EAST WEST PETROLEUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JUNE 30, 2023

This discussion and analysis of financial position and results of operation is prepared as at August 23, 2023 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended June 30, 2023 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 2 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's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, BC, V6E 3V7.

The Company is assessing its go-forward plans, but at this time no decisions have been made and the Company continues to assess alternatives.

Directors and Officers

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

Nick DeMare	- Interim Chief Executive Officer ("CEO"), Corporate Secretary and Director
Harvey Lim	- Interim Chief Financial Officer ("CFO")
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 original partner, TAG Oil Ltd. ("TAG"), and all wells are targeted 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%. In September 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").

When TAG's interests in the Taranaki Basin were sold to Tamarind in September 2019 and as part of the transaction Tamarind acquired Cheal Petroleum Ltd. ("Cheal"), the owner of 70% of PEP 54877 and PMP 60291, and operator. There have been ongoing discussions regarding the operator, including whether there has been a subsequent change of control, triggering rights of first refusal, and the ability for Cheal to continue as operator (the "Operator"). The Company is seeking legal clarification on this issue.

PMP 60291 is the location of the Cheal E-Site and the Cheal E-site production facility as well as the Cheal-E wells. A waterflood program is ongoing however the efficacy of the program and its impact on production is an ongoing item of debate. The Company's technical advisors have stated that there is no unequivocal evidence that water injection through the Cheal-E7 well has had a significant impact on production from PNP 60291. The determination of whether the waterflood utilizing Cheal-E7 as the injector well is creating the positive response in production impacts the Company's obligation to fund its 30% share of the costs of acquiring the Cheal-E7 well, being 30% of NZ $3,200,000. No funding has been advanced and no funding will be advanced until the issue is resolved. The Operator has not advanced its position regarding the waterflood.

There are five producing wells on the Cheal-E site, the Cheal-E1, E2, E5, E6 and E8 wells.

During the majority of Q1/2024 production was only from three wells, the Cheal-E1, E6 and E8 wells. The Cheal-E1 well, which is the Company's largest producer, continues to run at full capacity since repairs were completed on the well in late fiscal 2023. The Cheal-E5 started to experience reduced production near the end of October 2022 and has been off-line since then. It is a down-hole related issue. The Operator suspects a shallow hole in the tubing and/or a pump issue preventing the well from producing. In January 2023 the Operator attempted to recover the rods and pump via crane. However, issues were encountered when pulling the rods, meaning a rig-based workover is required to bring the well back online. The Operator plans on re-starting the workover rig in October 2023 which, if not solved beforehand, will address the Cheal-E5 well issues. At the Cheal-E2, in early April 2023, it was observed at surface that the rods were hanging up due to wax and the well was taken off-line. Work was undertaken in April 2023 to try and clean up wax and bring the well back online. However, the work was unsuccessful due to a significant wax plug in the tubing. As of the date of this MD&A the Operator is working on breaking down the wax with NGL, whilst putting together a program to attempt to pull rods/pump with a crane. The Operator is looking to complete the work by the end of August and, if successful the well could be back online sometime in September. If however, the Operator is unsuccessful in recovering the rods/pump then they will need to work the well over with the rig in October 2023.

Since March 2021 the Company has retained 3TCF Limited ("3TCF"), a private New Zealand corporation, to provide guidance on operating matters at the Cheal Site.

Romania

In fiscal 2010 the Company was informed by the government of Romania that it had been awarded four exploration blocks, the EX-2 Tria, EX-3 Baile Felix, EX-7 Periam and EX-8 Biled, 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 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. If a commercial discovery is made, the Company will be responsible for its 15% interest in development of the commercial discovery.

Since 2011 NIS has conducted extensive and substantial work programs across the various blocks. In fiscal 2023 block EX-2 Tria expired and NIS satisfied all remaining work commitments via cash payment to NAMR.

There have been several meetings of both the technical and operating committees to discuss work program results and determine whether the Teremia North field is a commercial discovery. At the operating committee meeting held February 8, 2021 NIS voted that there was a commercial discovery at Teremia North whereas the Company voted that there was not a commercial discovery. The field economics were, in the Company's assessment, marginal and did not merit the significant capital contributions required. NIS, being a vertically integrated oil and gas producer, could support the development costs given the internal economies available.

Without a joint declaration of a commercial discovery it is the Company's position that commercial development of the field cannot proceed, NIS did not share this opinion. Rather than litigating this issue the discussions continued with NIS in an attempt to find a way forward. Given the consequences of a commercial discovery decision and significant funding obligations the Company and NIS continued negotiations on all available options including a monetization event. Negotiations were progressing well and a non-binding letter of intent was finalized. The parties were moving towards final documentation with essential terms of a monetization event agreed, being a cash payment of US $500,000 and a royalty interest of 2.1%, as defined. The outbreak of war between Ukraine and Russia brought all attempts to implement the agreed terms to a halt, with the issue being that NIS is owned, in part, by a Russian entity which is subject to Canadian government sanctions. The Company and its legal counsel continue to work on the final documentation including possible amendments which would allow closing to occur. In addition the Company has recently been advised by NIS that it is considering a sale of the remaining exploration blocks and the Company has agreed that its 15% interest can be included in such efforts. While the sale process is advancing there is no guarantee that terms will be settled. The Company expects an update in the fourth quarter of calendar 2023.

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 2024	Fiscal 2023				Fiscal 2022		
	Jun. 30 2023 $	Mar. 31 2023 $	Dec. 31 2022 $	Sep. 30 2022 $	Jun. 30 2022 $	Mar. 31 2022 $	Dec. 31 2021 $	Sep. 30 2021 $
Operations:								
Total revenues	598,569	528,174	574,569	654,103	1,016,787	396,309	644,832	422,791
Direct costs	(568,066)	(304,657)	(513,671)	(468,556)	(798,853)	(1,819,619)	(533,935)	(463,085)
Expenses	(119,628)	(56,939)	(45,894)	(154,311)	(60,670)	(66,376)	(62,484)	(80,685)
Other items	(59,358)	358,880	(179,829)	164,640	160,360	(66,924)	(16,150)	42,198
Net income (loss)	(148,483)	525,458	(164,825)	195,876	317,624	(1,556,610)	32,263	(78,781)
Other comprehensive income (loss)	224,252	(322,804)	28,240	(128,067)	(67,613)	441,024	(55,827)	60,310
Comprehensive income (loss)	75,769	202,654	(136,585)	67,809	250,011	(1,115,586)	(23,564)	(18,471)
Basic and diluted income (loss) per share	(0.00)	0.01	(0.00)	0.00	0.00	(0.02)	(0.00)	(0.00)
Balance Sheet:								
Working capital	5,232,315	5,146,245	5,086,610	5,273,818	5,272,006	5,138,429	4,661,494	4,611,332
Total assets	5,811,494	5,968,568	5,691,408	5,793,111	6,081,417	5,729,891	6,880,928	6,887,457
Decommissioning liabilities	(926,260)	(952,301)	(1,037,779)	(997,138)	(1,102,282)	(1,185,985)	(1,200,848)	(1,216,612)

Results of Operations

Three Months Ended June 30, 2023 ("Q1/2024"), Three Months Ended March 31, 2023 ("Q4/2023"), and Three Months Ended June 30, 2023 ("Q1/2023").

Revenues and operating costs for Q1/2024, Q4/2023 and Q1/2023 are as follows:

	Q1/2024	Q4/2023	Q1/2023
Total sales	$ 598,569	$ 528,174	$ 1,016,787
Total sales volume	6,551 BOE	5,418 BOE	7,110 BOE
Average realized price per BOE	$ 91.37	$ 97.48	$ 143.00
Petroleum sales	$ 565,838	$ 493,410	$ 992,692
Petroleum sales volume	5,697 BOE	4,467 BOE	6,698 BOE
Average petroleum realized price per BOE	$ 99.32	$ 110.45	$ 148.21
Natural gas sales	$ 32,731	$ 34,764	$ 24,095
Natural gas sales volume	854 BOE	951 BOE	412 BOE
Average natural gas realized price per BOE	$ 38.33	$ 36.56	$ 58.48
Production costs	$ 359,071	$ 149,854	$ 571,109
Average per BOE	$ 54.81	$ 27.66	$ 80.32
Transportation and storage costs	$ 136,508	$ 114,971	$ 110,231
Average per BOE	$ 20.84	$ 21.22	$ 15.50
Royalties	$ 29,854	$ 77,158	$ 45,549
Average per BOE	$ 4.56	$ 14.24	$ 6.41
Netback	$ 73,136	$ 186,191	$ 289,898
Average per BOE	$11.16	$34.36	$40.77

Q1/2024 Compared to Q4/2023

Total sales revenues increased 13.3% from $528,174 in Q4/2023 to $598,569 in Q1/2024. During Q1/2024 the Company sold 6,551 BOE compared to 5,418 BOE in Q4/2023. The increase in BOE sold was a direct result of an 14.7% increase in petroleum sales from $493,410 in Q4/2023 to $565,838 in Q1/2024 due to the increased production from the Cheal-E1.

During Q1/2024 the Company reported a net loss of $148,483 compared to a net income of $525,458 for Q4/2023. The fluctuation of $673,941 is primarily attributed to the following:

(i) a $423,354 fluctuation in foreign exchange, from a foreign gain of $303,211 in Q4/2023 compared to a foreign exchange loss of $120,143 in Q1/2024;
(ii) a $155,688 decrease in income from operations, from $186,191 in Q4/2023 to $30,503 in Q1/2024; and
(iii) recognition of a recovery of depletion of $38,596 in Q4/2023 compared to depletion of $41,703 in Q1/2024 due to the increase in the Company's petroleum reserve estimate resulting from a technical revision calculated at March 31, 2023.

Q1/2024 Compared to Q1/2023

Total sales revenues decreased by $418,218, from $1,016,787 in Q1/2023 to $598,569 in Q1/2024. The decrease is primarily attributed to the decrease in sales volume from 7,110 BOE in Q1/2023 to 6,551 BOE in Q1/2024. During Q1/2024 the Cheal-E5 well remained offline awaiting repairs due to a blockage.

During Q1/2024 the Company reported a net loss of $148,483 compared to net income of $317,624 for Q1/2023. The fluctuation of $466,107 is primarily attributed to:

(i) recognition of a foreign exchange loss of $120,143 in Q1/2024 compared to foreign exchange gain of $141,837 in Q1/2023;
(ii) during Q1/2023 the Company had a net operating income of $217,934 compared to net operating income of $30,503 in Q1/2024 due to a decrease in sales volumes coupled with a decrease in average realized price per BOE; and
(iii) recognition of depletion of $41,703 in Q1/2024 compared to depletion $70,748 in Q1/2023.

The above were partially offset by a $58,958 increase in general and administrative expenses, from $60,670 in Q1/2023 to $119,628 in Q1/2024.

Specific expenses of note during Q1/2024 and Q1/2023 are as follows:

(i) audit and related costs of $36,035 were incurred in Q1/2024 compared to $15,399 during Q1/2023 due to the timing of the billing for the Company's year-end audit; and
(ii) a $19,854 increase in legal fees, from $11,828 during Q1/2023 to $31,682 during Q1/2024. The increase is primarily due to on-going legal costs on negotiating and documenting amendments to its joint venture agreements in Romania with NIS.

During Q1/2024 the Company incurred general exploration expenses of $9,119 for ongoing review of current exploration and evaluation assets. During Q1/2023 the Company did not incur general exploration expenses.

Property, Plant and Equipment

During Q1/2024 the Company incurred total additions of $16,952 (Q1/2023 - $122,816) and recorded a decrease of $421,253 (Q1/2023 - $1,049,782) 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, 2022	13,586,186
Capital expenditures	372,324
Revision of estimate for decommissioning costs	(79,962)
Foreign exchange movement	(329,681)
Balance at March 31, 2023	13,548,867
Capital expenditures	16,952
Foreign exchange movement	(421,253)
Balance at June 30, 2023	13,144,566
Accumulated Depletion and Depreciation and Impairment:	
Balance at March 31, 2022	(13,349,761)
Depletion and depreciation	(149,622)
Foreign exchange movement	329,330
Balance at March 31, 2023	(13,170,053)
Depletion and depreciation	(41,703)
Foreign exchange movement	409,662
Balance at June 30, 2023	(12,802,094)
Carrying Value:	
Balance at March 31, 2023	378,814
Balance at June 30, 2023	342,472

Financial Condition / Capital Resources

As at June 30, 2023 the Company had working capital of $5,232,315. 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. The Company is also continuing its discussion on the continued development of the Teremia North Field. 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 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, 2023 are approximately $187,500 to be incurred during fiscal 2024 and $314,000 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, 2023 audited annual consolidated financial statements.

Changes in Accounting Policies

A detailed summary of the Company's significant accounting policies is included in Note 3 to the March 31, 2023 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 Q1/2024 and Q1/2023 the following amounts were incurred:

	Q1/2024 $	Q1/2023 $
Professional fees - Nick DeMare, Interim CEO and Director (1)	4,500	4,500
Professional fees – Harvey Lim, Interim CFO (1)	1,800	-
Professional fees - Mark Brown, Director	3,000	3,000
Professional fees - Kevin Haney, Director	3,000	3,000
	12,300	10,500

(1) Effective February 2, 2023 Mr. DeMare resigned as CFO and Mr. Harvey Lim was appointed as Interim CFO.

As at June 30, 2023 $ 1,000 (March 31, 2023 - $6,000) remained unpaid.

(b) During Q1/2024 the Company incurred a total of $9,500 (Q1/2023 - $5,250) 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, 2023 $8,500 (March 31, 2023 - $1,000) remained outstanding.

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, 2023 and March 31, 2023 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, 2023, assuming all other variables remain constant, a change of 10% in oil and gas prices would have an effect on net income of $60,000.

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, 2023 and fiscal 2023 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, 2023 $	March 31, 2022 $
Cash	Amortized cost	4,984,516	5,004,988
Amounts receivable	Amortized cost	275,323	299,369
Accounts payable and accrued liabilities	Amortized cost	(236,707)	(443,509)

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.

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 23, 2023 there were 89,585,665 outstanding common shares and 2,290,000 share options outstanding with exercise prices ranging from $0.06 to $0.10 per share.