EAST WEST PETROLEUM CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2022 AND 2021

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
East West Petroleum Corp.

Opinion

We have audited the accompanying consolidated financial statements of East West Petroleum Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2022 and 2021, and the consolidated statements of comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

Davidson & Company LLP

Vancouver, Canada   Chartered Professional Accountants

July 29, 2022

EAST WEST PETROLEUM CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	March 31, 2022 $	March 31, 2021 $
ASSETS			
Current assets			
Cash		5,145,788	5,434,218
GST receivable		3,649	3,622
Amounts receivable	4	38,870	37,225
Oil inventory		265,867	46,632
Prepaid expenses		39,292	28,520
Total current assets		5,493,466	5,550,217
Non-current assets			
Investments	5	-	28,500
Property, plant and equipment	6	236,425	323,642
Exploration and evaluation assets	7	-	1,641,462
Total non-current assets		236,425	1,993,604
TOTAL ASSETS		5,729,891	7,543,821
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		355,037	400,164
Non-current liabilities			
Decommissioning liabilities	8	1,185,985	1,219,000
TOTAL LIABILITIES		1,541,022	1,619,164
SHAREHOLDERS' EQUITY			
Share capital	9	39,868,761	39,868,761
Share-based compensation reserve		5,337,703	5,337,703
Foreign currency translation reserve		(176,006)	(480,808)
Deficit		(40,841,589)	(38,800,999)
TOTAL SHAREHOLDERS' EQUITY		4,188,869	5,924,657
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,729,891	7,543,821

Nature of Operations - see Note 1

Commitments - see Note 13

These consolidated financial statements were approved for issue by the Board of Directors on July 29, 2022 and are signed on its behalf by:

/s/ Mark T. Brown	*/s/ Nick DeMare*
Mark Brown	Nick DeMare
Director	Director

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

EAST WEST PETROLEUM CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Notes	Year Ended March 31, 2022 $	Year Ended March 31, 2021 $
Revenues and costs			
Petroleum and natural gas sales		1,753,974	2,443,384
Production costs		(1,345,059)	(1,402,875)
Transportation and storage costs		(264,492)	(681,687)
Royalties		(67,324)	(235,630)
		77,099	123,192
Expenses			
General and administrative		253,144	298,916
General exploration		28,494	56,275
Depletion and depreciation	6	169,524	314,282
Impairment of exploration and evaluation assets	7	1,627,056	-
Finance cost of decommissioning liabilities	8	5,230	3,035
		2,083,448	672,508
Loss before other items		(2,006,349)	(549,316)
Other items			
Interest income		13,328	14,511
Foreign exchange		(24,754)	(489,319)
Unrealized (loss) gain on investments	5	-	819,578
Loss on sale of investments	5	(22,815)	(380,026)
		(34,241)	(35,256)
Net loss for the year		(2,040,590)	(584,572)
Other comprehensive income			
Change in currency translation of foreign subsidiary		304,802	54,591
Comprehensive loss for the year		(1,735,788)	(529,981)
Basic and diluted loss per common share		($0.02)	$(0.01)
Weighted average number of common shares outstanding - basic and diluted		89,585,665	89,585,665

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

EAST WEST PETROLEUM CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

Year Ended March 31, 2022

	Share Capital		Reserves			
	Number of Shares	Amount $	Share-Based Compensation $	Foreign Currency Translation $	Deficit $	Total Shareholders' Equity $
Balance at March 31, 2021	89,585,665	39,868,761	5,337,703	(480,808)	(38,800,999)	5,924,657
Currency translation adjustment	-	-	-	304,802	-	304,802
Net loss for the year	-	-	-	-	(2,040,590)	(2,040,590)
Balance at March 31, 2022	89,585,665	39,868,761	5,337,703	(176,006)	(40,841,589)	4,188,869

Year Ended March 31, 2021

	Share Capital		Reserves			
	Number of Shares	Amount $	Share-Based Compensation $	Foreign Currency Translation $	Deficit $	Total Shareholders' Equity $
Balance at March 31, 2020	89,585,665	39,868,761	5,337,703	(535,399)	(38,216,427)	6,454,638
Currency translation adjustment	-	-	-	54,591	-	54,591
Net loss for the year	-	-	-	-	(584,572)	(584,572)
Balance at March 31, 2021	89,585,665	39,868,761	5,337,703	(480,808)	(38,800,999)	5,924,657

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

EAST WEST PETROLEUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended March 31, 2022 $	2021 $
Operating activities		
Net loss for the year	(2,040,590)	(584,572)
Adjustments for:		
Depletion and depreciation	169,524	314,282
Impairment of exploration and evaluation assets	1,627,056	-
Finance expense of decommissioning liabilities	5,230	3,035
Loss on sale of investments	22,815	380,026
Unrealized (gain) loss on investments	-	(819,578)
Changes in non-cash working capital items:		
Amounts receivable	(2,193)	503,100
GST receivable	(27)	(1,392)
Oil inventory	(221,157)	50,232
Prepaid expenses	(11,075)	(5,273)
Accounts payable and accrued liabilities	(40,451)	(110,674)
Decommissioning costs	(22,237)	(9,959)
Net cash used in by operating activities	(513,105)	(280,773)
Investing activities		
Expenditures on property, plant and equipment	(86,493)	(38,022)
Return of deposit	-	(70,935)
Proceeds from sale of investments	5,685	922,786
Net cash (used in) provided by investing activities	(80,808)	813,829
Effect of exchange rate changes on cash	305,483	(7,102)
Net change in cash	(288,430)	525,954
Cash at beginning of year	5,434,218	4,908,264
Cash at end of year	5,145,788	5,434,218

Supplemental cash flow information - See Note 14

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

1. Nature of Operations

East West Petroleum Corp. (the "Company") was incorporated on October 23, 1987 under the provisions of the Company Act (British Columbia). The Company is listed and trades on the TSX Venture Exchange ("TSXV") under the symbol "EW". The Company's principal office is located at Suite 1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is a junior oil and gas company engaged in the exploration, development and production from certain of its oil and gas properties.

As at March 31, 2022 the Company had working capital of $5,138,429. The Company believes that it has sufficient financial resources to conduct anticipated exploration and development costs for the upcoming twelve month period. The success of the Company's exploration and development of its oil and gas properties requires significant additional exploration and development activities to establish additional proved reserves and to commercialize its oil and gas exploration properties. The Company is also influenced by significant financial risks as well as commodity prices. In addition, the Company will use cash and operating cash flow to further explore and develop its properties as required. The Company monitors its cash and cash equivalents and adjusts its expenditure plans to conform to available funding. The Company plans to fund exploration and development activities through positive operating cash flows and existing cash resources.

These consolidated financial statements do not reflect any adjustments related to conditions that occurred subsequent to March 31, 2022.

In March 2020 the World Health Organization ("WHO") declared the novel coronavirus outbreak identified as "COVID-19", as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented safety and physical distancing procedures, including working from home where possible and ceased all travel. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise stated.

Significant Accounting Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingencies. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. These estimates are subject to measurement uncertainty. Actual results could differ from and affect the results reported in these consolidated financial statements. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are described below:

2. Basis of Preparation (continued)

(i) Fair values of petroleum and natural gas properties, depletion and depreciation and amounts used in impairment calculations are based on estimates of crude oil and natural gas reserves, oil and gas prices and future costs required to develop those reserves. By their nature, estimates of reserves and the related future cash flows are subject to measurement uncertainty, and the impact of differences between actual and estimated amounts on the consolidated financial statements of future periods could be material. In fiscal 2022 management made an impairment charge of $1,672,056 on its exploration and evaluation assets, as described in Note 7(a).

(ii) Petroleum and natural gas properties, exploration and evaluation assets and other corporate assets are aggregated into cash-generating-units ("CGUs") based on their ability to generate largely independent cash flows and are used for impairment testing. The determination of the Company's CGUs is subject to management's judgment.

(iii) The decision to transfer exploration and evaluation assets to property, plant and equipment is based on management's determination of an area's technical feasibility and commercial viability based partially on proved and probable reserves.

(iv) The calculation of decommissioning liabilities includes estimates of the future costs to settle the liability, the timing of the cash flows to settle the liability, the risk-free rate and the future inflation rates. The impact of differences between actual and estimated costs, timing and inflation on the consolidated financial statements of future periods may be material.

(v) The estimated fair value of the Company's financial assets and liabilities, are by their nature, subject to measurement uncertainty.

(vi) The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the realizability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

(vii) The calculation of share-based compensation requires estimates of volatility, forfeiture rates and market prices surrounding the issuance of share options. These estimates impact share-based compensation expense and share-based compensation reserve.

(viii) The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

(ix) Contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events.

Details of the Group

In addition to the Company, these consolidated financial statements include all wholly-owned subsidiaries. The Company's significant subsidiary, East West Petroleum (NZ) Limited ("EWNZ"), is engaged in the exploring and producing oil and gas operations. On July 10, 2018 the Company incorporated East West Oil & Gas Limited ("EW Oil & Gas") under the provisions of the Company Act (British Columbia). Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

3. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. The Company did not have any cash equivalents as at March 31, 2022 and 2021.

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as amortized cost. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Oil Inventory

Crude oil produced but not sold as at the balance sheet date is recognized as oil inventory. The Company values its oil inventory using the lower of cost and net realizable value method.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

Exploration and Evaluation Expenditures

Pre-license costs are recognized in the statement of comprehensive income (loss) as incurred. Exploration and evaluation expenditures directly attributable to the exploration for petroleum and natural gas reserves are capitalized as exploration and evaluation assets on a field-by-field basis. These costs include, but are not limited to: lease acquisition either directly or by business combination, lease rentals on undeveloped properties, acquisition of rights to explore, geological, and geophysical costs, exploratory drilling of both productive and unproductive wells and overhead charges. No depletion or amortization is charged during the exploration and evaluation phase.

Exploration and evaluation expenditures are capitalized until reserves are evaluated and determined to be commercially viable and technically feasible. If reserves are not identified, these costs are expensed. The balance of exploration and evaluation expenditures is carried forward as an exploration and evaluation asset in the statement of financial position where the resource rights are current and it is considered probable that costs will be recovered through the future development or sale of the property.

If it is determined that a commercial discovery of reserves will not be achieved, the capitalized exploration and evaluation assets are written down to their recoverable amounts. Where commercial discovery of reserves has been made, the exploration and evaluation assets are tested for impairment and transferred to property, plant and equipment as petroleum and natural gas properties.

3. Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Where commercial production in an area has commenced, petroleum and natural gas properties are depreciated on a unit-of-production basis over the proved and probable reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. The unit-of-production rate for the amortization of field development costs takes into account expenditures incurred to date, plus future development expenditures to develop the proved and probable reserves. Changes in factors such as estimates of proved reserves that affect unit-of-production calculations do not give rise to prior year financial period adjustments and are accounted for on a prospective basis.

Office equipment and leasehold improvements are depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of between 20% and 30% commencing when the related asset is available for use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income (loss).

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

Joint Operations

A portion of the Company's operations are conducted jointly with others and, accordingly, these consolidated financial statements reflect only the Company's proportionate interest in such activities.

Impairment of Assets

Non-Financial Assets

The Company reviews the carrying amounts of its non-financial assets, other than exploration and evaluation assets and deferred tax assets, at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated. For goodwill and other intangible assets that have indefinite lives or that are not yet available for use, an impairment test is completed annually. Exploration and evaluation assets are tested for impairment when reclassified to property, plant and equipment as petroleum and natural gas properties, and also if facts and circumstances suggest that the carrying value exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the lowest level at which there is identifiable cash flows that are largely independent of the cash flows of other groups of assets, known as a cash-generating unit ("CGU"). Exploration and evaluation assets are grouped on an area basis for impairment assessment purposes. The goodwill acquired in a business combination, for the purposes of impairment testing, is allocated to the CGU's that are expected to benefit from the synergies of the combination.

3. Summary of Significant Accounting Policies (continued)

An impairment loss is recognized if the asset or CGU's carrying amount exceeds its recoverable amount determined as the higher of: its fair value less costs to sell, and its value in use. In assessing value in use, the estimated future after-tax cash flows are adjusted for the risks specific to the asset group and are discounted to present value using a discount rate that reflects current market assessments of the time value of money. Fair value less costs to sell is based on discounted cash flow forecasts using market assumptions, including market assessment of reserves, future prices and a risk-adjusted discount rate appropriate to the asset by reference to general market conditions, market expectations of current and future development, and the costs of future development. Impairment losses are recognized in the statement of comprehensive income (loss).

For other assets, impairment losses recognized in prior years are assessed at each reporting date for indications that previously recognized impairment losses may no longer exist or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The impairment loss is reversed only to the extent that the asset's or CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depletion, had no impairment loss been recognized in prior years. An impairment loss in respect of goodwill is not reversed.

Financial Assets

Financial assets are assessed for impairment at each reporting date to determine whether there is any objective evidence that they are impaired. Objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset and will not be realized. For financial assets measured at amortized cost the amount of impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

If there is impairment, the carrying amount of the financial asset is reduced by the impairment loss, except for trade receivables where an "expected credit loss" impairment model applies and the loss allowance is recognized in the statement of comprehensive loss. When a trade receivable is credit impaired, an expected credit loss is recognized against the trade receivable. Subsequent recoveries of amounts previously written off are credited against the statement of comprehensive income (loss).

Decommissioning Liabilities

Liabilities for decommissioning costs are recognized when the Company has an obligation to dismantle or remove a facility and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Cost is estimated upon current regulation and technology. Normally an obligation arises for a new facility or well during the construction or installation phase. Obligations may also be created through a change in legislation. The amount recognized is the fair value of the estimated future cost determined in accordance with local conditions and requirements.

Fair value is determined using the present value of the estimated future cash outflows to abandon the asset and restore the site, discounted using a pre-tax risk-free rate. Costs and the discount rate are updated at each reporting date to reflect current market assessments of the time value of money. The provision is reviewed regularly by the Company's management based on current regulations, costs, technologies and industry standards.

The corresponding amount is capitalized to petroleum and natural gas assets and is amortized on a unit-of-production basis as part of depletion and depreciation. Any adjustments arising from the reassessment of estimated costs or the current estimate of the discount rate used are reflected as an adjustment to the cost of petroleum and natural gas assets. The unwinding of the discount is recognized as a finance cost in income. Actual restoration expenditures are charged as reductions to the accumulated provision when incurred.

3. Summary of Significant Accounting Policies (continued)

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect of time is material.

Financial Instruments

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit or loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Share-Based Compensation Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes ("direct employee") or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based compensation transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based compensation transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

3. Summary of Significant Accounting Policies (continued)

Contingencies

When a contingency is substantiated by confirming events, can be reliably measured and will likely result in an economic outflow, a liability is recognized in the consolidated financial statements as the best estimate required to settle the obligation. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the consolidated financial statements.

Current and Deferred Income Tax

Income tax expense comprises current and deferred tax. Income tax is recognized separately in the statement of comprehensive income (loss), except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax relating to items recognized directly in equity or other comprehensive income ("OCI") is recognized in equity or OCI and not in the statement of comprehensive income (loss).

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings (loss) per share, when diluted earnings (loss) per share is presented.

3. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue from contracts with customers is recognized by applying the following steps:

Step in Model	Petroleum and Natural Gas Sales
Identify the contract	The contractual arrangement executed with the customers, specifying the market price
Identify distinct performance obligations	Single performance obligation to provide crude oil and gas to the customers
Estimate transaction price	Transaction price is based on current commodity market prices
Allocate transaction price to performance obligations	Total revenue is allocated to the single performance obligation
Recognize revenue as performance obligations are satisfied	Revenue to be recognized at a point in time once control passes to the customers (i.e. when product is delivered)

Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's entities' functional currencies are the Canadian dollar and the New Zealand dollar. The consolidated financial statements are presented in Canadian dollars which is the Company's presentation currency.

(i) EWNZ

EWNZ has the New Zealand dollar as the functional currency. Assets and liabilities of EWNZ are therefore translated into Canadian dollars using the report date closing exchange rate. Income and expenses are translated into Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive income (loss) and recognized in the foreign currency translation reserve.

(ii) Other Subsidiaries

The financial statements of each of the Company's other subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency and the functional currency of the parent, being the currency of the primary economic environment in which the subsidiary and the parent operates, is the Canadian dollar.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

Comparative Figures

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation in the current year.

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Accounting Standards and Interpretations Issued but Not Yet Effective

Property, Plant and Equipment ("IAS 16")

IAS 16 has been amended to prohibit an entity from deducting from the cost of an item of Property, Plant and Equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

The amendment is effective for periods beginning on or after January 1, 2022. The Company does not expect the adoption of the amendment to have a material impact.

4. Amounts Receivable

	March 31, 2022 $	March 31, 2021 $
Production receivable	6,551	24,013
Other	32,319	13,212
	38,870	37,225

5. Investments

(a) During fiscal 2022 the Company sold its remaining investment of 100,000 common shares of Sweet Earth Holdings Inc. ("Sweet Earth"), for proceeds of $5,685 resulting in a loss on sale of $22,815.

(b) During fiscal 2021 the Company:

(i) on April 17, 2020 Orocobre Limited ("Orocobre") completed the acquisition of 100% of the issued and outstanding common shares of Advantage Lithium in exchange for 0.142 ordinary shares of Orocobre per Advantage Lithium share. Accordingly, the Company received 244,098 shares of Orocobre for the 1,719,000 Advantage Lithium shares held by the Company. The Company subsequently sold all its common shares of Orocobre for proceeds of $885,356 resulting in a subsequent loss on sale of $182,231.

(ii) in May 2020 Seaway Energy Services Inc. completed a consolidation of its share capital on a basis of, one new for every 2.5 old common shares and, on May 22, 2020, completed a reverse takeover transaction to form Sweet Earth resulting in the Company now holding 204,960 Sweet Earth shares. The Company subsequently sold 104,960 common shares of Sweet Earth for proceeds of $37,431 resulting in a loss of $197,795.

During fiscal 2021 the Company recorded an unrealized gain of $819,578 on its investments held at March 31, 2021.

(Expressed in Canadian Dollars)

6. Property, Plant and Equipment

	Petroleum and Natural Gas Properties (PMP 60291) $
Cost:	
Balance at March 31, 2020	13,180,403
Capital expenditures	38,022
Revision of estimate for decommissioning costs	(88,613)
Foreign exchange movement	567,431
Balance at March 31, 2021	13,697,243
Capital expenditures	86,493
Foreign exchange movement	(197,550)
Balance at March 31, 2022	13,586,186
Accumulated Depletion and Depreciation:	
Balance at March 31, 2020	(12,524,055)
Depletion and depreciation	(314,282)
Foreign exchange movement	(535,264)
Balance at March 31, 2021	(13,373,601)
Depletion and depreciation	(169,524)
Foreign exchange movement	193,364
Balance at March 31, 2022	(13,349,761)
Carrying Value:	
Balance at March 31, 2021	323,642
Balance at March 31, 2022	236,425

An impairment test is performed on capitalized property, plant and equipment costs at a CGU level when indicators of impairment exist. Impairment is calculated as the difference in the CGU's carrying value and its recoverable amount.

See also Note 7(a).

7. Exploration and Evaluation Assets

	PEP 54877 $
Balance at March 31, 2020	1,579,279
Capital expenditures	(5,803)
Foreign exchange movement	67,986
Balance at March 31, 2021	1,641,462
Foreign exchange movement	(14,406)
Impairment	(1,627,056)
Balance at March 31, 2022	-

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

(a) On December 11, 2012 the Government of New Zealand awarded the Company and its original partner, TAG Oil Ltd. ("TAG"), interests in three onshore exploration blocks located in the Taranaki Basin, New Zealand. Under the terms of the agreements, the Company participated in the drilling of exploration wells. On January 7, 2014 commercial discovery was declared on petroleum exploration permit ("PEP") 54877 and the capitalized expenditures were transferred to property, plant and equipment. The Company has a 30% participation in PEP 54877. On September 17, 2017 New Zealand Petroleum and Minerals ("NZP&M") approved the petroleum mining permit ("PMP") for the Company's 30% working interest of PMP 60291, which has been carved out of PEP 54877 and part of the remaining acreage has been included in an application to extend the duration of PEP 54877. During fiscal 2018 the Company drilled an exploration well (the "Cheal D-1 Well") under PEP 54877.

TAG's interests in the Taranaki Basin were sold to Tamarind Resources Pty. Ltd. ("Tamarind") in September 2019. As part of this transaction Tamarind acquired Cheal Petroleum Ltd. ("Cheal"), the owner of 70% of PEP 54877 and PMP 60291, and operator. There have been ongoing discussions regarding the operator, including whether there has been a subsequent change of control and triggering rights of first refusal. The Company is seeking to resolve these uncertainties by way of arbitration.

During fiscal 2022 the Company was advised by Cheal that it was recommending not to spend further expenditures on PEP 54877 and, accordingly, recorded an impairment of $1,627,056.

(b) During fiscal 2010 the Company was awarded four exploration blocks located in the Pannonian Basin, in western Romania. The four concessions have specific mandatory Phase 1 work programs (the "Romania Work 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 October 27, 2011 the Company and Naftna Industrija Srbije j.s.c. Novi Sad ("NIS"), an arm's length corporation, signed a farm-out agreement (the "Farm-out"). Under the terms of the Farm-out, NIS 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. 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 will be responsible for its 15% interest in development of the commercial discovery.

8. Decommissioning Liabilities

	$
Balance at March 31, 2020	1,269,824
Finance cost	3,035
Expenditures incurred	(9,959)
Revision of estimate for decommissioning costs	(94,416)
Foreign exchange movement	50,516
Balance at March 31, 2021	1,219,000
Finance cost	5,230
Expenditures incurred	(22,237)
Foreign exchange movement	(16,008)
Balance at March 31, 2022	1,185,985

As at March 31, 2022 the total amount of estimated undiscounted cash flows required to settle the Company's estimated obligation is $1,193,000 (2021 - $1,246,000) which has been discounted using a pre-tax risk-free rate of 1.05% (2021 - 0.47%) and an inflation rate of 6.9% (2021 - 1.5%). The present value of the decommissioning liabilities may be subject to change based on management's current estimates, changes in remediation technology or changes to the applicable laws and regulations. Such changes will be recorded in the accounts of the Company as they occur.

(Expressed in Canadian Dollars)

8. Decommissioning Liabilities (continued)

The total future asset decommissioning obligations were estimated based on the Company's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future years. These liabilities will be settled at various dates which are currently expected to extend up to 2023. Settlement of the liabilities is expected to be funded from general corporate funds at the time of retirement.

9. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Reconciliation of Changes in Share Capital*

No equity financings were conducted by the Company during fiscal 2022 or fiscal 2021.

(c) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the share options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years from the date of grant.

No share options were granted or vested during fiscal 2022 or 2021.

A summary of the Company's share options at March 31, 2022 and 2021 and the changes for the years ended on those dates, is as follows:

	2022		2021	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	5,455,000	0.09	5,505,000	0.09
Expired	(2,665,000)	0.10	(50,000)	0.09
Balance, end of year	2,790,000	0.08	5,455,000	0.09

The following table summarizes information about the share options outstanding and exercisable at March 31, 2022:

Number of Shares	Exercise Price $	Expiry Date
500,000	0.135	October 3, 2022
400,000	0.10	April 24, 2024
1,890,000	0.06	January 16, 2025
2,790,000		

(Expressed in Canadian Dollars)

10. 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 include 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 its executive officers.

(a) During fiscal 2022 and 2021 the Company incurred the following compensation amounts to its current and former key management personnel:

	2022 $	2021 $
Professional fees	42,000	53,000

As at March 31, 2022 $5,000 (2021 - $3,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) During fiscal 2022 the Company incurred a total of $36,800 (2021 - $38,100) to Chase Management Ltd. ("Chase"), a private corporation owned by the interim CEO and CFO of the Company, for accounting and administration services provided by Chase personnel. As at March 31, 2022 $3,000 (March 31, 2021 - $1,500) remained unpaid and has been included in accounts payable and accrued liabilities.

11. Income Tax

A reconciliation of income taxes at statutory rates with the reported taxes for fiscal 2022 and 2021 is as follows:

	2022 $	2021 $
Income (loss) for the year before income tax	(2,040,590)	(584,572)
Expected income tax (recovery)	(551,000)	(158,000)
Change in statutory, foreign tax, foreign exchange rates and other	(231,000)	78,000
Permanent differences	3,000	(110,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(250,000)	(75,000)
Change in unrecognized deductible temporary differences	1,029,000	265,000
Total income tax expense (recovery)	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	March 31, 2022		March 31, 2021	
	$	Expiry Date Range	$	Expiry Date Range
Exploration and evaluation assets	5,538,000	No expiry date	3,806,000	No expiry date
Marketable securities	-	No expiry date	196,000	No expiry date
Asset retirement obligation	1,186,000	No expiry date	219,000	No expiry date
Allowable capital losses	8,440,000	No expiry date	8,415,000	No expiry date
Non-capital losses available for future periods	28,550,000	See below	27,517,000	See below

(Expressed in Canadian Dollars)

11. Income Tax (continued)

Non-capital losses available for future periods by country are as follows:

	March 31, 2022		March 31, 2021	
	$	Expiry Date Range	$	Expiry Date Range
Canada	17,329,000	2026 to 2042	17,176,000	2026 to 2040
New Zealand	11,221,000	No expiry date	9,757,000	No expiry date

Tax attributes are subject to review and potential adjustment by tax authorities.

12. 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 an oil super major. 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, 2022 and 2021 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, 2022, assuming all other variables remain constant, a change of 10% in oil and gas prices would have an effect on net income of $175,000.

12. Financial Instruments and Risk Management (continued)

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. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at March 31, 2022				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	5,145,788	-	-	-	5,145,788
Amounts receivable	38,870	-	-	-	38,870
Accounts payable and accrued liabilities	(355,037)	-	-	-	(355,037)

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 2022 or fiscal 2021 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:

(Expressed in Canadian Dollars)

12. Financial Instruments and Risk Management (continued)

Financial Instrument	Category	March 31, 2022 $	March 31, 2021 $
Cash	Amortized cost	5,145,788	5,434,218
Amounts receivable	Amortized cost	38,870	37,225
Investments - common shares	FVTPL	-	28,500
Accounts payable and accrued liabilities	Amortized cost	(355,037)	(400,164)

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 investments approximate their fair value. The fair value of investment in common shares 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.

13. Commitments

The Company's share of expected exploration and development permit obligations and/or commitments as at March 31, 2022 are approximately $660,000 to be incurred during fiscal 2023 and $16,000 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.

(Expressed in Canadian Dollars)

14. Supplemental Cash Flow Information

During fiscal 2022 and 2021 non-cash activities were conducted by the Company as follows:

	2022 $	2021 $
Investing activities		
Exploration and evaluation assets	-	5,803
Property, plant and equipment	-	88,613
Acquisition of investments	-	463,786
Proceeds from disposition of investments	-	(463,786)
	-	94,416
Operating activity		
Revision of estimate for decommissioning costs	-	(94,416)

15. Segmented Information

During fiscal 2022 and fiscal 2021 the Company operated in one business segment, being the acquisition, exploration and production of oil and gas properties in New Zealand. The Company's total assets and operations are segmented geographically as follows:

	As at March 31, 2022		
	Canada $	New Zealand $	Total $
Current assets	5,061,535	431,931	5,493,466
Property, plant and equipment	-	236,425	236,425
	5,061,535	668,356	5,729,891
Petroleum and natural gas sales	-	1,753,974	1,753,974

	As at March 31, 2021		
	Canada $	New Zealand $	Total $
Current assets	5,288,485	261,732	5,550,217
Investments	28,500	-	28,500
Exploration and evaluation assets	-	1,641,462	1,641,462
Property, plant and equipment	-	323,642	323,642
	5,316,985	2,226,836	7,543,821
Petroleum and natural gas sales	-	2,443,384	2,443,384

The Company earned the majority of its petroleum and natural gas sales from one customer.