EAST WEST PETROLEUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JUNE 30, 2018

This discussion and analysis of financial position and results of operation is prepared as at August 24, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended June 30, 2018 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 is not the operator of any of its petroleum and gas interests and is currently focussed participating in further activities related to the exploration, evaluation and development of its petroleum interests in the Taranaki Basin, New Zealand and the exploration and appraisal of its four licences in Romania. The Company also holds investments in common shares of Advantage Lithium Corp.

(“Advantage Lithium”), American Helium Inc. (“American Helium”) and Seaway Energy Services Inc. (Seaway”), public companies whose common shares trade on the TSXV. The Company’s principal office is located at #117 - 595 Burrard Street, Vancouver, BC, V7X 1L4.

Proposed Acquisition and Corporate Re-structuring

On July 17, 2018 the Company announced that it has agreed to implement a restructuring and as part of this the signing of a letter of intent (the “Juva LOI”) dated July 16, 2018 to acquire all of the issued and outstanding common shares in the capital of Juva Life Inc. (“Juva”), a California-based cannabis company. The transaction is at arm’s length.

The first step in the restructuring process is the spin-out of the Company’s oil & gas assets, with the corresponding cash flow and all other assets transferred to a new wholly-owned subsidiary of the Company. As of the date of this MD&A the Company is in the process of transferring the assets to the newly incorporated wholly-owned subsidiary. The Company will then spin out the shares of this new subsidiary (“Newco”) to its shareholders pursuant to a plan of arrangement (“Plan of Arrangement”). Following the Plan of Arrangement, Newco will be owned by the current shareholders of the Company and will carry on the oil and gas business of the Company. As part of the Plan of Arrangement the Company will move forward to complete the acquisition of Juva. The Company’s capital structure will be amended to allow the Plan of Arrangement to be completed such that the Company’s outstanding shares will be consolidated on a 10:1 ratio and the Company will have not less than $4,000,000 cash on hand to provide initial financing to Juva. It is currently intended that Juva shall complete private placements totalling $7,700,000.

Under the terms of the proposed transaction, the Company will acquire from the shareholders of Juva all of the common shares of Juva which are issued and outstanding as of the closing and the Company will apply to voluntarily delist from the TSXV and apply for a listing on the Canadian Securities Exchange (“CSE”). Trading in the shares of the Company will remain halted until the close, and its filing statement accepted. As part of the overall change in business, the Company further proposes to undertake a name change, subject to approval by the relevant regulators, to Juva Life Corp. which will better reflect the nature of its new business direction. In addition, Mr. Doug Chloupek founder and CEO of Juva will join the Board of the resulting issuer.

The Company will consolidate its issued and outstanding shares to 8,958,567 shares and will seek shareholder approval for the proposed transaction and on closing shall issue 82,000,000 post-consolidation common shares to the then existing shareholders of Juva for a total resulting issuance of 90,958,567 shares post-transaction. A plan for subsequent issuance of its common shares in the form of certain performance and facility warrants to certain directors and shareholders may be issued under a proposed pooling agreement and under prospectus exemptions pursuant to National Instrument 45-106 subject to an applicable statutory hold period along with any escrow restrictions imposed by regulatory authorities or under applicable securities laws.

In addition to other customary conditions the transaction will be subject to the completion of a definitive agreement and all legal, business and technical due diligence to the satisfaction of both parties. The transaction will take place by way of a share exchange, merger, plan of arrangement, amalgamation or other transaction which will result in Juva becoming a 100% wholly-owned subsidiary of East West or otherwise combining its corporate existence with that of East West, with the final structure for the transaction to be determined on the basis of securities, tax and corporate law considerations. There is no finder’s fee payable in relation to the acquisition of Juva by the Company.

Juva consist of three operating arms; Juva Labs, Juva Cultivation and Juva Retail. Juva Labs develops cannabis-oriented medicinal and recreational solutions to meet the needs of patients and cannabis consumers across the state of California with an emphasis on formulation, clinical research, R&D, manufacturing, distribution and custom white label processing Juva Cultivation operates under the well-established Frosted Flowers brand selling premium award winning cannabis products. Juva currently has two conditional use permitted facilities in the city of Stockton, California with 62,600 square feet of warehouse space projected to produce over 9,445 pounds of annual cannabis production. Juva Retail will provide a vertically operated business leveraging each aspect of the supply chain via direct in store and home delivery sales and marketing operations.

Juva was founded by Mr. Doug Chloupek in collaboration with a board of physician experts led by Dr. Rakesh Patel. Mr. Chloupek has founded and operated numerous cannabis companies in California, including Day2Day Cannabis Ingredients and Valley Grown Enterprises, as well as Lux Wellness and Medmar Healing Center, both retail dispensaries. The long-time entrepreneur also co-founded and was Chief Operating Officer of BAS Research, California’s first licensed medical cannabis manufacturing and research group, dedicated to developing breakthrough pharmaceutical grade marijuana products. Mr. Chloupek has also helped establish California’s cannabis industry structurally. He is a founding member of both the California Cannabis Industry Association and the Citizens Coalition for Patient Care, where he helped gather 49,000 signatures for a referendum that led to the repeal of an unworkable ordinance.

Dr. Patel and his colleagues lead the scientific and medical components of Juva and have a proven track record of working strategically with healthcare companies in identifying meaningful clinical gaps and driving adoption. They have vast experience in clinical research having served as lead investigators for national and industry sector trials. This collective effort has resulted in over 500 combined publications and 1,000 meeting presentations on oncology, palliative care, genetics and patient-reported outcome studies around the globe. The group is dedicated to education and leads a national physician network that will focus on patient-centric, condition-based initiatives throughout all aspects of Juva.

Directors and Officers

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

David Sidoo	- President, Chief Executive Officer ("CEO") and director
Nick DeMare	- Chief Financial Officer ("CFO"), Corporate Secretary and director
Ross McElroy	- Director
Dylan Sidoo	- Director
Curits White	- Director (1)

(1) Appointed June 15, 2018

Projects Update

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

New Zealand

The Company has active drilling, testing and production operations in the Taranaki Basin of New Zealand. All licenses are operated by the Company's partner, TAG Oil Ltd. ("TAG" 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 TAG's adjacent Cheal field.

Within the Taranaki Basin, East West holds a 30% working interest in the Petroleum Exploration Permit ("PEP") 54877 and the Petroleum Mining Permit PMP 60291 (Cheal East). PEP 54877 and PMP 60291 is the location of the Cheal E-Site and the Cheal E-site production facility as well as the Cheal-E wells. The Cheal-E1 came off-line in May 2018 due to a down hole mechanical failure of the rod pump and did not return to production until the end of June 2018. The Cheal-E2 has been on cyclical production pending the installation of an artificial lift system planned by the Operator for Q2/2019. The Cheal-E5 came off-line in December 2017 for coil and pump repair and remained off-line for the all of Q1/2019. Repairs on Cheal-E5 have now been completed and the well returned to production in the middle of July 2018.

During Q1/2019, as part of the overall waterflood development project carried out by the Operator, the previously shut-in Cheal-E4 well was identified as a future water injector for the Cheal-E site waterflood project. Injection conversion has been completed with additional perforations added. Water injection commenced in August 2018 at 400 bbl/d and the conversion is expected to provide pressure support and sweep oil towards Cheal-E1, potentially resulting in additional oil recovery and extending the Cheal-E site's field life.

The Company's 30% share of petroleum production from Cheal East averaged approximately 85 net BOE's per day in Q1/2019 compared to an average of approximately 90 BOE's per day in Q4/2018. The decrease in Q1/2019 is primarily due to the Cheal-E1 coming off-line in May 2018 due to a down hole mechanical failure of the rod pump and not returning to production until the end of June 2018.

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 $62,335,000 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 two-year 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 4, 2019, Block EX-3 November 22, 2019 and November 22, 2018 for Blocks EX-7 and EX-8. Extensions to either the Phase I or Phase II terms to allow completion of the Romania Work Programs may be possible subject to approval by NAMR. If a commercial discovery is made, the Company is responsible for its 15% interest in development of the commercial discovery.

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. Whilst all activities comprise part of the commitment work programs they are nevertheless dependent on securing all the necessary government and local approvals.

Block EX-7

- Drilling of the first well, Teremia 1000, in the EX-7 Periam block commenced in January 2017. The well targeted conventional oil and gas-bearing zones and was drilled to a total depth of approximately 2,500 meters, consisting of two primary and three secondary geological targets. In September 2017 NIS reported that testing of multiple intervals on the first well in EX-7 Periam block had been completed. In December 2017 NIS informed the Company that light oil was tested from two intervals within metamorphic basement with gross rates up to 363 bbls/day of fluid with water cuts up to 49% (maximum gross oil rate 177 bbls/day). In addition, a total of five intervals were individually tested in Miocene sandstones, four of which flowed gas at gross rates in the range 0.74 to 4.27 MMscfg/d. The fifth interval flowed minor quantities of gas and condensate. The Teremia 1000 well has been completed as a potential future oil producer and an experimental test production plan has now been approved by the government authorities with test production expected to commence in the second quarter of 2019 (calendar).

  Drilling of an exploration well, BVs-1000, was spudded on August 7, 2018, targeting a combination structural/stratigraphic trap on trend with a proven oil/gas/condensate field. The planned well depth is 3,750 metres and is expected to take about three months to drill. The acquisition of 102 km of in-fill 2D seismic over the Teremia 1000 discovery has been completed and is currently being processed. Drilling of a deviated appraisal well on the Teremia-1000 structure is anticipated to commence in September 2018.

  A decision regarding the commerciality of the oil accumulation is expected to be taken when the results of future appraisal wells are known. In addition, as flaring of gas in Romania is forbidden, any oil production will require a technical solution for the use of associated gas together with acquiring the necessary permits and approvals for the infrastructure and facilities.

Block EX-2 and EX-3

In both EX-2 and EX-3, permitting continues for a total of approximately 400km^2 of 3D seismic surveying. Acquisition commenced in Block EX-3 in May 2018 but has recently been delayed due to heavy rains and flooding.

Block EX-8

Permitting continues in EX-8 for a 2,700 metre exploration well with spudding anticipated to commence in the first quarter of 2019 (calendar). As the Teremia structure is interpreted to potentially extend into the EX-8 block, drilling of a second deviated appraisal well on the structure is anticipated to commence in the first quarter of 2019 (calendar).

NIS will update the Company about the commencement of each operation once all the necessary permits and government authorizations are granted.

NIS will be funding 100% and fully carrying the Company through the commitment work programs in each of the blocks in return for earning an 85% interest.

Investments

As at June 30, 2018 the Company held 1,630,000 common shares of Advantage Lithium, 28,000 common shares of American Helium and 462,400 common shares of Seaway. The June 30, 2018 fair value of these investments was $1,699,880. The Company also holds warrants to acquire 333,350 common shares of Advantage Lithium at an exercise price of $1.00 per share. The Advantage Lithium warrants have been valued at a fair value of $110,706 at June 30, 2018 using the Black-Scholes option pricing model.

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 2019	Fiscal 2018				Fiscal 2017		
	Jun. 30 2018 $	Mar. 31 2018 $	Dec. 31 2017 $	Sep. 30 2017 $	Jun. 30 2017 $	Mar. 31 2017 $	Dec. 31 2016 $	Sep. 30 2016 $
Operations:								
Total revenues	825,332	435,951	524,959	515,766	447,266	572,256	605,710	443,844
Operating costs	(464,680)	(393,119)	(284,069)	(289,285)	(300,136)	(318,070)	(385,258)	(292,465)
Expenses	(494,031)	(490,202)	(456,875)	(769,362)	(368,758)	(7,191,965)	(401,367)	(410,995)
Other income (expense)	127,228	(320,414)	719,842	71,975	88,918	1,262,837	(189,672)	68,648
Income (loss) before deferred income tax	(6,151)	(767,784)	503,857	(470,906)	(132,710)	(5,674,942)	(370,587)	(190,968)
Deferred income tax	(61,000)	(49,000)	130,000	Nil	Nil	(288,500)	(26,500)	162,736
Net (loss) income	(67,151)	(816,784)	633,857	(470,906)	(132,710)	(5,963,442)	(397,087)	(28,232)
Other comprehensive income (loss), net of deferred income tax	(458,922)	132,529	853,936	533,772	(764,340)	(1,957,884)	(325,499)	1,242,412
Comprehensive income (loss)	(526,073)	(684,255)	1,487,793	62,866	(897,050)	(7,921,326)	(722,586)	1,214,180
Basic and diluted (loss) income per share	(0.00)	(0.01)	0.02	(0.01)	(0.00)	(0.07)	(0.00)	(0.00)
Balance Sheet:								
Working capital	4,048,277	4,118,454	4,067,039	3,260,564	4,373,986	6,095,940	6,703,781	6,956,336
Total assets	8,422,104	8,912,682	9,834,490	8,374,344	8,196,050	8,895,822	16,692,432	17,455,768
Decommissioning liabilities	(1,317,180)	(1,364,764)	(1,583,705)	(1,576,685)	(1,288,119)	(1,268,216)	(1,245,725)	(1,262,830)

Results of Operations

Three Months Ended June 30, 2018 ("Q1/2019"), Three Months Ended March 31, 2018 ("Q4/2018"), and Three Months Ended June 30, 2017 ("Q1/2018").

Revenues and operating costs for Q1/2019, Q4/2018 compared to Q1/2018 are as follows:

	Q1/2019	Q4/2018	Q1/2018
Total sales	$ 825,332	$ 435,951	$ 447,266
Total volume	9,568 BOE	5,893 BOE	8,951 BOE
Average realized price per BOE	$ 86.26	$ 73.98	$ 49.97

	Q1/2019	Q4/2018	Q1/2018
Petroleum sales	$ 776,813	$ 376,335	$ 338,024
Petroleum volume	8,004 BOE	4,159 BOE	5,363 BOE
Average petroleum realized price per BOE	$ 97.05	$ 90.49	$ 63.03
Natural gas sales	$ 48,519	$ 59,616	$ 109,242
Natural gas volume	1,564 BOE	1,734 BOE	3,588 BOE
Average natural gas realized price per BOE	$ 31.02	$ 34.36	$ 30.45
Production costs	$ 360,290	$ 312,347	$ 231,371
Average per BOE	$ 37.66	$ 53.00	$ 25.85
Transportation and storage costs	$ 64,559	$ 56,265	$ 48,284
Average per BOE	$ 6.75	$ 9.55	$ 5.39
Royalties	$ 39,831	$ 24,507	$ 20,481
Average per BOE	$ 4.16	$ 4.16	$ 2.29
Netback	$ 360,652	$ 42,832	$ 147,130
Average per BOE	$ 37.69	$ 7.27	$ 16.44

Q1/2019 compared to Q4/2018

Total sales revenues increased from $435,951 in Q4/2018 to $825,332 in Q1/2019, an increase of 89%. The increase is due to a 62% increase in total sales volumes due to utilization of high oil inventory levels resulting in four liftings for the Q1/2019 compared to three liftings in Q4/2018. Average realized price received per BOE also increased by 17%.

During Q1/2019 production costs increased by 15%, from $312,347 in Q4/2018 to $360,290 in Q1/2019, reflecting increased repairs and maintenance in Q1/2019.

During Q1/2019 the Company reported a comprehensive loss of $526,773 compared to a comprehensive loss of $684,255 for Q4/2018. The $157,483 decrease in loss is primarily attributed to:

(i) the recognition of impairment on exploration and evaluation assets of $472,790 in Q4/2018 compared to $nil in Q1/2019.

(ii) the recognition of a gain on sale of investments of $38,868 in Q1/2019 compared to $178,376 in Q4/2018; and

(iii) the recognition of depletion of $143,329 in Q1/2019 compared to an adjustment recovery of depletion of $70,157 in Q4/2018. During Q4/2018 the Company recorded an adjustment recovery of depletion of $70,157 due to the change in the Company's petroleum reserve base as at March 31, 2018.

Q1/2019 compared to Q1/2018

Total sales revenues increased from $447,266 in Q1/2018 to $825,332 in Q1/2019, an increase of 85%, primarily due to a 54% increase in petroleum prices, a 2% increase in natural gas prices and a 7% increase in production sales volumes.

During Q1/2019 the Company reported a comprehensive loss of $526,073 compared to a comprehensive loss of $897,050 for Q1/2018. The decrease in loss of $370,977 is primarily attributed to:

(i) the increase in net operating income from $360,652 in Q1/2019 compared to $147,130 in Q1/2018 due to higher sales volume and oil prices;

(ii) the comprehensive loss on change in fair value of investment of $390,261, net of deferred income tax of $61,000 in Q1/2019 compared to a comprehensive loss of $671,38, net of deferred income tax of $nil in Q1/2018; and

(iii) the increase in general and administrative expenses from $159,702 in Q1/2018 to $318,354 in Q1/2019.

General and administrative expenses incurred during Q1/2019 and Q1/2018 are as follows:

	Q1/2019 $	Q1/2018 $
Accounting and administrative	5,800	9,500
Audit and related	21,084	16,871
Bank charges	391	468
Corporate development	188,702	60,041
Insurance	3,607	2,688
Legal	6,330	2,694
Office	1,963	1,632
Professional fees	52,500	62,198
Regulatory fees	1,525	1,500
Rent	1,500	-
Shareholder costs	1,000	500
Telephone	574	726
Transfer agent fees	900	884
Travel	30,478	-
	316,354	159,702

Specific expenses of note for Q1/2019 and Q1/2018 are as follows:

(i) professional fees totalling $52,500 were incurred in Q1/2019 compared to $62,198 in Q1/2018 as follows:
- $27,900 was paid to directors and officers of the Company in Q1/2019 compared to $27,000 paid in Q1/2018. See also "Related Party Transactions";
- $24,600 was paid to consultants for administrative and financial services in Q1/2019 compared to $35,198 paid in Q1/2018. The decrease in Q1/2019 reflects additional services engaged with independent consultants;

(ii) corporate development expenses of $188,702 were incurred in Q1/2019 compared to $60,041 in Q1/2018. During Q1/2109 the Company engaged various firms to provide corporate information on the Company through various marketing campaigns;

(iii) $5,800 (Q1/2018 - $9,500) for accounting and administrative services provided by the staff of Chase Management Ltd., a private company owned by Nick DeMare, a director of the Company;

(iv) effective November 1, 2017 the Company entered into a month to month shared office arrangement pursuant to which the Company contributes $500 per month. During Q1/2019 the Company paid $1,500. No rent expenses were incurred in Q1/2018; and

(v) travel expenses of $30,478 were incurred in Q1/2019 for travel to attend meetings in Romania to review the Romania Work Programs. No travel was incurred in Q1/2018.

During Q1/2019 the Company incurred general exploration expenses of $28,510 (Q1/2018 - $41,544) of which $28,510 (Q1/2018 - $35,057) was related to PEP 54879 and $nil (Q1/2018 - $6,487) 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 Q1/2019 the Company reported interest income of $15,567, compared to $15,201 during Q1/2018.

During Q1/2019 the Company conducted open market purchases and sales of common shares of Advantage Lithium under which the Company purchased 179,000 (Q1/2018 - 240,000) common shares for $169,606 (Q1/2018 - $119,143) and sold 82,000 (Q1/2018 - 162,500) common shares for $49,561 (Q1/2018 - $93,332), resulting in a gain on sale of investments of $39,156 (Q1/2018 - loss of $8,778). The Company also made open market purchases and sales of common shares of American Helium under which the Company purchased 43,000 (Q1/2018 - nil) common shares for $32,045 and sold 15,000 (Q1/2018 - nil) common shares for $10,890, resulting in a loss on sale of investments of $288.

Property, Plant and Equipment

During Q1/2019 the Company incurred total additions of $30,187 (Q1/2018 - $1,675,116) for the Cheal-East wells, and a decrease of $577,772 (Q1/2018 - increase of $152,988) in foreign exchange movement for property, plant and equipment additions on the New Zealand properties.

Exploration and Evaluation Assets

	PEP 54877 $
Balance at March 31, 2017	-
Capital expenditures	1,532,179
Revision of estimate for decommissioning costs	122,977
Foreign exchange movement	26,535
Balance at March 31, 2018	1,681,691
Capital expenditures	19,611
Foreign exchange movement	(72,340)
Balance at June 30, 2018	1,628,962

During Q1/2019 the Company incurred capital expenditures of $19,611 on the exploration well and a decrease of $72,340 in foreign exchange movement for exploration and evaluation assets.

Financial Condition / Capital Resources

As at June 30, 2018 the Company had working capital of $4,048,277. The Company also holds investments in Advantage Lithium, American Helium and Seaway with an estimated fair value of $1,810,586 as at June 30, 2018. The Company believes that it currently has sufficient financial resources to conduct anticipated exploration and development programs and meet anticipated corporate administration costs for the upcoming twelve month period. However, exploration activities may change due to ongoing results and recommendations, discoveries may require appraisal and development work or the Company may acquire additional properties, which may entail significant funding or exploration commitments. In the event that the occasion arises, the Company may be required to obtain additional financing 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. In addition, the Company has entered into the Juva LOI which, if consummated, will require significant financing in the future. See "Proposed Acquisition and Corporate Restructuring".

Commitments

The Company's share of expected exploration and development permit obligations and/or commitments as at June 30, 2018 are approximately $229,000 to be incurred in fiscal 2019 and $1,270,000 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 entered into a non-binding agreement to acquire Juva and conduct a corporate re-organization. See "Proposed Acquisition and Corporate Reorganization".

Critical Accounting Estimates

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

Changes in Accounting Policies

There are no changes in accounting policies. A detailed summary of all the Company's significant accounting policies is included in Note 3 to the March 31, 2018 and 2017 annual 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 all executive officers.

(a) During Q1/2019 and Q1/2018 the following amounts were incurred:

	Q1/2019 **$**	**Q1/2018** **$**
Professional fees - David Sidoo, CEO and Director (1)	18,000	18,000
Professional fees - Nick DeMare, CFO and Director (2)	9,000	9,000
Professional fees - David Taylor, Director(3)	900	-
	27,900	27,000

(1) Paid to Siden Investments Ltd., a private company owned by Mr. Sidoo.
(2) Paid to Chase Management Ltd. ("Chase") a private company owned by Mr. DeMare.
(3) Paid to Circus Ventures Ltd., a private company owned by Mr. Taylor. Mr. Taylor was appointed as a director on October 3, 2017 and resigned on June 15, 2018.

As at June 30, 2018, $24,000 (March 31, 2018 - $24,200) remained unpaid.

(b) During Q1/2019 the Company incurred a total of $5,800 (Q1/2018 - $9,500) to Chase for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at June 30, 2018 $5,400 (March 31, 2018 - $5,850) remained unpaid.

(c) As at June 30, 2018 the Company owned 1,630,000 common shares of Advantage Lithium with a quoted market value of $1,320,300, 333,350 warrants of Advantage Lithium with a fair value of $110,706, 28,000 common shares of American Helium with a quoted market value of $9,660 and 462,400 common shares of Seaway with a quoted market value of $369,920. As at June 30, 2018 Advantage Lithium and American Helium have two common directors, Messrs. David Sidoo and DeMare and Seaway has three common directors Mr. David Sidoo, Mr. DeMare and Mr. Dylan Sidoo. See "Investments".

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, 2018 and 2017 and did not provide for any doubtful accounts.

Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and the level of spending for future activities. Prices received by the Company for its production are largely beyond the Company's control as petroleum prices are impacted by world economic events that dictate the levels of supply and demand. All of the Company's oil production is sold at spot rates exposing the Company to the risk of price movements. The Company has an agreement to sell its gas production at a base price of NZD $4.65 per gigajoule, subject to an adjustment formula based on the market price, with a minimum price of NZD $4.00 per gigajoule. The gas agreement is set to end December 31, 2019.

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 fiscal 2018 and 2017 and any variations in interest rates would not have materially affected net income.

Fair Value of Financial Instruments

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

Financial Instrument	Category	June 30, 2018 $	March 31, 2018 $
Cash	FVTPL	4,204,938	4,030,573
Amounts receivable	Loans and receivables	192,934	337,319
Investments- common shares	Available-for-sale	1,699,880	2,010,230
Investments - warrants	FVTPL	110,706	110,006
Accounts payable and accrued liabilities	Other financial liabilities	(395,400)	(312,301)

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, 2018 and March 31, 2018:

	June 30, 2018		
	Level 1 $	Level 2 $	Level 3 $
Cash	4,204,938	-	-
Investments - common shares	1,329,960	369,920	-
Investments - warrants	-	110,706	-
	5,534,898	480,626	-

	March 31, 2018		
	Level 1 $	Level 2 $	Level 3 $
Cash	4,030,573	-	-
Investments - common shares	1,640,310	369,920	-
Investments - warrants	-	110,006	-
	5,670,883	479,926	-

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 24, 2018, there were 89,585,665 outstanding common shares and 5,815,000 share options outstanding with exercise prices ranging from $0.09 to $0.14 per share.