $1,911,740 consisted of the following items:

- Operating expenditures in the amount of $170,660 were incurred as work continued on the Company's Licenses.

- Transaction costs of $1,389,493 were incurred as a direct result of the RTO. Specific details of the RTO are as disclosed on page 8.

- Regulatory fees in the amount of $54,783 were incurred as a result of the Company's RTO.

- Professional fees in the amount of $57,936 were incurred. These costs include mostly accounting, legal, and other professional services required for the RTO.

- Travel costs of $46,340 were incurred. The costs include business development and travel charges incurred to raise the Company's investor profile, including developing new project opportunities in the Republic of Namibia.

- Consulting fees in the amount of $101,422 were incurred. These costs can be attributed to fees paid to management (See "Related Party Transactions" below).

- Change in fair value of warrant liability of $74,535 was incurred. This amount can be attributed to the fair market value warrant adjustment at December 31, 2011. The fair value of the warrants was determined using the Black Scholes Option Pricing Model. The 3,759,116 warrants issued to investors with an exercise price of $0.80 (after the RTO was completed) meet the revaluation requirement and therefore the value of these warrants is presented as a current liability on the consolidated statement of financial position. As at December 31, 2011, warrant liability was $515,829 (March 31, 2011 - $nil).

- Foreign exchange loss in the amount of $3,094 was incurred. Foreign exchange losses are as a result of fluctuations in the Namibian dollar rates against the Canadian dollar.

- All other expenses related to general working capital.

Financial Conditions, Liquidity and Capital Resources

1. Financial Conditions

Since inception, the Company has secured the Licenses that with time and in the event that exploration results warrant so, will be explored, developed and potentially brought into production to provide the Company with positive cash flow. The Company has expended its funds on the acquisitions of these petroleum assets and as a result, has incurred losses since incorporation. The Company is in the exploration stage and has no income from operations.

The Company expects to incur expenditures to further its exploration programs. However, in order to finance exploration activities for the long term, the Company will require additional sources of finance. The Company is considering various alternatives with respect to raising additional capital to remedy any future shortfall in capital including but not limited to a potential equity financing. The Company may deem it necessary to raise capital through equity markets, debt markets or other financing arrangements, including participation arrangements that may be available for continued exploration expenditures.

The Company's ability to continue as a going concern is dependent upon obtaining the necessary financing to complete further exploration and development activities and generate profitable operations from its oil and natural gas interests in the future. The Company's current operations are dependent upon the adequacy of its current assets to meet its current expenditure requirements, and meeting the commitment requirement in order to maintain all the Licenses.

On November 25, 2011, the Company closed its Business Combination with Goldbard, pursuant to the Agreement discussed in "Overall Performance" above. Going forward, the Company will continue to rely on equity or debt financings for its working capital. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions may dictate availability and interest. See "Risk Factors". The primary purposes of the Business Combination was to obtain additional equity capital, create a public market for the Company's securities, diversify the asset holdings of the Company and facilitate future access by the Company to financing opportunities.

Use of Funds [(1)]	**Amount**
Business Combination transaction costs	$230,000
Explore and Develop Cooper License	
- Complete Phase I Desktop Study	$nil
- Phase II Seismic Acquisition Survey	$1,500,000
Explore and Develop other Offshore Licenses	$550,000
- Complete Phase I Desk Desktop Studies	
Reserve for exploration and development of the Cooper Licenses	$183,000
Working Capital	$150,000
General corporate expenses (12 months)	$775,000
Total	**$3,388,000**

(1) The use of funds table has been taken from the Management Information Circular filed on SEDAR at www.sedar.com on August 26, 2011.

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

2. Liquidity

In order to maintain the Licences, the Company is required to meet the specific minimum work program commitments for each phase of development of the license. Dollar values have also been allocated to each phase. If the Company has completed the minimum exploration work set out for any period early, it will be relieved from spending the minimum exploration expenditure for that period later. The minimum aggregate exploration expenditure for all five Licenses under the License Agreements are as follows:

Year	Offshore Licenses	Onshore Licenses
Year 1	$1,650,000	$2,900,000
Year 2 & 3	$26,000,000	$6,000,000
Year 3 & 4	$368,250,000	$500,000
Year 5	$750,000	$2,400,000
Year 6	$1,500,000	$500,000
Year 7 & 8	$12,500,000	$3,000,000
Total	**$410,650,000**	**$15,300,000**

Total Offshore and Onshore equals $425,950,000.

The Company is currently engaged in the exploration and development of its material property, the Cooper License, 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 for the Cooper License.

The Company has sufficient funds to comply with the commitments of the Cooper License for the following 18 months without embarking on an additional equity financing. The Company also intends to undertake evaluation work on the other Licenses it currently holds to establish whether future exploration and expenditures are justified.

The Company's current cash and cash equivalents are sufficient to meet its exploratory commitments of all the Licenses for the coming exploratory commitments in the next 12 months as a result of the Offering completed on January 6, 2012.

3. Capital resources

Cash as of December 31, 2011, was $1,459,906 (March 31, 2011 - $111,643), which was obtained through issuance of additional common shares. The Company's working capital at December 31, 2011, was $857,440 (March 31, 2011 - $95,533).

With the Offering of $5,925,000 that closed on January 6, 2012, the Company believes it has sufficient cash resources to meet its administrative overhead and planned exploration program over the next 12 months. In order to meet future expenditures and cover administrative and exploration costs beyond that point, the Company will need to raise additional financing. 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 favourable to the Company.

Related Party Transactions

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

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

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

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

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

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

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

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

Critical Accounting Estimates

The preparation of the unaudited interim consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. The preparation of the unaudited interim consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Critical accounting estimates

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

i) Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairments of non-financial assets have been recorded for the three and nine months ended December 31, 2011.

ii) Useful life of property, plant and equipment

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

iii) Stock-based compensation

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

iv) Warrants issued to investors

The Company's Warrant instruments issued to investors are classified as derivative financial liabilities and measured at fair value until the instrument is extinguished or exercised. Fair value is determined based on quoted market prices for the warrants. If quoted market prices are not available, fair value is calculated using the Black-Scholes option pricing model. Any gain or loss arising from the revaluation of these

warrants is recognized in the statement of operations and comprehensive (loss) income.

Critical judgments used in applying accounting policies

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

i) Exploration and evaluation costs

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

ii) Income taxes and recovery of deferred tax assets

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

Future Accounting and Reporting Changes

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

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

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

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

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

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

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

Risk Management

a) Credit risk

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

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

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

b) Commodity price risk

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

c) Interest rate risk

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

d) Liquidity risk

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

The Company utilizes authorization for expenditures to further manage capital expenditures and attempts to match its payment cycle with available cash resources. Accounts payable and accrued liabilities at December 31, 2011, all have contractual maturities of less than 90 days and are subject to normal trade terms.

e) Foreign currency risk

The Company is exposed to foreign currency fluctuations on its operations in Namibia, which are denominated in Namibian dollars.

Capital Management

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's ability to raise future capital is subject to uncertainty and the inability to raise such capital may have an adverse impact over the Company's ability to continue as a going concern.

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

Outlook

The Company will be engaged in the exploration and development of its material property, the Cooper License, in order to assess the existence of commercially exploitable quantities of oil and gas. The Company also intends to undertake evaluation work on the other Licenses it currently holds to establish whether further exploration and expenditure are justified.

Share Capital

At the date of this MD&A, the following securities were outstanding:

Common shares outstanding	60,274,682
Options issued to directors, senior officers, employees and consultants	5,260,000
Warrants outstanding [1]	8,290,756
Common shares outstanding assuming exercise of all options and conversion of warrants	74,584,554

(1) 3,000,000 of these warrants were issued in connection with the RTO and entitle the holders thereof to acquire 3,759,116 common shares in the capital of the Company for a period of one (1) year from the closing of the RTO.

Risk Factors

The business of exploring for, developing and producing oil and gas reserves is inherently risky. The Company will face numerous and varied risks which may prevent it from achieving its goals.

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

Obtaining Financing
The Company is an early-stage oil and gas exploration company without any revenues, and there can be no assurance of its ability to develop and operate its projects profitably. The Company has historically depended entirely upon capital infusion from the issuance of equity securities to provide the cash needed to fund its operations, but the Company cannot assure shareholders that it will be able to continue to do so. The Company's ability to continue in business depends upon its continued ability to obtain significant financing from external sources and the success of its exploration efforts and any production efforts resulting therefrom. Any reduction in its ability to raise equity capital in the future would force the Company to reallocate funds from other planned uses and could have a significant negative effect on its business plans and operations, including its ability to continue its current exploration activities.

Commercial Risk
In order to assign recoverable resources of oil and gas, the Company must establish a development plan consisting of one or more projects. In-place quantities for which a feasible project cannot be defined using established technology or technology under development are classified as unrecoverable. In this context, "technology under development" refers to technology that has been developed and verified by testing as feasible for future commercial applications to the subject reservoir. In the early stage of exploration or development, as is the case for the Company, project definition will not be of the detail expected in the later stages of maturity. In most cases, recovery efficiency will be largely based on analogous projects.

Estimates of recoverable quantities are stated in terms of the sales products derived from a development program, assuming commercial development. It must be recognized that reserves, contingent resources and prospective resources involve different risks associated with achieving commerciality. The likelihood that a project will achieve commerciality is referred to as the "chance of commerciality." The chance of commerciality varies in different categories of recoverable resources as follows:

Reserves: To be classified as reserves, estimated recoverable quantities must be associated with a project(s) that has demonstrated commercial viability. Under the fiscal conditions applied in the estimation of reserves, the chance of commerciality is effectively 100 percent.

Contingent Resources: Not all technically feasible development plans will be commercial. The commercial viability of a development project is dependent on the forecast of fiscal conditions over the life of the project. For contingent resources, the risk component relating to the likelihood that an accumulation will be commercially developed is referred to as the "chance of development." For contingent resources, the chance of commerciality is equal to the chance of development.

Prospective Resources: Not all exploration projects will result in discoveries. The chance that an exploration project will result in the discovery of petroleum is referred to as the "chance of discovery." Thus, for an undiscovered accumulation, the chance of commerciality is the product of two risk components -- the chance of discovery and the chance of development.

Exploration Risk
Oil and gas exploration involves a high degree of risk. These risks are more acute in the early stages of exploration. The Company's exploration expenditures may not result in new discoveries of oil or gas in commercially viable quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions, such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. If exploration costs exceed estimates, or if exploration efforts do not produce results that meet expectations, exploration efforts may not be commercially successful, which could adversely impact the ability to generate revenues from operations.

Operational Risk
If the Company's operations are disrupted and/or the economic integrity of its projects is threatened for unexpected reasons, business may experience a setback. These unexpected events may be due to technical difficulties, operational difficulties which impact the production, transport or sale of products, geographic and weather conditions, business reasons or otherwise. Because the Company will be in its early stages of development, it will be particularly vulnerable to these events. Prolonged problems may threaten the commercial viability of operations. Moreover, the occurrence of significant unforeseen conditions or events in connection with the acquisition of operations in Namibia may cause the Company to question the thoroughness of its due diligence and planning process which occurred before the acquisitions, and may cause the Company to re-evaluate the business model and the viability of its contemplated business. Such actions and analysis may cause the Company to delay development efforts and to miss out on opportunities to expand operations.

Development Risk
To the extent that the Company succeeds in discovering oil and/or gas, reserves may not be capable of production levels projected or in sufficient quantities to be commercially viable. On a long-term basis, the Company's viability depends on the ability to find or acquire, develop and commercially produce additional oil and gas reserves. Without the addition of reserves through exploration, acquisition or development activities, reserves and production will decline over time as reserves are produced. Future reserves will depend not only on the ability to develop then-existing properties, but also on the ability to identify and acquire additional suitable producing properties or prospects, to find markets for the oil and natural gas developed and to effectively distribute production into markets.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-downs of connected wells resulting from extreme weather conditions, problems in storage and distribution and adverse geological and mechanical conditions. While the Company will endeavour to effectively manage these conditions, it may not be able to do so optimally, and will not be able to eliminate them completely in any case. Therefore, these conditions could diminish revenue and cash flow levels and result in the impairment of oil and gas interests.

Drilling Risks
There are risks associated with the drilling of oil and gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, craterings, sour gas releases, fires, spills or natural disasters. The occurrence of any of these and other events could significantly reduce revenues or cause substantial losses, impairing future operating results. The Company may become

subject to liability for pollution, blow-outs or other hazards. The Company may obtain insurance with respect to these hazards, but such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. The payment of such liabilities could reduce the funds available to the Company or could, in an extreme case, result in a total loss of properties and assets. Moreover, the Company may not be able to maintain adequate insurance in the future at rates that are considered reasonable. Oil and gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Environmental Risks

All phases of the oil and gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner that may result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. The application of environmental laws to the Company's business may cause it to curtail production or increase the costs of production, development or exploration activities.

Operations

Operations are subject to all of the risks frequently encountered in the development of any business, including control of expenses and other difficulties, complications and delays, as well as those risks that are specific to the oil and gas industry. Investors should evaluate the Business Combination and the proposed Company in light of the delays, expenses, problems and uncertainties frequently encountered by companies developing markets and operations in foreign countries.

Reserve Estimates

The Company will make estimates of oil and gas reserves, upon which it will base financial projections. The Company will make these reserve estimates using various assumptions, including assumptions as to oil and gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Some of these assumptions are inherently subjective, and the accuracy of reserve estimates relies in part on the ability of the management team, engineers and other advisers to make accurate assumptions. Economic factors beyond the Company's control, such as interest rates and exchange rates, will also impact the value of reserves. The process of estimating oil and gas reserves is complex, and will require the Company to make significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each property. As a result, reserve estimates will be inherently imprecise. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and gas reserves may vary substantially from those estimated. If actual production results vary substantially from reserve estimates, this could materially reduce revenues and result in the impairment of oil and gas interests.

Price Volatility

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which will be beyond the Company's control. World prices for oil and natural gas have fluctuated widely in recent years. It is expected that prices will fluctuate in the future. Price fluctuations will have a significant impact upon revenue, the return from oil and gas reserves and on financial conditions

generally. Price fluctuations for oil and gas commodities may also impact the investment market for companies engaged in the oil and gas industry. Future decreases in the prices of oil and gas may have a material adverse effect on financial conditions, the future results of operations and quantities of reserves recoverable on an economic basis. Oil prices in Namibia are related to international market prices, but adjustments that are defined by contract may cause realized prices to be lower than those received in North America.

Facilities

Oil and gas exploration and development activities are dependent on the availability of drilling and related equipment, transportation, power and technical support in the particular areas where these activities will be conducted, and access to these facilities may be limited. To the extent that operations are conducted in remote areas, needed facilities may not be proximate to operations, which will increase expenses. Demand for such limited equipment and other facilities or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. The quality and reliability of necessary facilities may also be unpredictable and the Company may be required to make efforts to standardize facilities, which may entail unanticipated costs and delays. Shortages and/or the unavailability of necessary equipment or other facilities will impair activities, either by delaying activities, increasing costs or otherwise.

Marketing and Distribution

To sell the oil and gas that is produced, if any, the Company will have to make arrangements for storage and distribution to the market. The Company will rely on local infrastructure and the availability of transportation for storage and shipment of products, but infrastructure development and storage and transportation facilities may be insufficient for the Company's needs at commercially acceptable terms in the localities in which the Company will operate. This could be particularly problematic to the extent that operations are conducted in remote areas that are difficult to access, such as areas that are distant from shipping and/or pipeline facilities. In certain areas, there may be only one gathering system, trucking company or pipeline, and, if so, the ability to market production would be subject to their reliability and operations. These factors may affect the ability to explore and develop properties and to store and transport oil and gas production and may increase expenses. Furthermore, future instability in one or more of the countries in which the Company will operate, weather conditions or natural disasters, actions by companies doing business in those countries, labour disputes or actions taken by the international community may impair the distribution of oil and/or natural gas and in turn diminish the Company's financial condition or ability to maintain operations.

Operating Expenses

Exploration, development, production, marketing (including distribution costs) and regulatory compliance costs (including taxes) will substantially impact the net revenues derived from oil and gas produced, if any. These costs are subject to fluctuations and variation in different locales in which the Company will operate, and the Company may not be able to predict or control these costs. If these costs exceed expectations, this may adversely affect results of operations. In addition, the Company may not be able to earn net revenue at predicted levels, which may impact the ability to satisfy any obligations.

Volatility of Market for Company Shares

The market price of the Company's shares may be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond the Company's control, including: (i) dilution caused by issuance of additional Company shares and other forms of equity securities, which the Company may make in connection with future capital financings to fund operations and growth, to attract and retain valuable personnel and in connection with future strategic partnerships with other companies, (ii) announcements of new acquisitions, reserve discoveries or other business initiatives by competitors, (iii) fluctuations in revenue from the oil and gas business as new reserves come to market, (iv) changes in the market for oil and gas commodities and/or in the capital markets generally, (v) changes in the demand

for oil and gas, including changes resulting from the introduction or expansion of alternative fuels, and (vi) changes in the social, political and/or legal climate in the regions in which the Company operates. In addition, the market price of the Company's shares could be subject to wide fluctuations in response to (a) quarterly variations in revenues and operating expenses, (b) changes in the valuation of similarly situated companies, both in the oil and gas industry and in other industries, (c) changes in analysts' estimates affecting the Company, competitors and/or the industry, (d) changes in the accounting methods used in or otherwise affecting the industry, (e) additions and departures of key personnel, (f) announcements of technological innovations or new products available to the oil and gas industry, (g) announcements by relevant governments pertaining to incentives for alternative energy development programs, (h) fluctuations in interest rates, exchange rates and the availability of capital in the capital markets, and (i) significant sales of the Company's common stock, including sales by future investors in future offerings which may be made to raise additional capital. These and other factors will be largely beyond the Company's control, and the impact of these risks, singularly or in the aggregate, may result in material adverse changes to the market price of the Company's shares and/or results of operations and financial condition.

Fluctuations in Operating Results can cause Share Price Decline
The Company's operating results will likely vary in the future primarily from fluctuations in revenues and operating expenses, including the ability to produce the oil and gas reserves that are developed, expenses that are incurred, the prices of oil and gas in the commodities markets and other factors. If the results of operations do not meet the expectations of current or potential investors, the price of the Company's shares may decline.

Decommissioning Costs
The Company may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines which are used for production of oil and gas reserves. Abandonment and reclamation of these facilities and the costs associated therewith is often referred to as "decommissioning." If decommissioning is required before economic depletion of the properties or if estimates of the costs of decommissioning exceed the value of the reserves remaining at any particular time to cover such decommissioning costs, the Company may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could impair the ability to focus capital investment in other areas of the business.

Foreign Operations
The oil and gas industry in Namibia is not as efficient or developed as the oil and gas industry in North America. As a result, exploration and development activities may take longer to complete and may be more expensive than similar operations in North America. The availability of technical expertise, specific equipment and supplies may be more limited than in North America, and such factors may subject international operations to economic and operating risks that may not be experienced in North American operations.

Local Legal, Political and Economic Factors
The Company will operate its oil and gas activities in Namibia. Exploration and production operations in foreign countries are subject to legal, political and economic uncertainties, including interference with private contract rights (such as privatization), extreme fluctuations in currency exchange rates, high rates of inflation, exchange controls, changes in tax rates and other laws or policies affecting environmental issues (including land use and water use), workplace safety, foreign investment, foreign trade, investment or taxation, as well as restrictions imposed on the oil and gas industry, such as restrictions on production, price controls and export controls. Political and economic instability could result in new governments or the adoption of new policies, laws or regulations that might assume a substantially more hostile attitude toward foreign investment, including imposing additional taxes. In an extreme case, such a change could result in termination of contract rights and expropriation of foreign-owned assets. Any changes in oil and

gas or investment regulations and policies or a shift in political attitudes in Namibia will be beyond the Company's control and may significantly hamper the ability to expand operations or operate the business at a profit. Examples of such changes are changes in laws in the jurisdiction in which the Company will operate with the effect of favouring local enterprises, changes in political views regarding the exploitation of natural resources and economic pressures that may make it more difficult to negotiate agreements on favourable terms, obtain required licenses, comply with regulations or effectively adapt to adverse economic changes, such as increased taxes, higher costs, inflationary pressure and currency fluctuations.

Local Legal and Regulatory Systems

The Company intends to conduct exploration, development and production activities in Namibia, which may have different or less developed legal systems than in Canada or the United States. This may result in risks such as (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or, in an ownership dispute, being more difficult to obtain, (ii) a higher degree of discretion on the part of governmental authorities, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, and (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licenses and agreements for business. These licenses and agreements may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. Property right transfers, joint ventures, licenses, license applications or other legal arrangements pursuant to which the Company will operate may be adversely affected by the actions of government authorities and the effectiveness of and enforcement of rights under such arrangements in these jurisdictions may be impaired.

While the Namibian Petroleum Legislation has been in effect since 1991, the exploration of oil and natural gas in Namibia is still in its early stages and significant production has yet to be achieved. Accordingly, there is no enforcement history of the Namibian Petroleum Legislation. We cannot predict how the legislation will be interpreted or applied by Namibian authorities with respect to the production and marketing of oil and natural gas and the impact that it will have on the Company's operations and business. For instance, the enforceability of export rights and foreign exchange rights has no jurisprudential precedent. Other provisions, such as the discretionary power that Namibian authorities have to mandate the sale of a portion of production in the Namibian market and tax provisions have not yet been tested. There are currently no oil and natural gas gathering systems, pipelines or processing facilities in Namibia, and this may adversely affect the economic viability of any potential discoveries. Regulation of oil and natural gas production and transportation, general economic conditions and changes in supply and demand could also adversely affect the Company's ability to produce and market any potential discoveries of oil and natural gas.

Enforcement of Civil Liabilities

Certain of the directors of the Company and certain of the experts named herein may reside outside of Canada and, similarly, a majority of the assets of the Company will be located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors and experts not residing in Canada. It may also not be possible to enforce against the Company and certain of its directors and experts named herein judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Penalties

The Company's exploration, development, production and marketing operations will be regulated under foreign federal, state and local laws and regulations. Under these laws and regulations, the Company could be held liable for personal injuries, property damage, site clean-up and restoration obligations or

costs and other damages and liabilities. The Company may also be required to take corrective actions, such as installing additional safety or environmental equipment, which could require significant capital expenditures. Failure to comply with these laws and regulations may also result in the suspension or termination of operations and subject the Company to administrative, civil and criminal penalties, including the assessment of natural resource damages. The Company could be required to indemnify employees in connection with any expenses or liabilities that they may incur individually in connection with regulatory action against them. As a result of these laws and regulations, future business prospects could deteriorate and profitability could be impaired by costs of compliance, remedy or indemnification of employees, thus reducing profitability.

Lack of Diversification
The Company's business will focus on the oil and gas industry through a limited number of properties in Namibia. Larger companies have the ability to manage their risk by diversification. However, the Company will lack diversification, in terms of both the nature and geographic scope of business. As a result, factors affecting the oil and gas industry or the regions in which the Company will operate will likely impact the Company more acutely than if its business were more diversified.

Competition for Exploration and Development Rights
The oil and gas industry is highly competitive. This competition is increasingly intense as prices of oil and gas on the commodities markets have risen in recent years. Additionally, other companies engaged in the same line of business may compete with the Company from time to time in obtaining capital from investors. Competitors include larger, foreign owned companies, which, in particular, may have access to greater resources than the Company, may be more successful in the recruitment and retention of qualified employees and may conduct their own refining and petroleum marketing operations, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

Technology
The Company will rely on technology, including geographic and seismic analysis techniques and economic models, to develop reserve estimates and to guide exploration and development and production activities. The Company will be required to continually enhance and update its technology to maintain its efficacy and to avoid obsolescence. The costs of doing so may be substantial, and may be higher than the costs that are anticipated for technology maintenance and development. If the Company is unable to maintain the efficacy of the technology, the ability to manage the business and to compete may be impaired. Further, even if technical effectiveness is maintained, the technology may not be the most efficient means of reaching objectives, in which case higher operating costs may be incurred than if the technology was more efficient.

Foreign Currency Exchange Rate Fluctuation
The Company may sell oil and gas production under agreements that may be denominated in United States dollars or other foreign currencies. Many of the operational and other expenses incurred will be paid in the local currency of the country containing the operations. As a result, the Company will be exposed to currency exchange rate fluctuation and translation risk when local currency financial statements are translated to Canadian dollars, which may have a significant effect on profitability and/or comparability of revenues and expenses between periods.

Exchange Controls
Foreign operations may require funding if their cash requirements exceed operating cash flow. To the extent that funding is required, there may be exchange controls limiting such funding or adverse tax consequences associated with such funding. In addition, taxes and exchange controls may affect the dividends received from foreign subsidiaries. Exchange controls may prevent transferring funds abroad.

Insurance
Involvement in the exploration for and development of oil and gas properties may result in the Company becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Any insurance that the Company may obtain may have limitations on liability that it may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances, be insurable or, in certain circumstances, the Company may choose not to obtain insurance to protect against specific risks due to the high premiums associated with such insurance or for other reasons. The payment of such uninsured liabilities would reduce funds available. If the Company suffers a significant event or occurrence that is not fully insured, or if the insurer of such event is not solvent, the Company could be required to divert funds from capital investment or other uses towards covering the liability for such events.

Attracting and Retaining Talented Personnel
The Company's success will depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of management and other personnel in conducting the business of the Company. The Company will initially have a small management team and the loss of any of these individuals or the inability to attract suitably qualified staff could materially adversely impact the business. The Company may also experience difficulties in certain jurisdictions in efforts to obtain suitably qualified staff and in retaining staff who are willing to work in that jurisdiction. The Company's success will depend on the ability of management and employees to interpret market and geological data successfully and to interpret and respond to economic, market and other business conditions in order to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further, key personnel may not continue their association or employment with the Company, which may not be able to find replacement personnel with comparable skills. The Company has sought to and will continue to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If the Company is unable to attract and retain key personnel, business may be adversely affected.

Growth Management
The Company's strategy will envision expanding the business. If the Company fails to effectively manage growth, financial results could be adversely affected. Growth may place a strain on management systems and resources. The Company will need to continue to refine and expand business development capabilities, systems and processes and access to financing sources. As the Company grows, it will need to continue to hire, train, supervise and manage new employees. The Company may not be able to (i) expand systems effectively or efficiently or in a timely manner, (ii) allocate human resources optimally, (iii) identify and hire qualified employees or retain valued employees, or (iv) incorporate effectively the components of any business that may be acquired in the effort to achieve growth. If the Company is unable to manage growth and operations, the financial results could be adversely affected by inefficiency, which could diminish profitability.

Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the unaudited interim 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 unaudited interim consolidated financial statements, and (ii) the unaudited interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow 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.