
EAST WEST PETROLEUM CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2025 AND 2024

(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, 2025 and 2024, and the consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditor's report.

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 Accounting Standards, 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:

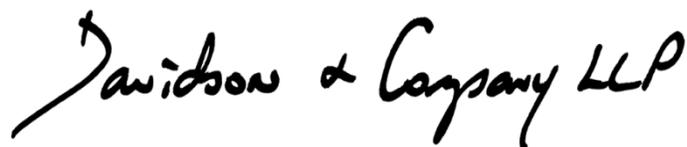
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 29, 2025

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

	Note	March 31, 2025 \$	March 31, 2024 \$
ASSETS			
Current assets			
Cash		4,162,445	6,400,011
GST receivable		5,591	6,710
Prepaid expenses		13,865	13,477
Assets held-for-sale	4	<u>-</u>	<u>968,451</u>
TOTAL ASSETS		<u>4,181,901</u>	<u>7,388,649</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		162,855	128,369
Deposit received	4	-	334,563
Liabilities on assets held-for-sale	4	<u>-</u>	<u>1,618,831</u>
TOTAL LIABILITIES		<u>162,855</u>	<u>2,081,763</u>
SHAREHOLDERS' EQUITY			
Share capital	6	37,224,841	39,868,761
Share-based compensation reserve		5,562,553	5,337,703
Deficit		<u>(38,768,348)</u>	<u>(39,899,578)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>4,019,046</u>	<u>5,306,886</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>4,181,901</u>	<u>7,388,649</u>

Nature of Operations - see Note 1

Event after the Reporting Period - see Note 12

These consolidated financial statements were approved for issue by the Board of Directors on July 29, 2025 and are signed on its behalf by:

/s/ Mark T. Brown
Mark Brown
Director

/s/ Nick DeMare
Nick DeMare
Director

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

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

	Note	Year Ended March 31,	
		2025	2024
		\$	\$
Expenses			
Accounting and administrative	8(b)	41,800	38,100
Audit and related		78,704	45,000
Corporate development		4,769	4,769
Executive management compensation	8(a)	67,878	49,200
General exploration		28,876	17,047
Insurance		21,458	19,088
Legal		131,919	92,651
Office		6,261	2,124
Professional fees		7,823	47,317
Regulatory fees		9,571	8,967
Share-based compensation	6(d)	241,500	-
Shareholder costs		10,096	5,859
Transfer agent fees		21,108	12,506
		<u>671,763</u>	<u>342,628</u>
Loss from continuing operations before other items		<u>(671,763)</u>	<u>(342,628)</u>
Other items			
Interest income		258,600	286,182
Foreign exchange		177,830	(125,629)
Gain on sale of disposal group	4	<u>1,366,563</u>	<u>-</u>
		<u>1,802,993</u>	<u>160,553</u>
Income (loss) from continuing operations		1,131,230	(182,075)
Income from discontinued operations	4	<u>-</u>	<u>249,953</u>
Comprehensive income for the year		<u>1,131,230</u>	<u>67,878</u>

Earnings (loss) per common share - see Note 7

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, 2025				
	Share Capital		Reserves		Total Shareholders' Equity
	Number of Shares	Amount \$	Share-Based Compensation \$	Deficit \$	
Balance at March 31, 2024	89,585,665	39,868,761	5,337,703	(39,899,578)	5,306,886
Common shares issued for:					
- exercise of share options	900,000	54,000	-	-	54,000
Transfer on exercise of share options	-	16,650	(16,650)	-	-
Share-based compensation	-	-	241,500	-	241,500
Distribution of capital (Note 6(b))	-	(2,714,570)	-	-	(2,714,570)
Net income for the year	-	-	-	1,131,230	1,131,230
Balance at March 31, 2025	90,485,665	37,224,841	5,562,553	(38,768,348)	4,019,046

	Year Ended March 31, 2024					
	Share Capital		Reserves		Total Shareholders' Equity	
	Number of Shares	Amount \$	Share-Based Compensation \$	Foreign Currency Translation \$		
Balance at March 31, 2023	89,585,665	39,868,761	5,337,703	(666,250)	(39,967,456)	4,572,758
Currency translation adjustment	-	-	-	666,250	-	666,250
Net income for the year	-	-	-	-	67,878	67,878
Balance at March 31, 2024	89,585,665	39,868,761	5,337,703	-	(39,899,578)	5,306,886

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,	
	2025	2024
	\$	\$
Operating activities		
Net income for the year	1,131,230	67,878
Adjustments for:		
Share-based compensation	241,500	-
Foreign exchange	(177,830)	-
Gain on sale of disposal group	(1,366,563)	-
Changes in non-cash working capital items:		
GST receivable	1,119	(4,959)
Prepaid expenses	(388)	1,190
Accounts payable and accrued liabilities	<u>34,486</u>	<u>(132,950)</u>
Cash provided by (used in) continuing operations activities	(136,446)	(68,841)
Cash provided by discontinued operating activities	<u>-</u>	<u>632,256</u>
Net cash provided by operating activities	<u>(136,446)</u>	<u>563,415</u>
Investing activities		
Proceeds on sale of disposal group	381,620	-
Deposit received	<u>-</u>	<u>334,563</u>
Cash provided by continuing operations investing activities	381,620	334,563
Cash used in discontinued operations investing activities	<u>-</u>	<u>(30,789)</u>
Net cash provided by investing activities	<u>381,620</u>	<u>303,774</u>
Financing activities		
Issuance of common shares	54,000	-
Distribution of capital	<u>(2,714,570)</u>	<u>-</u>
Cash used in continuing operations financing activities	<u>(2,660,570)</u>	<u>-</u>
Net cash used in financing activities	<u>(2,660,570)</u>	<u>-</u>
Effect of exchange rate changes on cash	<u>177,830</u>	<u>650,492</u>
Net change in cash	<u>(2,237,566)</u>	<u>1,517,681</u>
Cash at beginning of year - continuing operations	6,277,353	4,929,962
Cash at beginning of year - discontinued operations	<u>122,658</u>	<u>75,026</u>
	6,400,011	5,004,988
Less cash at end of year - discontinued operations	<u>-</u>	<u>(122,658)</u>
Cash at end of year - continuing operations	<u>4,162,445</u>	<u>6,400,011</u>

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

EAST WEST PETROLEUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
(Expressed in Canadian Dollars)

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 which was engaged in the exploration, development and production from certain of its oil and gas properties. On April 9, 2024 the Company closed on an agreement to dispose of the majority of its oil and gas properties, as described in Note 4. These assets represented the sole source of operating cash flow to the Company. As at March 31, 2025 the Company had working capital of \$4,019,046. The Company proposes to conduct a further distribution of capital of approximately \$3,000,000, as described in Note 12. Upon completion of the distribution of capital, the Company believes that it will have sufficient financial resources to maintain ongoing levels of overhead and conduct due diligence and review for potential property or business opportunities for the upcoming twelve month period.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRI Committee (“IFRIC”).

Basis of Measurement

The Company’s 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.

Discontinued Operations

Effective October 31, 2023 the Company entered into an interim agreement with Cheal Petroleum Limited (“Cheal”), whereby Cheal agreed to acquire the Company’s 30% interest in PMP 60291. The segment of PMP 60291 meets the criteria of a discontinued operation under IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations* and, during fiscal 2024 the Company classified the operating segment as held-for-sale or as discontinued operations.

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:

- (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.

EAST WEST PETROLEUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
(Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

- (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. On July 10, 2018 the Company incorporated East West Oil & Gas Limited (“EW Oil & Gas”) under the provisions of the Company Act (British Columbia) to hold all of the Company’s direct and indirect oil and gas interests. The Company’s significant subsidiary, East West Petroleum (NZ) Limited (“EWNZ”), previously was engaged in the exploration, development and production from its oil and gas properties in New Zealand. See Note 4. As of March 31, 2025 EWNZ remains a wholly-owned subsidiary of the Company but has no significant assets or on-going activities. 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. Material Accounting Policy Information

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, 2025 and 2024.

EAST WEST PETROLEUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
(Expressed in Canadian Dollars)

3. Material Accounting Policy Information (continued)

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 statement of financial position 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.

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.

EAST WEST PETROLEUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
(Expressed in Canadian Dollars)

3. Material Accounting Policy Information (continued)

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.

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 were previously conducted jointly with others and, accordingly, these consolidated financial statements reflect only the Company's proportionate interest in such activities.

Assets Held-for-Sale

Non-current assets, or disposal comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposals, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to financial assets or investment property, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-distribution and subsequent gains and losses on re-measurement are recognized in profit or loss.

Impairment of Assets

Non-Financial Assets

The Company reviews the carrying amounts of its non-financial assets at each reporting date, or whenever events or changes in circumstances indicate the carrying value may not be recoverable, 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.

EAST WEST PETROLEUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
(Expressed in Canadian Dollars)

3. Material Accounting Policy Information (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.

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

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

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.

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.

EAST WEST PETROLEUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
(Expressed in Canadian Dollars)

3. Material Accounting Policy Information (continued)

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.

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3. Material Accounting Policy Information (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, 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 income 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 substantively 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.

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.

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3. Material Accounting Policy Information (continued)

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.

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.

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3. Material Accounting Policy Information (continued)

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.

Accounting Standards Issued but Not Yet Effective

IFRS 18, *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements* aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 *Statement of Cash Flows*. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company is currently evaluating the impact of IFRS 18 adoption on the Company's consolidated financial statements.

4. Disposition of Disposal Group

On October 31, 2023 the Company entered into an interim agreement (the "Interim Agreement") with Cheal, the owner of a 70% interest in PMP 60291 and operator, whereby Cheal would purchase the Company's 30% interest in PMP 60291. The key terms of the Interim Agreement were as follows:

- (i) purchase price of US \$1,000,000, adjusted for operations after July 31, 2023 to closing of the sale (totalling US \$459,490);
- (ii) Cheal assumes all reclamation obligations;
- (iii) contingent consideration of US \$350,000 should an additional well be drilled and completed; and
- (iv) refundable deposit of \$334,563 (US \$250,000) (the "Deposit") on signing of a definitive agreement.

On January 10, 2024 the Company and Cheal entered into a definitive agreement (the "Asset Sale and Purchase Agreement") which formalized the terms under the Interim Agreement and the Company received the Deposit. On April 9, 2024 the Company and Cheal closed the Asset Sale and Purchase Agreement and the Company received net cash proceeds of \$381,620 (US \$290,510) and the release of the Deposit, recognizing a gain of \$1,366,563.

The New Zealand oil and gas interests were classified as held-for-sale as at March 31, 2024 and its operations were reported as discontinued operations for fiscal 2024, as follows:

(a) *Assets and Liabilities of Disposal Group Held-for-sale*

As at April 9, 2024 and March 31, 2024 the disposal group was stated at its carrying value and comprised the following assets and liabilities:

	\$
Assets	
Cash	2,030
Restricted cash	120,627
Amounts receivable	418,218
Oil inventory	70,648
Prepaid expenses	51,891
Property, plant and equipment	<u>305,037</u>
Assets held-for-sale	<u><u>968,451</u></u>

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4.	Disposition of Disposal Group (continued)	\$
	Liabilities	
	Accounts payable and accrued liabilities	785,793
	Decommissioning liabilities	<u>833,038</u>
	Liabilities held-for-sale	<u>1,618,831</u>
(b)	<i>Net Income from Discontinued Operations</i>	Fiscal 2024 \$
	Revenues	
	Petroleum and natural gas sales	<u>2,926,472</u>
	Direct Costs	
	Depletion	89,131
	Finance cost of decommissioning liabilities	3,698
	Production costs	1,347,158
	Royalties	236,992
	Transportation and storage costs	<u>731,919</u>
		<u>2,408,898</u>
	Gross profit	<u>517,574</u>
	Expenses	
	Audit and related	29,633
	General exploration	2,744
	Legal	26,163
	Office	3,255
	Professional fees	<u>5,573</u>
		<u>67,368</u>
	Income before other items	<u>450,206</u>
	Other items	
	Interest income	865
	Foreign exchange	<u>(201,118)</u>
		<u>(200,253)</u>
	Net income from discontinued operations	<u>249,953</u>
(c)	<i>Discontinued Operations Reported in the Statements of Cash Flows</i>	Fiscal 2024 \$
	Cash provided by operating activities	<u>632,256</u>
	Cash used in investing activities	<u>(30,789)</u>

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5. Exploration and Evaluation Assets

In fiscal 2010 the Company was awarded four exploration blocks located in the Pannonian Basin, in western Romania. 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, for the assignment of an 85% participation interest and operatorship, NIS has the obligation to fund all exploration and development costs on the blocks. The Company retained a 15% carried interest in each block. During fiscal 2024 two exploration blocks lapsed and, as at March 31, 2025, two exploration blocks, EX-7 And EX-8, remained in good standing. NIS continues to fund all costs.

If a commercial discovery is made, the Company will be responsible for its 15% interest in development of the commercial discovery. Since early 2021 there has been a disagreement with respect to whether a commercial discovery was made and since that date the Company has been working to sell this retained interest. The carrying value of the Romanian asset was \$nil as of March 31, 2025 and 2024.

6. 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) *Share Capital Reduction*

On September 6, 2024 the Company effected a return of capital to its shareholders by way of a cash distribution totalling \$2,714,570, resulting in a reduction in the stated capital of the Company.

See also Note 12.

(c) *Equity Financings*

No equity financings were conducted by the Company during fiscal 2025 or 2024.

(d) *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. The business purpose for share option grants is that they form part of the Company’s compensation packages.

During fiscal 2025 the Company granted share options to purchase 5,250,000 common shares of the Company and recorded compensation expense of \$241,500. The fair value of share options granted during fiscal 2025 were estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 2.65% - 3.52%; estimated volatility of 90%; expected life of 5 years; expected dividend yield of 0%; and estimated forfeiture rate of 0%.

The estimated volatility was based on the historical share prices of the Company. The weighted average grant date fair value of all share options granted during fiscal 2025 was \$0.05 per share option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company’s share options.

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6. Share Capital (capital)

No share options were granted or vested during fiscal 2024.

A summary of the Company's share options at March 31, 2025 and 2024 and the changes for the years ended on those dates, is as follows:

	2025		2024	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of year	2,290,000	0.07	2,290,000	0.07
Granted	5,250,000	0.07	-	-
Exercised	(900,000)	0.06	-	-
Expired	<u>(1,390,000)</u>	0.07	<u>-</u>	<u>-</u>
Balance, end of year	<u>5,250,000</u>	0.07	<u>2,290,000</u>	0.07

The following table summarizes information about the share options outstanding and exercisable at March 31, 2025:

Number of Shares	Exercise Price \$	Expiry Date
2,100,000	0.10	July 4, 2029
<u>3,150,000</u>	0.05	February 6, 2030
<u>5,250,000</u>		

7. Earnings (Loss) per Common Share

	2025 \$	2024 \$
Numerator		
Income (loss) from continuing operations	1,131,230	(182,075)
Income from discontinued operations	<u>-</u>	<u>249,953</u>
Net income attributable to shareholders	<u>1,131,230</u>	<u>67,878</u>
Denominator		
For basic weighted average number of common shares outstanding	90,278,542	89,585,665
Effect of dilutive stock options	<u>-</u>	<u>-</u>
For diluted weighted average number of common shares outstanding	<u>90,278,542</u>	<u>89,585,665</u>
Earnings (loss) per common share from continuing operations		
- Basic	<u>0.01</u>	<u>(0.00)</u>
- Diluted	<u>0.01</u>	<u>(0.00)</u>
Earnings per common share from discontinued operations		
- Basic	<u>0.00</u>	<u>0.00</u>
- Diluted	<u>0.00</u>	<u>0.00</u>

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8. 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 2025 the Company incurred \$67,878 (2024 - \$49,200) for executive management compensation to its key management personnel. As at March 31, 2025 \$1,000 (2024 - \$nil) remained unpaid and has been included in accounts payable and accrued liabilities.

During fiscal 2025 the Company also recorded \$178,500 (2024 - \$nil) share-based compensation for share options granted to key management personnel.

- (b) During fiscal 2025 the Company incurred a total of \$41,800 (2024 - \$38,100) to Chase Management Ltd. ("Chase"), a private corporation owned by the interim CEO of the Company, for accounting and administration services provided by Chase personnel. As at March 31, 2025 \$1,000 (2024 - \$7,250) remained unpaid and has been included in accounts payable and accrued liabilities.

9. Income Tax

A reconciliation of income taxes at statutory rates with the reported taxes for fiscal 2025 and 2024 is as follows:

	2025 \$	2024 \$
Income (loss) from continuing operations	1,131,230	(182,075)
Income from discontinued operations	-	249,953
Income for the year before income tax	<u>1,131,230</u>	<u>67,878</u>
Expected income tax (recovery)	305,000	18,000
Change in statutory, foreign tax, foreign exchange rates and other	(43,000)	215,000
Permanent differences	73,000	-
Adjustment to prior years provision versus statutory tax returns	96,000	(319,000)
Expiry of non-capital losses	12,000	-
Change in unrecognized deductible temporary differences	<u>(443,000)</u>	<u>86,000</u>
Total income tax expense (recovery)	<u>-</u>	<u>-</u>

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, 2025		March 31, 2024	
	\$	Expiry Date Range	\$	Expiry Date Range
Exploration and evaluation assets	5,348,000	No expiry date	5,605,000	No expiry date
Asset retirement obligation	86,000	No expiry date	919,000	No expiry date
Allowable capital losses	8,342,000	No expiry date	8,342,000	No expiry date
Non-capital losses available for future periods	27,751,000	See below	28,252,000	See below

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9. Income Tax (continued)

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

	March 31, 2025		March 31, 2024	
	\$	Expiry Date Range	\$	Expiry Date Range
Canada	17,365,000	2026 to 2045	17,383,000	2026 to 2044
New Zealand	10,386,000	No expiry date	10,869,000	No expiry date

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

10. 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 loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to cash is remote as cash is held with high quality financial institutions.

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, 2025				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	4,162,445	-	-	-	4,162,445
Accounts payable and accrued liabilities	(162,855)	-	-	-	(162,855)

	Contractual Maturity Analysis at March 31, 2024				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	6,400,011	-	-	-	6,400,011
Accounts payable and accrued liabilities	(128,369)	-	-	-	(128,369)
Deposit received	(334,563)	-	-	-	(334,563)

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10. Financial Instruments and Risk Management (continued)

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 Risk

The Company's functional currency is the Canadian dollar. The Company maintains foreign currency bank accounts to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. As at March 31, 2025 the Company's only foreign exchange exposure was US \$1,140,441 cash held. A 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's income and comprehensive income being approximately \$174,000 higher (or lower).

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 2025 or 2024 and any variations in interest rates would not have materially affected net income or loss.

Fair Value of Financial Instruments

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

Financial Instrument	Category	March 31, 2025 \$	March 31, 2024 \$
Cash	Amortized cost	4,162,445	6,400,011
Accounts payable and accrued liabilities	Amortized cost	(162,855)	(128,369)
Deposit received	Amortized cost	-	(334,563)

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 accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

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10. Financial Instruments and Risk Management (continued)

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.

See also Note 12.

11. Segmented Information

During fiscal 2024 the Company operated in one business segment, being the acquisition, exploration and production of oil and gas properties in New Zealand. See also Note 4. The Company's total assets and operations are segmented geographically as follows:

	As at March 31, 2025		
	Canada	New Zealand	Total
	\$	\$	\$
Current assets	4,181,901	-	4,181,901
	As at March 31, 2024		
	Canada	New Zealand	Total
	\$	\$	\$
Current assets	6,420,198	-	6,420,198
Assets held-for-sale	-	968,451	968,451
	6,420,198	968,451	7,388,649

12. Event after the Reporting Period

On June 30, 2025 the Board of Directors of the Company approved, subject to shareholder approval, to a distribution of capital of approximately \$3,000,000 to Company shareholders (the "Second Distribution") as a return of capital (the "Second Capital Reduction"). In addition to the Second Distribution the Board also approved a capital consolidation of its common shares on a 10 old for one new basis.

The Company has scheduled an annual and special shareholders meeting for September 5, 2025 to approve amongst other matters, the Second Distribution and the Second Capital Reduction.