EAST WEST PETROLEUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2016

This discussion and analysis of financial position and results of operation is prepared as at November 28, 2016 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended September 30, 2016 of East West Petroleum Corp. ("East West" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at www.sedar.com .

Forward-Looking Statements

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

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

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

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

Company Overview

The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") under the symbol "EW" as a Tier 1 issuer. The Company carries on business in one operating segment, being the acquisition of, exploration for and production from petroleum and natural gas properties. The Company's current portfolio consists of interests in exploration concessions in New Zealand and Romania and producing properties in the Taranaki Basin, New Zealand and Alberta, Canada. The Company is not the operator of any of its petroleum and gas interest and is currently focussed participating on further activities on the exploration, evaluation and development of its petroleum interests in the Taranaki Basin, New Zealand. The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, BC, V6E 3V7.

Normal Course Issuer Bid Purchases

The Company has filed ongoing normal course issuer bid ("NCIB") renewals. Most recently on February 3, 2016, the Company filed a renewal NCIB which authorizes the Company to repurchase for cancellation up to 8,507,552 common shares until February 2, 2017 or the date by which the Company has acquired the maximum number of common shares under the normal course issuer bid. The purchases are to be made through the facilities of the TSXV during the period February 3, 2016 to February 2, 2017.

During fiscal 2016 the Company repurchased a total of 1,068,500 common shares for $112,073 cash consideration. No common shares were repurchased by the Company from April 1, 2016 to the date of this MD&A.

Appointment of New Director

On November 14, 2016, upon Mr. Marc Bustin's resignation as a director of the Company, Mr. Ross McElroy was appointed as a director of the Company.

Mr. McElroy is a professional geologist with nearly 30 years of experience in the mining industry. He is the winner of the PDAC 2014 Bill Dennis award for exploration success and the Northern Miner Mining Person of the Year 2013. He has comprehensive experience working with and managing many types of mineral projects from grassroots exploration to feasibility and production.

Projects Update

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

New Zealand

The Company has active drilling, testing and production operations in the Taranaki Basin of New Zealand. All licenses are operated by the Company's partner, TAG Oil Ltd. ("TAG"), and all wells are targeting shallow Miocene targets in the Urenui and Mt. Messenger formations which have been shown to be productive for oil and gas throughout the Basin, including TAG's adjacent Cheal field.

Within the Taranaki Basin, East West holds the following working interests:

> *PEP 54877 (Cheal North East) - East West 30%*
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> PEP 54877 is the location of the Cheal E-Site and the Cheal E-site production facility as well as the Cheal-E1, E2, E3, E4, E5, and E6 wells. Two wells, Cheal-E1 and Cheal-E4, continue to produce. However, during the three months ended September 30, 2016 the Cheal-E1 experienced outages due to a wax plug in the well bore, resulting in a decrease in both oil and gas production. Three other wells are currently shut-in for a variety of reasons: Cheal-E2 due to a wellbore isolation failure in May 2015, Cheal-E5 due to a casing failure in May 2015 and Cheal-E6 due to issues with the jet pump in October 2015. The Cheal-E3 has never been put on production, and is scheduled to be sidetracked in the future.
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> During the three months ended September 30, 2016 a workover was completed to install a rod pump at the Cheal-E5 well which has been shut-in since May 2015. Start-up commenced early October 2016 and the well is currently producing approximately 75 BOE/d (gross). In addition an application to New Zealand Petroleum and Minerals was submitted in early November 2016 to convert the Cheal "E" from an exploration license to a mining license. This will allow the commencement of a water injection into the Cheal "E" pool upon receipt of the mining license.
>
> In May 2015 the Company was informed by TAG that the TAG owned Cheal E to A pipeline was completed and operational, giving the Company the ability to monetize future oil and gas wells drilled in the Cheal-E development area, sell previously flared gas generating additional revenues and lowering operating costs

through facility optimizations. The most significant capital program planned for PEP 54877 is a waterflood project. A successful waterflood will result in significant secondary recoveries. Planning work is ongoing including purchase of capital equipment. A further shallow exploration well is expected to be drilled and completed on the PEP 54877 in late fiscal 2017.

Petroleum production from Cheal North East averaged approximately 103 net BOE's per day (56% oil) in Q2/2017 compared to an average of approximately 120 BOE's per day (53% oil) in Q1/2017. The decrease in Q2/2017 is largely due to downtime for the Cheal-E1 wax plug and minor plant outages at the Cheal plant.

PEP 54879 (Cheal South) - East West 50%

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

Canada

Effective September 1, 2010 the Company executed a purchase and sale agreement with Sphere Energy Corp. ("Sphere"), a private company, whereby the Company acquired Sphere's working interests, ranging from 4.1125% to 20%, in four 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 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.

The Company considers the Carbon Property to be uneconomical and has no intention to conduct further development, resulting in no expected material future production and cash flow. Accordingly, during fiscal 2016 the Company recorded an impairment of $206,421 to a $nil carrying value.

Romania

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

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

On May 20, 2011 the Company and Naftna Industrija Srbije j.s.c. Novi Sad ("NIS"), an arm's length corporation, signed a memorandum of understanding to jointly explore the four exploration blocks in Romania. On October 27, 2011 the Company and NIS signed a farm-out agreement (the "Farm-out"). Under the terms of the Farm-out, NIS has paid the Company a total of $525,000 for the assignment of an 85% participation interest and operatorship of the Romania Work Programs to NIS. NIS has the obligation to fund the Romania Work Programs, including environmental work, 2D and 3D seismic acquisition and processing, and the drilling of 12 wells. The Company retains a 15% carried interest in each block through the obligatory two year Phase I work program and the optional one year Phase II work program. If a commercial discovery is made, the Company is responsible for its 15% interest in development of the commercial discovery.

NAMR has granted an extension until June 2017 to conduct the Phase I work program for the exploration block, EX-2 Tria.

Investment

On April 7, 2015 the Company purchased an initial 3,900,000 common shares of Advantage Lithium Corp. ("Advantage Lithium") for $195,000 pursuant to a non-brokered private placement conducted by Advantage Lithium, a public company trading on the NEX board of the TSXV. On closing of the initial purchase the Company owned 16.74% of the outstanding common shares of Advantage Lithium. The President and a director of the Company were subsequently appointed as directors of Advantage Lithium.

The initial investment was made as the Company planned to pursue oil and gas opportunities in Mexico, through Advantage Lithium. However, with the decrease in the price of oil and also due to the quality of projects available in Mexico this plan was abandoned. The Company subsequently determined to sell a portion of its shares to a new management team proposed for Advantage Lithium. On June 24, 2016, the Company sold 2,000,000 common shares of Advantage Lithium for $160,000 cash recognizing a gain of $47,180 thereby reducing its ownership. In addition, Advantage Lithium has changed its business focus and is pursuing exploration and development of lithium properties and recently issued 24,556,900 common shares on the completion of private placement financings which has reduced the Company's ownership interest to approximately 5.8%. With the partial sale of the Company's holdings in Advantage Lithium on June 24, 2016 the Company determined that it no longer exercises significant influence over Advantage Lithium and discontinued the use of the equity method and commenced measuring the retained investment in Advantage Lithium at its fair value. As at September 30, 2016 the quoted market value of the Advantage Lithium shares was $2,591,766.

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 2017		Fiscal 2016				Fiscal 2015	
	Sep. 30 2015 $	Jun. 30 2016 $	Mar. 31 2016 $	Dec. 31 2015 $	Sep. 30 2015 $	Jun. 30 2015 $	Mar. 31 2015 $	Dec. 31 2014 $
Operations:								
Total revenues	443,844	533,975	518,421	670,695	964,039	1,189,398	1,264,464	1,463,054
Operating costs	(292,465	(307,937)	(384,078)	(460,636)	(493,431)	(556,265)	(517,415)	(563,119)
Expenses	(410,995)	(329,981)	(1,993,130)	(1,096,794)	(1,375,713)	(1,244,022)	(3,681,902)	(2,441,979)
Other items	68,648	28,420	(103,738)	143,572	309,046	40,980	1,140,999	(132,379)
Loss before deferred income tax	(190,968)	(75,523)	(1,962,525)	(743,163)	(596,059)	(569,909)	(1,793,854)	(1,674,423)
Current income tax recovery	Nil	7,050	Nil	Nil	Nil	Nil	Nil	Nil
Deferred income tax	162,736	152,264	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss)	(28,232)	83,791	(1,962,525)	(743,163)	(596,059)	(569,909)	(1,793,854)	(1,674,423)
Other comprehensive income (loss), net of deferred income tax	1,242,412	1,246,392	(524,051)	747,479	1,282	(1,032,994)	(360,051)	667,968
Comprehensive income (loss)	1,214,180	1,330,183	(2,486,576)	4,316	(594,777)	(1,602,903)	(2,153,905)	(1,006,455)
Basic and diluted income (loss) per share	(0.00)	0.00	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	6,956,336	7,430,843	7,845,372	8,398,762	8,614,985	8,708,868	8,901,697	8,591,136
Total assets	17,455,768	16,803,124	14,816,036	17,231,425	17,229,246	17,925,164	19,539,844	21,794,694
Decommissioning liabilities	(1,262,830)	(1,225,922)	(1,183,793)	(1,198,604)	(1,057,191)	(977,938)	(1,062,292)	(952,108)

Results of Operations

Three Months Ended September 30, 2016 ("Q2") Compared to Three Ended June 30, 2016 ("Q1").

During Q2 the Company reported comprehensive income of $1,214,180 compared to comprehensive income of $1,330,183 for Q1. The main component to the income experienced during the quarters was due to the redesignation of the Company's investment in Advantage Lithium and resulting measurement at fair value using quoted prices. See "Investment". This measurement resulted in increases in fair values, net of deferred taxes, of $1,018,995 in Q1 and a further $1,115,249 in Q2.

Revenues and operating costs for Q2 compared to Q1 are as follows:

	Q2	**Q1**
Total sales	$ 443,844	$ 533,975
Total volume	10,387 BOE	11,863 BOE
Average realized price per BOE	$ 42.73	$ 45.01
Petroleum sales	$ 338,198	$ 394,332
Petroleum volume	7,093 BOE	7,215 BOE
Average petroleum realized price per BOE	$ 47.68	$ 54.65
Natural gas sales	$ 105,646	$ 139,643
Natural gas volume	3,294 BOE	4,648 BOE
Average natural gas realized price per BOE	$ 32.07	$ 30.04
Production costs	$ 230,481	$ 234,027
Average per BOE	$ 22.19	$ 19.73
Transportation and storage costs	$ 42,921	$ 47,603
Average per BOE	$ 4.13	$ 4.01
Royalties	$ 19,063	$ 26,307
Average per BOE	$ 1.84	$ 2.22
Netback	$ 151,379	$ 226,038
Average per BOE	$ 14.57	$ 19.05

Production during Q2 was negatively impacted by outages at the Cheal E-1 due to a wax plug in the well bore. Petroleum sales revenues decreased from $394,332 in Q1 to $338,198 in Q2, a decrease of 14%, primarily due to the combination of a 13% decline in petroleum prices, from an average of $54.65 per BOE in Q1 to $47.68 per BOE in Q2, and a 2% decrease in production from 7,251 BOE in Q1 to 7,093 BOE in Q2. Natural gas revenues decreased from $139,643 in Q1 to $105,646 in Q2, a decrease of 24% due to a decline in volume and additional flaring at the Cheal plant resulting from compressor issues.

Production costs in Q2 compared to Q1 decreased slightly (2%) from $234,027 in Q1 to $230,481 in Q2.

Transportation and storage costs in Q2 compared to Q1 decreased by 10% from $47,603 in Q1 to $42,921 in Q2 due to reduced volumes and increased efficiencies.

Royalties expense decreased by 28%, from $26,307 in Q1 to $19,063 in Q2, due to the decrease in petroleum prices received in Q2 compared to Q1.

Six Months Ended September 30, 2016 (the "2016 period") Compared to Six Months Ended September 30, 2015 (the "2015 period")

During the 2016 period the Company reported comprehensive income of $2,544,363, an increase of $4,742,043, from a comprehensive loss of $2,197,680 reported in the 2015 period. The main factors for the changes were:

(i) the redesignation on June 24, 2016 of the Company's investment in Advantage Lithium, resulting in the Company changing its accounting for the investment, from the equity method to fair value accounting using quoted prices. During the 2015 period the Company recorded an equity loss of $64,000 compared to the

2016 period, when the Company recorded an equity loss (to June 24, 2016) of $200 and an increase in fair values, net of deferred taxes, of $2,134,244. See also below and "Investment".

(ii) in the 2015 period the Company recorded a $1,031,712 loss due to the currency translation of its subsidiary compared to a $354,560 gain reported during the 2016 period; and

(iii) during the 2015 period the Company reported an operating loss of $1,515,994 compared to a loss of $363,559 for the 2016 period.

Revenues and operating costs for the six months ended September 30, 2016 compared to the six months ended September 30, 2015 are as follows:

	2016 Period	**2015 Period**
Total sales	$ 977,819	$ 2,153,437
Total volume	22,250 BOE	43,522 BOE
Average realized price per BOE	$ 43.95	$ 49.48
Petroleum sales	$ 732,530	$ 1,835,846
Petroleum volume	14,308 BOE	32,556 BOE
Average petroleum realized price per BOE	$ 51.20	$ 56.39
Natural gas sales	$ 245,289	$ 317,591
Natural gas volume	7,942 BOE	10,966 BOE
Average natural gas realized price per BOE	$ 30.80	$ 28.96
Production costs	$ 464,508	$ 639,309
Average per BOE	$ 20.88	$ 14.69
Transportation and storage costs	$ 90,524	$ 320,763
Average per BOE	$ 4.07	$ 7.37
Royalties	$ 45,370	$ 89,624
Average per BOE	$ 2.04	$ 2.06
Netback	$ 377,417	$ 1,103,741
Average per BOE	$ 16.96	$ 25.36

Petroleum sales revenues decreased from $1,835,846 in the 2015 period to $732,530 in the 2016 period, a decline of 60%, primarily due to the decline in production volumes sold in the 2016 period compared to the 2015 period.

Natural gas revenues decreased from $317,591 in the 2015 period to $245,829 in the 2016 period, a decline of 23%, primarily due to the decline in production volumes in the 2016 period and additional flaring at the Cheal plant resulting from compressor issues.

Production costs in the 2016 period compared to the 2015 period decreased by 27% from $639,309 in the 2015 period to $464,508 in the 2016 period due to ongoing work by the operator to reduce costs and increase efficiencies at the site.

Transportation and storage costs in the 2016 period compared to the 2015 period decreased by 72% from $320,763 in the 2015 period to $90,524 in the 2016 period due to the commissioning of the pipeline used to transport gas and oil thus reducing transportation costs.

Royalties expense declined by 49%, from $89,624 in the 2015 period to $45,370 in the 2016 period, due to the decline in petroleum sales.

General and administrative expenses incurred during the 2016 and 2015 periods are as follows:

	2016 $	**2015 $**
Accounting and administrative	26,200	40,953
Audit and related	68,115	65,918
Bank charges	1,926	2,848
Corporate development	39,327	21,900

	2016 $	2015 $
Legal	1,728	6,228
Office	10,963	33,084
Professional fees	248,685	306,168
Regulatory fees	4,479	4,679
Rent	23,679	34,561
Salaries	-	61,599
Shareholder costs	2,189	9,160
Telephone	3,530	4,096
Transfer agent fees	3,469	3,540
Travel	32,977	123,957
	467,267	718,691

Specific expenses of note for the 2016 and 2015 periods are as follows:

(i) professional fees totalling $248,685 were incurred in the 2016 period compared to $306,168 in the 2015 period as follows:
- $207,000 was paid to directors and officers of the Company in the 2016 period, a decrease of $43,500 from $250,500 incurred in the 2015 period. The decrease was due to an overall voluntary reduction in compensation agreed to by the Company's executive officers and directors. See also "Related Party Transactions";
- $41,685 was paid to consultants for administrative and financial consulting in the 2016 period compared to $55,668 paid in the 2015 period;

(ii) travel expenses decreased by $90,980 from $123,957 in the 2016 period to $32,977 in the 2015 period due to a reduction in travel;

(iii) during the 2015 period salaries of $61,599 was paid to an employee of the Company. The employment was terminated in March 2016 and, accordingly, the Company had no employees during the 2016 period;

(iv) corporate development expenses increased by $17,427 from $21,900 in the 2015 period to $39,327 in the 2016 period. The increase is due to a marketing campaign initiated in July 2016; and

(v) $26,200 (2015 - $40,953) for accounting and administrative provided by Chase Management Ltd., a private company owned by a director of the Company. The decrease in accounting and administrative services is attributed to reduced activities.

During the 2016 period the Company recorded general exploration expenses of $11,051 (2015 - $283,433) of which $11,051 (2015 - $18,907) was related to minor costs on PEP 54876 and $nil (2015 - $264,526) was for ongoing review of current and potential exploration and evaluation assets.

During the 2016 period the Company recorded share-based compensation expense of $376 (2015 - $12,186) on the vesting of share options. In addition the Company recorded share-based compensation expense of $nil (2015 - $20,140) on the re-pricing of share options which had previously been granted.

Interest income is generated from cash on deposit with a senior financial institution and short-term money market instrument issued by major financial institutions. During the 2016 period the Company reported interest income of $31,400 a decrease of $3,076, compared to $34,476 for the 2015 period. The decrease in interest income in the 2016 period was due to lower funds held during the 2015 period.

During the 2015 period the Company repurchased 300,500 of its common shares for $39,617. No repurchases were made by the Company during the 2016 period. See also "Normal Course Issuer Bid".

On June 24, 2016 the Company sold 2,000,000 common shares of Advantage Lithium for $160,000 and recognized a gain of $47,180. Prior to the sale, the Company recorded an equity loss of $200 (2015 - $64,000) in Advantage Lithium. With the disposition, the Company has discontinued the use of the equity method and, effective June 24, 2016, commenced measuring the remaining investment of 2,526,500 common shares of Advantage Lithium at its fair value. As at September 30, 2016 the quoted market value of the remaining Advantage Lithium shares $2,591,766. During the 2016 period the Company recorded a comprehensive gain of $2,134,244, net of $315,000 deferred income tax, for the change in the fair value of the investment. See also "Investment".

Exploration and Evaluation Assets

	PEP 54879 $
Balance at March 31, 2015	5,835,112
Capital expenditures	246,441
Revision of estimate for decommissioning liabilities	(4,965)
Foreign exchange movement	(296,586)
Balance at March 31, 2016	5,780,002
Capital expenditures	603,378
Foreign exchange movement	370,852
Balance at September 30, 2016	6,754,232

During the 2016 period the Company incurred additions of $603,378 (2015 - $46,116), a revision in estimate for decommissioning costs of $nil (2015 - $17,686) and an increase of $370,852 (2015 - decrease of $575,914) in foreign exchange movement for exploration and evaluation assets. Details of the Company's activities are discussed in "Projects Update".

Property, Plant and Equipment

During the 2016 period the Company incurred total additions of $419,031 (2015 - $247,406), a revision in estimate for decommissioning costs of $nil (2015 - $76,395) and an increase of $664,246 (2015 - decrease of $1,031,484) in foreign exchange movement for property, plant and equipment additions on the New Zealand properties.

Financial Condition / Capital Resources

As at September 30, 2016 the Company had working capital of $6,956,336. The Company is currently focussing on the exploration, development and production of oil and gas from its Cheal properties. The Company believes that it currently has sufficient financial resources to conduct anticipated exploration and development programs and meet anticipated corporate administration costs for the upcoming twelve month period. However, exploration activities may change due to ongoing results and recommendations, discoveries may require appraisal and development work or the Company may acquire additional properties, which may entail significant funding or exploration commitments. In the event that the occasion arises, the Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing should the need arise.

Commitments

As at September 30, 2016 the Company has capital expenditures of approximately $6,100,000, of which $1,300,000 is to be incurred in fiscal 2017. The capital expenditure amounts may be subject to change upon application.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company does not have any proposed transactions.

Critical Accounting Estimates

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

Changes in Accounting Policies

There are no changes in accounting policies.

Related Party Disclosures

(a) *Transactions with Key Management Personnel*

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 current and former members of the Company's Board of Directors and executive officers. During the 2016 and 2015 periods the following amounts were incurred:

	2016 **$**	**2015** **$**
Professional fees - David Sidoo, CEO and Director (1)	72,000	72,000
Professional fees - Nick DeMare, CFO and Director (2)	21,000	21,000
Professional fees - Marc Bustin, Director (3)	96,000	138,000
Professional fees - Herb Dhaliwal, Director (4)	18,000	19,500
	207,000	250,500

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

As at September 30, 2016, $16,000 (March 31, 2016 - $16,000) remained unpaid.

(b) *Transactions with Other Related Parties*

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. Transactions made with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(i) During the 2016 period the Company incurred a total of $26,200 (2015 - $39,600) to Chase for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at September 30, 2016, $7,200 (March 31, 2016 - $8,750) remained unpaid.

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

During the 2016 period the Company recorded interest income of $3,760 (2015 - $4,541). Frontier paid US $1,875 of accrued interest during the 2016 period and, as at September 30, 2016, $3,137 (March 31, 2016 - $1,623) of interest remained unpaid.

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

(iii) As at September 30, 2016 the Company owned 2,526,500 common shares of Advantage Lithium with a quoted market value of $2,591,766. Advantage Lithium has two common directors, Messrs. Sidoo and McElroy. In addition Nick DeMare is the CFO and Corporate Secretary of Advantage Lithium. See "Investment".

Financial Instruments and Risk Management

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

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

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

Credit Risk

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

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

The carrying amount of cash, amounts receivable and advances receivable represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts on its amounts receivable as at September 30, 2016 and did not provide for any doubtful accounts.

Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and the level of spending for future activities. Prices received by the Company for its production are largely beyond the Company's control as petroleum prices are impacted by world economic events that dictate the levels of supply and demand. All of the Company's oil production is sold at spot rates exposing the Company to the risk of price movements. The Company entered into a gas supply agreement to sell its share of gas production from the Cheal E field at a price of NZD $4.75 per gigajoule, ending December 31, 2016.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period.

Market Risk

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

Foreign Currency Exchange Rate Risk

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

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

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its cash which bears a floating rate of interest. The risk is not considered significant.

The Company did not have any interest rate swaps or financial contracts in place during the 2016 and 2015 periods and any variations in interest rates would not have materially affected net income.

Fair Value of Financial Instruments

Financial instruments are classified into one of the following five categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale and other financial liabilities.

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

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

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

Risks and Uncertainties

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

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

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

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

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at November 28, 2016, there were 89,585,665 outstanding common shares (net of shares repurchased) and 6,823,000 share options outstanding with exercise prices ranging from $0.09 to $0.14 per share.