

EAST WEST PETROLEUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MARCH 31, 2019

This discussion and analysis of financial position and results of operation is prepared as at July 29, 2019 and should be read in conjunction with the audited consolidated financial statements for the years ended March 31, 2019 and 2018 of East West Petroleum Corp. ("East West" or the "Company"). The following disclosure and associated consolidated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Such factors include, but are not limited to: the ability to raise sufficient capital to fund exploration and development; the quantity of and future net revenues from the Company's reserves; oil and natural gas production levels; commodity prices, foreign currency exchange rates and interest rates; capital expenditure programs and other expenditures; supply and demand for oil and natural gas; schedules and timing of certain projects and the Company's strategy for growth; competitive conditions; the Company's future operating and financial results; and treatment under governmental and other regulatory regimes and tax, environmental and other laws.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity. Best estimate resources are considered to be the best estimate of the quantity that will actually be recovered from the accumulation. If probabilistic methods are used, this term is a measure of central tendency of the uncertainty distribution (most likely/mode, P50/median, or arithmetic average/mean). As estimates, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources that the estimated reserves or resources will be recovered or produced.

This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the reserve reports filed with respect to the Company's petroleum and natural gas properties.

Company Overview

The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") under the symbol "EW" as a Tier 1 issuer. The Company currently carries on business in one operating segment, being the acquisition of, exploration for and production from petroleum and natural gas properties. The Company's current portfolio consists of interests in exploration concessions in New Zealand and Romania and producing properties in the Taranaki Basin, New Zealand. The Company is not the operator of any of its petroleum and gas interests and is currently focussed on participating in further activities related to the exploration, evaluation and development of its petroleum interests in the Taranaki Basin, New Zealand and the exploration and appraisal of its four licences in Romania. The Company also holds investments in common shares of Advantage Lithium Corp.

(“Advantage Lithium”), American Helium Inc. (“American Helium”) and Seaway Energy Services Inc. (Seaway”), public companies whose common shares trade on the TSXV. The Company’s principal office is located at #1305 - 1090 West Georgia Street, Vancouver, BC, V6E 3V7.

Proposed Acquisition of Juva Life Inc.

On July 16, 2018 the Company entered into a non-binding letter of intent (the “Juva LOI”) to acquire all of the issued and outstanding common shares in the capital of Juva Life Inc. (“Juva”), a cannabis company based in California, USA. On February 7, 2019 the Company and Juva executed the agreement and plan of merger (the “Merger Agreement”). The transaction contemplated the completion of the restructuring of the Company’s capital structure and a re-organization of the Company’s assets through a plan of arrangement. Under the terms of the proposed transaction, the Company would acquire from the shareholders of Juva all of the common shares of Juva. The Company had scheduled a meeting of its shareholders to be held on March 15, 2019 to approve the Merger Agreement. The meeting was cancelled on March 12, 2019 and the Merger Agreement was officially terminated April 2, 2019. During fiscal 2019 the Company incurred \$136,222 for costs associated with the terminated merger.

In contemplation of the re-organization the Company had incorporated a wholly-owned subsidiary, EW Oil & Gas, and transferred all of the Company’s oil and gas assets and its investment portfolio to EW Oil & Gas.

Proposed Disposition of New Zealand Oil & Gas Assets

On June 24, 2019 the Company negotiated an arrangement to dispose of its New Zealand oil and gas assets. The Company has called a special meeting of the shareholders to be held on August 7, 2019 to seek approval for the proposed disposition. See also “Projects Update - New Zealand” and “Proposed Transactions”.

Directors and Officers

On March 14, 2019 Mr. David Sidoo stepped-down as President and Chief Executive Officer (“CEO”) of the Company and Mr. Nick DeMare assumed the position of Interim CEO. Mr. David Sidoo, remains a director of the Company.

On April 3, 2019 Mr. Dylan Sidoo tendered his resignation as a director of the Company and Mr. Mark T. Brown was appointed as a director of the Company. Mr. Brown is the President of Pacific Opportunity Capital Ltd., in Vancouver B.C. and has assisted in the successful establishment of several private and public companies. His corporate focus is merger and acquisition transactions, financing, strategic corporate planning, and corporate development.

As of the date of this MD&A the Company’s Board of Directors and Officers are as follows:

Nick DeMare	- Interim CEO, Chief Financial Officer (“CFO”), Corporate Secretary and director
Ross McElroy	- Director
Mark Brown	- Director
David Sidoo	- Director

Projects Update

In this MD&A, production and reserves information may be presented on a barrel of oil equivalent (“BOE”) basis with six thousand cubic feet (“MCF”) of natural gas being equivalent to one barrel (“bbl”) of crude oil or natural gas liquids. BOE’s may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 MCF: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

New Zealand

The Company has active drilling, testing and production operations in the Taranaki Basin of New Zealand. All licenses are operated by the Company’s partner, TAG Oil Ltd. (“TAG” or the “Operator”), and all wells are targeting shallow Miocene targets in the Urenui and Mt. Messenger formations which have been shown to be productive for oil and gas throughout the Basin, including TAG’s adjacent Cheal field. Within the Taranaki Basin, East West holds a 30% working interest in the Petroleum Exploration Permit (“PEP”) 54877 and the Petroleum Mining Permit PMP 60291 (Cheal East) and TAG owns the remaining 70%. On November 9, 2018 TAG entered into a definitive share and

asset purchase agreement with Tamarind Resources Pte. Ltd., to sell all of its Taranaki Basin assets and operations in New Zealand which includes TAG's interest in PEP 54877 and PMP 60291. On January 3, 2019, TAG's shareholders approved the sale. On March 5, 2019, TAG received consent from New Zealand's Overseas Investment Act 2005 for the transfer of ownership to Tamarind. TAG is currently waiting for final approval from New Zealand Petroleum and Minerals ("NZP&M") for the sale and transfer of operatorship to Tamarind. The Company assessed its options with respect to its 30% interest in Cheal East, given TAG's decision to dispose of all of its interest in the Taranaki Basin, and on June 24, 2019 the Company signed a heads of agreement with a private arm's length New Zealand company pursuant to which the Company has agreed to sell its 30% interest in PEP 54877 and PMP 60291. The Company will be required to obtain regulatory and shareholder approval. See also "Proposed Transaction".

PEP 54877 and PMP 60291 is the location of the Cheal E-Site and the Cheal E-site production facility as well as the Cheal-E wells. There has been continued positive response from the Cheal E waterflood program, with both production and pressure increases having been observed. The Cheal E waterflood program was expanded to include the conversion of the Cheal-E4 well to a water injector in two Mt. Messenger formation intervals, which is anticipated to sweep oil towards the Cheal-E1 producing well from the southern area of the field resulting in additional oil recovery and extending the Cheal-E site's field life.

During fiscal 2019 oil production increased from 23.4 Mbbl during fiscal 2018 to 27.8 Mbbl due to additional production from the Cheal-E6 being online for all of fiscal 2019 following a rod pump installation. This was partly offset by reduced production from Cheal-E1 due to pump efficiency issues and the well coming offline in December 2018 due to wax in tubing and not returning to production until March 2019. Cheal-E2 also came offline in October 2018 as a result of a downhole packer failure following installation of an artificial lift system and reduced production on Cheal-E8 due to a reduction in production after the well was initially drilled in 2018.

Gas production decreased during fiscal 2019 from 66 MMcf to 46 MMcf predominantly due to the Cheal-E1 pump efficiency issues and the well coming offline in December 2018 due to wax in tubing. Cheal-E2 also came offline in October 2018 as a result of a downhole packer failure following installation of an artificial lift system and reduced production on Cheal-E8 due to a reduction in production after the well was initially drilled in 2018. These decreases were partially offset by additional production from Cheal-E6 being online for all of fiscal 2019 following a rod pump installation.

The Company's 30% share of petroleum production from Cheal East averaged approximately 87 net BOEs per day in Q4/2019 compared to an average of approximately 77 net BOEs per day in Q3/2019. The increase in Q4/2019 compared to Q3/2019 is due to the Cheal-E1 returning to production in March 2019 following a planned workover to remediate pump efficiency issues and wax in tubing. This is partly offset by Cheal-E6 being temporarily offline during March 2019 for a planned workover to shift the pump depth.

Reserves Data

An independent reserves evaluation, relating to the resource base of the Company in the Cheal Area of New Zealand, effective March 31, 2019, has been prepared by Sproule International Limited. The report follows all industry standard procedures and is in conformity with the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 ("NI 51-101"). Readers are encouraged to review the Form 51-101 F1 - *Statement of Reserve Data and Other Oil and Gas Information*, which is a summary of the report, filed on the SEDAR website at www.sedar.com.

Reconciliation of Company Gross ⁽¹⁾ Reserves by Principal Product Type As of March 31, 2019

	Light and Medium Crude Oil			Conventional Natural Gas			Total Equivalent		
	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Proved (MMcf)	Gross Probable (MMcf)	Gross Proved Plus Probable (MMcf)	Gross Proved (MBOE)	Gross Probable (MBOE)	Gross Proved Plus Probable (MBOE)
March 31, 2018	43.0	53.0	96.0	75.0	99.0	174.0	55.5	69.5	125.0
Technical Revisions	37.8	(15.0)	22.8	67.0	(18.0)	49.0	49.1	(18.0)	31.1
Production	(27.8)	0.0	(27.8)	(46.0)	0.0	(46.0)	(35.6)	0.0	(35.6)
March 31, 2019	53.0	38.0	91.0	96.0	81.0	177.0	69.0	51.5	120.5

(1) The Gross Reserves presented here are the Company's working interest reserves before calculations of royalties, and before consideration of the Company's royalty interest.

Gross proved plus probable (“2P”) reserves estimates within the Taranaki Basin at March 31, 2019 were 120.5 MBOE compared to the March 31, 2018 2P reserves of 125.0 MBOE. Taking into account the 35.6 MBOE the Company produced over the fiscal year and the 31.1 MBOE increase for technical revisions and economic factors, the Company’s reserves overall decreased by 3.6%.

Romania

During fiscal 2010 the Company was informed by the government of Romania that it had been awarded four exploration blocks located in the Pannonian Basin, in western Romania. In May 2011 the Company signed petroleum concession agreements with the National Agency for Minerals and Hydrocarbons (“NAMR”) the government agency in Romania which regulates the oil and gas industry.

The four concessions have specific mandatory work programs (the “Romania Work Programs”), which were estimated at US \$62,741,000 for all four programs. Production from the concessions is also subject to royalties of between 3.5% to 13.5% based on quarterly gross production payable to the government.

On May 20, 2011 the Company and Naftna Industrija Srbije j.s.c. Novi Sad (“NIS”), an arm’s length corporation, signed a memorandum of understanding to jointly explore the four exploration blocks in Romania. On October 27, 2011 the Company and NIS signed a farm-out agreement (the “Farm-out”). Under the terms of the Farm-out, NIS has paid the Company a total of \$525,000 for the assignment of an 85% participation interest and operatorship of the Romania Work Programs to NIS. NIS is the operator of the four concessions and has the obligation to fund the Romania Work Programs, including environmental work, 2D and 3D seismic acquisition and processing, and the drilling of 12 wells. The Company retains a 15% carried interest in each block through the obligatory Phase I work program and an optional one year Phase II work program which carries additional commitments. The current expiries of the Phase I terms are as follows: Block EX-2 December 4, 2019, Block EX-3 November 22, 2019 and November 22, 2020 for Blocks EX-7 and EX-8. Extensions to either the Phase I or Phase II terms to allow completion of the Romania Work Programs may be possible subject to approval by NAMR. If a commercial discovery is made, the Company is responsible for its 15% interest in development of the commercial discovery.

NIS has proposed and is actively progressing comprehensive exploration programs in the EX-2, EX-3, EX-7 and EX-8 exploration blocks in Romania. Whilst all activities comprise part of the commitment work programs they are nevertheless dependent on securing all the necessary government and local approvals.

The operator, NIS, has proposed and is actively progressing comprehensive exploration programs in the EX-2, EX-3, EX-7 and EX-8 exploration blocks in Romania. It should be noted that all activities are dependent on securing the necessary government and local approvals.

On Block EX-3, processing of the data acquired last year on 223 km² 3D seismic program has been finished. Interpretation of data is ongoing and results are expected in Q4/2019 (calendar).

On Block Ex-2, acquisition program of 3D seismic in the amount of 170 Km² is about to commence in Q3/2019 (calendar). Significant progress in permitting has been achieved.

On Block EX-7, the preparatory activities for experimental production on Ter-1000 are about to be finalized, and the start is planned for the end of Q3/2019 (calendar). The initial testing program on appraisal well Ter-1001 was finished, and further testing is planned for this year. Results will be announced when received.

On Block EX-8, drilling on Bvs-1000 was finished in March this year, and preparation for testing is ongoing, with a plan to start in Q4/2019(calendar). The well encountered a high pressure-high temperature zone, which requires special equipment and additional time to contract it.

By the end of this year, two more wells are to be drilled, one more appraisal well Ter-1002 in EX-8 in Q4/2019 (calendar), and another exploration well in the same block, which will be spud in August 2019.

NIS is committed to fulfilling the work program under the licence obligations as soon as practical, considering certain legislative changes.

NIS will be funding 100% of the costs and fully carrying the Company through the commitment work programs in each of the blocks in return for earning an 85% interest in each licence.

Investments

As at March 31, 2019 the Company held 1,719,000 common shares of Advantage Lithium, 28,000 common shares of American Helium and 512,400 common shares of Seaway. The March 31, 2019 fair value of these investments was \$960,774. Certain current and former directors and officers of the Company are also current and former directors and /or officers of Advantage Lithium, American Helium and Seaway.

Selected Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements prepared in accordance with IFRS.

	Year Ended March 31,		
	2019 \$	2018 \$	2017 \$
Operations:			
Revenues, net of costs	1,298,796	657,333	852,055
Expenses	(1,367,820)	(2,085,197)	(8,327,258)
Other (loss) income	(1,272,429)	560,321	1,170,233
Loss before deferred income tax	(1,341,453)	(867,543)	(6,304,970)
Deferred income tax	Nil	81,000	Nil
Net loss	(1,341,453)	(786,543)	(6,304,970)
Other comprehensive income (loss), net	(63,165)	755,897	205,421
Comprehensive loss	(1,404,618)	(30,646)	(6,099,549)
Basic and diluted loss per share	(0.01)	(0.01)	(0.07)
Balance Sheet:			
Working capital	3,462,301	4,118,454	6,095,940
Total assets	7,843,667	8,912,682	8,895,822
Total long-term liabilities	(1,357,434)	(1,364,784)	(1,268,216)

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company prepared in accordance with IFRS.

	Fiscal 2019				Fiscal 2018			
	Mar. 31 2019 \$	Dec. 31 2018 \$	Sep. 30 2018 \$	Jun. 30 2018 \$	Mar. 31 2018 \$	Dec. 31 2017 \$	Sep. 30 2017 \$	Jun. 30 2017 \$
Operations:								
Total revenues	447,218	663,892	824,529	825,332	435,951	524,959	515,766	447,266
Operating costs	(272,134)	(388,400)	(336,961)	(464,680)	(393,119)	(284,069)	(289,285)	(300,136)
Expenses	(131,681)	(303,846)	(438,262)	(494,031)	(490,202)	(456,875)	(769,362)	(368,758)
Other income (expense)	(29,719)	(379,722)	(538,955)	(324,033)	(320,414)	719,842	71,975	88,918
Income (loss) before deferred income tax	13,684	(408,076)	(489,649)	(457,412)	(767,784)	503,857	(470,906)	(132,710)
Deferred income tax	Nil	Nil	Nil	Nil	(49,000)	130,000	Nil	Nil
Net income (loss)	13,684	(408,076)	(489,649)	(457,412)	(816,784)	633,857	(470,906)	(132,710)
Other comprehensive (loss) income, net of deferred income tax	(13,032)	141,685	(123,157)	(87,189)	132,529	853,936	533,772	(764,340)
Comprehensive income (loss)	652	(266,391)	(612,806)	(526,073)	(684,255)	1,487,793	62,866	(897,050)
Basic and diluted income (loss) per share	0.00	(0.00)	(0.01)	(0.00)	(0.01)	0.02	(0.01)	(0.00)
Balance Sheet:								
Working capital	3,462,301	3,872,357	3,821,391	4,048,277	4,118,454	4,067,039	3,260,564	4,373,986
Total assets	7,843,667	7,435,978	7,952,357	8,422,104	8,912,682	9,834,490	8,374,344	8,196,050
Decommissioning liabilities	(1,357,434)	(1,340,200)	(1,262,718)	(1,317,180)	(1,364,764)	(1,583,705)	(1,576,685)	(1,288,119)

Results of Operations

Three Months Ended March 31, 2019 (“Q4/2019”), Three Months Ended December 31, 2018 (“Q3/2019”), and Three Months Ended March 31, 2018 (“Q4/2018”).

Comparable revenues and operating costs for Q4/2019, Q3/2019 and Q4/2018 are as follows:

	Q4/2019	Q3/2019	Q4/2018
Total sales	\$ 447,218	\$ 663,892	\$ 435,951
Total volume	6,394 BOE	8,050 BOE	5,893 BOE
Average realized price per BOE	\$ 69.94	\$ 82.47	\$ 73.98
Petroleum sales	\$ 396,717	\$ 626,412	\$ 376,335
Petroleum volume	4,691 BOE	6,776 BOE	4,159 BOE
Average petroleum realized price per BOE	\$ 84.57	\$ 92.45	\$ 90.49
Natural gas sales	\$ 50,501	\$ 37,480	\$ 59,616
Natural gas volume	1,703 BOE	1,274 BOE	1,734 BOE
Average natural gas realized price per BOE	\$ 29.65	\$ 29.42	\$ 34.36
Production costs	\$ 195,983	\$ 299,330	\$ 312,347
Average per BOE	\$ 30.65	\$ 37.18	\$ 53.00
Transportation and storage costs	\$ 56,350	\$ 58,086	\$ 56,265
Average per BOE	\$ 8.81	\$ 7.22	\$ 9.55
Royalties	\$ 19,801	\$ 30,984	\$ 24,507
Average per BOE	\$ 3.10	\$ 3.85	\$ 4.16
Netback	\$ 175,084	\$ 275,492	\$ 42,832
Average per BOE	\$ 27.38	\$ 34.22	\$ 7.27

Q4/2019 compared to Q3/2019

Total sales revenues decreased by 33% from \$663,892 in Q3/2019 to \$447,218 in Q4/2019. The decrease is due to a decrease in average oil prices and a decrease in total sales volumes due to utilization of high oil inventory levels in Q3/2019 resulting in reduced volumes lifted in Q4/2019 compared to Q3/2019.

During Q4/2019 production costs decreased by 35%, from \$299,330 in Q3/2019 to \$195,983 in Q4/2019 due to decreased petroleum volumes in Q4/2019 compared to Q3/2019 and an increase in repairs and maintenance work on the wells in Q3/2019.

During Q4/2019 the Company reported comprehensive income of \$652 compared to a comprehensive loss of \$266,391 for Q3/2019. The fluctuation of \$267,043 is primarily attributed to the following:

- (i) recognition of a \$501,334 unrealized loss on investments in Q3/2019 compared to \$190,774 unrealized gain on investments in Q4/2019;
- (ii) recognition of depletion of \$177,517 in Q3/2019 compared to a recovery of depletion of \$12,950 in Q4/2019 due to the change in the Company's petroleum reserve base at the end of fiscal 2019;
- (iii) recognition of a gain in currency translation of foreign subsidiary of \$141,685 in Q3/2019 compared to a loss of \$13,032 in Q4/2019.
- (iv) recognition of terminated acquisition costs of \$136,222 in Q4/2019 due to the termination of the merger agreement between the Company and Juva Life Inc.
- (v) recognition of a foreign exchange loss of \$102,840 in Q3/2019 compared to a foreign exchange loss of \$66,028 in Q4/2019; and
- (vi) net operating income decreased by 36%, from \$275,492 in Q3/2019 to \$175,084 in Q4/2019, due to reduced production and a decrease in average oil prices.

Q4/2019 compared to Q4/2018

Total sales revenues increased from \$435,951 in Q4/2018 to \$447,218 in Q4/2019. The increase is attributable to a 8% increase in total sales volumes due to higher production and utilization of high oil inventory levels. This was partly offset by a 5% decrease in average oil prices. Production was increased in Q4/2019 due to the Cheal-E1 being offline for all of Q4/2018.

Production costs decreased by 37% from \$312,347 in Q4/2018 to \$195,983 in Q4/2019 due to the Cheal-E1 parted rod repair costs in Q4/2018.

During Q4/2019 the Company reported comprehensive income of \$652 compared to a comprehensive loss of \$684,255 for Q4/2018. The decrease in loss of \$684,907 is primarily attributed to:

- (i) net operating income increased from \$42,832 in Q4/2018 to \$175,084 in Q4/2019 due to an increase in sales and a decrease in production costs;
- (ii) recognition of an impairment on exploration and evaluation assets of \$472,790 in Q4/2018 compared to \$nil in Q4/2019;
- (iii) recognition of terminated acquisition costs of \$136,222 in Q4/2019 due to the termination of the merger agreement between the Company and Juva Life Inc.;
- (iv) recognition of a foreign exchange loss of \$66,028 in Q4/2019 compared to a foreign exchange loss of \$466,018 in Q4/2018;
- (v) recognition of a unrealized gain on investments of \$190,774 in Q4/2019 compared to a unrealized loss on investments of \$46,669 and a decrease in fair value of investments of \$451,305 in Q4/2018. In addition, the Company recognized a realized loss of \$39,231 in Q4/2019 on the sale of investments compared to a realized loss of \$178,376 in Q4/2018.

Fiscal 2019 Compared to Fiscal 2018

Revenues and operating costs for fiscal 2019 compared to fiscal 2018 are as follows:

	Fiscal 2019	Fiscal 2018
Total sales	\$ 2,760,971	\$ 1,923,942
Total volume	33,954 BOE	32,238 BOE
Average realized price per BOE	\$ 81.32	\$ 59.68
Petroleum sales	\$ 2,563,551	\$ 1,581,538
Petroleum volume	27,270 BOE	21,240 BOE
Average petroleum realized price per BOE	\$ 94.01	\$ 74.46
Natural gas sales	\$ 197,420	\$ 342,404
Natural gas volume	6,684 BOE	10,998 BOE
Average natural gas realized price per BOE	\$ 29.54	\$ 31.13
Production costs	\$ 1,084,557	\$ 971,699
Average per BOE	\$ 31.94	\$ 30.14
Transportation and storage costs	\$ 259,286	\$ 201,426
Average per BOE	\$ 7.64	\$ 6.25
Royalties	\$ 118,332	\$ 93,484
Average per BOE	\$ 3.49	\$ 2.90
Netback	\$ 1,298,796	\$ 657,333
Average per BOE	\$ 38.25	\$ 20.39

Total sales revenues increased by 44% from \$1,923,942 in fiscal 2018 to \$2,760,971 in fiscal 2019 period. The increase is due to a 36% increase in higher average realized price received per BOE and a 28% increase in petroleum volume sold.

Production costs increased by 12%, from \$971,699 in fiscal 2018, to \$1,084,557 in fiscal 2019, due to the combination of increased production and ongoing repairs and maintenance on the wells.

During fiscal 2019 the Company reported a comprehensive loss of \$1,341,453 compared to comprehensive loss of \$786,543 reported in fiscal 2018. The fluctuation is primarily attributed to:

- (i) during fiscal 2019 the Company recorded a \$1,369,997 unrealized loss on investments compared to a \$56,670 unrealized gain on investments and a \$544,782 increase in fair value of investments in fiscal 2018. Furthermore, the Company realized a gain of \$49,815 on the sale of investments during fiscal 2019 compared to a \$657,272 realized gain on sale of investments during fiscal 2018;
- (ii) the recognition of depletion and depreciation of \$556,123 in fiscal 2019 compared to \$947,261 in fiscal 2018. The decrease in depletion in fiscal 2019 is attributed mainly to the increase to the Company's petroleum reserve base at the end of fiscal 2019;
- (iii) a 97% increase in net operating income, from \$657,333 in fiscal 2018 compared to \$1,298,796 in fiscal 2019, primarily due to a recovery of petroleum prices;
- (iv) recognition of an impairment of property, plant and equipment of \$472,790 in fiscal 2018 compared to \$nil in fiscal 2019;
- (v) recognition of a foreign exchange gain of \$109,811 in fiscal 2019 compared to a foreign exchange loss of \$203,432 in fiscal 2018 due to the fluctuation of the exchange rates for the US Dollar and NZ Dollar;
- (vi) during fiscal 2019 the Company recorded a \$63,165 comprehensive loss due to the currency translation of foreign subsidiary compared to a \$211,115 comprehensive income in fiscal 2018; and
- (vii) recognition of terminated acquisition costs of \$136,222 in fiscal 2019 due to the termination of the merger agreement between the Company and Juva Life Inc.

General and administrative expenses incurred during fiscal 2019 and 2018 are as follows:

	2019 \$	2018 \$
Accounting and administrative	37,750	41,400
Audit and related	68,157	56,892
Bank charges	4,107	1,606
Charitable donation	10,000	20,000
Corporate development	242,899	88,332
Insurance	13,121	10,750
Legal	87,172	7,972
Office	13,070	12,541
Professional fees	175,359	317,986
Regulatory fees	7,879	8,104
Rent	19,000	1,878
Shareholder costs	6,369	4,476
Telephone	2,341	2,466
Transfer agent fees	4,222	5,673
Travel	72,954	21,277
	<u>764,400</u>	<u>601,353</u>

Specific expenses of note during fiscal 2019 and 2018 are as follows:

- (i) professional fees totalling \$175,359 were incurred during fiscal 2019 compared to \$317,986 during fiscal 2018 as follows:
 - \$120,900 was paid to directors and officers of the Company during fiscal 2019 compared to \$123,900 paid during fiscal 2018. See also "Related Party Transactions";
 - \$54,459 was paid to consultants for administrative and financial services during fiscal 2019 compared to \$194,086 paid during fiscal 2018. During fiscal 2018 the Company engaged independent consultants for additional financial services;
- (ii) corporate development expenses of \$242,899 were incurred during fiscal 2019 compared to \$88,332 during fiscal 2018. During fiscal 2019 the Company engaged various firms to provide corporate information on the Company through various marketing campaigns;

- (iii) \$37,750 (2018 - \$41,400) for accounting and administrative services provided by the staff of Chase Management Ltd., a private company owned by Nick DeMare, an officer and director of the Company;
- (iv) travel expenses of \$72,954 were incurred during fiscal 2019 compared to \$21,277 during fiscal 2018. The increase was due to travel to attend meetings in Romania to review the Romania Work Programs;
- (v) legal fees of \$87,172 were incurred during fiscal 2019 compared to \$7,972 during fiscal 2018. The increase was due to the review of potential business opportunities; and
- (vi) rent expenses of \$19,000 were incurred during fiscal 2019 compared to \$1,878 during fiscal 2018. During fiscal 2019 the Company rented temporary office space.

During fiscal 2019 the Company incurred general exploration expenses of \$24,173 (2018 - \$2,791) of which \$18,821 (2018 - recovery of \$31,291) was related to PEP 54879 and \$5,352 (2018 - \$34,082) was for ongoing review of current exploration and evaluation assets.

Interest income is generated from cash on deposit with a senior financial institution and short-term money market instrument issued by major financial institutions. During fiscal 2019 the Company reported interest income of \$74,164, compared to \$49,811 during fiscal 2018.

During fiscal 2019 the Company conducted open market purchases and sales of common shares as follows:

- (i) purchased 1,539,000 (2018 - 550,000) common shares of Advantage Lithium for \$1,039,936 (2018 - \$306,869) and sold 1,353,000 (2018 - 2,231,400) common shares for \$911,045 (2018 - \$1,267,580), resulting in a gain on sale of investments of \$50,103 (2018 - \$657,272);
- (ii) purchased 43,000 common shares of American Helium for \$32,045 and sold 15,000 common shares for \$10,890, resulting in a loss on sale of investments of \$288; and
- (iii) purchased 50,000 (2018 - 462,400) common shares of Seaway for \$10,674 (2018 - \$448,662).

Property, Plant and Equipment

During fiscal 2019 the Company incurred total additions of \$952,455 (2018 - \$1,621,218) for the Cheal-E wells, and a decrease of \$293,233 (2018 - \$64,518) in foreign exchange movement for property, plant and equipment additions on the New Zealand properties. In addition during fiscal 2018 the Company incurred a \$29,881 increase for revision to the estimate for decommissioning costs.

Exploration and Evaluation Assets

	PEP 54877 \$
Balance at March 31, 2017	-
Capital expenditures	1,532,179
Revision of estimate for decommissioning costs	122,977
Foreign exchange movement	<u>26,535</u>
Balance at March 31, 2018	1,681,691
Capital expenditures	53,152
Foreign exchange movement	<u>(37,937)</u>
Balance at March 31, 2019	<u>1,696,906</u>

Minimal capital expenditures were conducted on PEP 54877 during fiscal 2019 and 2018.

Financial Condition / Capital Resources

As at March 31, 2019 the Company had working capital of \$3,462,301. The Company also holds investments in Advantage Lithium, American Helium and Seaway with an estimated fair value of \$960,774 as at March 31, 2019. The Company believes that it currently has sufficient financial resources to conduct anticipated exploration and development programs and meet anticipated corporate administration costs for the upcoming twelve month period. However, exploration activities may change due to ongoing results and recommendations, discoveries may require appraisal and development work or the Company may acquire additional properties, which may entail significant funding or exploration commitments. The Company has been advised by TAG that it has reached an agreement to sell its New Zealand assets, which include its interest in the Cheal permits. Management of the Company will be assessing

its options available. In the event that the occasion arises, the Company may be required to obtain additional financing and/or sell its holdings in its investments as needed. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing should the need arise.

Commitments

The Company's share of expected exploration and development permit obligations and/or commitments as at March 31, 2019 are approximately \$150,000 to be incurred over the next twelve months and \$1,300,000 over the next five years. The Company may choose to alter the program, request extensions, reject development costs, relinquish certain permits or farm-out its interest in permits where practical.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

On June 24, 2019 the Company signed a heads of agreement (the "HOA") with a private arm's length New Zealand company (the "Buyer") pursuant to which the Company has agreed to sell its interest in PEP 54877 and PMP 60291 (collectively, the "Permits") which comprise the entirety of the Company's assets in New Zealand (the "Transaction").

The Permits are the subject of a joint operating agreement (the "JOA") between EWNZ, a wholly-owned subsidiary of the Company, and Cheal Petroleum Limited ("CPL"). The disposition of the Company's interest in the Permits will be conditional upon the waiver of CPL of its rights under the JOA to acquire the Company's interest in the Permits, and the waiver or satisfaction of any other obligations as may exist to CPL.

Pursuant to the terms of the HOA, and in consideration of the Transaction, the Buyer will pay the Company US \$1,900,000 in cash. The effective date for the sale is April 1, 2019 and payments are staged over 16 months of closing with initial payment of US \$1,000,000 with normal closing adjustments, due on closing. Completion of the Transaction is subject to, amongst other things, obtaining the approval of the Company's shareholder and the TSXV. The Company has called a special meeting of the shareholders to be held on August 7, 2019 seeking approval of the Transaction.

Critical Accounting Estimates

The preparation of financial statements in conformity IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include the determination of mineralized reserves, plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, reclamation and rehabilitation provisions, valuation allowances for future income tax assets, classification of investments and assumptions used for share-based compensation. Actual results may differ from those estimates. A detailed summary of the Company's critical accounting estimates and sources of estimation is included in Note 3 to the March 31, 2019 audited annual consolidated financial statements.

Changes in Accounting Policies

(i) IFRS 9 - *Financial instruments* ("IFRS 9")

The Company adopted all of the requirements of IFRS 9 as of April 1, 2018. IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9 management has changed its accounting policy for financial assets retrospectively for assets that continued to be recognized at the date of initial application.

	Original Under IAS 39		New Under IFRS 9	
	Classification	Carrying Amount	Classification	Carrying Amount
Cash	FVTPL ⁽¹⁾	4,030,573	FVTPL	4,030,573
Accounts receivable	Loans and receivables	337,319	Amortized cost	337,319
Investments -				
common shares	Available-for-sale	2,010,230	FVTPL	2,010,230
Investment - warrants	FVTPL	110,006	FVTPL	110,006
Accounts payable	Other financial liabilities	312,301	Amortized cost	312,301

(1) Fair Value through Profit or Loss

As the standard permits on transition to IFRS 9, the Company has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements.

On transition, the Company's investments previously classified as available-for-sale have been re-designated as FVTPL financial instruments. The Company has recorded an adjustment, to opening deficit and accumulated other comprehensive gain, on transition for cumulative gain on these instruments of \$591,975.

The adoption of IFRS 9 resulted in no further impact to the opening accumulated deficit or to the opening deficit on April 1, 2018.

(ii) **IFRS 15 - Revenue from Contracts with Customers ("IFRS 15")**

The Company adopted all of the requirements of IFRS 15 as of April 1, 2018. This new accounting pronouncement establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

There was no significant impact on the Company's consolidated financial statements upon the adoption of IFRS 15.

A detailed summary of the Company's other significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the March 31, 2019 and 2018 annual financial statements.

Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period. Key management personnel includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and all executive officers.

(a) During fiscal 2019 and 2018 the following amounts were incurred:

	2019 \$	2018 \$
Professional fees - David Sidoo, former CEO and Director ⁽¹⁾	72,000	72,000
Professional fees - Nick DeMare, Interim CEO, CFO and Director ⁽²⁾	36,000	36,000
Professional fees - Ross McElroy, Director ⁽³⁾	6,000	-
Professional fees - David Taylor, former Director ⁽⁴⁾	900	15,900
Professional fees - Dylan Sidoo, former Director ⁽⁵⁾	6,000	-
Share-based compensation - David Taylor	-	40,000
	<u>120,900</u>	<u>163,900</u>

(1) Paid to Siden Investments Ltd., a private company owned by David Sidoo. David Sidoo stepped-down as CEO on March 14, 2019

(2) Paid to Chase Management Ltd. ("Chase") a private company owned by Nick DeMare. Mr. DeMare was appointed interim CEO on March 14, 2019

(3) Paid to Edge Geological Consulting Inc., a private company owned by Ross McElroy

- (4) Paid to Circus Ventures Ltd., a private company owned by David Taylor. David Taylor was appointed as a director on October 3, 2017 and resigned on June 15, 2018.
- (5) Dylan Sidoo resigned as a director on April 3, 2019.

As at March 31, 2019, \$6,000 (2018 - \$24,200) remained unpaid.

- (b) During fiscal 2019 the Company incurred a total of \$37,750 (2018 - \$41,400) to Chase for accounting and administration services provided by Chase personnel, excluding Nick DeMare. As at March 31, 2019 \$5,300 (2018 - \$5,850) remained unpaid.
- (c) As at March 31, 2019 the Company owned 1,719,000 common shares of Advantage Lithium with a quoted market value of \$876,690, 28,000 common shares of American Helium with a quoted market value of \$2,100 and 512,400 common shares of Seaway with a quoted market value of \$81,984. Certain current and former directors and officers of the Company are also current and former directors and /or officers of Advantage Lithium, American Helium and Seaway. See "Investments".

Financial Instruments and Risk Management

The nature of the Company's operations expose the Company to credit risk, liquidity risk and market risk, and changes in commodity prices, foreign exchange rates and interest rates may have a material effect on cash flows, net income and comprehensive income.

This note provides information about the Company's exposure to each of the above risks as well as the Company's objectives, policies and processes for measuring and managing these risks.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties do not fulfill their contractual obligations. The most significant exposure to this risk is relative to the sale of oil production. All of the Company's production is sold directly to a major oil company. The Company is paid for its oil sales within 30 days of shipment. The Company has assessed the risk of non-collection from the buyer as low due to the buyer's financial condition.

Cash is held with a Canadian chartered bank and is monitored to ensure a stable return.

The carrying amount of cash and amounts receivable represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts on its amounts receivable as at March 31, 2019 and 2018 and did not provide for any doubtful accounts.

Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and the level of spending for future activities. Prices received by the Company for its production are largely beyond the Company's control as petroleum prices are impacted by world economic events that dictate the levels of supply and demand. All of the Company's oil production is sold at spot rates exposing the Company to the risk of price movements. As at March 31, 2019, assuming all other variables remain constant, a change of 10% in oil and gas prices would have an effect on net loss of \$276,097. The Company has an agreement to sell its gas production at a base price of NZD \$4.65 per gigajoule, subject to an adjustment formula based on the market price, with a minimum price of NZD \$4.00 per gigajoule. The gas agreement is set to end December 31, 2019.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have

sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period.

Market Risk

Market risk is the risk that changes in foreign exchange rates, commodity prices and interest rates will affect the Company's cash flows, net income and comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that future cash flows, net income and comprehensive income will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum sales are denominated in United States dollars and gas sales, operational and capital activities related to the Company's properties are transacted primarily in New Zealand dollars and/or United States dollars with some costs also being incurred in Canadian dollars.

The Company currently does not have significant exposure to other currencies and this is not expected to change in the foreseeable future as the work commitments in New Zealand are expected to be carried out in New Zealand and to a lesser extent, in United States dollars.

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 is exposed to interest rate fluctuations on its cash which bears a floating rate of interest. The risk is not considered significant.

The Company did not have any interest rate swaps or financial contracts in place during fiscal 2019 or 2018 and any variations in interest rates would not have materially affected net income.

Fair Value of Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; amortized cost; fair value through other comprehensive income ("FVOCI"); and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	March 31, 2019 \$	March 31, 2018 \$
Cash	FVTPL	3,657,694	4,030,573
Amounts receivable	Amortized cost	380,008	337,319
Investments- common shares	FVTPL	960,774	2,010,230
Investment - warrants	FVTPL	-	110,006
Accounts payable and accrued liabilities	Amortized cost	(655,254)	(312,301)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for cash and investments approximate their fair value. The fair value of cash and investment in common shares under the fair value hierarchy is measured using Level 1 and Level 2 inputs. The fair value of the investment in warrants is measured using Level 2 inputs.

The following is an analysis of the Company's financial assets measured at fair value as at March 31, 2019 and 2018:

	March 31, 2019		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	3,657,694	-	-
Investments - common shares	960,774	-	-
	<u>4,618,468</u>	<u>-</u>	<u>-</u>
	March 31, 2018		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	4,030,573	-	-
Investments - common shares	1,640,310	369,920	-
Investment - warrants	-	110,006	-
	<u>5,670,883</u>	<u>479,926</u>	<u>-</u>

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of petroleum and natural gas properties. 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 development of the business. The Company defines capital that it manages as share capital. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's share capital is not subject to any external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any currently contemplated. There have been no changes to the Company's approach to capital management during the period.

Risks and Uncertainties

The Company is engaged in the exploration for and development of oil and natural gas properties. These activities involve significant risks which careful evaluation, experience and knowledge may not eliminate in some cases. The commercial viability of any petroleum and natural gas properties depends on many factors not all of which are within the control of management. Operationally the Company faces risks that are associated with and affect the financial viability of a given petroleum and natural gas property. These include risks associated with finding, developing and producing these petroleum and natural gas reserves. In addition, Government regulations, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a petroleum and natural gas property.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets

and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying audited financial statements.

Any forward-looking information in the MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company and other factors.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at July 29, 2019, there were 89,585,665 outstanding common shares and 6,115,000 share options outstanding with exercise prices ranging from \$0.09 to \$0.14 per share.