EAST WEST PETROLEUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JUNE 30, 2020

This discussion and analysis of financial position and results of operation is prepared as at August 31, 2020 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended June 30, 2020 of East West Petroleum Corp. ("East West" or the "Company"). The following disclosure and associated consolidated 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 currently 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. The Company also holds marketable investments in common shares of publicly traded companies. The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, BC, V6E 3V7.

The Company had agreed to sell its interest in PEP 54877 and PMP 60291 which comprise the majority of its New Zealand assets. The agreement was terminated by the Company on August 1, 2020. See “Proposed Disposition of New Zealand Oil & Gas Assets”. The Company is currently assessing its go-forward plans, which includes the possible sale of its New Zealand concessions to other buyers, and whether its focus should remain on the oil and gas sector. At this time no decisions have been made but the Company will be assessing alternatives.

Proposed Disposition of New Zealand Oil & Gas Assets

On June 24, 2019 the Company signed a heads of agreement with a private arm’s length New Zealand company (the “Buyer”) pursuant to which the Company agreed to sell its interest in PEP 54877 and PMP 60291 (collectively, the “Permits”) which comprise the entirety of the Company’s assets in New Zealand (the “Transaction”). On October 8, 2019, as amended, the Company and the Buyer signed the definitive agreement (the “Definitive Agreement”) for the sale and purchase of the Permits under the Transaction.

Pursuant to the terms of the Definitive Agreement, and in consideration of the Transaction, the Buyer agreed to pay the Company US $1,900,000 (the “Purchase Price”), with April 1, 2019 as the effective date (the “Effective Date”). On July 16, 2019 the Company received a deposit of $70,935 (US $50,000) (the “Deposit”) from the Buyer which was refundable to the Buyer under certain conditions. In addition to the Deposit, all revenue, less associated sales costs, production costs, royalties and capital costs, received by the Company subsequent to the Effective Date would be credited to the Purchase Price to be paid by the Buyer. On August 7, 2019 the Company received shareholder approval to the Transaction.

As at June 30, 2020 closing of the Transaction was still subject to final New Zealand governmental and TSXV approvals. On August 1, 2020 the Company terminated the Definitive Agreement as the amount to be received, given the April 1, 2019 effective date, was significantly less than current value. The Deposit has been refunded to the Buyer.

See also “Project Update - New Zealand”.

Directors and Officers

On August 11, 2020 Mr. Ross McElroy resigned as a director of the Company.

As of the date of this MD&A the Company’s Board of Directors and Officers are as follows:

Nick DeMare	- Interim CEO, Chief Financial Officer (“CFO”), Corporate Secretary and director
Mark Brown	- Director
Kevin Haney	- Director

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 operations in the Taranaki Basin of New Zealand. All licenses were previously operated by the Company’s partner, TAG Oil Ltd. (“TAG” or the “Operator”), 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 the Cheal field. The Company holds a 30% working interest in the Petroleum Exploration Permit (“PEP”) 54877 and the Petroleum Mining Permit PMP 60291 (Cheal East) and TAG held the remaining 70%. On September 25, 2019 TAG completed the sale of substantially all of its Taranaki Basin assets and operations which included their interest in PEP 54877 and PMP 60291 to Tamarind Resources Pte. Ltd. (“Tamarind”) resulting in Tamarind becoming the Operator. In light of TAG’s decision to sell the majority of its interest in the Taranaki Basin assets the Company assessed its options with respect to its 30% interest in Cheal East and, on June 24, 2019, the Company signed a heads of agreement with the Buyer pursuant to which the Company had agreed to sell its 30%

interest in PEP 54877 and PMP 60291 to the Buyer. On August 1, 2020 the Company terminated the Definitive Agreement. See also "Proposed Disposition of New Zealand Oil & Gas Assets".

PMP 60291 is the location of the Cheal E-Site and the Cheal E-site production facility as well as the Cheal-E wells. There has been continued positive response from the Cheal E waterflood program, with both production and pressure increases having been observed. The Cheal E waterflood program was expanded to include the conversion of the Cheal-E4 well to a water injector in two Mt. Messenger formation intervals, which has swept oil towards the Cheal-E1 producing well from the southern area of the field resulting in additional oil recovery and extending the Cheal-E site's field life.

The Company's portion of oil and gas production remained relatively consistent during the three months ended March 31, 2020 ("Q4/2020") compared to the three months ended June 30, 2020 ("Q1/2021"). During Q4/2020 the Company's portion of oil and gas production was 15 Mbbl oil and 20 Mmcf gas, compared to 15Mbbl oil and 21 Mmcf gas during Q1/2021. The Company had five wells, the Cheal-E1, E2, E5, E6 and E8 producing for both Q1/2021 and Q4/2020.

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 $63,000,000 for all four programs. Production from the concessions is also subject to royalties of between 3.5% to 13.5% based on quarterly gross production payable to the government.

On May 20, 2011 the Company and Naftna Industrija Srbije j.s.c. Novi Sad ("NIS"), an arm's length corporation, signed a memorandum of understanding to jointly explore the four exploration blocks in Romania. On October 27, 2011 the Company and NIS signed a farm-out agreement (the "Farm-out"). Under the terms of the Farm-out, NIS has paid the Company a total of $525,000 for the assignment of an 85% participation interest and operatorship of the Romania Work Programs to NIS. NIS is the operator of the four concessions and 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 Phase I work program and an optional one-year Phase II work program which carries additional commitments. The current expiries of the Phase I terms are as follows: Block EX-2 December 12, 2021, Block EX-3 December 14, 2021 and November 22, 2020 for Blocks EX-7 and EX-8. Further two-year Phase 1 extensions have been requested for Blocks EX-7 and EX-8. If a commercial discovery is made, the Company is responsible for its 15% interest in development of the commercial discovery.

As operator, NIS has proposed and is actively progressing comprehensive exploration programs in the EX-2, EX-3, EX-7 and EX-8 exploration blocks in Romania. It should be noted that all activities are dependent on securing the necessary government and local approvals.

Due to the Covid-19 pandemic the state of emergency a nationwide lockdown was imposed by the Romanian government on March 25, 2020. Consequently, the operator NIS, has temporarily ceased new exploration field activity until such time that the lockdown is lifted and social distancing requirements can be safely relaxed. It is expected that this will substantially delay the planned 2020 exploration programs in the EX-2, EX-3, EX-7 and EX-8 exploration blocks in Romania. As usual, it should be noted that all activities are dependent on securing the necessary government and local approvals.

On Block Ex-2, acquisition program of 3D seismic in the amount of 170 Km^2 was completed in Q3/2019 (calendar) with processing completed in July 2020. Interpretation is currently underway. The Phase 1 Exploration Period was extended for another two years and now ends in December 2021.

On Block EX-3, processing of the data acquired last year on 223 km^2 3D seismic program has been finished and interpretation of the data has been completed. This work identified several exploration prospects with drilling expected to commence in 2021 (calendar). The Phase 1 Exploration Period was extended for another two years and now ends in December 2021.

On Block EX-7, an exploration well, Bvs-1000, was drilled in Q1/2019 (calendar) to a total depth of 3,800 meters and encountered several potential hydrocarbon bearing zones as identified on logs. Testing has now been postponed until 2021 (calendar). On the Teremia North discovery, the initial discovery well, Teremia-1000 experienced mechanical problems resulting in an inflow of formation water. NIS now plans to recomplete the well as a potential gas producer in either 2021 or 2022. An appraisal well, Teremia-1001, was drilled and completed in Q1/2019 (calendar) and, following initial testing, was placed on long term experimental production in July 2019.

On Block EX-8, a second deviated appraisal well, Teremia-1002, was drilled into the extension of the Teremia North discovery. The well was completed and tested in Q4/2019 (calendar) and has subsequently been placed on long term experimental production.

NIS has requested extension of the experimental oil production periods for Teremia-1001 and Teremia-1002 to gather more performance data.

An exploration well, Pesac Sud-1000 was drilled and completed in 3Q/2019 (calendar) two separate intervals were tested in Q4/2019 (calendar). Both tests failed to indicate the presence of hydrocarbons. Future testing of potentially prospective shallower zones is being considered for 2021 (calendar).

NIS is committed to fulfilling the commitment work programs in all blocks, considering certain legislative changes and being granted appropriate extensions due to the current Covid-19 situation.

NIS will be funding 100% of the costs and fully carrying the Company through the commitment work programs in each of the blocks in return for earning an 85% interest in each licence. A technical meeting is tentatively scheduled for September 2020 in which NIS is expected to present a proposal for a development phase for which the Company will be responsible for its 15% interest.

Investments

In April 2020 Orocobre Limited ("Orocobre") completed the acquisition of Advantage Lithium Corp. ("Advantage Lithium") and the Company's holdings of 1,719,000 Advantage Lithium common shares were exchange for 244,098 ordinary shares of Orocobre. In addition, during May 2020, the Company's investment of 512,400 common shares of Seaway Energy Services Inc. ("Seaway") was consolidation into 204,960 post consolidated shares and Seaway conducted a reverse takeover transaction to form Sweet Earth Holdings Inc ("Sweet Earth").

As at June 30, 2020 the Company held 244,000 common shares of Orocobre and 190,000 common shares of Sweet Earth. The June 30, 2020 fair value of these investments was $547,700.

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 2021	Fiscal 2020				Fiscal 2019		
	Jun. 30 2020 $	Mar. 31 2020 $	Dec. 31 2019 $	Sep. 30 2019 $	Jun. 30 2019 $	Mar. 31 2019 $	Dec. 31 2018 $	Sep. 30 2018 $
Operations:								
Total revenues	541,033	1,537,983	647,536	358,589	1,132,453	447,218	663,892	824,529
Operating costs	(640,126)	(541,161)	(451,611)	(444,438)	(444,632)	(272,134)	(388,400)	(336,961)
Expenses	(261,688)	369,371	(453,820)	(361,219)	(521,202)	(131,681)	(303,846)	(438,262)
Other items	65,918	200,313	283,639	(313,117)	(107,894)	(29,719)	(379,722)	(538,955)
Net income (loss)	(294,863)	1,566,506	25,744	(760,185)	58,725	13,684	(408,076)	(489,649)
Other comprehensive (loss) income	155,161	(393,407)	146,435	49,530	(156,389)	(13,032)	141,685	(123,157)
Comprehensive income (loss)	(139,702)	1,173,099	172,179	(710,655)	(97,664)	652	(266,391)	(612,806)
Basic and diluted income (loss) per share	(0.00)	0.02	(0.00)	(0.01)	0.00	0.00	(0.00)	(0.01)

	Fiscal 2021	Fiscal 2020				Fiscal 2019		
	Jun. 30 2020 $	**Mar. 31 2020 $**	**Dec. 31 2019 $**	**Sep. 30 2019 $**	**Jun. 30 2019 $**	**Mar. 31 2019 $**	**Dec. 31 2018 $**	**Sep. 30 2018 $**
Balance Sheet:								
Working capital	4,905,885	4,977,101	4,143,819	3,766,965	3,998,169	3,462,301	3,872,357	3,821,391
Assets held-for-sale	Nil	Nil	1,786,828	2,067,867	Nil	Nil	Nil	Nil
Total assets	8,130,220	8,287,295	6,919,026	6,595,945	7,351,316	7,843,667	7,435,978	7,952,357
Decommissioning liabilities	(1,329,460)	(1,269,824)	(319,101)	(309,904)	(1,316,825)	(1,357,434)	(1,340,200)	(1,262,718)
Liabilities on assets held-for-sale	Nil	Nil	(995,431)	(943,472)	Nil	Nil	Nil	Nil
Deposit	(70,935)	(70,935)	(65,505)	(65,505)	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended June 30, 2020 (“Q1/2021”), Three Months Ended March 31, 2020 (“Q4/2020”), and Three Months Ended June 30, 2019 (“Q1/2020”).

Comparable revenues and operating costs for Q1/2021, Q4/2020 and Q1/2020 are as follows:

	Q1/2021	**Q4/2020**	**Q1/2020**
Total sales	$ 541,033	$ 1,537,983	$ 1,132,453
Total sales volume	18,410 BOE	21,001 BOE	14,281 BOE
Average realized price per BOE	$ 29.39	$ 73.23	$ 79.30
Petroleum sales	$ 416,336	$ 1,420,456	$ 1,049,217
Petroleum sales volume	15,300 BOE	17,781 BOE	11,404 BOE
Average petroleum realized price per BOE	$ 27.15	$ 79.89	$ 92.00
Natural gas sales	$ 125,697	$ 117,527	$ 83,236
Natural gas sales volume	3,110 BOE	3,220 BOE	2,877 BOE
Average natural gas realized price per BOE	$ 40.42	$ 36.50	$ 28.93
Production costs	$ 354,605	$ 327,131	$ 239,133
Average per BOE	$ 19.26	$ 15.58	$ 16.74
Transportation and storage costs	$ 266,202	$ 69,180	$ 120,216
Average per BOE	$ 14.46	$ 3.29	$ 8.42
Royalties	$ 19,319	$ 144,850	$ 85,283
Average per BOE	$ 1.05	$ 6.90	$5.97
Netback	$ (99,093)	$ 996,822	$ 687,821
Average per BOE	$ (5.38)	$ 47.47	$ 48.16

Q1/2021 compared to Q4/2020

Total sales revenues decreased by 65% from $1,537,983 in Q4/2020 to $541,033 in Q1/2021. The decrease is due to a 60% decrease in average realized price per BOE.

During Q1/2021 production costs increased by 8%, from $327,131 in Q4/2020 to $354,605 in Q1/2021.

During Q1/2021 the Company reported a net loss of $294,863 compared to a net income of $1,566,506 for Q4/2020. The fluctuation of $1,861,369 is primarily attributed to the following:

(i) net operating income decreased by $1,095,975 from income of $996,882 in Q4/2020 to a loss of $99,093 in Q1/2021, due to significant decreases in oil prices in Q1/2021 as a result of the collapse in prices due to COVID-19;

(ii) recognition of a foreign exchange gain of $366,840 in Q4/2020 compared to a foreign exchange gain of $14,066 in Q1/2021;

(iii) recognition of depletion of $174,127 in Q1/2021 compared to a recovery of depletion of $490,460 in Q4/2020 due to the change in the Company’s petroleum reserve base at the end of fiscal 2020; and

(iv) recognition of a $681,079 unrealized gain on investments in Q1/2021 compared to $180,495 unrealized loss on investments in Q4/2020 offset against a realized loss on sale of investments of $631,768 in Q1/2021 compared to nil in Q4/2020.

Q1/2021 compared to Q1/2020

Total sales revenues decreased from $1,132,453 in Q1/2020 to $541,033 in Q1/2021. The decrease is attributable to a 63% decrease in average price received per BOE.

Production costs increased by 48% from $239,133 in Q1/2020 to $354,605 in Q1/2021. The increase can be attributed to two main factors, first is that production volumes increased by 34% and the second is the inefficiencies brought on by COVID-19 causing operator inefficiencies.

Transportation costs increased by 72%, from $8.42 per BOE in Q1/2020 to $14.16 per BOE in Q1/2021, reflecting increase in wharfage fees, transport fees and inspection and certification charges.

During Q1/2021 the Company reported a net loss of $294,863 compared to a net income of $58,725 for Q1/2020. The increase in loss of $353,588 is primarily attributed to:

(i) net operating income decreased from income of $687,821 in Q1/2020 to a loss of $99,093 in Q1/2021 due to a decrease in average price received per BOE;
(ii) recognition of depletion of $363,143 in Q1/2020 compared to $174,127 in Q1/2021 due to the change in the Company's petroleum reserve base at the end of fiscal 2020; and
(iii) recognition of a loss on sale of investments of $631,768 in Q1/2021 compared to a loss on investments of $19,012 in Q1/2020 and offset against the recognition of an unrealized gain of investments in Q1/2021 of $681,079 compared to an unrealized loss of investments in Q1/2020 of $19,012.

General and administrative expenses incurred during Q1/2021 and Q1/2020 are as follows:

	Q1/2021 **$**	**Q1/2020** **$**
Accounting and administrative	9,200	6,200
Audit and related	10,969	11,269
Bank charges	668	284
Corporate development	955	788
Insurance	4,438	4,954
Legal	232	16,918
Office	235	2,722
Professional fees	17,920	13,200
Regulatory fees	1,300	1,425
Rent	-	3,631
Shareholder costs	745	4,065
Transfer agent fees	1,230	1,170
	47,892	66,626

Specific expenses of note during Q1/2021 and Q1/2020 are as follows:

(i) professional fees totalling $17,920 were incurred during Q1/2021 compared to $13,200 during Q1/2020 as follows:
- $13,500 was paid to directors and officers of the Company during Q1/2021 compared to $12,000 paid during Q1/2020. See also "Related Party Transactions";
- $4,420 was paid to consultants for administrative and financial services during Q1/2021 compared to $1,200 during Q1/2020;

(iii) legal fees of $232 were incurred during Q1/2021 compared to $16,918 during Q1/2020. During Q1/2020 the Company incurred legal services relating to communications on the proposed disposition of the New Zealand oil and gas assets; and
(iii) during Q1/2020 the Company incurred rent expense for a short -term temporary office.

During Q1/2021 the Company incurred general exploration expenses of $39,188 (Q1/2020 - $37,668) of which $31,682 (Q1/2020 - $31,980) was related to PEP 54879 and $7,506 (Q1/2020 - $5,688) was for ongoing review of current exploration and evaluation assets.

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 Q1/2021 the Company reported interest income of $2,541 compared to $19,220 during Q1/2020.

During Q1/2020 the Company sold 28,000 common shares of American Helium Inc. for proceeds of $1,855, resulting in a loss on sale of investments of $19,012.

Property, Plant and Equipment

During Q1/2021 the Company incurred total additions of $17,612(Q1/2020 - $44,455) for the Cheal-East wells, and recorded an increase of $683,009 (Q1/2020 – decrease of $528,249) in foreign exchange movement for property, plant and equipment additions on the New Zealand properties.

	Petroleum and Natural Gas Properties (PMP 60291) $
Cost:	
Balance at March 31, 2019	14,121,516
Capital expenditures	79,985
Foreign exchange movement	(1,021,098)
Balance at March 31, 2020	13,180,403
Capital expenditures	17,612
Foreign exchange movement	683,009
Balance at June 30, 2020	13,881,024
Accumulated Depletion and Depreciation and Impairment:	
Balance at March 31, 2019	(13,053,084)
Depletion and depreciation	(419,509)
Foreign exchange movement	948,538
Balance at March 31, 2020	(12,524,055)
Depletion and depreciation	(174,127)
Foreign exchange movement	(653,093)
Balance at June 30, 2020	(13,351,275)
Carrying Value:	
Balance at March 31, 2020	656,348
Balance at June 30, 2020	529,749

Exploration and Evaluation Assets

	PEP 54877 $
Balance at March 31, 2019	1,696,906
Capital expenditures	5,010
Foreign exchange movement	(122,637)
Balance at March 31, 2020	1,579,279
Foreign exchange movement	81,783
Balance at June 30, 2020	1,661,062

Minimal capital expenditures were conducted on PEP 54877 during Q1/2021 and fiscal 2020.

Financial Condition / Capital Resources

As at June 30, 2020 the Company had working capital of $4,905,885. The Company also holds investments in Orocobre and Sweet Earth with an estimated fair value of $547,700 as at June 30, 2020. 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. The Company is assessing its go forward plans with respect to its New Zealand holdings including possible sale of its concessions. There, however, can be no assurances that an agreement will be reached. In addition, 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 and/or sell its holdings in its investments as needed. 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

The Company's share of expected exploration and development permit obligations and/or commitments as at June 30, 2020 are approximately $147,000 to be incurred during fiscal 2021 and $1,400,000 over the next five years. The Company may choose to alter the program, request extensions, reject development costs, relinquish certain permits or farm-out its interest in permits where practical.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no 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. A detailed summary of the Company's critical accounting estimates and sources of estimation is included in Note 3 to the March 31, 2020 audited annual consolidated financial statements.

Changes in Accounting Policies

A detailed summary of the Company's other significant accounting policies is included in Note 3 to the March 31, 2020 audited annual consolidated financial statements.

Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period. Key management personnel includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and its executive officers.

(a) During the three months ended June 30, 2020 and 2019 the following amounts were incurred:

	2020 $	2019 $
Professional fees - David Sidoo, former CEO and former Director [1]	-	3,000
Professional fees - Nick DeMare, Interim CEO, CFO and Director [2]	4,500	3,000
Professional fees - Ross McElroy, Director [3][6]	3,000	3,000
Professional fees - Mark Brown, Director [4]	3,000	3,000
Professional fees - Kevin Haney, Director [5]	3,000	-
Share-based compensation - Ross McElroy	-	24,000
Share-based compensation - Mark Brown	-	24,000
	13,500	120,900

(1) Paid to Siden Investments Ltd., a private company owned by David Sidoo. David Sidoo stepped-down as CEO on March 14, 2019 and ceased to be a director as of December 12, 2019
(2) Paid to Chase Management Ltd. ("Chase") a private company owned by Nick DeMare. Mr. DeMare was appointed interim CEO on March 14, 2019
(3) Paid to Edge Geological Consulting Inc., a private company owned by Ross McElroy
(4) Paid to Pacific Opportunities Capital Ltd., a private company owned by Mark Brown
(5) Mr. Haney was elected as a Director on December 12, 2019
(6) Mr. Ross McElroy resigned as a director effective August 11,2020.

As at June 30, 2020 $5,000 (March 31, 2020 - $4,000) remained unpaid

(b) During the three months ended June 30, 2020 the Company incurred a total of $9,200 (2019 - $6,200) to Chase Management Ltd. ("Chase"), a private corporation owned by Nick DeMare, for accounting and administration services provided by Chase personnel, excluding Nick DeMare. As at June 30, 2020 $8,000 (March 31, 2020 - $1,500) remained unpaid.

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 and amounts receivable represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts on its amounts receivable as at June 30, 2020 and 2019 and did not provide for any doubtful accounts.

Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and the level of spending for future activities. Prices received by the Company for its production are largely beyond the Company's control as petroleum prices are impacted by world economic events that dictate the levels of supply and demand. All of the Company's oil production is sold at spot rates exposing the Company to the risk of price movements. As at June 30, 2020, assuming all other variables remain constant, a change of 10% in oil and gas prices would have an effect on net income of $595,136. Effective January 1, 2020 the Company has an agreement to sell its gas production from the Cheal E field at a base price of NZD $6.10 per gigajoule. The gas agreement is set to end December 31, 2020.

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 three months ended June 30, 2020 and fiscal 2020 and any variations in interest rates would not have materially affected net income.

Fair Value of Financial Instruments

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

Financial Instrument	**Category**	**June 30, 2020 $**	**March 31, 2020 $**
Cash	FVTPL	4,931,513	4,908,264
Amounts receivable	Amortized cost	438,980	605,187
Investments- common shares	FVTPL	547,700	511,734
Accounts payable and accrued liabilities	Amortized cost	(414,889)	(491,898)

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

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

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

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

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for cash and investments approximate their fair value. The fair value of cash and investment in common shares under the fair value hierarchy is measured using Level 1 and Level 2 inputs. The fair value of the investment in warrants is measured using Level 2 inputs.

The following is an analysis of the Company's financial assets measured at fair value as at June 30, 2020 and March 31, 2020:

	June 30, 2020		
	Level 1 **$**	**Level 2** **$**	**Level 3** **$**
Cash	4,931,513	-	-
Investments - common shares	547,700	-	-
	5,479,213	-	-

	March 31, 2020		
	Level 1 **$**	**Level 2** **$**	**Level 3** **$**
Cash	4,908,264	-	-
Investments - common shares	511,734	-	-
	5,419,998	-	-

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of petroleum and natural gas properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain development of the business. The Company defines capital that it manages as share capital. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's share capital is not subject to any external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any currently contemplated. There have been no changes to the Company's approach to capital management during the period.

Risks and Uncertainties

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

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

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

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

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at August 31, 2020 there were 89,585,665 outstanding common shares and 5,505,000 share options outstanding with exercise prices ranging from $0.06 to $0.135 per share.