NWEST ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED JUNE 30, 2016

Background

This Management's Discussion and Analysis (MD&A) of NWest Energy Corp. (NWest or the "Company") is dated August 26, 2016 and provides an analysis of the financial operating results for the quarters ended June 30, 2016 and June 30, 2015. This MD&A should be read in conjunction with the unaudited quarterly financial statements and accompanying notes for the quarter ended June 30, 2016 which have been prepared in accordance with International Financial Reporting Standards (IFRS) for consolidated financial statements. This MD&A should also be read in conjunction with the audited annual financial statements and accompanying notes for the year ended September 30, 2015 which have also been prepared in accordance with IFRS. All amounts are in Canadian dollars unless otherwise specified. The financial statements and additional information, including news releases, and technical reports referenced herein, are available on the Canadian System for Electronic Document Analysis and Retrieval (Sedar) at www.sedar.com under the Company's profile. The common shares of NWest are traded on the TSX Venture Exchange under the symbol "NWN". More extensive information on NWest can be found on its website at www.nwestenergy.com.

Forward-Looking Information

Certain statements in this MD&A are forward-looking statements or information (collectively - forward-looking statements). NWest is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, NWest has assumed that the current market for commodities will continue and grow and that the risks listed below will not adversely impact the business of NWest.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of NWest, that could influence actual results include, but are not limited to: limited operating history; exploration, development and operating risks; substantial capital requirements and liquidity; market price of investments; fluctuating commodity prices; regulatory requirements; financing risks and dilution to shareholders; title to properties; requirements for permits and licenses; competition; reliance on management and dependence on key personnel; environmental risks; governmental regulations and processing licenses and permits; management inexperience in developing oil and gas properties; conflicts of interest of management; uninsurable risks; litigation; dividends; and other factors beyond the control of NWest.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, NWest undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of NWest or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See Risk and Uncertainties factors as listed later in this MD&A.

Company Overview

In light of decision by CNLOPB (outlined below), NWest Energy management decided to pursue potential oil production and development opportunities in western Canada focusing on Manitoba , Saskatchewan and Alberta. NWest evaluated a number of junior oil production opportunities and on December 23, 2014 announced an LOI with Richelhoff Resources Inc. (RRI) of Saskatchewan. The acquisition of RRI would provide NWest Energy with oil production and revenue for first time in operating history and the business strategy going forward will be to acquire further heavy oil production in the region. RRI management has significant experience with oil production and field operators and would have added a new resource focus to NWest.

In December 2014, the Company signed a Letter of Intent to acquire the common share of the privately held RRI. The Company's purchase price included $200,000 and the issuance of 3,500,000 common shares from treasury. Upon completion of the transaction, RRI was to become a wholly owned subsidiary of the Company. As part of the transaction the Company would have assumed RRI's current debt of $250,000 and its lease obligation of $750,000. The agreement was subject to the completion of mutual due diligence, a definitive agreement, financing and regulatory review and approval. The Letter of Intent was abandoned in May 2015.

NWest also partnered with Fluidworks Inc. of Alberta, an Enhanced Oil Recovery company to explore joint venture opportunities in Western Canada and U.S.

NWest executes Share Exchange Agreement to acquire Plumbago Refining Corp. B.V.

On August 24, 2015, NWest Energy Corp **("NWest")** entered an initial Share Exchange Agreement ("SEA") with Plumbago Refining Corp. B.V. ("**Plumbago**"), pursuant to which NWest seeks to acquire all of the issued and outstanding shares of Plumbago ("**Plumbago Shares**") in exchange for common shares ("**NWest Shares**") of NWest (the "**Transaction**"). The arm's length Transaction will constitute a "Reverse Take Over" for NWest under the applicable policies of the TSX Venture Exchange (the "**TSXV**"). This initial agreement has been updated to reflect the following details.

Prior to the closing of the Transaction, NWest intends to consolidate (the "**Consolidation**") its issued and outstanding common shares, in the amount of 14,178,295 shares, on a 1 for 7 basis whereby every seven of the NWest shares will be consolidated to one post-consolidation common share ("**Consolidated NWest Share**"), for an aggregate of approximately 2,025,470 Consolidated NWest Shares.

Pursuant to the Transaction, the shareholders of Plumbago (the "**Plumbago Shareholders**") will exchange all of the issued and outstanding Plumbago Shares in consideration for the issuance by NWest of 60,000,000 Consolidated NWest Shares at a deemed price of $0.20 per Consolidated NWest Share. In addition, each outstanding convertible security of Plumbago will be exchanged for an equivalent convertible security of NWest, subject to adjustment (as to the number of Consolidated NWest Shares and the exercise price) in accordance with the share exchange ratio of 3,386 Consolidated NWest Shares for each Plumbago Share outstanding at the time of closing.

In addition, in connection with the Transaction, Plumbago intends to complete either a brokered or non-brokered private placement ("**Private Placement**") of up to 7,500,000 Consolidated NWest units at a price of $0.20 per Consolidated NWest Share for gross proceeds of up to $1,500,000. Each unit will consist of one common share and one common share purchase warrant with an exercise price of $0.30 and an expiry date of two years. The warrants will be subject to an acceleration clause whereby if the common shares trade equal to or greater the $0.50 for a period of twenty consecutive trading days, the warrant expiry date shall accelerate to a date that is not less than twenty days after notice is given. The Consolidated NWest Shares issued in connection with the Private Placement will be subject to a hold period of four months from the date of closing of the Private Placement. The net proceeds from the Private Placement will be used to finance NWest's continuing capital program and for general working capital purposes in connection with advancing certain assets held by Plumbago. Closing of the Private Placement is intended to occur concurrently with the closing of the Transaction, both of which are subject to regulatory approval.

In connection with the Private Placement, in the event NWest conducts a brokered private placement, NWest shall pay a cash commission to the agent equal to eight percent (8%) (the "**Cash Commission**") of proceeds raised pursuant to the Private Placement and broker warrants to purchase Consolidated NWest Shares in the amount of eight percent (8%) of the Consolidated NWest Shares issued pursuant to the Private Placement.

NWest may also decide to complete such other financing as is mutually agreed by Plumbago and NWest provided that such financing must raise aggregate gross proceeds sufficient to meet the TSXV's Tier 2 minimum listing requirements for offering companies following the completion of the Transaction.

The current number of NWest Shares issued and outstanding, on a post-Consolidation basis, is 2,025,470. If the Transaction, Consolidation and Private Placement are completed, NWest will have approximately 69,525,532 Consolidated NWest Shares issued and outstanding on a non-diluted basis and 77,675,792 Consolidated NWest Shares outstanding on a fully-diluted basis. Management continues to work on closing the Transaction. Upon completion of the Transaction, NWest will continue to be involved in the oil and gas industry and through the acquisition of Plumbago, will also be involved in the mining industry.

About Plumbago

Plumbago is a private limited liability company organized under the laws of Curacao. Plumbago is controlled by Jacob Securities Holdings Inc. ("Jacob Securities"), which holds 33.86% of the outstanding Plumbago Shares, and Optimal Energy B.V. ("Optimal"), which holds 28.22% of the outstanding Plumbago Shares. Jacob Securities is a private Ontario company controlled by Sasha Jacob, an individual resident in Toronto, Ontario. Optimal is a private Curacao company controlled by Preemaya Private Foundation, a Curacao entity.

Plumbago was organized for the purpose of acquiring land packages containing high-grade graphite in the country of Sri Lanka. Plumbago is today the holder of 116 grids (each grid is equal to a 1 km^2) which contain past-producing graphite assets. It is the intention of Plumbago to successively put veins contained within the grids into production. Plumbago's advantage over competing global graphite resources is the reduced refining requirements due to its in situ grade.

Following its formation in April of 2012, in September of the same year, Plumbago accumulated the 116 grids by acquiring Sarcon Development (Pvt) Ltd. ("**Sarcon**"), a Sri Lankan based company which acquired the rights to the grids and associated exploration permits. Since that time, Plumbago has funded to Sarcon all payments required to keep the grid rights and licenses in good standing.

Financial Information Concerning Plumbago

The audited financial statements of Plumbago, together with other required financial information, will be included in the management information circular sent to NWest shareholders in connection with the Transaction.

Conditions

The proposed Transaction is subject to a number of conditions including the following:

a) all of the Plumbago Shareholders shall become a party to the Share Exchange Agreement;

b) the Board of Directors of NWest shall be restructured so that it will consist of five directors, comprised of three nominees of Plumbago and two nominees of NWest, and all existing officers of NWest will resign and the new officers will be appointed by the new Board of Directors;

c) the TSXV shall have provided NWest with conditional approval for the Transaction, the Consolidation and the Private Placement, and the listing of the Consolidated NWest Shares;

d) the Consolidation of the NWest Shares shall have been completed;

e) the Private Placement of NWest shall have been completed;

f) NWest common share purchase warrants shall have been exercised for aggregate proceeds on a best efforts basis;

g) the approval of the shareholders of NWest of the Consolidation, the Transaction and the change of the name of NWest to "Plumbago Refining Corporation" or such other name as is acceptable to Plumbago and applicable regulatory authorities, will have been obtained;

h) if required by the TSX-V, NWest shall retain a sponsor to provide a sponsorship report to the TSX-V in respect of the Transaction or use reasonable efforts to obtain a sponsorship exemption;

i) all required regulatory approvals shall have been obtained.

Sponsorship

NWest intends to make application for an exemption from the TSXV's sponsorship requirements based upon the Private Placement.

Shareholder approval

NWest intends to apply for a waiver from the TSX-V of the shareholder approval requirement for a reverse takeover.

Sale of Exploration License

On January 16, 2012, the Company signed a letter agreement with an arm's length party, Shoal Point Energy Ltd. (SPE), a public company listed on the Canadian National Stock Exchange, to transfer a 100% interest in its only Exploration License 1097R (EL1097R) in the Western Newfoundland offshore sector, subject to specific terms and conditions which are outlined below.

At the Company's request, its original four exploration licenses (1097, 1098, 1103 and 1104) were consolidated as EL1097R by the Canada Newfoundland and Labrador Offshore Petroleum Board (CNLOPB) and formally approved by the Government of Newfoundland and Labrador in December 2011. As part of the consolidation process, the Company retained 600 contiguous sections or 202,800 hectares of the land associated with the original four licenses. Period I of exploration license 1097R had an expiry date of January 16, 2012, but could be extended for additional years (a maximum of two years) by providing to the CNLOPB, on or before the end of period I, either a $1 million refundable drilling deposit, or a surrender of 50% of contiguous lands with a refundable drilling deposit of $250,000, for each extension year. The conditions of the exploration license required the drilling or spudding and diligent pursuit of one exploratory well on or before the expiry date of period I as a condition precedent to obtaining tenure to period II of the license. Failure to drill or spud a well would result in forfeiture of the drilling deposit and return of the license to the Crown. Period II of exploration license 1097R follows period I and expires on January 15, 2015.

The Company initially transferred a 50% interest in EL1097R license to SPE on January 16, 2012. As consideration, SPE paid a drilling deposit of $1 million to the CNLOPB to extend period I of the license, and the Company received one million common shares (quoted market price of $0.27 per share at January 16, 2012 - $270,000) and one million common share purchase warrants of SPE, with each warrant entitling the Company to acquire one common share at a price of $0.40 per share, for a period of two years. In addition, SPE assumed and paid the Company's Environmental Studies Research Fund liability, to a maximum of $43,404 to January 16, 2012 and assumes all payments to ESRF from that date forward.

The remaining 50% interest in EL 1097R was transferred to SPE on March 22, 2012, upon receipt of approval of the Company's shareholders. As consideration, the Company received an additional one million common shares (quoted market price of $0.27 per share on March 22, 2012 - $270,000) and an additional one million common share purchase warrants of SPE, with each warrant entitling the Company to acquire one common share at an exercise price of $0.39, for an exercise period of two years. The two million share purchase warrants received as partial consideration for the disposal of the interest in the license were estimated to have a fair value of $147,000, as calculated under the Black- Scholes option pricing model. The total consideration received from SPE for a 100% interest in the exploration license totaled $730,404.

On January 17, 2013, SPE announced it had paid an additional $1 million refundable deposit to the CNLOPB to obtain an extension of the term during which it is allowed to drill exploration wells on EL 1097R by an additional year to January 15, 2014.

As part of the environmental review process, BSE has filed a Project Description detailing the proposed Western Newfoundland drilling program for 2013-2019 with the CNLOPB on March 6, 2013. This report is available on the CNLOPB website (http://www.cnlopb.nl.ca/environment/bsespe.shtml).

On December 6, 2013, SPE announced that the CNLOPB rejected the Company's application to extend part of EL 1097R until January 15, 2015. On January 15, 2014, SPE announced that this license had expired.

If SPE had spudded a well on license 1097R, the Company would have received an additional four million common shares and four million common share purchase warrants of SPE, with each warrant entitling the Company to acquire one common share at an exercise price equal to the 20 day weighted average price of the common shares prior to date of issuance, plus an additional 20%, for an exercise period of two years from date of issuance of the warrant, and the Company would also have been granted a two percent (2%) gross overriding royalty on the license. SPE would have had the right to purchase 0.75% of the royalty for $2 million at any time after the date of grant.

Summary of Quarterly Operating Results

The following table presents the quarterly operating results for the Company for the last eight quarters. The financial information is prepared in accordance with International Financial Reporting Standards for consolidated financial statements.

Quarter ended:	June 30, 2016 $	Mar 31, 2016 $	Dec 31, 2015 $	Sept 30, 2015 $	June 30, 2015 $	Mar 31, 2015 $	Dec 31, 2014 $	Sept 30, 2014 $
Directors fees	**18,000**	18,000	18,000	18,000	**18,000**	18,000	18,000	9,000
Wages and benefits	**30,000**	30,000	30,000	30,000	**30,000**	30,000	30,000	30,000
Consulting fees - directors	**18,000**	18,000	18,000	18,000	**18,000**	18,000	18,000	27,000
Consulting fees	-	-	-	-	-	-	24,000	32,782
Professional fees	**14,369**	20,061	40,992	40,147	**35,684**	11,406	33,961	51,982
Travel	-	-	-	-	-	9,830	14,175	18,657
Regulatory and compliance	**3,394**	4,545	1,895	3,197	**10,846**	6,333	5,912	6,044
Stock-based compensation	-	-	-	-	-	-	-	36,000
Amortization	-	-	-	-	-	-	-	200
Interest on loans payable	**1,700**	-	-	-	-	-	-	-
Property investigation	-	-	-	14,025	-	-	-	-
Other	**3,493**	1,992	1,783	1,767	**4,207**	4,864	4,603	4,217
Total	**88,956**	92,598	110,670	125,136	**116,737**	98,433	148,651	215,882
Loss on write-down of capital assets and warrants	-	-	-	-	-	-	-	2,944
Other income	-	-	-	(19)	**(23)**	(76)	(200)	(226)
Net loss for the period	**88,956**	92,598	110,670	125,117	**116,714**	98,357	151,039	218,600
Net loss per share	**$0.006**	$0.007	$0.01	$0.01	**$0.01**	$0.01	$0.01	$0.015

The Company reported a net loss of $88,956 or $0.006 per share for the quarter ended June 30, 2016, as compared to a net loss of $116,714 or $0.01 per share for the quarter ended June 30, 2015.

In the quarter ended June 30, 2016, the Company recorded Directors' fees of $18,000 (quarter ended June 30, 2015 – $18,000). The Company recorded consulting fees with two directors in the amount of $3,000 each per month for a total of $18,000 in the current quarter (June 30, 2015 - $18,000). In the quarter ended September 30, 2014, the Company incurred consulting fees with three directors of $3,000 each per month for a total of $27,000. These amounts have been accrued but not paid. During the current quarter the Company also accrued salary of $15,000 for each of its President and CFO. The Company has accrued total salary costs of $240,000, however these salary amounts have not been funded. These amounts provide compensation for the directors' activities associated with the pursuit of potential oil production and development and resource sector plays.

In the quarter ended December 31, 2014, the Company incurred consulting fees of $24,000 of which $15,000 was associated with well stimulation and oil enhanced recovery and the balance of the consulting fees relating to strategic direction, market stabilization and business development services.

In the current quarter, the Company incurred professional fees of $14,369 (quarter ended June 30, 2015 – $35,684). In the current quarter, the Company incurred $8,000 in legal fees associated with its defense of the claim by Geophysical Services Inc., $3,000 in association with its regulatory filings and $5,000 related to financial reporting. Professional fees in the comparable quarter included $15,000 in legal fees associated with its Plumbago reverse takeover transaction. In the three quarters ended June 30, 2015, the Company also incurred $10,000 associated with its defense of the claim by Geophysical Services Inc.

During the quarter ended September 30, 2014, the Company granted 300,000 stock options to directors. The estimated fair value of $36,000 was recognized as share-based compensation expense during the quarter.

In the four quarters from June 2014 to March 2015, the Company has incurred significant travel expenses in the pursuit of potential oil production and resource sectors. No such costs were incurred in the last five quarters. In the current quarter, the Company also incurred $3,394 (quarter ended June 30, 2015 - $10,864) of regulatory and compliance costs. Due to the late filing of the Company's financial reporting, certain regulatory and compliance costs have been deferred until the next quarter. The Company also accrued $1,700 of interest expense in the current quarter associated with loans payable received since March 30, 2016.

Liquidity and Capital Resources

Other selected financial information is summarized as follows:

	As at June 30, 2016 $	As at September 30, 2015 $	As at September 30, 2014 $
Total current assets	34,334	18,238	196,314
Investments	-	-	-
Total assets	34,334	18,238	196,314
Total liabilities	700,703	392,383	81,821
Shareholders' equity (deficit)	(666,369)	(374,145)	114,493

As at June 30, 2016, the Company has cash and cash equivalents of $23,767 and total current assets of $34,334 and current liabilities of $700,703 resulting in a working capital deficit of $666,369 (September 30, 2015 – working capital of $374,145). Current liabilities include accrued salaries of $240,000 for two directors/officers as well as accrued director and consulting fees of $202,000. The Company plans to use its cash and other current assets to fund administrative and regulatory expenses and seeking new business opportunities within the oil and gas sectors. The Company disposed of its interest in the exploration license in the March 2012 quarter, and at the end of March 2016 had very limited exploration operations. The Company has no revenue streams and its only source of funding is equity financing and its ability to continue in the long term will be dependent on equity financing.

On March 30, 2016, the Company entered a loan agreement with 2161062 Ontario Inc. for loan proceeds of $30,000. During the current quarter, the Company entered two additional loan agreements for loan proceeds of an additional $15,000. These loans are due on July 3, 2016 and bear interest at a rate of 15% per annum. Any unpaid portion of the loan at the due date will bear additional interest at a rate of 10% per annum which will be payable on demand. At the lender's option, it will be entitled to 300,000 warrants with a three year term and an exercise price of $0.10 post the NWest Reverse take-over transaction with Plumbago. All assets of the Company have been pledged as security for the 216062 Ontario Inc. loan under a General Security Agreement.

On June 24, 2014, the Company completed an over-subscribed non-brokered private placement issuing 4,704,114 units at a price of $0.06 per unit with each unit consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.10 per share for a period of two years. The net proceeds have been used for working capital and ongoing operations to identify opportunities for the Company.

The Company's financial statements have been prepared using accounting principles applicable to a going concern. Failure to continue to operate as a going concern could result in the indefinite suspension of the Company's activities. Failure to acquire a project and the necessary financing for the project could result in suspension of all activity for the Company. There is no assurance that initiatives with respect to project acquisition or financing will be successful or sufficient. The Company's financial statements and MD&A do not reflect adjustments to the carrying value of assets and liabilities that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

In the quarter ended June 30, 2016, the Company recorded directors' fees of $18,000 (2015 - $18,000) and consulting fees of $18,000 (2015 - $18,000) to companies owned by the directors. In the year ended September 30, 2015, the Company also accrued directors fees of 72,000 (2014 - $9,000) for three directors and consulting fees of $72,000 (2014 - $27,000) for two directors.

In the quarter ended June 30, 2016 the Company also recorded wages and benefits of $30,000 (June 30, 2015 - $30,000). In the year ended September 30, 2015, the Company also accrued wages of $120,000 (2014 - $30,000) to officers. These accrued wages have not been funded. None of these fees have been funded in the last six quarters.

In the year ended September 30, 2014, the Company recorded stock based compensation of $45,000 for stock options issued to three directors. Two directors subscribed for 416,666 units as part of the non-brokered private placement completed by the Company on June 24, 2014.

Outstanding Share Data

As at June 30, 2016 and August 26, 2016, the Company has 14,178,295 common shares issued and outstanding. On October 20, 2010 the shareholders approved, by special resolution, the consolidation of the issued and outstanding common shares of the Company on the basis of one new common share for each ten existing common shares. The effective date of the consolidation was November 4, 2010.

As at June 30, 2016 and August 26, 2016, the Company has no common share purchase warrants outstanding.

As at June 30, 2016 and August 26, 2016, the Company had 900,000 stock options outstanding with a weighted average exercise price of $0.11. During the quarter ended March 31, 2014, the Company granted 500,000 stock options to two directors with an expiry date of January 14, 2019 and 100,000 options to a consultant with an expiry date of March 31, 2019 and an exercise price of $0.10. During the quarter ended September 30, 2014, the Company granted 300,000 stock options to its directors with an exercise price of $0.125 and an expiry date of July 17, 2019.

Contingency

On September 20, 2012, the Company was served with a statement of claim by Geophysical Services Incorporated ("GSI") relating to its transfers of exploration license EL1097R to Shoal Point Energy Ltd. completed on January 17, 2012 and March 23, 2012. GSI has subsequently amended its statement of claim to add an additional party as a defendant. GSI was seeking damages of $3.4 million under its amended claim. Subsequent to the year ended September 30, 2015, GSI filed an application for summary judgment against the Company and is now seeking $15.6 million in damages. The Company believes the claim to be without merit and intends to fully defend its interests and take all other actions available to it. The outcome of the original claim by GSI claim, is subject to ongoing court proceedings, and it is not practicable to determine an estimate of the possible financial effect, if any, at this time with sufficient reliability. Accordingly, no amounts have been recorded in the accounts of the Company related to this claim.

On May 14, 2014, in another GSI lawsuit against the Canada-Nova Scotia Offshore Petroleum Board, The Attorney-General of Nova Scotia and the Attorney-General of Canada, the Supreme Court of Nova Scotia ruled that the Canada-Nova Scotia Offshore Petroleum Board regulations which require GSI to deposit seismic information with the Board and for that information to be confidential for ten years (and therefor open to the public after ten years) to be valid. In the result, GSI's motion was dismissed.

Financial Instruments

Financial instruments are classified as follows:

Share purchase warrants in SPE are considered derivatives and are classified as "fair value through profit or loss". Changes in fair value subsequent to the initial fair value measurement are reflected in the statement of income (loss).

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss.

New and amended standards adopted

IFRIC 21, *Levies*

In May 2013, the IASB issued IFRIC 21 - *Levies*, ("IFRIC 21") which provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, - *Provisions, Contingent Liabilities and Contingent Assets*, and those where the timing and amount of the levy is certain. IFRIC 21 did not have a significant impact on our financial statements.

The IASB made several amendments to IAS 36, *Impairments of assets*, in conjunction with issuing IFRS 13. They later issued a limited scope amendment, effective for fiscal periods beginning on or after January 1, 2014, introducing additional disclosures about fair value measurement where an impairment has been recorded or reversed. The Company has early adopted the limited scope amendment with no material impact on the Company's financial statements.

Accounting Standards Issued But Not Yet Applied

IFRS 9, Financial instruments

IFRS 9 "*Financial instruments*" ("IFRS 9") introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 "*Financial Instruments: Recognition and Measurement*" ("IAS 39") to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013, to (i) include guidance on hedge accounting, and (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in OCI, without having to adopt the remainder of IFRS 9. The final version of IFRS 9 was issued in July 2014 and included (i) a third measurement category for financial assets - fair value through OCI; (ii) a single forward-looking expected loss impairment model; and (iii) a mandatory effective date for adoption of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is evaluating the impact of the new standard on its financial statements.

Risks and Uncertainties

The following are certain factors relating to the business of the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The following is a description of certain risks and uncertainties that may affect the business of the Company.

(i) Limited Operating History

The Company is a relatively new company with limited operating history and no history or oil and natural gas production history or revenue generation. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

(ii) Exploration, Development and Operating Risks

There can be no assurance that commercial quantities of hydrocarbons will be recovered by NWest in the future. Oil and natural gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Company will result in new discoveries of oil or natural gas in commercial quantities.

The exploration for and development of oil and gas properties involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing wells. With all operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Oil and gas exploration is speculative in nature and there can be no assurance that any discoveries will result in an increase in the Company's reserves base.

Operational risks include unsuccessful exploration and development drilling activity, reservoir performance, safety and environmental concerns, access to cost effective contract services, escalating industry costs for contracted services and equipment, product marketing and hiring and retaining qualified employees. Further, the Company does not currently have an exploration license and therefore has no active exploration activities. The long term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. There is a significant business risk that the Company will not be successful in obtaining a project and financing the project. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Management will continue to evaluate new prospects on an ongoing basis in a manner consistent with industry standards and their past practices.

(iii) Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned oil and natural gas exploration operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Oil and natural gas prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its exploration operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from other existing operations.

(iv) Market price of investments

The value of the Company's common share investment and share purchase warrants investment is subject to market price risk. Fluctuations in the quoted market price of the investments are affected by a number of factors including general market conditions and the performance and exploration results of the investee.

(v) Fluctuating Commodity Prices

The Company has no contractual commodity price risk. The Company's principal business activity is the exploration, acquisition and advancement of oil and natural gas properties. While the Company does not currently have any exploration licenses or exploration programs, future acquisitions and programs are partially indirectly related to the market price of oil and natural gas. The marketability and price of oil and natural gas will be affected by numerous factors beyond the Company's control. New technologies and drilling techniques are allowing recovery of natural gas and oil trapped in shale. If such resources are developed, it may have a substantial impact on the price of natural gas and oil on the energy market generally. The Company's ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon oil and natural gas prices. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond the control of the Company.

(vi) Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters.

Companies engaged in the exploration and development of oil and gas properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of oil and natural gas exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

(vii) Financing Risks and Dilution to Shareholders

The Company has limited financial resources, no operations and no revenues. If the Company's exploration program on its exploration properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

(viii) Title to Properties

Acquisition of title to oil and natural gas properties is a very detailed and time-consuming process. Title to, and the area of, oil and natural gas properties may be disputed. The Company cannot give an assurance that title to its exploration properties will not be challenged or impugned. Oil and natural gas properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that NWest does not have title to its exploration properties could cause the Company to lose any rights to explore, develop and produce any hydrocarbons on that property, without compensation for its prior expenditures relating to such property.

(ix) Requirement for Permits and Licenses

A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

(x) Competition

There is competition within the oil and gas industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other oil and gas companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of oil and gas licenses, leases and other oil and gas interests as well as for the recruitment and retention of qualified employees and other personnel.

(xi) Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

(xii) Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

(xiii) Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of oil and natural gas exploration, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the oil and natural gas exploration licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

(xiv) Management Inexperience in Developing Oil and Natural Gas Properties

The management of the Company has some experience in exploring for oil and natural gas, but may lack all or some of the necessary technical training and experience to successfully develop and operate successful production. Without adequate training or experience in these areas, management may not be fully aware of many of the specific requirements related to working within the oil and gas industry and their decisions and choices may not take into account all available and necessary engineering or managerial approaches that experienced operating companies commonly use to successfully develop a property. Consequently, the Company's operations, earnings and ultimate financial success could be materially adversely effected.

(xv) Conflicts of Interest

Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Canada Business Corporations Act (CBCA) provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the Company, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA.

(xvi) Uninsurable Risks

The Company's operations are subject to the risks normally incident to the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, blow-outs and fires, all of which could result in personal injuries, loss of life and damage to property of NWest Energy and others. In accordance with customary industry practice, NWest is not fully insured against all of these risks, nor are all such risks insurable. Environmental regulation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The Company expects it will be able to fully comply with all regulatory requirements in this regard. Should such liabilities arise, they could have an adverse impact on the Company’s results of operations and financial condition and could cause a decline in the value of the Company’s shares.

(xvii) Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

(xviii) Dividends

To date, NWest has not paid any dividends on its outstanding shares. Any decision to pay dividends on the shares of the Company will be made by its board of directors on the basis of the Company’s earnings, financial requirements and other conditions.

Additional information regarding the Company is available on Sedar at www.sedar.com and the Company’s website at www.nwestenergy.com

Dated: August 26, 2016