EAST WEST PETROLEUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2017

This discussion and analysis of financial position and results of operation is prepared as at July 28, 2017 and should be read in conjunction with the audited consolidated financial statements for the years ended March 31, 2017 and 2016 of East West Petroleum Corp. ("East West" or the "Company"). The following disclosure and associated 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 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 and Alberta, Canada. The Company is not the operator of any of its petroleum and gas interest and is currently focussed participating on further activities on the exploration, evaluation and development of its petroleum interests in the Taranaki Basin, New Zealand. The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, BC, V6E 3V7.

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"), 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 the following working interests:

PEP 54877 (Cheal East) - East West 30%

PEP 54877 is the location of the Cheal E-Site and the Cheal E-site production facility as well as the Cheal-E wells. Two wells, the Cheal-E1 and the Cheal-E5, are currently producing. Three other wells are currently shut-in for a variety of reasons: Cheal-E2 due to a wellbore isolation failure in May 2015; Cheal-E4 due to a wellhead seal failure and downhole packer failure in 2016; and Cheal-E6 due to issues with the jet pump in October 2015. The Cheal-E3 has never been put on production, and is scheduled to be sidetracked in the future.

The most significant capital program planned for PEP 54877 is a waterflood project. A successful waterflood should result in significant secondary recoveries. In Q4/2017 the waterflood project commenced with water injection via the Cheal E-7 well at injection rates of approximately 1,200 bbl/d. A further shallow exploration well, the Cheal E-8, was scheduled to be drilled during Q4/2017. On May 24, 2017 the Cheal-E8 exploration well was successfully drilled and flow tested. The well was drilled and completed on time and on budget to a total measured depth of over 2,000 m. The primary objective of Cheal-E8 was to test the potential of the Urenui formation, with the deeper Mt. Messenger formation as the secondary objective. Net pay of approximately 17 m of Urenui sands and 4 m of Mt. Messenger sands was recorded.

Following the completion of the Urenui zone, Cheal-E8 naturally free flowed oil and gas on choke at an average rate of 318 boe/d during a four and a half day test. No water production was observed during the test. The Cheal-E8 well will now be tied-in to the operator's existing infrastructure as a permanent producer.

Construction of the Cheal-D well pad was completed in July 2017. The pad will be used to explore the northern portion of the Cheal East permit. Drilling of an exploration well the, Cheal-D1, commenced in July 2017 and is scheduled to be completed in early August 2017.

During fiscal 2016 the Company recognized an impairment of $1,216,009 on PEP 54877 based on the estimated fair value less costs to sell and was determined using estimated future cash flows based on estimated proven developed ("1P") reserves, discounted at 10%.

Petroleum production from Cheal East averaged approximately 114 net BOE's per day (61% oil) in Q4/2017 compared to an average of approximately 124 BOE's per day (64% oil) in Q3/2017. The decrease in Q4/2017 is primarily due to the Cheal-E4 well being shut-in.

PEP 54879 (Cheal South) - East West 50%

The initial permit work for PEP 54879 included drilling three exploration wells, the Cheal-G1, G2 and G3, with the G2 and G3 wells subsequently being plugged and abandoned. A 15-day flow test was completed on the G1 well which produced 1,016 barrels of oil. The test oil was subsequently sold for net proceeds of $44,972 and all net revenues have been recorded as a recovery against the capitalized costs. The testing of the G1 well indicated the potential for this well to be a full time producer and initial studies were completed to assess if the G1 well could be placed on production on a full time basis, however, in light of the decrease in the price of oil, these studies have not been advanced. Under the terms of the agreement with the Government of New Zealand an earning well was to have been drilled in fiscal 2016, however a change of conditions ("COC") was filed to defer any drilling and conduct a detailed seismic program to assist in identifying additional drill targets on PEP 54879. During Q1/2017, 3D seismic on PEP 54879 was acquired and the resulting data was processed and analyzed. In March 2017 the Company and Tag notified the New Zealand Petroleum and Minerals of their intention to relinquish the permit. Accordingly, during fiscal 2017 the Company recorded an impairment of $6,657,646 for costs incurred to March 31, 2017.

Reserves Data

An independent reserves evaluation, relating to the resource base of the Company in the Cheal Area of New Zealand, effective March 31, 2017, 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, 2017	**Light and Medium Oil**			**Natural Gas**			**Barrels of Oil Equivlent**		
	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, 2016	27	74	102	95	196	291	43	107	150
Infill Drilling	0	0	0	0	0	0	0	0	0
Technical Revisions	15	11	25	72	92	164	27	26	53
Economic Factors	(2)	(1)	(2)	(10)	1	(9)	(3)	(1)	(4)
Production	(26)	0	(26)	(90)	0	(90)	(41)	0	(41)
March 31, 2017	15	84	99	67	289	356	26	132	158

(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.

Values may not add due to rounding

Net proved plus probable ("2P") reserves estimates within the Taranaki Basin at March 31, 2017 were 158 MBOE compared to the March 31, 2016 2P reserves of 150 MBOE. Taking into account the 41 MBOE the Company produced over the fiscal year and the 49 MBOE increase for technical revisions and economic factors, the Company's reserves increased by 0.5%. The technical revisions and economic factors relate to additional reserves assigned due the inclusion of reserves previously classified as no reserves assigned ("NRA") due to operational issues at the Cheal E-site.

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 $62,335,000 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 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 two year Phase I work program and the optional one year Phase II work program. If a commercial discovery is made, the Company is responsible for its 15% interest in development of the commercial discovery.

In January 2017 the Company was informed by our JV Partner, NIS, that drilling operations have commenced with drilling of the first well in EX-7 Periam block, in the Pannonian Basin of Western Romania, commencing on January 21, 2017. The well will be targeting conventional oil and gas-bearing zones and will be drilled to a total depth of approximately 2,500 meters, consisting of two primary and three secondary geological targets. Coring will be completed on hydrocarbon bearing zones encountered during drilling, followed by wireline logging. As of the date of this MD&A completion and testing work is continuing on the first well. NIS will be funding 100% and fully carrying the Company through the Phase 1 and Phase 2 exploration periods in return for earning an 85% interest in the blocks.

Investment in Advantage Lithium Corp. ("Advantage Lithium")

During fiscal 2017 the Company sold 2,292,300 common shares of Advantage Lithium for $428,183 and recognized a realized gain of $159,279. The Company also purchased 980,200 common shares of Advantage Lithium at a cost of $758,386. As at March 31, 2017 the quoted market value of the investment was $1,949,833.

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,		
	2017 $	**2016 $**	**2015 $**
Operations:			
Revenues, net of costs	852,055	1,448,143	4,182,413
Expenses	(8,327,258)	(5,709,659)	(11,100,494)
Other income	1,170,233	389,860	358,646
Loss before deferred income tax	(6,304,970)	(3,871,656)	(6,559,435)
Deferred income tax	Nil	Nil	(25,000)
Net loss	(6,304,970)	(3,871,656)	(6,584,435)
Other comprehensive income (loss), net	205,421	(808,284)	(712,620)
Comprehensive loss	(6,099,549)	(4,679,940)	(7,297,055)
Basic and diluted loss per share	(0.07)	(0.04)	(0.07)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working capital	6,095,940	7,845,372	8,901,697
Total assets	8,895,822	14,816,036	19,539,844
Total long-term liabilities	(1,268,216)	(1,183,793)	(1,062,292)

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

	Fiscal 2017				Fiscal 2016			
	Mar. 31 2017 $	**Dec. 31 2016 $**	**Sep. 30 2016 $**	**Jun. 30 2016 $**	**Mar. 31 2016 $**	**Dec. 31 2015 $**	**Sep. 30 2015 $**	**Jun. 30 2015 $**
Operations:								
Total revenues	572,256	605,710	443,844	533,975	518,421	670,695	964,039	1,189,398
Operating costs	(318,070)	(385,258)	(292,465	(307,937)	(384,078)	(460,636)	(493,431)	(556,265)
Expenses	(7,191,965)	(401,367)	(410,995)	(322,931)	(1,993,130)	(1,096,794)	(1,375,713)	(1,244,022)
Other income (expense)	1,262,837	(189,672)	68,648	28,420	(103,738)	143,572	309,046	40,980
Loss before deferred income tax	(5,674,942)	(370,587)	(190,968)	(68,473)	(1,962,525)	(743,163)	(596,059)	(569,909)
Deferred income tax	(288,500)	(26,500)	162,736	152,264	Nil	Nil	Nil	Nil
Net income (loss)	(5,963,442)	(397,087)	(28,232)	83,791	(1,962,525)	(743,163)	(596,059)	(569,909)
Other comprehensive income (loss), net of deferred income tax	(1,957,884)	(325,499)	1,242,412	1,246,392	(524,051)	747,479	1,282	(1,032,994)
Comprehensive (loss) income	(7,921,326)	(722,586)	1,214,180	1,330,183	(2,486,576)	4,316	(594,777)	(1,602,903)
Basic and diluted income (loss) per share	(0.07)	(0.00)	(0.00)	0.00	(0.02)	(0.01)	(0.01)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

	Fiscal 2017				Fiscal 2016			
	Mar. 31 2017 $	**Dec. 31 2016 $**	**Sep. 30 2016 $**	**Jun. 30 2016 $**	**Mar. 31 2016 $**	**Dec. 31 2015 $**	**Sep. 30 2015 $**	**Jun. 30 2015 $**
Balance Sheet:								
Working capital	6,095,940	6,703,781	6,956,336	7,430,843	7,845,372	8,398,762	8,614,985	8,708,868
Total assets	8,895,822	16,692,432	17,455,768	16,803,124	14,816,036	17,231,425	17,229,246	17,925,164
Decommissioning liabilities	(1,268,216)	(1,245,725)	(1,262,830)	(1,225,922)	(1,183,793)	(1,198,604)	(1,057,191)	(977,938)

Results of Operations

Three Months Ended March 31, 2017, Three Months Ended December 31, 2016, and Three Months Ended March 31, 2016.

Revenues and operating costs for the three months ended March 31, 2017 ("Q4/2017"), the three months ended December 31, 2016 ("Q3/2017") and the three months ended March 31, 2016 ("Q4/2016") are as follows:

	Q4/2017	**Q3/2017**	**Q4/2016**
Total sales	$ 572,256	$ 605,710	$ 518,421
Total volume	10,868 BOE	11,212 BOE	12,798 BOE
Average realized price per BOE	$ 52.66	$ 54.02	$ 40.51
Petroleum sales	$ 457,408	$ 505,199	$ 292,327
Petroleum volume	7,052 BOE	8,057 BOE	7,061 BOE
Average petroleum realized price per BOE	$ 64.86	$ 62.70	$ 41.40
Natural gas sales	$ 114,848	$ 100,511	$ 226,094
Natural gas volume	3,816 BOE	3,155 BOE	5,737 BOE
Average natural gas realized price per BOE	$ 30.10	$ 31.86	$ 39.41
Production costs	$ 233,695	$ 298,077	$ 253,257
Average per BOE	$ 21.50	$ 26.59	$ 19.79
Transportation and storage costs	$ 58,980	$ 60,080	$ 52,631
Average per BOE	$ 5.43	$ 5.36	$ 4.11
Royalties	$ 25,395	$ 27,101	$ 23,566
Average per BOE	$ 2.34	$ 2.42	$ 1.84
Netback	$ 254,186	$ 220,452	$ 188,967
Average per BOE	$ 23.39	$ 19.66	$ 14.77

Q4/2017 compared to Q3/2017

Petroleum sales revenues decreased from $505,199 in Q3/2017 to $457,408 in Q4/2017, a decrease of 9% primarily due to the Cheal-E4 well being shut-in. Natural gas revenues increased from $100,511 in Q3/2017 to $114,848 in Q4/2017, an increase of 14% due to a 21% increase in volume.

Production costs in Q4/2017 compared to Q3/2017 decreased by 22% from $298,077 in Q3/2017 to $233,695 in Q4/2017 due to ongoing work of the operator to reduce costs.

Transportation and storage costs in Q4/2017 compared to Q3/2017 decreased by 2% from $60,080 in Q3/2017 to $58,980 in Q4/2017.

Royalties expense decreased by 6%, from $27,101 in Q3/2017 to $25,395 in Q4/2017 due to a decrease in petroleum sales.

During Q4/2017 the Company reported a comprehensive loss of $7,921,076 compared to a comprehensive loss of $722,836 for Q3/2017. The increase in loss of $7,198,240 is primarily attributed to the recognition of impairment totalling $6,657,646 on exploration and evaluation assets.

Q4/2017 compared to Q4/2016

Petroleum sales revenues increased from $292,327 in Q4/2016 to $457,408 in Q4/2017, an increase of 56%, primarily due to a 57% increase in petroleum prices from $41.40 in Q4/2016 compared to $64.86 in Q4/2017.

Natural gas revenues decreased from $226,094 in Q4/2016 to $114,848, a decrease of 49% primarily due to a 33% decrease in volumes and a 24% decrease in natural gas prices.

Production costs decreased from $253,257 in Q4/2016 to $233,695 in Q4/2017, a decrease of 7% due to ongoing work by the operator to reduce costs.

Transportation and storage costs in Q4/2017 compared to Q4/2016 increased by 12% from $52,631 in Q4/2016 to $58,980 in Q4/2017.

Royalties expense increased by 8%, from $23,566 in Q4/2016 to $25,395 in Q4/2017.

During Q4/2017 the Company reported a comprehensive loss of $7,921,076 compared to a comprehensive loss of $2,486,576 for Q4/2016. The increase in loss of $5,434,500 is primarily attributed to the recognition of impairment on exploration and evaluation assets of $6,657,646 in Q4/2017 compared to $nil in Q4/2016. In March 2017 the Company and Tag Oil Limited notified the New Zealand Petroleum and Minerals of their intention to relinquish the permit on PEP54879.

The loss was partially offset against the recognition of impairment on property, plant and equipment of $nil in Q4/2017 compared to $1,422,430 in Q4/2016.

Fiscal 2017 Compared to Fiscal 2016

Revenues and operating costs for fiscal 2017 and 2016 are as follows:

	2017	**2016**
Total sales	$ 2,155,785	$ 3,342,553
Total volume	44,330 BOE	74,970 BOE
Average realized price per BOE	$ 48.63	$ 44.59
Petroleum sales	$ 1,695,137	$ 2,607,255
Petroleum volume	29,417 BOE	51,909 BOE
Average petroleum realized price per BOE	$ 57.62	$ 50.23
Natural gas sales	$ 460,648	$ 735,298
Natural gas volume	14,913 BOE	23,061 BOE
Average natural gas realized price per BOE	$ 30.89	$ 31.88
Production costs	$ 996,280	$ 1,285,840
Average per BOE	$ 22.47	$ 17.15
Transportation and storage costs	$ 209,584	$ 468,647
Average per BOE	$ 4.73	$ 6.25
Royalties	$ 97,866	$ 139,923
Average per BOE	$ 2.21	$ 1.87
Netback	$ 852,055	$ 1,448,143
Average per BOE	$ 19.22	$ 19.32

Petroleum sales revenues decreased from $2,607,255 in fiscal 2016 to $1,695,137 in fiscal 2017, a decline of 35%, primarily due to a 43% decline in production volumes sold in fiscal 2017 compared to fiscal 2016 due to Cheal-E4 being shut-in during Q4/2017.

Natural gas revenues decreased from $735,298 in fiscal 2016 to $460,648 in fiscal 2017, a decline of 37%, primarily due to a 35% decline in production volumes in fiscal 2017 compared to fiscal 2016 due to Cheal-E4 being shut-in during Q4/2017.

Production costs in fiscal 2017 compared to fiscal 2016 decreased by 23% from $1,285,840 in fiscal 2016 to $996,280 in fiscal 2017 due to ongoing work by the operator to reduce costs and increase efficiencies at the site.

Transportation and storage costs in fiscal 2017 compared to fiscal 2016 decreased by 55% from $468,647 in fiscal 2016 to $209,584 in fiscal 2017 due to the commissioning of the pipeline used to transport gas and oil thus reducing transportation costs.

Royalties expense declined by 30%, from $139,923 in fiscal 2016 to $97,866 in fiscal 2017, due to the decline in petroleum sales.

During fiscal 2017 the Company reported a comprehensive loss of $6,099,549, an increase in loss of $1,419,609, from a comprehensive loss of $4,679,940 reported in fiscal 2016. The main factor for the increase in loss was the impairment of exploration and evaluation assets of $6,657,646 in fiscal 2017 compared to $nil in 2016. This was partially offset by the following:

(i) the impact of the re-designation on June 24, 2016 of the Company's investment in Advantage Lithium, resulting in the Company changing its accounting for the investment, from the equity method to fair value accounting using quoted prices. As a result, during fiscal 2017 the Company recorded a gain on loss of significant influence of $1,171,147;

(ii) in fiscal 2016 the Company recorded a $808,284 comprehensive loss due to the currency translation of its subsidiary compared to a $158,228 comprehensive gain reported during fiscal 2017; and

(iii) in fiscal 2017, the Company recognized depletion and depreciation of $727,379 compared to $2,845,039 in fiscal 2016.

General and administrative expenses incurred during fiscal 2017 and 2016 are as follows:

	2017 **$**	**2016** **$**
Accounting and administrative	38,230	60,150
Audit and related	73,177	67,812
Bank charges	3,194	4,641
Corporate development	78,654	28,610
Legal	8,687	93,959
Office	39,130	51,206
Professional fees	376,708	622,054
Regulatory fees	7,379	10,079
Rent	23,679	69,311
Salaries	-	123,972
Shareholder costs	3,462	10,206
Telephone	5,123	9,676
Transfer agent fees	5,669	7,461
Travel	37,334	162,961
	700,426	1,322,098

Specific expenses of note for fiscal 2017 and 2016 are as follows:

(i) professional fees totalling $376,708 were incurred in fiscal 2017 compared to $622,054 in fiscal 2016 as follows:
- $295,500 was paid to directors and officers of the Company in fiscal 2017, a decrease of $212,000 from $507,500 incurred in fiscal 2016. The decrease was due to an overall voluntary reduction in compensation agreed to by the Company's executive officers and directors. See also "Related Party Transactions";
- $81,208 was paid to consultants for administrative and financial services in fiscal 2017 compared to $114,554 paid in fiscal 2016;

(ii) travel expenses decreased by $125,627 from $162,961 in fiscal 2016 to $37,334 in fiscal 2017 due to a reduction in travel;

(iii) during fiscal 2016 salaries of $123,972 was paid to an employee of the Company. The employment was terminated in March 2016 and, accordingly, the Company had no employees during fiscal 2017;

(iv) corporate development expenses increased by $50,044 from $28,610 in fiscal 2016 to $78,654 in fiscal 2017. The increase is due to marketing campaigns initiated in fiscal 2017;

(v) $38,230 (2016 - $60,150) for accounting and administrative provided by Chase Management Ltd., a private company owned by Nick DeMare, a director of the Company. The decrease in accounting and administrative services is attributed to reduced activities;

(vi) legal expenses decreased by $85,272 from $93,959 in fiscal 2016 to $8,687 in fiscal 2017. During fiscal 2016 the Company incurred significant legal expenses during the property bidding process for a property located in Mexico; and

(vii) rent expenses decreased by $45,632 from $69,311 in fiscal 2016 to $23,679 in fiscal 2017. The office lease expired in July 2016.

During fiscal 2017 the Company recorded general exploration expenses of $35,588 (2016 - $279,550) of which $15,132 (2016 - $36,180) was related to minor costs on PEP 54876 and $20,456 (2016 - $243,370) was for ongoing review of current and potential exploration and evaluation assets.

During fiscal 2017 the Company recorded share-based compensation expense of $179,842 (2016 - $14,385) on the granting and vesting of share options. In addition during fiscal 2016 the Company recorded a compensation recovery of $11,902 on the reversal of prior year's compensation expense previously recorded on forfeited unvested share options and share-based compensation expense of $20,140 on the re-pricing of share options which had previously been granted.

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 2017 the Company reported interest income of $75,392, an increase of $7,877, compared to $67,515 for fiscal 2016.

During fiscal 2016 the Company repurchased 1,068,500 of its common shares for $112,073. No repurchases were made by the Company during fiscal 2017. See also "Normal Course Issuer Bid".

On June 24, 2016 the Company sold 2,000,000 common shares of Advantage Lithium for $160,000. Prior to the sale, the Company recorded an equity loss of $200 (2016 - $68,500) in Advantage Lithium. With the disposition, the Company discontinued the use of the equity method and, effective June 24, 2016, commenced measuring the remaining investment of Advantage Lithium at its fair value. As at March 31, 2017 the quoted market value of the remaining Advantage Lithium shares was $1,896,497.

Exploration and Evaluation Assets

	PEP 54879 $
Balance at March 31, 2015	5,835,112
Capital expenditures	246,441
Revision of estimate for decommissioning liabilities	(4,965)
Foreign exchange movement	(296,586)
Balance at March 31, 2016	5,780,002
Capital expenditures	627,867
Revision of estimate for decommissioning liabilities	(248)
Foreign exchange movement	250,025
Impairment	(6,657,646)
Balance at March 31, 2017	-

During fiscal 2017 the Company incurred additions of $627,867 (2016 - $246,441) and a recovery in estimate for decommissioning costs of $248 (2015 - $4,965). Foreign exchange movement increased from a loss of $296,586 during fiscal 2016 to a gain of $250,025 during fiscal 2017. During fiscal 2017 the Company also recorded an impairment of $6,657,646 on its exploration and evaluation assets. Details of the Company's activities are discussed in "Projects Update".

Property, Plant and Equipment

During fiscal 2017 the Company incurred total additions of $709,247 (2016 - $361,367), a revision in estimate for decommissioning costs of a recovery of $2,110 (2016 - addition of $424,527) and an increase of $480,505 (2016 - decrease of $565,855) in foreign exchange movement for property, plant and equipment additions on the New Zealand properties.

During fiscal 2016 the Company recognized an impairment of $1,216,009 on PEP 54877 based on the estimated fair value less costs to sell and was determined using estimated future cash flows based on estimated proven developed ("1P") reserves, discounted at 10%.

Financial Condition / Capital Resources

As at March 31, 2017 the Company had working capital of $6,095,940. The Company is currently focussing on the exploration, development and production of oil and gas from its Cheal properties. 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. In the event that the occasion arises, the Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. 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

As at March 31, 2017 the Company has capital expenditures of approximately $2,530,000 to be incurred in fiscal 2018. The capital expenditure amounts may be subject to change upon application.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company does not have any proposed transactions.

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.

Changes in Accounting Policies

There are no changes in accounting policies. A detailed summary of all the Company's significant accounting policies is included in Note 3 to the March 31, 2017 and 2016 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 2017 and 2016 the following amounts were incurred:

	2017 $	2016 $
Professional fees - David Sidoo, CEO and Director (1)	111,500	144,000
Professional fees - Nick DeMare, CFO and Director (2)	40,000	42,000
Professional fees - Marc Bustin, Director (3)	120,000	284,000
Professional fees - Herb Dhaliwal, Director (4)	24,000	37,500
Share-based compensation - David Sidoo	24,000	-
Share-based compensation - Nick DeMare	8,400	-
Share-based compensation - Hon. Herb Dhaliwal	3,900	-
Share-based compensation - Ross McElroy, Director	12,000	-
Share-based compensation - Dylan Sidoo, Director	40,000	-
	383,800	507,500

(1) Paid to Siden Investments Ltd., a private company owned by Mr. Sidoo.
(2) Paid to Chase Management Ltd. ("Chase") a private company owned by Mr. DeMare.
(3) Paid to RMB Earth Science Service Consulting Ltd.("RBM Earth Science"), a private company owned by Mr. Bustin. Mr. Bustin resigned as a director on November 14, 2016.
(4) Paid to ADH Holdings Ltd., a private company owned by Hon. Herb Dhaliwal.

As at March 31, 2017, $24,000 (March 31, 2016 - $16,000) remained unpaid.

(b) During fiscal 2017 the Company incurred a total of $38,230 (2016 - $60,150) to Chase for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at March 31, 2017, $5,350 (2016 - $8,750) remained unpaid. During fiscal 2017 the Company also recorded $3,600 (2016 - $nil) for share-based compensation for share options granted to Chase.

(c) On March 6, 2015 the Company entered into a letter of intent (the "LOI") with Frontier Natural Resources Inc. ("Frontier") whereby it provided Frontier a credit facility of US $250,000 (the "Credit Facility"). The advances under the Credit Facility bear interest at 3% per annum. On December 31, 2015 the advances became due and payable. The Company has not demanded repayment and has the option to convert the advances and outstanding interest into Class A Preferred Shares of Frontier at a conversion price of US $0.20 per share. In fiscal 2016 Frontier issued a bonus of 250,000 Class B Preferred Shares to the Company at a fair value of $nil.

During the period April 1, 2016 to December 31, 2016 the Company recorded interest income of $7,399 (fiscal 2016 - $9,636), of which Frontier has paid US $1,875 (2016 - US $6,250). Due to the uncertainty of Frontier's financial situation, effective December 31, 2016, the Company determined to record a write-off of $342,425 for the balance of the advances and accrued interest outstanding.

Frontier is a privately held oil and natural gas company incorporated in Pennsylvania, U.S.A. Mr. Bustin, a former director of the Company, is also a shareholder and director of Frontier.

(d) As at March 31, 2017 the Company owned 3,214,400 common shares of Advantage Lithium with a quoted market value of $1,896,497. Advantage Lithium had two common directors, Messrs. Sidoo and McElroy. In addition Mr. Sidoo is also the President and CEO of Advantage Lithium and Mr. DeMare is the CFO and Corporate Secretary of Advantage Lithium. See "Investment".

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, amounts receivable and advances receivable represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts on its amounts receivable as at March 31, 2017 and 2016 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. The Company had entered into a gas supply agreement to sell its share of gas production from the Cheal E field at a price of NZD $4.75 per gigajoule ending December 31, 2016. Effective January 1, 2017 the Company negotiated a new agreement to sell its gas production at a base price of NZD $5.00 per gigajoule, subject to an adjustment formula based on the market price, with a minimum price of NZD $4.00 per gigajoule. The new gas agreement is set to end December 31, 2017.

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 2017 and 2016 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 five categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale and other financial liabilities.

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, advances receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The fair value of cash and investment under the fair value hierarchy is measured using Level 1 inputs.

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 28, 2017, there were 89,585,665 outstanding common shares and 8,188,000 share options outstanding with exercise prices ranging from $0.09 to $0.14 per share.