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

Annual Consolidated Financial Statements

March 31, 2013 and 2012

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MNP LLP

Independent Auditor's Report

To the Shareholders of
Eco (Atlantic) Oil & Gas Ltd.

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of Eco (Atlantic) Oil & Gas Ltd., which comprise the consolidated statements of financial position as at March 31, 2013 and 2012, and the consolidated statements of operations and comprehensive loss, equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Eco (Atlantic) Oil & Gas Ltd. as at March 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern.

Other

The consolidated financial statements of Eco (Atlantic) Oil & Gas Ltd. for the year ended March 31, 2012 were audited by MSCM LLP of Toronto, Canada, prior to its merger with MNP LLP. MSCM LLP expressed an unmodified opinion on those statements on July 20, 2012.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
July 16, 2013

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

Consolidated Statements of Financial Position

	March 31, 2013	March 31, 2012
Assets		
Current assets		
Cash and cash equivalents	**$ 6,264,402**	$ 6,175,167
Cash in trust	**-**	252,512
Short-term investments *(Note 5)*	**304,109**	100,000
Accounts receivable and prepaid expenses	**63,604**	75,116
	6,632,115	6,602,795
Petroleum and natural gas licenses *(Note 6)*	**3,270,998**	3,270,998
Equipment *(Note 7)*	**5,250**	3,931
	$ 9,908,363	$ 9,877,724
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(Note 8)*	$ **232,229**	$ 474,914
Equity		
Share Capital *(Note 9)*	**16,961,370**	13,126,284
Warrants *(Note 16)*	**1,035,000**	1,608,560
Stock options *(Notes 1 and 15)*	**1,805,600**	809,600
Accumulated deficit	**(10,125,836)**	(6,141,634)
	9,676,134	9,402,810
	$ **9,908,363**	$ 9,877,724

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

Basis of Preparation and Going Concern *(Note 2)*

Commitments and Contingencies *(Notes 6, 12 and 14)*

Subsequent events *(Note 17)*

Approved by the Board of Directors of the Company

Signed: _____ Signed: _____

Director Director

Consolidated Statements of Operations and Comprehensive Loss

	Year ended March 31, 2013	Year ended March 31, 2012
Revenue		
Interest income	**$ 63,858**	$ 12,473
Operating expenses		
Compensation and professional fees *(Notes 6(v) and 8)*	**1,375,107**	1,099,709
Share-based compensation *(Notes 8 and 15)*	**996,000**	809,600
Operating costs *(Notes 6(v) and 8)*	**974,642**	1,409,577
General and administrative costs *(Notes 6(v) and 17)*	**688,200**	798,860
Foreign exchange loss	**11,714**	32,472
Depreciation	**2,397**	397
Transaction costs *(Note 1)*	**-**	1,546,919
	4,048,060	5,697,534
Net loss and comprehensive loss for the year	**$ (3,984,202)**	$ (5,685,061)
Loss per share - basic and diluted	**$ (0.06)**	$ (0.10)
Weighted average number of shares - basic and diluted	**63,778,261**	58,445,494

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

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

Consolidated Statements of Equity

	Number	Capital $	Warrants $	Stock Options $	Deficit $	Equity $
Balance, March 31, 2011	**30,000,000**	**3,823,104**	**-**	**-**	**(456,573)**	**3,366,531**
Shares issued April and May 2011, net of issue costs	6,200,000	2,972,176	-	-	-	2,972,176
Fair value of warrants issued – April and May 2011 share issue	-	(573,560)	573,560	-	-	-
Shares issued on conversion of EOG to EAOG shares	9,159,971	-	-	-	-	-
Equity accounts of Goldbard Capital Corporation	12,600,000	1,624,147	-	-	-	1,624,147
Goldbard Capital Corporation consolidation at 2.5 to 1	(7,560,000)	-	-	-	-	-
Elimination of Goldbard Capital Corporation equity accounts	(5,040,000)	(1,624,147)	-	-	-	(1,624,147)
Equity accounts on reverse takeover	5,040,000	2,011,111	-	26,208	-	2,037,319
Shares issued January 2012 net of issue costs	9,874,682	5,662,245	-	-	-	5,662,245
Fair value of warrants issued in connection with January 2012 share issue	-	(965,000)	965,000	-	-	-
Fair value of compensation warrants issued - January 2012 share issue	-	(70,000)	70,000	-	-	-
Stock options issued	-	-	-	809,600	-	809,600
Stock options exercised	480,000	240,000	-	-	-	240,000
Transfer on exercise of options	-	26,208	-	(26,208)	-	-
Loss for the year	-	-	-	-	(5,685,061)	(5,685,061)
Balance, March 31, 2012	**60,754,653**	**13,126,284**	**1,608,560**	**809,600**	**(6,141,634)**	**9,402,810**
Shares issued net of issue costs	8,098,500	3,176,318	-	-	-	3,176,318
Shares issued on exercise of warrants	106,508	85,208	-	-	-	85,208
Fair value of warrants exercised	-	16,253	(16,253)	-	-	-
Fair value of warrants expired		557,307	(557,307)	-	-	-
Stock options expensed -	-	-	-	996,000	-	996,000
Loss for the year	-	-	-	-	(3,984,202)	(3,984,202)
Balance, March 31, 2013	**68,959,661**	**16,961,370**	**1,035,000**	**1,805,600**	**(10,125,836)**	**9,676,134**

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

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

Consolidated Statements of Cash Flows

	Year ended March 31, 2013	Year ended March 31, 2012
Cash flow from operating activities		
Net loss for the year	**$ (3,984,202)**	$ (5,685,061)
Items not affecting cash:		
Share-based compensation	**996,000**	809,599
Depreciation	**2,397**	397
Transaction costs	**-**	1,274,081
Changes in non-cash working capital:		
Cash in trust	**252,512**	(252,512)
Accounts receivable and prepaid expenses	**11,512**	(75,116)
Subscriptions receivable	**-**	125,924
Accounts payable and accrued liabilities	**(242,685)**	332,880
	(2,964,466)	(3,469,808)
Cash flow from investing activities		
Equipment acquired	**(3,716)**	(4,266)
Short-term investments	**(204,109)**	(100,000)
Cash acquired on reverse takeover	**-**	763,177
	(207,825)	658,911
Cash flow from financing activities		
Proceeds from issuance of share capital	**3,239,400**	8,634,421
Share issue costs	**(63,082)**	-
Proceeds from exercise of warrants	**85,208**	240,000
	3,261,526	8,874,421
Increase in cash and cash equivalents	**89,235**	6,063,524
Cash and cash equivalents, beginning of year	**6,175,167**	111,643
Cash and cash equivalents, end of year	**$ 6,264,402**	$ 6,175,167
Supplementary information		
Cash and cash equivalents, end of year		
Cash at banks	**$ 60,391**	$ 764,815
Cash on deposit	**$ 6,204,011**	$ 5,410,352
Non-cash investing and financing activities		
Goldbard issuance of shares	**$ -**	$ 2,011,111

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

1. Nature of Operations

Eco (Atlantic) Oil & Gas Ltd (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 ("Exchange"). The head office of the Company is located at 120 Adelaide Street West, Suite 1204, Toronto, Ontario.

Its activities are directed towards the identification, acquisition, exploration and development of petroleum, natural gas and coal bed methane ("CBM") licenses in the Republic of Namibia.

On November 25, 2011, Goldbard completed its business combination when its wholly-owned subsidiary, Goldbard Resources Inc. ("GRI") amalgamated with Eco Oil and Gas (Pty) Ltd ("EOG"), a private oil and gas exploration company.

The amalgamation was accomplished through an exchange of shares which resulted in the reverse takeover of the Company by the shareholders of EOG (the "Business Combination"). Concurrent with the Qualifying Transaction, Goldbard changed its name to Eco (Atlantic) Oil & Gas Ltd. ("EAOG"), and was continued into British Columbia under the Business Corporations Act (British Columbia).

These annual consolidated financial statements were approved by the Board of Directors of the Company on July 16, 2013.

Reverse Takeover

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 control the consolidated group subsequent to the transaction and these annual consolidated financial statements are a continuation of the financial statements of EOG, with a deemed issuance of shares, equivalent to the shares held by the former shareholders of Goldbard, and a re-capitalization of the equity of EOG.

In connection with the Qualifying Transaction, the shareholders of Goldbard approved a consolidation (the "Share Consolidation") of the common shares of Goldbard on the basis of 2.5 shares for one new share (a "Consolidated Share").

Under the terms of the Business Combination, the shareholders of EOG received 1.253 Consolidated Shares for each EOG share held, 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 3,759,116 Consolidated Shares.

The fair value of the shares issued to the Goldbard shareholders was based on EOG's April 25, 2011 private placement of Units *(see Note 9)*, adjusted for the exchange ratio of 1.253 Consolidated Shares for each EOG share. Based on this ratio, the deemed price of the Units was $0.40.

As the Goldbard shareholders received 5,040,000 shares at a deemed price of $0.40 per share, the value attributed to the Goldbard assets at November 25, 2011 was $2,011,111, which was 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 Eco (Atlantic) shares issued	$	2,011,111

1. Nature of Operations (continued)

Reverse Takeover (continued)

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 to be $26,208 using the Black-Scholes option pricing model, with the following assumptions; dividend yield of 0%, expected volatility of 110%, a risk free interest rate of 1.26% and expected life of 0.25 years. As a result, the transaction costs were determined to be $1,274,081 plus subsequent legal costs related to the transaction of $272,838.

2. Basis of Preparation and Going Concern

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results in accordance with IFRS have been included.

The ability of the Company to continue as a going concern depends upon the discovery of economically recoverable petroleum, natural gas and CBM reserves on its licenses, the ability of the Company to obtain financing to complete development, and upon future profitable operations from the licenses or profitable proceeds from their disposition. The Company is a development stage company and has not earned any revenues to date. These annual consolidated financial statements do not reflect any adjustments to the carrying value of assets and liabilities that would be necessary if the Company were unable to achieve profitable operations or obtain adequate financing.

There can be no assurance that the Company will be able to raise funds in the future, in which case the Company may be unable to meet its future obligations. These matters raise substantial doubt about the Company's ability to continue as a going concern. In the event the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts recorded on its consolidated statements of financial position.

The Company has accumulated losses of $10,125,836 since its inception and expects to incur further losses in the development of its business.

3. Summary of Significant Accounting Policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The policies applied in these annual consolidated financial statements are based on IFRS issued and outstanding as of July 16, 2013, the date the Board of Directors approved the statements.

3. Summary of Significant Accounting Policies (continued)

Statement of compliance (continued)

The significant accounting policies followed by the Company are summarized as follows:

Basis of consolidation

The annual consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Eco (BVI) Oil & Gas Ltd. ("EBVI"), Eco Oil and Gas (Namibia) (Pty) Ltd. ("EOGN"), and Eco Oil and Gas Services (Pty) Ltd. ("EOGS").

Foreign currencies

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

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

Financial instruments

Financial instruments are required to be classified as one of the following: held-to-maturity; loans and receivables; fair value through profit or loss; available-for-sale or other financial liabilities.

The Company's financial instruments include cash, short-term investments, accounts receivable, accounts payable and accrued liabilities. The Company designated its cash as fair value through profit or loss, its accounts receivable as loans and receivables, and its account payable and accrued liabilities, as other financial liabilities, all of which are measured at amortized cost.

Fair value through profit or loss financial assets are measured at fair value, with gains and losses recognized in operations. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive loss.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of a financial instrument that is quoted in active markets is based on the bid price for a financial asset held and the offer price for a financial liability. When an independent price is not available, fair value is determined by using a valuation which refers to observable market data. Such a valuation technique includes comparisons with a similar financial instrument where an observable market price, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants exist.

3. Summary of Significant Accounting Policies (continued)

Exploration and evaluation assets and expenditures

i) Expenditures

For oil and gas prospects not commercially viable and financially feasible, the Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of oil and gas prospects, property option payments and evaluation activities. Exploration and evaluation expenditures associated with a business combination or asset acquisition are capitalized.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for production operations. Capitalization ceases when the oil and natural gas reserves are capable of commercial production, with the exception of development costs that give rise to a future benefit.

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

ii) Depletion and depreciation

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

iii) Impairment

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

iv) Asset retirement obligations

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

The Company currently does not have any asset retirement obligations.

3. Summary of Significant Accounting Policies (continued)

Income taxes

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

Revenue recognition

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

Business combinations and goodwill

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

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

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

Loss per share

Basic loss per share is computed based on the weighted average number of common shares outstanding during the period. Share purchase warrants and stock options outstanding have not been included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

Segment reporting

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

Significant accounting judgments and estimates

The preparation of the annual 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, the reported amounts of revenues and expenses and to exercise judgment in the process of applying the accounting policies.

3. Summary of Significant Accounting Policies (continued)

Significant accounting judgments and estimates (continued)

Critical accounting estimates

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

i) Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairments of non-financial assets have been recorded for the year ended March 31, 2013.

Critical judgments used in applying accounting policies

In the preparation of these annual 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 annual consolidated financial statements.

Re-classifications

Certain prior year balances have been reclassified to conform with the current year's presentation

4. Future Accounting and Reporting Changes

The Company is currently assessing the impact of the following recent accounting pronouncements on the 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.

4. Future Accounting and Reporting Changes (continued)

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.

5. Short-term Investments

The Company's short-term investments comprise interest bearing deposits with the its primary bank, which are held as collateral for credit-card lines of credit and GIC's held with an investment company.

6. Petroleum and Natural Gas Licenses

	Balance April 1, 2012	Additions (Business Acquisition)	Additions (License Fees)	Impairment and Abandonment	Balance March 31, 2013
Licenses	**$ 3,270,998**	**$ -**	**$ -**	**$ -**	**$ 3,270,998**

	Balance April 1, 2011	Additions (Business Acquisition)	Additions (License Fees)	Impairment and Abandonment	Balance March 31, 2012
Licenses	$ 3,270,998	$ -	$ -	$ -	$ 3,270,998

(i) On March 14, 2011, the Ministry of Mines and Energy of the Republic of Namibia (the "Ministry"), granted two onshore and three offshore petroleum and natural gas exploration licenses (the "Licenses") to EOGN. The National Petroleum Corporation of Namibia ("NAMCOR"), a legal entity enacted under the Namibian Companies Act of 1973, has a 10% interest in all the Licenses. The onshore licenses are comprised of Blocks 2013B, 2014B, 2114 and Block 2418 (jointly, the "Onshore Licenses"). The offshore licenses are comprised of the Cooper License (Block 2012A), the Sharon License (Blocks 2213A and 2213B) and the Guy License (Blocks 2111B and 2211A) (jointly, the "Offshore Licenses").

(ii) All Licenses are initially issued for four years with two renewal options of two years each, after which time the licenses revert back to the government, unless a production license is granted at any time within the eight year period. Production licenses are generally granted for a 25 year term. The Licenses are subject to license agreements entered into between the Company and the Ministry. *(See Subsequent Events Note 17(ii))*

(iii) In October 2012, the Company received Ministry confirmation of its revised work plan, which provides for a single exploration well on each license by the fourth anniversary of each license. The Company also received approval to extend the scope of the Onshore Licenses to include the exploration and development of shale gas.

6. Petroleum and Natural Gas Licenses (continued)

(iv) The Company's commitments under the license agreements are as follows: *(See Subsequent Events Note 17 (ii))*

Year 1 (ending March 31, 2012)	
Desktop study	$ 2,150,000
Year 2 and 3 (ending March 31, 2013 and 2014)	
Complete and interpret a 500 Sq Km 3D seismic survey	5,200,000
Year 4 (ending March 31, 2015)	
Drill exploratory well through targets identified by 3D seismic	122,750,000
Complete and interpret a 2,000 Sq Km 3D seismic survey	20,800,000
Core hole drilling	2,400,000
Evaluation report	500,000
	146,450,000
Year 5 (ending March 31, 2016)	
Drill exploratory well through targets identified by 3D seismic	245,500,000
Additional core hole drilling	2,400,000
	247,900,000
Year 6 (ending March 31, 2017)	
Assessment of second core hole	500,000
Resource assessment and production assessment first renewal	750,000
First renewal period offtake/production engineering	1,500,000
	2,750,000
Year 7 and 8 (ending March 31, 2018 and 2019)	
Second renewal period additional 500 Sq Km 3D seismic	15,500,000
	$ 419,950,000

As at March 31, 2013, the Company had incurred costs of in excess of $2,150,000 in connection with the desktop study and is in compliance with its initial commitments.

The entire amount of petroleum and natural gas licenses relates to license acquisition costs. As the Company has not commenced principal operations as at March 31, 2013, no depletion has been recorded.

6. Petroleum and Natural Gas Licenses (continued)

(v) On December 22, 2011, the Company entered into an agreement (the "Farm-out Agreement") with Azimuth Ltd. ("Azimuth") an oil and gas exploration company, pursuant to which Azimuth acquired a 20% working interest in each of the Company's Offshore Licenses in return for funding 40% of the cost of 3D seismic surveys covering 2,500 square kilometers across all Offshore Licenses. Under the Joint Operating Agreement (the "JOA") entered into between Azimuth, NAMCOR and the Company and signed on January 24, 2013, 20% of certain operating, general and administrative expenses and compensation and professional fees incurred by the Company are recoverable from Azimuth. During the year ended March 31, 2013, the Company commenced billing Azimuth for its share of such expenses as recoveries of costs. The consolidated Statements of Operations and Comprehensive Loss, reflect expenditures net of these recoveries from Azimuth. The amounts recovered from Azimuth were; operating expenses $157,108, general and administrative expenses $73,447 and compensation and professional fees $53,939.

Following approval of the Farm-out Agreement by the Ministry on May 31, 2012, the Company owns a 70% interest, Azimuth a 20% interest and NAMCOR its 10% interest in the Offshore Licenses (the 'NAMCOR Interest"). The exploration activity on the Offshore Licenses is performed in the framework of the JOA, pursuant to which the Company is designated the operator of the Offshore Licenses.

The Company and Azimuth will be responsible for designing, sourcing and operating all aspects of 3D seismic surveys of the Offshore Licenses. The Company carries the NAMCOR Interest during the exploration period. Once production commences, NAMCOR will reimburse the Company, from production, for the full previously carried amount plus 20% interest on funds advanced by the Company.

7. Equipment

		Cost		**Accumulated Depreciation**		**March 31, 2013 Net Book Value**
Equipment	**$**	**9,810**	**$**	**4,560**	**$**	**5,250**

		Cost		Accumulated Depreciation		March 31, 2012 Net Book Value
Equipment	**$**	6,094	$	2,163	$	3,931

8. Related Party Transactions and Balances

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

	March 31, 2013 $	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 a company 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:

	March 31, 2013 $	March 31, **2**012 $
Salaries, fees and benefits	**837,852**	543,382
Stock-based compensation	**953,456**	768,950
Total	**1,791,308**	1,312,332

9. Share Capital

Authorized: Unlimited Common Shares

Issued:	**Common Shares**	**Amount $**
Balance March 31, 2011	30,000,000	3,823,104
Shares issued in connection with private placement *(i)(ii)(iv)*	6,200,000	3,100,000
Share issue costs *(iv)*	-	(127,824)
Fair value of warrants issued – April and May 2011 share issue *(vi)*	-	(573,560)
Conversion of EOG shares *(Note 1)*	9,159,971	-
Equity accounts of Goldbard *(Note 1)*	12,600,000	1,624,147
Goldbard equity consolidation *(Note 1)*	(7,560,000)	-
Elimination of Goldbard equity *(Note 1)*	(5,040,000)	(1,624,147)
Shares issued to Goldbard shareholders *(Note 1)*	5,040,000	2,011,111
Shares issued in connection with private placement *(v)*	9,874,682	5,924,810
Share issue costs *(v)*	-	(262,565)
Fair value of warrants issued *(vii)*	-	(965,000)
Fair value of compensation warrants issued - January 2012 share issue *(v)*	-	(70,000)
Stock options exercised	480,000	240,000
Fair value of stock options exercised		26,208
Balance, March 31, 2012	**60,754,653**	**13,126,284**
Shares issued net of issue costs *(viii)*	8,098,500	3,176,318
Shares issued on exercise of warrants	106,508	85,208
Fair value of warrants exercised	-	16,253
Fair value of warrants expired *(Note 16)*	-	557,307
Balance, March 31, 2013	**68,959,661**	**16,961,370**

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

9. Share Capital (continued)

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

(iii) Following the Business Combination, the EOG Warrants issued in the April Financing and the May Financing were replaced with 3,759,116 EAOG warrants with an exercise price of $0.80 per share.

(iv) On May 5, 2011, EOG issued 200,000 shares of EOG valued at $0.50 per share as consideration for consulting services in connection with the April Financing and incurred cash costs of $27,824 in connection with the financing.

(v) On January 6, 2012, EAOG completed a private placement financing (the "January Financing") of 9,874,682 units of EAOG (the "January Units") at $0.60 per Unit for gross proceeds of $5,924,810. Each Unit consisted of one common share of EAOG and one half of one EAOG Warrant. Each EAOG Warrant gives the holder the right to purchase one common share from EAOG at a price per common share equal to $1.00. The Company incurred costs of $262,564 in connection with the financing and issued 353,415 EAOG compensation warrants, fair valued at $70,000, in connection with the financing. *See Subsequent Events Note 17(i).*

(vi) The fair value of the warrants issued in the April Financing and May Financing 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 1.45% and initial expected life of 12 months.

(vii) The fair value of the warrants issued in the January Financing was determined using the Black-Scholes option pricing model. The assumptions used were: dividend yield of 0%, expected volatility of 110%, a risk free interest rate of 1.20% and initial expected life of 18 months.

(viii) On November 19, 2012 EAOG completed a non-brokered private placement of common shares of the Company (the "Common Shares") (the "Offering"). In connection with the Offering, the Company issued 8,098,500 Common Shares at a price of $0.40 per Common Share for gross proceeds of $3,239,400. The Company incurred costs of $63,082 in connection with this private placement.

(ix) 13,970,494 of the Company's shares are held in escrow.

10. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended March 31 is as follows:

	March 31, 2013 $	March 31, 2012 $
Net loss before recovery of income taxes	**3,984,202**	(5,685,061)
Expected income tax recovery	**(1,055,810)**	(1,577,600)
Difference in foreign tax rates	**(4,730)**	342,500
Tax rate changes and other adjustments	**(188,180)**	(261,050)
Non-deductible expenses	**272,840**	215,550
Undeducted share issue costs	**(16,720)**	**(**127,800)
Change in tax benefits not recognized	**992,600**	1,408,400
Income tax recovery reflected in the statements of operations and comprehensive loss	-	-

The 2013 statutory tax rate of 26.5% differs from the 2012 statutory tax rate of 27.75% because of the reduction in both federal and provincial substantively enacted tax rates.

Deferred income tax

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	March 31, 2013 $	March 31, 2012 $
Deferred Income Tax Assets		
Non-capital losses – Canada	3,337,150	1,384,000
Non-capital losses – Foreign	3,336,200	2,096,700
Share issue and financing costs	386,500	368,300
Deductible temporary differences	177,000	184,700

Foreign non-capital losses may be carried forward indefinitely. Share issue and financing costs are amortized between 2013 and 2017. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

10. Income Taxes (continued)

The Canadian non-capital loss carry forwards expire as follows:

2027	$62,510
2028	182,650
2029	165,820
2030	345,490
2031	263,890
2032	845,270
2033	1,471,520
	$3,337,150

11. Asset Retirement Obligations ("ARO")

The Company is legally required to restore its properties to their original condition. Estimated future site restoration costs will be based upon engineering estimates of the anticipated method and the extent of site restoration required in accordance with current legislation and industry practices in the various locations in which the Company has properties.

As of March 31, 2013 and 2012, the Company did not operate any properties, accordingly, no ARO was required.

12. Capital Management

The Company considers its capital structure to consist of share capital, deficit and reserves. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition, exploration and development of its licenses. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is a development stage entity; as such the Company is dependent on external equity financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended March 31, 2013. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's ability to raise future capital is subject to uncertainty and the inability to raise such capital may have an adverse impact over the Company's ability to continue as a going concern *(Note 2)*.

13. Risk Management

a) Credit risk

The Company's credit risk is primarily attributable to short-term investments and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Short-term investments consist of deposits with Schedule 1 banks, from which management believes the risk of loss to be remote. Amounts receivable consist of advances to suppliers and harmonized sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to amounts receivable is remote. The Company does not hold any non-bank asset backed commercial paper.

b) Interest rate risk

The Company has cash balances, cash on deposit and no interest bearing debt. It does not have a material exposure to this risk.

d) Liquidity risk

The Company ensures, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or harm to the Company's reputation.

As at March 31, 2013, the Company had cash on hand and on deposit of $6,568,511 (2012 - $6,275,167) to settle current liabilities of $232,229 (2012 - $474,914).

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 March 31, 2013 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. Sensitivity to a plus or minus 10% changes in rates would not have a significant effect on the net loss of the Company, given the Company's minimal assets and liabilities designated in Namibian dollars as at March 31, 2013.

14. Commitments and Contingencies

Licenses

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

The Company submitted work plans for the development of the Namibian licenses, see *Note 6* for details.

Commitments

The Company has office lease commitments as follows:

2014	$	23,095
2015		14,200
Total	$	37,295

15. Stock Options

The Company maintains a stock option plan (the "Plan") for the directors, officers, consultants and employees of the Company and its subsidiary companies. The maximum number of options issuable under the Plan shall be equal to ten percent (10%) of the Outstanding Shares of the Company less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement of the Company.

A summary of the status of the Plan as at March 31, 2013 and changes during the year was as follows:

	Number of stock options	Weighted average exercise price ($)	Remaining contractual life - years
Balance, March 31, 2011	-	-	
Granted November 2011	480,000	0.50	
Exercised February 2012	(480,000)	0.50	
Granted January 2012	4,780,000	0.60	
Balance, March 31, 2012	4,780,000	0.60	3.79
Granted May 2012	350,000	0.68	4.13
Granted December 2012	900,000	0.40	4.74
Canceled and expired	(90,000)	(0.60)	
Balance, March 31, 2013	5,940,000	0.57	

On May 16, 2012, 350,000 stock options ("Options") were issued to a director of the Company. These Options are exercisable for a maximum period of five years from the date of the grant and vest as to one third on grant date and one third on each anniversary date of the grant, for the next two years. The fair value of the Options granted was estimated at $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%
Dividend yield 0%

On December 24, 2012, 900,000 stock options ("Options") were issued to certain directors and officers of the Company. These Options are exercisable for a maximum period of five years from the date of the grant and vest as to one third on grant date and one third on each anniversary date of the grant, for the next two years. The fair value of the Options granted was estimated at $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%
Dividend yield 0%

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

As at March 31, 2013, 3,976,111 options were exercisable. (2012 - 1,858,889).

16. Warrants

A summary of warrants outstanding at March 31, 2013 was as follows:

	Number of Warrants	Weighted average exercise price ($)	Remaining contractual life - years
Balance, March 31, 2011	-	-	-
Granted in connection with Business Combination *(Note 1)*	3,000,000	0.80	-
Compensation warrants *(Note 9(v))*	353,415	1.00	0.77
Granted in connection with January financing *(Note 9(v))*	4,937,341	1.00	1.47
Balance, March 31, 2012	8,290,756	0.93	
Exercised during the year ended March 31, 2013	(85,000)	0.80	
Expired during the year ended March 31, 2013 *(Note 9)*	(2,915,000)	0.80	
Balance, March 31, 2013	5,290,756	1.00	

17. General and Administrative Costs

General and administrative costs consist of the following:

	March 31, 2013 $	March 31, 2012 $
Travel expenses	252,109	432,863
Occupancy and office expenses	349,957	69,006
Public company costs	111,545	215,119
Insurance	33,871	18,238
Financial services	11,278	30,795
Advertising and communication	2,887	32,839
Recovered under JOAs *(Note 6(v))*	(73,447)	-
	688,200	798,860

18. Subsequent Events

(i) On July 5, 2013, the term of the 4,937,341 EAOG Warrants issued as part of the January Financing *(Note 9(v))* was extended for 12 months and the warrants will expire on July 6, 2014.

(ii) On July 8, 2013, the Ministry granted a one year extension of the Sharon and Guy licenses and a one year deferral of the Company's obligations to drill an exploratory well and to produce a resource assessment on each of the Sharon and Guy licenses *(Note 6(iv))*.