EAST WEST PETROLEUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

This discussion and analysis of financial position and results of operation is prepared as at February 24, 2014 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the twelve months ended December 31, 2013 of East West Petroleum Corp. ("East West" or the "Company"). See also "Change in Fiscal Year-End". The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at www.sedar.com .

Forward-Looking Statements

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

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

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

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

Company Overview

The Company was incorporated on October 23, 1987 under the provisions of the Company Act (British Columbia). During fiscal 2010 the Company negotiated the acquisition of interests in petroleum and natural gas properties, and conducted a number of private placement financings. As a result, effective October 1, 2010, the Company's listing of its common shares was transferred from the NEX Board ("NEX") to the TSX Venture Exchange ("TSXV") as a Tier 2 oil and gas issuer trading under the symbol "EW".

The Company carries on business in one operating segment, being the acquisition of, exploration for and production from petroleum and natural gas properties. The Company's current portfolio consists of exploration concessions in

New Zealand, Romania, California USA, Morroco and India and a producing property in Alberta Canada. During the twelve months ended December 31, 2014, the Company focussed its activities on the exploration and evaluation of its petroleum interests in the Taranaki Basin, New Zealand, and the Tejon Ranch Extension in the San Joaquin Basin of California.

Normal Course Issuer Bid

On January 31, 2014 the Company announced that it will conduct a normal course issuer bid (the "NCIB"). The NCIB will be for up to 8,882,872 shares of the Company over a period of one year, with up to 1,864,438 shares of the Company purchasable over any 30-day period within the NCIB period, being 2% of Company's issued and outstanding common shares. The NCIB period commenced on February 3, 2014 and will continue until the earlier of February 3, 2015 or the date by which the Company has acquired the maximum 8,882,872 shares which may be purchased under the bid. As of the date of this MD&A, the Company has not acquired any Company shares under the current NCIB.

With respect to the Company's previous NCIB, which expired on October 16, 2013, a total of 998,500 shares of the Company were purchased at an average price of $0.3085 per share.

See also "Selected Financial Data - Results of Operations" and "Outstanding Share Data". The Company's principal office is located at #1210 - 1095 West Pender Street, Vancouver, BC, V6E 2M6.

Change in Fiscal Year-End

The Company has changed its fiscal year end from December 31 to March 31 effective March 31, 2014. The change in the fiscal year is made for the purpose of streamlining the Company's financial reporting. The condensed consolidated interim financial statements and this MD&A are presented for a period of twelve months ended December 31, 2013.

Projects Update

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

New Zealand

The Company is currently in participating in a nine well drilling program with simultaneous completion and testing operations in the Taranaki Basin of New Zealand, with a budget of approximately $11 million for 2014. All wells are operated by the Company's partner, TAG Oil Ltd. ("TAG"). The wells are drilling on shallow targets in the Urenui and Mt. Messenger formations which have been shown to be productive for oil and gas throughout the Taranaki Basin, including on TAG's adjacent Cheal field where wells have historical average initial production rates of 300 BOE/day and provide steady, long-term production.

PEP 54876 (Southern Cross) - East West 50%

East West is funding 100% of the first $2.5 million of the work program which includes the drilling of one exploration well and the reprocessing of 200 km of 2D seismic; all costs in excess of $2.5 million will be shared based on each company's pro-rata interest in the permit. Under the terms of the joint venture agreement with TAG, if there is a discovery on the permit, the Company is entitled to receive 100% of the first $2.5 million in revenue while paying 100% of the costs to produce that revenue after which all revenues and expenses will be shared according to each party's working interest.

During the reporting period and as at the date of this MD&A, the Company and TAG have completed reprocessing of the seismic data as required under the committed work program and have identified a drill-ready prospect known as Southern Cross. TAG and the Company have been liaising with stakeholders and have signed an access agreement for a well-site lease. Resource consents have been granted for the site and construction of the well-site lease has commenced in anticipation of the spudding of the Southern Cross by Q4 of fiscal 2014.

PEP 54877 (Cheal North) - East West 30%

The work program of the Cheal North permit includes the drilling of five exploration wells, two of which have been funded 100% by East West up to $5 million with any additional costs shared on a working interest basis. Under the terms of the joint venture agreement with TAG, if there is a discovery on the permit, the Company is entitled to receive 100% of the first $5 million in revenue while paying 100% of the costs to produce that revenue after which all revenues and expenses will be shared according to each party's working interest.

At the date of this MD&A, five commitment wells have been drilled from the Cheal-E site, and have been drilled with initial production testing ongoing on each well to determine baseline production and reserve data. A permanent separation facility has been built and commissioned at the Cheal-E site with an operating capacity of 1,000 bbl/day of crude oil using artificial lift. On January 7, 2014 TAG declared the Cheal E-1 well to be a commercial discovery. The Cheal E-1 well is currently producing at a rate of approximately 490 BOE/day and the Cheal E-4 well is producing at a rate of approximately 291 BOE/day during the production test phase. A long term production scheme will be developed for the site once baseline initial production has been gathered and interpreted.

The Company and TAG have also been granted all resource consents for the construction of a second site, Cheal-D, and to drill up to 12 additional wells on the Cheal North permit.

PEP 54879 (Cheal South) - East West 50%

East West is funding 100% of the first $2.5 million to drill three exploration wells on the permit; all costs in excess of $2.5 million will be shared based on each company's pro-rata interest in the permit. Under the terms of the joint venture agreement with TAG, if there is a discovery on the permit, the Company is entitled to receive 100% of the first $2.5 million in revenue while paying 100% of the costs to produce that revenue after which all revenues and expenses will be shared according to each party's working interest.

At the date of this MD&A, two of the three wells have completed drilling from the Cheal-G site and preparations are underway for completion and testing operations.

PEP55770 - East West 40%

In December 2013, East West was awarded a 40% interest in PEP 55770 with partner TAG (60%). The block covers an area of 106,157 acres in the East Coast Basin unconventional fairway of New Zealand. East West will be paying 100% of the costs up to a maximum of $10 million ($270,000 minimum commitment) of the initial work program which includes: reprocessing of existing seismic data in first 12 months; acquisition of 60 km of 2D seismic data within first 18 months, and; the drilling of one exploration well in the first three years. East West can terminate its participation in this PEP once the seismic program is completed.

Romania

On June 30, 2010 the Company was awarded four exploration blocks, EX-2 (Tria), EX-3 (Baile Felix), EX-7 (Periam) and EX-8 (Biled), located in the Pannonian Basin in western Romania. Total acreage covered in the four blocks is approximately 1,000,000 acres. The Pannonian Basin is a prolific oil and gas basin with significant remaining potential for conventional oil and gas, as well as opportunities for unconventional shale gas.

On May 20, 2011 the Company signed the four concession agreements with the National Agency of Mineral Resources ("NAMR"). The Company then entered into a binding memorandum of understanding agreement with Naftna Industrija Srbije j.s.c. Novi Sad ("NIS") to cooperate in the exploration and development of the four Romanian blocks. Under the terms of the agreement, NIS would acquire an 85% participation interest in all four blocks and pay 100% of the obligatory Phase I work program costs and optional Phase II work program costs.

On October 27, 2011 the Company entered into a farm-out agreement with NIS whereby NIS would acquire an 85% participation interest in the four Romanian blocks EX-2 (Tria), EX-3 (Baile Felix), EX-7 (Periam) and EX-8 (Biled) (collectively the "Concessions") and eventually assume operatorship. The Phase I program includes environmental baseline surveys, the acquisition and processing of a minimum of 900 km. of 2D and 600 sq. km. of 3D seismic data, with a minimum of 12 wells to be drilled on the four blocks. NIS will also pay 100% of the Company's sunk costs which totalled approximately $525,000. The Company retains a 15% carried interest in each block until the achievement of commercial production, at which time the Company will be responsible for its 15% interest in the commercial discoveries. The assignment of interest is subject to ratification of the Concessions by the Government of Romania and receiving NAMR's approval for the assignment of interest.

On December 23, 2011 the Company entered into four Joint Operating Agreements with NIS which provided for NIS to assume operatorship for the Concessions, subject to receiving NAMR's approval of change of operator. The application for the change of operatorship will be requested after the Government of Romania ratifies each Concession.

In December 2012 the Romanian Government ratified the EX-2 Tria Concession. On November 22, 2013, following publication in the Official Gazette of Romania No 0721, the EX-3 Baile Felix, EX-7 Periam and EX-8 Biled Concessions were formally ratified. NAMR has approved the farmout to NIS for an 85% participation interest in the Concessions and approved change of operatorship to NIS.

In February 2013 NAMR approved the 2013 Tria Concession work program expenditures, estimated at $11.7 million for the acquisition of 2D and 3D seismic data and the drilling of one well. Seismic acquisition is now underway.

During the ratification process, the Company entered into several consulting agreements to study the hydrocarbon potential of the Concessions and prepare for exploration operations. Environmental baseline and environmental impact surveys have been completed while geological and geophysical reprocessing and interpretation projects remain active. More than 25 exploration leads and prospects have been identified and high-graded on the Concessions which will be further studied when operations commence.

United States

On September 4, 2012 the Company announced it had signed a Letter of Intent with Lani LLC ("Lani") to carry out a joint exploration program in the San Joaquin Basin of California, USA. At the time of the agreement, Lani, a private E&P company based in Ventura, California, held an exploration acreage position of approximately 4,500 gross acres in the southern region of the basin with a number of prospects and leads identified. Under the terms of the agreement, the Company indicated it would assume a 21.25% - 50% net participation interest in Lani's acreage position through a total of US $2,500,000 contribution to drill two exploration wells and for the acquisition of additional leases. In conjunction with the joint exploration program, the Company also made an investment of US $500,000 as part of Lani's planned restructuring as a public US company named North American Oil and Gas ("NAMG"). NAMG began trading as a public company in November 2012, with the Company owning 8.3%.

On November 19, 2012 the Company announced it had completed a farm-in agreement, which superseded the September 4, 2012 Letter of Intent, and area of mutual interest agreement ("AMI") with Lani to carry out joint exploration programs in the San Joaquin Basin. The agreement provided the Company with participation interests in approximately 4,500 gross (3,200 net) acres in two prospective areas named Tejon Extension and Tejon Main, holding a 25% participation interest in the Tejon Extension leases and a 21.25% participation interest in Tejon Main leases. Under the agreement the Company agreed to fund US $2,200,000 to be used in the drilling of two exploratory wells and to acquire additional joint leases in the area and provide a US $300,000 loan for G&A funding.

On August 1, 2013 the Company entered into a Sales and Purchase Agreement with Solimar Energy, LLC whereby 28.75% participation interest was purchased in leases making up the Tejon Main area, bringing the Company's interest to 50%. The cost to the Company was US $110,000.

In December 2012 the Company and its partner NAMG spud the Lani 77-20 exploratory well on the Tejon Extension leases. The well flowed oil to the surface in uncommercial quantities and has been suspended pending additional studies. The Company has funded the required US $1,300,000 to earn its 25% participation interest in the Tejon Extension leases. As of August 15, 2013 the 77-20 well was suspended with further petrophysical analysis underway to determine the hydrocarbon of the shallower section in the well.

At the end of the first quarter of 2013 the Company and its partner's acreage position was increased to approximately 8,000 gross acres.

Morocco

On September 30, 2011 the Company and the Office National des Hydrocarbures et des Mines ("ONHYM"), an agency of the Moroccan government, entered into agreements whereby the Company has been granted a 75%

participation interest in the Doukkala exploration permit (the "Exploration Permit") covering approximately 500,000 acres situated along the Atlantic coast approximately 125 kilometres southwest from Casablanca, Morocco. The Exploration Permit has an overall duration of eight years, comprising three Phases. During the three-year Phase 1 period, the Company will carry out geological and geophysical studies to assess the conventional and unconventional potential of the acreage. The cost of the Phase I work program is estimated at US $5,500,000. On completion of the Phase 1 program, the Company can elect to enter into an extension for a Phase 2 program under which the Company will be committed to drill two wells over a two year period, estimated at approximately US $14,000,000. On completion of the Phase 2 program, the Company can elect to enter into a three year extension for a Phase 3 program under which the Company will be committed to acquire 3D seismic and drilling of one well, estimated at approximately US $14,000,000 over a three year duration. The Company has provided a US $3,500,000 bank guarantee in favour of ONHYM. The agreement received final approval from the Ministries of Energy, Mines, Water and Environment and Finance on November 28, 2011.

The Company's technical team has completed the study of core samples collected from the concession to assess the unconventional potential of the acreage. Results from core analysis studies of the Triassic and Paleozoic section indicate that the total organic carbon content in representative samples from cored wells ranges up to about 2% and average 0.7%. The level of organic maturity of tested strata ranged from immature to over mature with respect to the oil window. These analyses, coupled with petrophysical analyses suggest that there is no gas shale potential in the wells drilled to date, which have been mainly drilled on structural highs.

Petrology and petrophysics suggest that conventional traps and reservoirs rocks exist in the Triassic and Devonian sections and further studies will high grade prospective areas. The Company is currently seeking a partner to share in the costs of further exploration efforts on the block.

India

In March 2011 the Company was notified by the Directorate General of Hydrocarbons of India ("DGH") it was a successful bidder for an exploration block in the New Exploration Licensing Policy ("NELP") IX competitive bid round. The block lies in the Assam-Arakan Basin of northeast India. The DGH had announced the winning bids on a provisional basis, subject to final administrative review.

The acquired block, AA-ONN-2010/2, was awarded to a consortium consisting of Oil India Ltd. ("OIL"), (Operator, 40%), Oil and Natural Gas Corporation of India ("ONGC") (30%), Gas Authority of India Ltd. ("GAIL") (20%) and East West (10%). The primary term of this exploration production sharing contract is five years.

On March 28, 2012 the Company, along with its partners, received final approvals and signed the AA-ONN-2010/2 PSC agreement with the DGH at an official signing ceremony in New Delhi. OIL, as block operator, is in the process of planning the forward work program which will consist of the acquisition of the 3D seismic data followed by the drilling of two exploratory wells. An application for a Petroleum Exploration License was submitted to the State of Assam for commencement of operations and the partnership is awaiting final approval.

As part of the block agreement, the Company must provide a bank guarantee for 7.5% of its 10% share of the work program obligation for Phase I of the program. The Company expects to have this Bank Guarantee put in place once the operator receives final approval from the regional government of Assam to allow operations to commence.

Block AA-ONN-2010/2 covers approximately 395 sq. km. within the Karbi Anglong District of the Assam-Arakan Basin, a proven petroliferous region which covers more than 116,000 sq. km. in north-eastern India. The oil and gas industry has been active in the region, drilling over 1,000 wells and finding more than 100 oil and gas fields. The work program bid for the block consists of the drilling of two wells and the acquisition of about 400 sq. km. of 3D seismic data. The partners are now negotiating a joint operating agreement which will take affect once final approval is received from the Government of Assam.

Carbon Property, Alberta

Effective September 1, 2010 the Company executed a purchase and sale agreement with Sphere Energy Corp. ("Sphere"), a private company, whereby the Company paid $1,125,000 to acquire Sphere's working interests, ranging from 4.1125% to 20%, in four producing oil wells and fourteen gas wells (eight flowing coal bed methane ("CBM") gas) (the "Carbon Property") located approximately 50 miles northeast of Calgary, Alberta. The wells are producing from the Horseshoe Canyon, Basal Belly River, Belly River, Viking and Glauconitic formations.

The Company has filed an independent reserves and resource evaluation on SEDAR, dated February 26, 2013, relating to the resource base of the Company in the Carbon Property as of December 31, 2012. Prepared by AJM Deloitte, the report follows all industry standard procedures and is in conformity with the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 ("NI 51-101").

The Carbon Property is located approximately fifty miles northeast of Calgary, Alberta in Township 29, Range 22W4M. The Company holds interests ranging from 4.1125% to 20% in three producing oil wells and twelve gas wells. The wells are producing from the Horseshoe Canyon, Basal Belly River, Belly River, Viking, Glauconitic, and Ellerslie Formations. Approximately two-thirds of the proved plus probable value discounted at 10% of this property lies in four wells: 00/04-12-029-22W4/2; 00/15-12-029-22W4/0; 00/04-13-029-22W4/0; and 00/06-13-029-22W4/0.

Selected Financial Data

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

	Fiscal 2013				Fiscal 2012			
	Dec. 31 2013 $	Sep. 30 2013 $	Jun. 30 2013 $	Mar. 31 2013 $	Dec. 31 2012 $	Sep. 30 2012 $	Jun. 30 2012 $	Mar. 31 2012 $
Operations:								
Revenues, net of royalties	40,920	40,239	44,663	40,616	44,365	36,252	29,080	43,842
Expenses	(432,682)	(600,175)	(1,086,868)	(606,771)	(695,094)	(884,008)	(891,863)	(680,181)
Other items	368,729	(96,721)	256,317	194,990	213,524	(95,250)	193,956	(369)
(Loss) income before deferred income tax	(23,033)	(656,657)	(785,888)	(371,165)	(437,205)	(943,006)	(668,827)	(636,708)
Deferred income tax	(340,500)	17,500	154,000	(46,000)	450,000	Nil	Nil	Nil
Net income (loss)	(363,533)	(639,157)	(631,888)	(417,165)	12,795	(943,006)	(668,827)	(636,708)
Other comprehensive income (loss), net	(2,768,875)	123,855	1,449,400	(325,115)	3,180,335	Nil	Nil	Nil
Comprehensive (loss) income	(3,132,408)	(515,302)	817,512	(742,280)	3,193,130	(943,006)	(668,827)	(636,708)
Basic and diluted (loss) income per share	(0.00)	(0.00)	(0.01)	(0.01)	0.00	(0.01)	(0.01)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	15,487,110	18,964,676	19,437,767	20,715,806	21,254,627	23,495,054	24,295,842	24,863,303
Total assets	34,952,549	35,939,795	31,681,207	30,735,830	31,455,981	28,251,339	28,926,174	29,467,636
Decommissioning liabilities	(516,664)	(248,841)	(81,741)	(78,438)	(81,404)	(62,919)	(58,064)	(59,297)

Results of Operations

Three Months Ended December 31, 2013 Compared to Three Months Ended December 31, 2012

During the three months ended December 31, 2013 (the "2013 Quarter") the Company reported petroleum and natural gas revenues from the Carbon Property, net of royalties, of $40,920 from the sale of 1,248 BOE, for an average price of $32.79/BOE; incurred lease operating costs of $16,329 ($13.08/BOE) and recorded depletion of $25,287 ($20.26/BOE).

During the three months ended December 31, 2012 (the "2012 Quarter") the Company reported petroleum and natural gas revenues from the Carbon Property, net of royalties, of $44,365 from the sale of 1,348 BOE, for an average price of $32.91/BOE; incurred lease operating costs of $19,464 ($14.44/BOE) and recorded depletion of $34,163 ($25.34/BOE).

The Company commenced test production from the Cheal E-1 well on November 9, 2013 and completed on November 22, 2013. During the testing phase the well produced approximately 8,415 BOE (600 BOE/day, 89% oil). Following a shut-in period to allow for pressure and temperature analysis, the well commenced production on December 7, 2013. During December 2013, the well produced approximately 12,310 BOE (490 BOE/day, 87% oil).

During the 2013 Quarter the Company recognized petroleum revenue from the Cheal E-1 well, net of operating costs, of $1,548,533 from the sale of 17,252 BOE, for an average price of $89.76/BOE. Production from the Cheal E-1 well was considered to be production testing until January 7, 2014, at which time "commercial discovery" was declared.

Sales of produced oil during the test production will be credited to capitalized expenditures for PEP 54877 until January 7, 2014 as a recovery of initial funding.

During the 2013 Quarter the Company reported a net loss of $363,533 ($0.00 per share), compared to a net income of $12,795 ($0.01 per share), for the 2012 Quarter, an increase in loss of $376,328. The increase in loss during the 2013 Quarter was primarily attributed to the change of $790,500 in deferred income tax expense resulting from the impact of the decrease in the quoted market value in the Company's investment in the shares of North American Oil and Gas Corp. ("NAMG"), which is recognized in "Other Comprehensive Income". The increase in expense was partially offset by the gain on disposal of exploration and evaluation assets of $206,250 in the 2013 Quarter compared to $68,750 in the 2012 Quarter, and an impairment charge of $168,000 recognized in the 2012 Quarter. During the 2013 Quarter the Company received $206,250 from NIS upon final concession approval by the Government of Romania on the three remaining exploration blocks.

Twelve Months Ended December 31, 2013 Compared to Twelve Months Ended December 31, 2012

During the twelve months ended December 31, 2013 (the "2013 period") the Company reported petroleum and natural gas revenues from the Carbon Property (net of royalties) of $166,438 from the sale of 5,112 BOE, for an average price of $32.56/BOE; incurred lease operating costs of $57,521 ($11.25/BOE) and recorded depletion of $102,723 ($20.09/BOE). During the twelve months ended December 31, 2012 (the "2012 period") the Company reported petroleum and natural gas revenues, net of royalties, of $153,539 from the sale of 5,518 BOE, for an average price of $27.83/BOE; incurred lease operating costs of $71,020 ($12.87/BOE) and recorded depletion of $130,473 ($23.64/BOE). The natural production declines from the Carbon Property have been offset by the increases received for petroleum and natural gas prices and reductions in lease operating costs during the 2013 period. The Company also recorded an impairment charge of $168,000 for the 2012 period to reflect the lower oil prices and well operating performance and revisions to the reserves of the Carbon Property.

The Company commenced test production from the Cheal E-1 well on November 9, 2013 and completed on November 22, 2013. During the testing phase the well produced approximately 8,415 BOE (600 BOE/day, 89% oil). Following a shut-in period to allow for pressure and temperature analysis, the well continued test production on December 7, 2013. During the 2013 period, the well produced approximately 12,310 BOE (490 BOE/day, 87% oil).

During 2013 period the Company recognized petroleum revenue from the Cheal E-1 well, net of operating costs, of $1,548,533 from the sale of 17,252 BOE, for an average price of $89.76/BOE. Production from the Cheal E-1 well was considered to be production testing until January 7, 2014, at which time "commercial discovery" was declared. Sales of produced oil during the test production phase will be credited to capitalized expenditures for PEP 54877 until January 7, 2014 as a recovery of initial funding.

During the 2013 period the Company reported a net loss of $2,051,743 ($0.02 per share), compared to a net loss of $2,235,746 ($0.03 per share), for the 2012 period, a decrease in loss of $184,003. The overall decrease in loss in the 2013 period was attributed to the:

(i) recognition of unrealized foreign exchange gain of $250,292 in the 2013 period compared to unrealized foreign exchange loss of $79,089 in the 2012 period mainly due to the strengthening of the US dollar;
(ii) recognition of a gain on disposal of exploration and evaluation assets of $206,250 in the 2013 period compared to $68,750 in the 2012 period. During the 2013 period the Company received $206,250 from NIS upon final concession approval by the Government of Romania on the three remaining exploration blocks; and
(iii) offset against the recognition of share based compensation of $492,428 in the 2013 period compared to $715,017 in the 2012 period.

General and administrative expenses incurred for the 2013 and 2012 periods are as follows:

	2013 **$**	**2012** **$**
Accounting and administrative	49,809	45,306
Audit	38,250	38,250
Bank charges	37,452	21,463
Corporate development	15,945	43,750
Legal	82,411	38,044

	2013 $	2012 $
Office	75,577	103,106
Professional fees	1,045,169	990,444
Regulatory fees	19,040	11,941
Rent	33,900	33,615
Salaries and benefits	389,545	481,398
Shareholder costs	7,826	9,975
Telephone	10,843	15,180
Transfer agent fees	11,098	18,428
Travel	231,713	199,654
	2,048,578	2,050,554

General and administrative expenses of $2,048,578 were reported for the 2013 period compared to $2,050,554 in the 2012 period. Specific expenses of note during the 2013 period are as follows:

- accounting and administrative fees of $49,809 (2012 - $45,306) of which $42,350 (2012 - $41,000) was charged by a private corporation owned by a director of the Company;
- professional fees totalling $1,045,169 (2012 - $990,444) were paid of which $534,000 (2012 - $546,000) were paid to directors and officers of the Company, $351,126 (2012 - $320,737) were paid to consultants for due diligence on exploration and evaluation properties and $160,043 (2012 - $123,707) were paid to consultants for financial and administrative consulting;
- legal fees of $82,411 (2012 - $38,044) were paid, of which $51,061 (2012 - $14,456) was paid to a law firm of which the former Corporate Secretary of the Company is a partner. The increase in legal fees arose as a result of corporate transactions being TAG joint venture and NAMG acquisition;
- travel expenses of $231,713 (2012 - $199,654) were incurred by the Company. Significant travel was incurred during the 2013 and 2012 periods for visits to Europe and USA to meet with investors and attend oil and gas conferences. Management also travelled to Romania, New Zealand and USA to meet with the Company's joint venture partners;
- office and other expenses of $75,577 (2012 - $103,106) were incurred for costs associated with offices in Vancouver, British Columbia and Plano, Texas. On October 1, 2013 the office in Plano, Texas was closed after the resignation of Mr. Greg Renwick.
- salaries and health benefits expenses totalling $389,545 (2012 - $481,398) were paid to or incurred with respect to the former President of the Company and former Vice-President of Operations. During the 2013 period salaries and health benefits were incurred for nine months after the resignation of the President and Vice-President of Operations; and
- during the 2013 period corporate development expenses of $15,945 were incurred compared to $43,750 during the 2012 period. During the 2013 period the Company significantly reduced its corporate development expenditures due to the current capital market conditions.

During the 2013 period the Company recorded share-based compensation expense of $429,428 (2012 - $715,017) on the granting and vesting of share options.

During fiscal 2012 the Company purchased 5,000,000 common shares of NAMG for $498,500. The Company's holdings in the common shares of NAMG has been designated as available-for-sale for accounting purposes and is measured at the quoted market value. During the 2013 period the Company recorded a comprehensive loss of $1,520,735, net of deferred income tax recovery of $215,000. As at December 31, 2013 the quoted value of the NAMG shares was $2,393,100. The NAMG shares are restricted from sale, the release of which are subject to meeting exemption conditions of Rule 144 of the U.S. Securities and Exchange Commission policy. As at February 24, 2014 the quoted value of the NAMG shares was $1,110,410.

Interest income is generated from cash on deposit with senior financial institution and short-term money market instrument issued by major financial institutions. During the 2013 period the Company reported interest and other income of $266,773, a decrease of $55,427, compared to $322,200 for the 2012 period. The decrease reflected the lower levels of cash held by the Company during the 2013 period compared to the 2012 period.

On October 11, 2012 the Company renewed its normal course issuer bid (the "Renewed Bid") to repurchase for cancellation up to 7,433,924 common shares until October 15, 2013 or the date by which the Company has acquired the maximum number of common shares under the Renewed Bid. During the twelve months ended December 31, 2013 the Company repurchased 880,000 (2012 - 951,000) common shares for $403,356 (2012 - $396,403) cash consideration. On October 15, 2013 the Renewed Bid expired.

On February 3, 2014 the Company filed a new NCIB to repurchase for cancellation up to 8,882,872 common shares until February 3, 2015 or the date by which the Company has acquired the maximum number of common shares under the NCIB. As at the date of this MD&A the Company has not repurchased any of its common shares under the new NCIB.

Exploration and Evaluation Assets

	New Zealand			United States			
	PEP 54876 $	PEP 54877 $	PEP 54879 $	Tejon Ranch Extension $	Tejon Main Area $	White Wolf $	Total $
Balance at December 31, 2011	-	-	-	-	-	-	-
Capital expenditures	-	-	-	817,017	-	52,327	869,344
Balance at December 31, 2012	-	-	-	817,017	-	52,327	869,344
Capital expenditures	46,968	8,087,972	565,017	613,569	120,956	251,285	9,685,767
Recovery of Initial Funding	-	(1,548,553)	-	-	-	-	(1,548,553)
Provision for decommissioning liabilities	-	282,518	116,960	33,439	-	-	432,917
Balance at December 31, 2013	46,968	6,821,937	681,977	1,464,025	120,956	303,612	9,439,475

During the 2013 period the Company incurred a total of $9,685,767 (2012 - $869,344) for exploration and evaluation assets comprising of $8,699,957 (2012 - $nil) on the New Zealand properties and $985,810 (2012 - $869,344) on the US properties. The Company also recorded a recovery of Initial Funding of $1,548,553 on the New Zealand properties from the sale of oil produced during the test production phase. The Company also recorded a provision for decommissioning liabilities of $399,478 on the New Zealand properties and $33,439 on the USA properties. Details of the Company's activities are discussed in "Projects Update".

Cash Flows

During the 2013 period cash decreased by $5,103,454. Operations utilized $703,273, investing activities for mainly expenditures on exploration and evaluation assets utilized $7,594,364 and financing activities generated $3,194,183 from exercise of warrants, share options and compensation options.

During the 2012 period cash decreased by $4,392,359. Operations utilized $1,751,487, investing activities utilized $2,244,470, and financing activities from the repurchase of common shares utilized $396,402.

Financial Condition / Capital Resources

As at December 31, 2013 the Company had cash resources of $16,105,327, a decrease of $5,103,454 from $21,208,781 as at December 31, 2012. The decrease in cash resources is mainly from the Company's ongoing use of resources for its general and administrative expenses and expenditures on exploration and evaluation assets, and offset by funds received from the exercise of warrants, share options and compensation options and interest income earned from cash deposits held.

As at December 31, 2013 the Company had working capital of $15,487,110. The Company is currently focussing on the exploration, development and production of oil and gas from its Cheal properties. Planned expenditures for 2014 are budgeted at approximately $11 million. Commercial production has now commenced on the Cheal E-1 well and the production testing phase is on-going on the Cheal E-4 well. The Company believes that it currently has sufficient financial resources to conduct anticipated exploration and development programs and meet anticipated corporate administration costs for the upcoming twelve month period. However, exploration activities may change due to ongoing results and recommendations, discoveries may require appraisal and development work or the Company may acquire additional properties, which may entail significant funding or exploration commitments. In the event that the occasion arises, the Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing should the need arise.

Contractual Commitments

(a) On August 29, 2012 the Company entered into a letter of intent with Lani and subsequently, on November 13, 2012, the Company entered into a farm-in agreement (collectively the "Lani Agreement") whereby the Company was assigned certain participation interests in Lani's petroleum and gas leases covering exploration properties in the San Joaquin Basin of California. Under the terms of the Lani Agreement, the Company was assigned:

(i) 25% working interest in the Tejon Ranch Extension. The Company funded 100% of the working interest costs associated with the drilling and completing of one exploration well on the Tejon Ranch Extension leases, for an amount of US $1,300,000. The Company is now responsible for its 25% participation interest;

(ii) 50% working interest in the Tejon Main Area. The Company is required to fund 71.25% of the working interest costs associated with the drilling and completing one exploration well on the Tejon Main Area leases, up to a maximum of US $926,250; and

(iii) 50% working interest in leases in the White Wolf. The Company is required to pay US $347,500 to Lani to be used for lease delay rental payments and for leasing new acreage in White Wolf.

During fiscal 2012 the Company advanced a total of US $1,700,000 to NAMG to fund exploration activities. As of September 30, 2013, $88,344 of this amount remains included in deposits.

The Company has also advanced a total of US $300,000 to NAMG for working capital purposes. During the nine months ended September 30, 2013 NAMG has applied the Company's share of working interest costs of US $93,066 against this advance. As of September 30, 2013 $212,832 remains included in deposits. The advances are non-interest bearing and are repayable from production revenues or equity financing conducted by NAMG, whichever comes first.

(b) On December 11, 2012 the Government of New Zealand awarded the Company and its partner, TAG, interests in three onshore exploration blocks located in the Taranaki Basin, New Zealand. Under the terms of the agreements, the Company will participate in the drilling of a minimum of nine exploration wells on Petroleum Exploration Permits ("PEP") 54876, 54877 and 54879 in fiscal 2013. The Company will earn a 50% participation interest in PEP 54876 and PEP 54879 and a 30% participation interest in PEP 54877 by funding 100% ($2,500,000 each - the "Initial Funding") of the initial well cost on PEP 54876, the first two wells on PEP 54877 and the initial well on PEP 54879. All subsequent costs on the wells will be funded based on each company's participation interest. The Company will be entitled to receive 100% of the oil and gas revenues, on a well-to-well basis, to recover its Initial Funding. As at December 31, 2013 the Company has recovered $1,548,533. All additional net revenues will be shared according to each party's interest. TAG is the operator of the joint venture.

(c) During fiscal 2010 the Company was informed by the government of Romania that it had been awarded four exploration blocks located in the Pannonian Basin, in western Romania. In May 2011 the Company signed petroleum concession agreements with NAMR.

The four concessions have specific mandatory work programs (the "Romania Work Programs"), which were estimated at US $56,630,000 for all four programs, to be completed over two years. Production from the concessions is also subject to royalties of between 3.5% to 13.5% based on quarterly gross production payable to the government.

On May 20, 2011 the Company and NIS, an arm's length corporation, signed a memorandum of understanding to jointly explore the four exploration blocks in Romania. On October 27, 2011 the Company and NIS signed a farm-out agreement (the "Farm-out"). Under the terms of the Farm-out, NIS paid the Company $250,000 and agreed to pay a further $275,000 upon final concession approvals by the government of Romania and assignment of an 85% participation interest and operatorship of the Romania Work Programs to NIS. NIS has the obligation to fund the Romania Work Programs, including environmental work, 2D and 3D seismic acquisition and processing, and the drilling of 12 wells. The Company retains a 15% carried interest in each block through the obligatory two year Phase I work program and the optional one year Phase II work program. If a commercial discovery is made, the Company is responsible for its 15%

interest in development of the commercial discovery. During fiscal 2011 the Company recorded a gain of $218,879 resulting from the application of the $250,000 against capitalized costs. During fiscal 2012 the Company received final concession approval by the government of Romania for one exploration block (EX-2, Tria) and the Company transferred the 85% participation interest in EX-2, Tria to NIS Petrol S.R.L, a wholly-owned subsidiary of NIS. The Company also received a pro-rated payment of $68,750 from NIS.

On November 22, 2013 the Company received final concession approval by the government of Romania on the three remaining exploration blocks. The Company transferred the 85% participation interest in the exploration blocks to NIS Petrol and received the final payment of $206,250 from NIS.

(d) Effective November 28, 2011 the Company and ONHYM entered into agreements whereby, the Company has been granted the Exploration Permit for a 75% participation interest in the Doukkala Block. The Exploration Permit has an overall duration of eight years, comprising:

(i) Phase 1 program under which the Company is committed to carry out a specified exploration work program, estimated to cost approximately US $5,500,000, over three years;

(ii) on completion of the Phase 1 program, the Company can elect to enter into an extension for a Phase 2 program under which, amongst other things, the Company will be committed to drill two wells, estimated to cost approximately US $14,000,000 over a two year duration; and

(iii) on completion of the Phase 2 program the Company can elect to enter into an extension for a Phase 3 program under which, amongst other things, the Company will be committed to acquire 3D seismic and drilling of one well, estimated to cost approximately US $14,000,000 over a three year duration.

ONHYM retains a 25% carried interest to declaration of commerciality on the Doukkala Block.

The Company has provided a US $3,500,000 guarantee in favour of ONHYM as security for performance of the Phase 1 program. The amount is deposited in a savings account with a major Canadian bank.

There is a gross royalty of 10% on crude oil and 5% on natural gas on production in excess of certain thresholds from the Doukkala Block, which would be payable to the Moroccan government. In addition, the Moroccan government is also entitled to certain bonuses based on daily production targets to a total of US $9,000,000.

(e) Effective March 28, 2012 the Company (10% interest), OIL (40% interest), ONGC (30% interest) and GAIL (20% interest) (collectively the “Partners”) and the government of India signed a production sharing contract (the “PSC”) for Block AA-ONN-2010/2 (the “AA Block”) located in the Assam-Arakan Basin of northeast India. Under the terms of the PSC work program commitment, the Partners will acquire 395 square kilometres of 3D seismic data and drill two wells, at an estimated cost to the Company of US $2.8 million, over a five year period.

(f) Effective August 1, 2011 the Company entered into an operating lease, expiring July 31, 2016, for the rental of an office in Vancouver, BC with a gross monthly lease payment of $5,650. The Company has entered into a sub-lease with Ava Resources Corp. (“Ava”) whereby the Company will be reimbursed $2,825 per month. Ava is a public company of which Messrs. Sidoo, DeMare and Dhaliwal are also directors and/or officers.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company does not have any proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include the determination of mineralized reserves, plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, reclamation and rehabilitation provisions, valuation allowances for future income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

Changes in Accounting Policies

There are no changes in accounting policies.

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.

(a) *Transactions with Key Management Personnel*

During the twelve months ended December 31, 2013 and 2012 the following amounts were incurred with respect to the Company's current President and Chairman (Mr. David Sidoo), the former President (Mr. Greg Renwick), the Chief Financial Officer ("CFO") and Corporate Secretary (Mr. Nick DeMare), and the former Vice-President of Operations (Mr. Barry Chovanetz):

	2013 **$**	**2012** **$**
Salaries - Greg Renwick	191,941	237,310
Salaries - Barry Chovanetz	180,303	209,833
Health benefits - Greg Renwick	3,406	4,933
Health benefits - Barry Chovanetz	10,250	8,964
Professional fees - David Sidoo	82,500	66,000
Professional fees - Nick DeMare	37,500	36,000
Share-based compensation - Greg Renwick	18,666	28,560
Share-based compensation - Barry Chovanetz	40,794	43,383
Share-based compensation - David Sidoo	191,226	382,041
Share-based compensation - Nick DeMare	29,591	3,629
	786,177	1,020,653

As at December 31, 2013, $3,500 (2012 - $41,138) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During the twelve months ended December 31, 2013 and 2012 the following amounts were incurred with respect to non-executive current and former officers and directors of the Company

	2013 **$**	**2012** **$**
Professional fees - Marc Bustin, Director	372,000	372,000
Professional fees - Herb Dhaliwal, Director	36,000	36,000
Professional fees - James Dewar, former Director	6,000	36,000
Legal - James Harris, former Corporate Secretary	51,061	14,456
Share-based compensation - Marc Bustin, Director	60,478	312,941
Share-based compensation - Herb Dhaliwal, Director	24,660	4,490
Share-based compensation - James Dewar, former Director	11,666	10,523
	561,865	786,410

As at December 31, 2013, $31,000 (2012 - $31,600) remained unpaid.

(ii) During the twelve months ended December 31, 2013 the Company also incurred a total of $42,350 (2012 - $41,000) to Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. The Company also paid $3,153 (2012 - $3,802) to Ms. Galena Renwick, the spouse of Mr. Renwick, for professional services rendered. As at December 31, 2013, $7,600 (2012 - $6,000) remained unpaid.

(c) The Company has entered into a sub-lease with Ava Resources Corp. ("Ava") whereby the Company will be reimbursed $2,825 per month. During the twelve months ended December 31, 2013 the Company received $33,900 (2012 - $33,060) from Ava for shared premises. Ava is a public company of which Messrs. Sidoo, DeMare and Dhaliwal are also directors and/or officers.

Risks and Uncertainties

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

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

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

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

Investor Relations Activities

The Company provides information packages to investors; the package consists of materials filed with regulatory authorities. The Company updates its website (www.eastwestpetroleum.ca) on a continuous basis.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at February 24, 2014, there were 93,211,165 outstanding common shares (net of shares repurchased) and 7,088,530 share options outstanding with exercise prices ranging from $0.20 to $0.50 per share.