EAST WEST PETROLEUM CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
DECEMBER 31, 2017

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

EAST WEST PETROLEUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	December 31, 2017 $	March 31, 2017 $
ASSETS			
Current assets			
Cash		4,036,019	5,912,735
GST receivable		3,915	4,900
Amounts receivable	3	332,285	502,296
Prepaid expenses		25,753	77,372
Total current assets		4,397,972	6,497,303
Non-current assets			
Investments	4	2,687,915	1,949,833
Exploration and evaluation assets	5	1,643,035	-
Property, plant and equipment	6	1,105,568	448,686
Total non-current assets		5,436,518	2,398,519
TOTAL ASSETS		9,834,490	8,895,822
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		330,933	401,363
Non-current liabilities			
Decommissioning liabilities	7	1,583,705	1,268,216
TOTAL LIABILITIES		1,914,638	1,669,579
SHAREHOLDERS' EQUITY			
Share capital	8	39,868,761	39,868,761
Share-based compensation reserve		5,251,003	5,211,003
Foreign currency translation reserve		(702,237)	(329,518)
Accumulated other comprehensive income		1,043,280	47,193
Deficit		(37,540,955)	(37,571,196)
TOTAL SHAREHOLDERS' EQUITY		7,919,852	7,226,243
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,834,490	8,895,822

Nature of Operations - see Note 1

Commitments - see Note 11

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on February 28, 2018 and are signed on its behalf by:

/s/ David Sidoo	*/s/ Nick DeMare*
David Sidoo	Nick DeMare
Director	Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

EAST WEST PETROLEUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended December 31, 2017 $	Three Months Ended December 31, 2016 $	Nine Months Ended December 31, 2017 $	Nine Months Ended December 31, 2016 $
Revenue and costs					
Petroleum and natural gas sales		524,959	605,710	1,487,991	1,583,529
Production costs		(205,978)	(298,077)	(659,352)	(762,585)
Transportation and storage costs		(53,006)	(60,080)	(145,161)	(150,604)
Royalties		(25,085)	(27,101)	(68,977)	(72,471)
		240,890	220,452	614,501	597,869
Expenses					
General and administrative		130,891	133,489	460,800	593,706
General exploration		8,797	4,009	64,969	15,060
Depletion and depreciation	6	273,377	136,728	1,017,418	385,992
Finance expense of decommissioning liabilities	7	3,810	6,675	11,808	19,693
Share-based compensation	8(c)	40,000	120,466	40,000	120,842
		456,875	401,367	1,594,995	1,135,293
Loss before other items		(215,985)	(180,915)	(980,494)	(537,424)
Other items					
Interest and other income		11,940	14,347	35,914	45,747
Foreign exchange		100,166	38,211	262,586	56,899
Gain on sale of investments		501,064	100,195	478,896	147,375
Unrealized gain on investments		106,672	-	103,339	-
Gain on loss of significant influence		-	-	-	1,171,147
Provision on advances receivable		-	(342,425)	-	(342,425)
Equity loss in associated company		-	-	-	(200)
		719,842	(189,672)	880,735	1,078,543
Income (loss) before deferred income tax		503,857	(370,587)	(99,759)	541,119
Deferred income tax		130,000	(26,500)	130,000	288,500
Net income (loss) for the period		633,857	(397,087)	30,241	829,619
Other comprehensive income (loss)					
Change in currency translation of foreign subsidiary		(120,505)	(120,914)	(372,719)	233,646
Change in fair value of investments		974,441	(204,585)	996,087	758,512
		853,936	(325,499)	623,368	992,158
Comprehensive income (loss) for the period		1,487,793	(722,586)	653,609	1,821,777
Basic and diluted income (loss) per common share		$0.02	$(0.00)	$0.00	$(0.00)
Weighted average number of common shares outstanding		89,585,665	89,585,665	89,585,665	89,585,665

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

EAST WEST PETROLEUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended December 31, 2017						
	Share Capital		Reserves				
	Number of Shares	Amount $	Share-Based Compensation $	Foreign Currency Translation $	Investments Revaluation $	Deficit $	Total Equity $
Balance at March 31, 2017	89,585,665	39,868,761	5,211,003	(329,518)	47,193	(37,571,196)	7,226,243
Share-based compensation	-	-	40,000	-	-	-	40,000
Currency translation adjustment	-	-	-	(372,719)	-	-	(372,719)
Unrealized gain on available-for-sale investments	-	-	-	-	963,937	-	963,937
Deferred income tax on unrealized gain on available-for-sale investments	-	-	-	-	(130,000)	-	(130,000)
Reclassification on sale of investments	-	-	-	-	162,150	-	162,150
Net income for the period	-	-	-	-	-	30,241	30,241
Balance at December 31, 2017	89,585,665	39,868,761	5,251,003	(702,237)	1,043,280	(37,540,955)	7,919,852

	Nine Months Ended December 31, 2016						
	Share Capital		Reserves				
	Number of Shares	Amount $	Share-Based Compensation $	Foreign Currency Translation $	Investments Revaluation $	Deficit $	Total Equity $
Balance at March 31, 2016	89,585,665	39,868,761	5,031,161	(487,746)	-	(31,266,226)	13,145,950
Share-based compensation	-	-	120,842	-	-	-	120,842
Currency translation adjustment	-	-	-	233,646	-	-	233,646
Unrealized gain on available-for-sale investments	-	-	-	-	2,218,159	-	2,218,159
Deferred income tax on unrealized gain on available-for-sale investments	-	-	-	-	(288,500)	-	(288,500)
Net loss for the period	-	-	-	-	-	(341,528)	(341,528)
Balance at December 31, 2016	89,585,665	39,868,761	5,152,003	(254,100)	1,929,659	(31,607,754)	15,088,569

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

EAST WEST PETROLEUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended December 31,	
	2017	2016
	$	$
Operating activities		
Net income (loss) for the period	30,241	(341,528)
Adjustments for:		
Depletion and depreciation	1,017,418	385,992
Finance expense of decommissioning liabilities	11,808	19,693
Share-based compensation	40,000	120,842
Foreign exchange	-	(11,400)
General exploration	3,631	-
Gain on sale of investments	(478,896)	(147,375)
Unrealized gain on sale of investments	(103,339)	
Equity loss in associated company	-	200
Provision on advances receivable	-	342,425
Deferred income tax	(130,000)	(288,500)
Changes in non-cash working capital items:		
Amounts receivable	149,464	(87,244)
GST receivable	(42,377)	(58,058)
Prepaid expenses	49,775	(58,632)
Accounts payable and accrued liabilities	128,680	(37,225)
Net cash (used in) provided by operating activities	676,405	(160,810)
Investing activities		
Expenditures on exploration and evaluation assets	(1,511,052)	(628,319)
Expenditures on property, plant and equipment	(1,662,481)	(568,381)
Proceeds from sale of investments	1,688,401	266,361
Investment purchases	(718,162)	(38,815)
Net cash used in investing activities	(2,203,294)	(969,154)
Effect of exchange rate changes on cash	(349,827)	37,657
Net change in cash	(1,876,716)	(1,092,307)
Cash at beginning of period	5,912,735	7,694,932
Cash at end of period	4,036,019	6,602,625

Supplemental cash flow information - See Note 12

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. Nature of Operations

East West Petroleum Corp. (the "Company") was incorporated on October 23, 1987 under the provisions of the Company Act (British Columbia). The Company is listed and trades on the TSX Venture Exchange ("TSXV") under the symbol "EW". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is in the process of exploring, developing and producing from its oil and gas properties. As at December 31, 2017 the Company has one producing oil and gas property in New Zealand. The success of the Company's exploration and development of its oil and gas properties requires significant additional exploration and development activities to establish additional proved reserves and to commercialize its oil and gas exploration properties. The Company is also influenced by significant financial risks as well as commodity prices. In addition, the Company will use cash and operating cash flow to further explore and develop its properties towards planned principal operations. The Company monitors its cash and cash equivalents and adjusts its expenditure plans to conform to available funding. The Company plans to fund exploration and development activities through existing cash resources.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended March 31, 2017.

For other assets, impairment losses recognized in prior years are assessed at each reporting date for indications that previously recognized impairment losses may no longer exist or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The impairment loss is reversed only to the extent that the asset's or CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depletion, had no impairment loss been recognized in prior years. An impairment loss in respect of goodwill is not reversed.

Basis of Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

Details of the Group

In addition to the Company, the condensed consolidated interim financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

Non-controlling interest in the net assets of the consolidated subsidiaries are identified separately from the Company's equity. The non-controlling interest consists of the non-controlling interest's portion of net assets and income or losses.

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for using the equity method (equity accounted

(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

investees) and are recognized initially at cost. The condensed consolidated interim financial statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued, except to the extent that the Company has an obligation, or has made payments on behalf of the investee.

Comparative Figures

Certain of the prior periods comparative figures have been reclassified to conform with the current period's presentation.

3. Amounts Receivable

	December 31, 2017 $	March 31, 2017 $
Production receivable	269,154	433,686
Other	63,131	68,610
	332,285	502,296

4. Investments

	As at December 31, 2017				
	Number	Cost $	Accumulated Comprehensive Gain $	Accumulated Gain $	Carrying Value $
Available-for-sale investments:					
Common shares:					
Advantage Lithium Corp. ("Advantage")	1,685,500	956,491	1,066,109	-	2,022,600
Seaway Energy Services Inc. ("Seaway")	462,400	448,662	59,978	-	508,640
FVTPL investment:					
Warrants: Advantage	333,350	66,670	-	90,005	156,675
		1,471,823	1,126,087	90,005	2,687,915

	As at March 31, 2017				
	Number	Cost $	Accumulated Comprehensive Gain $	Accumulated Loss $	Carrying Value $
Available-for-sale investments:					
Common shares: Advantage	3,214,400	1,849,304	47,193	-	1,896,497
FVTPL investment:					
Warrants: Advantage	333,350	66,670	-	(13,334)	53,336
		1,915,974	47,193	(13,334)	1,949,833

The carrying values of the investments in common shares were determined using quoted market values. The carrying value of the unlisted Advantage warrants are valued at fair value using the Black-Scholes option pricing model.

Certain directors and officers of the Company are also directors and/or officers of Advantage and Seaway.

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets

	PEP 54877 $
Balance at March 31, 2017	-
Capital expenditures	1,511,052
Revision of estimate for decommissioning costs	171,023
Foreign exchange movement	(39,040)
Balance at December 31, 2017	1,643,035

(a) On December 11, 2012 the Government of New Zealand awarded the Company and its partner, TAG Oil Ltd. ("TAG"), interests in three onshore exploration blocks located in the Taranaki Basin, New Zealand. Under the terms of the agreements, the Company participated in the drilling of exploration wells on Petroleum Exploration Permits ("PEP") 54876, 54877 and 54879, as follows:

(i) *PEP 54876*

In April 2014 the Company completed drilling on PEP 54876, the results of which confirmed that there were no commercial deposits and an impairment charge was taken in fiscal 2014.

(ii) *PEP 54877*

On January 7, 2014 commercial discovery was declared on PEP 54877 and the capitalized expenditures were transferred to property, plant and equipment. The Company has earned a 30% participation in PEP 54877. On September 17, 2017 New Zealand Petroleum and Minerals ("NZP&M") approved the petroleum mining permit for the Company's 30% working interest of PMP 60291, which has been carved out of PEP 54877 and part of the remaining acreage has been included in an application to extend the duration of PEP 54877. During the nine months ended December 31, 2017 the Company drilled an exploration well (the "Cheal D-1 Well") under PEP 54877. Drilling and testing of the Cheal D-1 Well was completed and tests concluded that gas was present but not in sufficient quantities to produce as an economic discovery. The well has been suspended with a plan to potentially re-enter in the future.

(iii) *PEP 54879*

In fiscal 2014 and 2015 three wells were drilled on PEP 54879 and testing of the G1 well was conducted, with no decision made on the commerciality of PEP 54879. In March 2017 the Company and TAG notified the New Zealand Petroleum and Minerals of their intention to relinquish the permit. Accordingly, during fiscal 2017 the Company recorded an impairment of $6,657,646 for costs incurred to March 31, 2017.

(b) 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.

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 paid the Company a total of $525,000 for the assignment of an 85% participation interest and operatorship of the Romania Work Programs to NIS. NIS has the obligation to fund the Romania Work Programs, including environmental work, 2D and 3D seismic acquisition and processing, and the drilling of 12 wells. The Company retains a 15% carried interest in each block through the obligatory two year Phase I work program and the optional one year Phase II work program. If a commercial discovery is made, the Company is responsible for its 15% interest in development of the commercial discovery.

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

The four concessions have specific mandatory Phase 1 work programs (the "Romania Work Programs"), which are 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.

6. Property, Plant and Equipment

	Petroleum and Natural Gas Properties (PMP 60291) $
Cost:	
Balance at March 31, 2016	10,688,071
Capital expenditures	709,247
Revision of estimate for decommissioning costs	(2,110)
Foreign exchange movement	480,505
Balance at March 31, 2017	11,875,713
Capital expenditures	1,527,779
Revision of estimate for decommissioning costs	187,064
Foreign exchange movement	(640,448)
Balance at December 31, 2017	12,950,108
Accumulated Depletion and Depreciation and Impairment:	
Balance at March 31, 2016	(10,239,244)
Depletion and depreciation	(727,379)
Foreign exchange movement	(460,404)
Balance at March 31, 2017	(11,427,027)
Depletion and depreciation	(1,017,418)
Foreign exchange movement	599,905
Balance at December 31, 2017	(11,844,540)
Carrying Value:	
Balance at March 31, 2017	448,686
Balance at December 31, 2017	1,105,568

7. Decommissioning Liabilities

	Nine Months Ended December 31	
	2017 $	2016 $
Balance, beginning of period	1,268,216	1,183,793
Liability incurred	358,087	-
Finance cost	11,808	19,693
Foreign exchange movement	(54,406)	42,239
Balance, end of period	1,583,705	1,245,725

(Unaudited - Expressed in Canadian Dollars)

7. Decommissioning Liabilities (continued)

The total amount of estimated undiscounted cash flows required to settle the Company's estimated obligation is $1,603,689 (March 31, 2017 - $1,311,531) which has been discounted using a pre-tax risk-free rate of 1.75% (March 31, 2017 - 1.75%) and an inflation rate of 1.016% (March 31, 2017 - 1.016%). The present value of the decommissioning liabilities may be subject to change based on management's current estimates, changes in remediation technology or changes to the applicable laws and regulations. Such changes will be recorded in the accounts of the Company as they occur.

The total future asset decommissioning obligations were estimated based on the Company's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future years. These liabilities will be settled at various dates which are currently expected to extend up to 2022. Settlement of the liabilities is expected to be funded from general corporate funds at the time of retirement.

8. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Reconciliation of Changes in Share Capital*

No equity financings were conducted by the Company during nine months ended December 31, 2017 or fiscal 2017.

(c) *Share Option Plan*

The Company has established a fixed share option plan (the "Plan"), in which a total of 12,408,697 common shares have been reserved for issuance under the Plan. The minimum exercise price of the share options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years from the date of grant.

During the nine months ended December 31, 2017 the Company granted 500,000 (2016 - 1,830,000) share options and recorded compensation expense of $40,000 (2016 - $120,842) on the granting and vesting of share options. In addition during the nine months ended December 31, 2016 the Company recorded compensation expense of $376 on the vesting of share options previously granted.

The fair value of share options granted and vested is estimated using the Black-Scholes option pricing model using the following assumptions:

	2017	2016
Risk-free interest rate	1.63%	0.52% - 0.72%
Estimated volatility	74%	70% - 76%
Expected life	5 years	3 years - 5 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted and vested during the nine months ended December 31, 2017 was $0.08 (2016 - $0.07) per share option.

(Unaudited - Expressed in Canadian Dollars)

8. Share Capital (continued)

A summary of the Company's share options at December 31, 2017 and 2016 and the changes for the nine months ended on those dates, is as follows:

	2017		2016	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	8,188,000	0.13	5,799,000	0.14
Granted	500,000	0.135	1,830,000	0.11
Expired	(2,373,000)	0.14	(241,000)	0.15
Balance, end of period	6,315,000	0.13	7,388,000	0.13

The following table summarizes information about the share options outstanding and exercisable at December 31, 2017:

Number of Shares	Exercise Price $	Expiry Date
500,000	0.14	April 4, 2018
2,700,000	0.14	November 14, 2019
50,000	0.09	November 26, 2020
1,265,000	0.10	November 21, 2021
500,000	0.13	December 30, 2021
800,000	0.125	January 19, 2022
500,000	0.135	October 3, 2022
6,315,000		

9. 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 include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. During fiscal 2017 the Company determined that key management personnel consists of members of the Company's Board of Directors and all executive officers.

(a) During the nine months ended December 31, 2017 and 2016 the Company incurred the following compensation amounts to its current and former key management personnel:

	2017 $	2016 $
Professional fees	95,100	268,500
Share-based compensation	40,000	88,300
	135,100	356,800

As at December 31, 2017, $24,000 (March 31, 2017 - $24,000) remained unpaid and has been included in accounts payable and accrued liabilities.

9. Related Party Disclosures (continued)

(b) During the nine months ended December 31, 2017 the Company incurred a total of $34,800 (2016 - $32,150) to Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO. As at December 31, 2017, $4,900 (March 31, 2017 - $5,350) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) See also Note 4.

10. 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 an oil super major. 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 December 31, 2017 and 2016 and did not provide for any doubtful accounts.

Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and the level of spending for future activities. Prices received by the Company for its production are largely beyond the Company's control as petroleum prices are impacted by world economic events that dictate the levels of supply and demand. All of the Company's oil production is sold at spot rates exposing the Company to the risk of price movements. The Company has an agreement to sell its gas production from the Cheal E field at a base price of NZD $5.00 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 April 30, 2018.

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. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

10. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at December 31, 2017				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	4,036,019	-	-	-	4,036,019
Amounts receivable	332,285	-	-	-	332,285
Investments	-	-	2,687,915	-	2,687,915
Accounts payable and accrued liabilities	(431,363)	-	-	-	(431,363)

Market Risk

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

Foreign Currency Exchange Rate Risk

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

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

Interest Rate Risk

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

The Company did not have any interest rate swaps or financial contracts in place during the nine months ended December 31, 2017 and 2016 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	December 31, 2017 $	March 31, 2017 $
Cash	FVTPL	4,036,019	5,912,735
Amounts receivable	Loans and receivables	332,285	502,296
Investments- common shares	Available-for-sale	2,531,240	1,896,497
Investments - warrants	FVTPL	156,675	53,336
Accounts payable and accrued liabilities	Other financial liabilities	(431,363)	(401,600)

10. Financial Instruments and Risk Management (continued)

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 inputs. The fair value of the investment in warrants is measured using Level 2 inputs.

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.

11. Commitments

As at December 31, 2017 the Company has capital expenditures of approximately $530,000 to be incurred in fiscal 2018. The capital expenditure amounts may be subject to change upon application.

(Unaudited - Expressed in Canadian Dollars)

12. Supplemental Cash Flow Information

During the nine months ended December 31, 2017 and 2016 non-cash activities were conducted by the Company as follows:

	2017 $	2016 $
Investing activities		
Property, plant and equipment	(187,064)	39,020
Exploration and evaluation assets	(310,686)	8,219
Revision of estimate of decommissioning liabilities	358,087	-
	(139,663)	47,239
Operating activities		
Accounts payable and accrued liabilities	139,663	(47,239)

13. Segmented Information

The Company currently operates in one business segment, being the acquisition, exploration and production of oil and gas properties.

	As at December 31, 2017		
	Canada $	New Zealand $	Total $
Revenues	-	1,487,991	1,487,991
Exploration and evaluation assets	-	1,643,035	1,643,035
Property, plant and equipment	-	1,105,568	1,105,568

	As at March 31, 2017		
	Canada $	New Zealand $	Total $
Revenues	64,935	2,090,850	2,155,785
Property, plant and equipment	-	448,686	448,686