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**EAST WEST PETROLEUM CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
SEPTEMBER 30, 2022

*(Unaudited - Expressed in Canadian Dollars)*

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**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	September 30, 2022 \$	March 31, 2022 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		5,116,085	5,145,788
GST receivable		6,602	3,649
Amounts receivable	4	294,319	38,870
Oil inventory		110,014	265,867
Prepaid expenses		<u>36,082</u>	<u>39,292</u>
<b>Total current assets</b>		5,563,102	5,493,466
<b>Non-current assets</b>			
Property, plant and equipment	5	<u>230,009</u>	<u>236,425</u>
<b>TOTAL ASSETS</b>		<u>5,793,111</u>	<u>5,729,891</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		289,284	355,037
<b>Non-current liabilities</b>			
Decommissioning liabilities	7	<u>997,138</u>	<u>1,185,985</u>
<b>TOTAL LIABILITIES</b>		<u>1,286,422</u>	<u>1,541,022</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	39,868,761	39,868,761
Share-based compensation reserve		5,337,703	5,337,703
Foreign currency translation reserve		(371,686)	(176,006)
Deficit		<u>(40,328,089)</u>	<u>(40,841,589)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>4,506,689</u>	<u>4,188,869</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>5,793,111</u>	<u>5,729,891</u>

**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 November 23, 2022 and are signed on its behalf by:

/s/ Mark T. Brown  
Mark Brown  
Director

/s/ Nick DeMare  
Nick DeMare  
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 INCOME (LOSS)**  
*(Unaudited - Expressed in Canadian Dollars)*

Note	Three Months Ended September 30,		Six Months Ended September 30,	
	2022 \$	2021 \$	2022 \$	2021 \$
<b>Revenue and costs</b>				
	654,103	422,791	1,670,890	712,833
	(295,984)	(299,037)	(867,093)	(862,906)
	(81,359)	(77,266)	(191,590)	(128,398)
	<u>(27,880)</u>	<u>(18,409)</u>	<u>(73,429)</u>	<u>(29,758)</u>
	<u>248,880</u>	<u>28,079</u>	<u>538,778</u>	<u>(308,229)</u>
<b>Expenses</b>				
	154,311	77,545	214,981	127,598
	-	3,140	-	25,180
5	62,153	67,620	132,901	102,570
7	<u>1,180</u>	<u>753</u>	<u>2,396</u>	<u>1,499</u>
	<u>217,644</u>	<u>149,058</u>	<u>350,278</u>	<u>256,847</u>
	<u>31,236</u>	<u>(120,979)</u>	<u>188,500</u>	<u>(565,076)</u>
<b>Income (loss) before other items</b>				
<b>Other items</b>				
	29,314	3,536	47,837	7,884
	135,326	42,662	277,163	58,449
	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>(17,500)</u>
	<u>164,640</u>	<u>42,198</u>	<u>325,000</u>	<u>48,833</u>
	<u>195,876</u>	<u>(78,781)</u>	<u>513,500</u>	<u>(516,243)</u>
<b>Net income (loss) for the period</b>				
<b>Other comprehensive income (loss)</b>				
	<u>(128,067)</u>	<u>60,310</u>	<u>(195,680)</u>	<u>(80,395)</u>
	<u>67,809</u>	<u>(18,471)</u>	<u>317,820</u>	<u>(596,638)</u>
<b>Comprehensive income (loss) for the period</b>				
	<u>\$0.00</u>	<u>\$(0.00)</u>	<u>\$0.00</u>	<u>\$(0.01)</u>
<b>Basic and diluted income (loss) per common share</b>				
<b>Weighted average number of common shares outstanding</b>				
	<u>89,585,665</u>	<u>89,585,665</u>	<u>89,585,665</u>	<u>89,585,665</u>

*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 SHAREHOLDERS' EQUITY**  
*(Unaudited - Expressed in Canadian Dollars)*

	<b>Six Months Ended September 30, 2022</b>					
	<b>Share Capital</b>		<b>Reserves</b>			<b>Total Shareholders' Equity</b> \$
	<b>Number of Shares</b>	<b>Amount</b> \$	<b>Share-Based Compensation</b> \$	<b>Foreign Currency Translation</b> \$	<b>Deficit</b> \$	
<b>Balance at March 31, 2022</b>	89,585,665	39,868,761	5,337,703	(176,006)	(40,841,589)	
Currency translation adjustment	-	-	-	(195,680)	-	(195,680)
Net income for the period	-	-	-	-	513,500	513,500
<b>Balance at September 30, 2022</b>	<b>89,585,665</b>	<b>39,868,761</b>	<b>5,337,703</b>	<b>(371,686)</b>	<b>(40,328,089)</b>	<b>4,506,689</b>

	<b>Six Months Ended September 30, 2021</b>					
	<b>Share Capital</b>		<b>Reserves</b>			<b>Total Shareholders' Equity</b> \$
	<b>Number of Shares</b>	<b>Amount</b> \$	<b>Share-Based Compensation</b> \$	<b>Foreign Currency Translation</b> \$	<b>Deficit</b> \$	
<b>Balance at March 31, 2021</b>	89,585,665	39,868,761	5,337,703	(480,808)	(38,800,999)	
Currency translation adjustment	-	-	-	(80,395)	-	(80,395)
Net loss for the period	-	-	-	-	(516,243)	(516,243)
<b>Balance at September 30, 2021</b>	<b>89,585,665</b>	<b>39,868,761</b>	<b>5,337,703</b>	<b>(561,203)</b>	<b>(39,317,242)</b>	<b>5,328,019</b>

*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)*

	Six Months Ended	
	September 30,	
	2022	2021
	\$	\$
<b>Operating activities</b>		
Net income (loss) for the period	513,500	(516,243)
Adjustments for:		
Depletion and depreciation	132,901	102,570
Finance expense of decommissioning liabilities	2,396	1,499
Unrealized loss on investments	-	17,500
Changes in non-cash working capital items:		
Amounts receivable	(268,338)	6,839
GST receivable	(2,953)	(283)
Oil inventory	133,257	(84,003)
Prepaid expenses	1,064	(8,627)
Accounts payable and accrued liabilities	(36,211)	(57,684)
<b>Net cash provided by (used in) operating activities</b>	<u>475,616</u>	<u>(538,432)</u>
<b>Investing activities</b>		
Expenditures on property, plant and equipment	(151,133)	(64,599)
Expenditures incurred on decommissioning liabilities	(82,045)	(1,132)
<b>Net cash used in investing activities</b>	<u>(233,178)</u>	<u>(65,731)</u>
<b>Effect of exchange rate changes on cash</b>	<u>(272,141)</u>	<u>(77,648)</u>
<b>Net change in cash</b>	(29,703)	(681,811)
<b>Cash at beginning of period</b>	<u>5,145,788</u>	<u>5,434,218</u>
<b>Cash at end of period</b>	<u>5,116,085</u>	<u>4,752,407</u>

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

**EAST WEST PETROLEUM CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

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**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 Suite 1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is a junior oil and gas company engaged in the exploration, development and production from certain of its oil and gas properties.

As at September 30, 2022 the Company had working capital of \$5,273,818. The Company believes that it has sufficient financial resources to conduct anticipated exploration and development costs for the upcoming twelve month period. 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 as required. 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 positive operating cash flows and existing cash resources.

In March 2020 the World Health Organization declared the novel coronavirus outbreak identified as “COVID-19”, as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel restrictions, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented safety and physical distancing procedures. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

**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, 2022, 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, 2022.

***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. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

**EAST WEST PETROLEUM CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

**3. Details of the Group**

In addition to the Company, these condensed consolidated interim financial statements include all wholly-owned subsidiaries. The Company's significant subsidiary, East West Petroleum (NZ) Limited ("EWNZ"), is engaged in the exploration, development and production from its oil and gas properties in New Zealand. On July 10, 2018 the Company incorporated East West Oil & Gas Limited ("EW Oil & Gas") under the provisions of the Company Act (British Columbia). 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.

**4. Amounts Receivable**

	September 30, 2022 \$	March 31, 2022 \$
Production receivable	282,519	6,551
Other	11,800	32,319
	<u>294,319</u>	<u>38,870</u>

**5. Property, Plant and Equipment**

On December 11, 2012 the Government of New Zealand awarded the Company and its original 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 September 17, 2017 New Zealand Petroleum and Minerals ("NZP&M") approved the petroleum mining permit ("PMP") 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 fiscal 2018 the Company drilled an exploration well (the "Cheal D-1 Well") under PEP 54877.

TAG's interests in the Taranaki Basin were sold to Tamarind Resources Pty. Ltd. ("Tamarind") in September 2019. As part of this transaction Tamarind acquired Cheal Petroleum Ltd. ("Cheal"), the owner of 70% of PEP 54877 and PMP 60291, and is the operator. There have been ongoing discussions regarding the operator, including whether there has been a subsequent change of control and triggering rights of first refusal. The Company is seeking to resolve these uncertainties by way of arbitration.

	Petroleum and Natural Gas Properties (PMP 60291) \$
<b>Cost:</b>	
Balance at March 31, 2021	13,697,243
Capital expenditures	86,493
Foreign exchange movement	<u>(197,550)</u>
Balance at March 31, 2022	13,586,186
Capital expenditures	151,133
Foreign exchange movement	<u>(1,386,506)</u>
Balance at September 30, 2022	<u>12,350,813</u>



**EAST WEST PETROLEUM CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

**5. Property, Plant and Equipment (continued)**

	<b>Petroleum and Natural Gas Properties (PMP 60291) \$</b>
<b>Accumulated Depletion and Depreciation:</b>	
Balance at March 31, 2022	(13,373,601)
Depletion and depreciation	(169,524)
Foreign exchange movement	<u>193,364</u>
Balance at March 31, 2022	(13,349,761)
Depletion and depreciation	(132,901)
Foreign exchange movement	<u>1,361,858</u>
Balance at September 30, 2022	<u>(12,120,804)</u>
<b>Carrying Value:</b>	
Balance at March 31, 2022	<u>236,425</u>
Balance at September 30, 2022	<u>230,009</u>

An impairment test is performed on capitalized property, plant and equipment costs at a CGU level when indicators of impairment exist. Impairment is calculated as the difference in the CGU's carrying value and its recoverable amount.

**6. Exploration and Evaluation Assets**

- (a) During fiscal 2018 the Company drilled an exploration well (the "Cheal D-1 Well") under PEP 54877. During fiscal 2022 the Company was advised by Cheal that it was recommending not to spend further expenditures on PEP 54877 and, accordingly, recorded an impairment of \$1,627,056 for all capitalized costs under PRP 54877.
- (b) During fiscal 2010 the Company was awarded four exploration blocks located in the Pannonian Basin, in western Romania. The four concessions have specific mandatory Phase 1 work programs (the "Romania Work 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 October 27, 2011 the Company and Naftna Industrija Srbije j.s.c. Novi Sad ("NIS"), an arm's length corporation, 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. 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 will be responsible for its 15% interest in development of the commercial discovery.

NIS has conducted the drilling of a number of exploration wells and, at an operating committee meeting held in February 2021, NIS advocated that there was a commercial discovery at Teremia North. The Company has resolved otherwise. NIS and the Company subsequently conducted negotiations on options available to resolve the impasse including the monetization of the Company's interests. However, all further progress has been halted with the outbreak of war between the Ukraine and Russia.

**EAST WEST PETROLEUM CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

**7. Decommissioning Liabilities**

	Six Months Ended	
	September 30.	
	2022	2021
	\$	\$
Balance at beginning of period	1,185,985	1,219,000
Finance cost	2,396	1,499
Expenditures incurred	(82,045)	(1,132)
Foreign exchange movement	(109,198)	(2,755)
Balance at end of period	<u>997,138</u>	<u>1,216,612</u>

As at September 30, 2022 the total amount of estimated undiscounted cash flows required to settle the Company's estimated obligation is \$1,000,000 which has been discounted using a pre-tax risk-free rate of 1.05% (2021 - 0.47%) and an inflation rate of 7.0%. (2021 - 3.3%). 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 2023. 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 the six months ended September 30, 2022 or fiscal 2022.

(c) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. 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.

No share options were granted or vested during the six months ended September 30, 2022 or 2021.

A summary of the Company's share options at September 30, 2022 and 2021 and the changes for the six months ended on those dates, is as follows:

	2022		2021	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning and end of period	<u>2,790,000</u>	0.08	<u>5,455,000</u>	0.09

**EAST WEST PETROLEUM CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**8. Share Capital (continued)**

The following table summarizes information about the share options outstanding and exercisable at September 30, 2022:

Number of Shares	Exercise Price \$	Expiry Date
500,000	0.135	October 3, 2022*
400,000	0.10	April 24, 2024
<u>1,890,000</u>	0.06	January 16, 2025
<u>2,790,000</u>		

\* Expired on October 3, 2022 without exercise.

**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. The Company has determined that key management personnel consists of members of the Company's Board of Directors and its executive officers.

- (a) During the six months ended September 30, 2022 and 2021 the Company incurred the following compensation amounts to its current and former key management personnel:

	2022 \$	2021 \$
Professional fees	<u>21,000</u>	<u>21,000</u>

As at September 30, 2022 \$3,000 (March 31, 2022 - \$5,000) remained unpaid and has been included in accounts payable and accrued liabilities.

- (b) During the six months ended September 30, 2022 the Company incurred a total of \$22,250 (2021 - \$25,100) to Chase Management Ltd. ("Chase"), a private corporation owned by the interim CEO and CFO of the Company, for accounting and administration services provided by Chase personnel. As at September 30, 2022 \$7,500 (March 31, 2022 - \$3,000) remained unpaid and has been included in accounts payable and accrued liabilities.

**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.

**EAST WEST PETROLEUM CORP.**  
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**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

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**10. Financial Instruments and Risk Management (continued)**

***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 September 30, 2022 and fiscal 2022 and did not provide for any doubtful accounts.

***Commodity Price Risk***

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and the level of spending for future activities. Prices received by the Company for its production are largely beyond the Company's control as petroleum prices are impacted by world economic events that dictate the levels of supply and demand. All of the Company's oil production is sold at spot rates exposing the Company to the risk of price movements. As at September 30, 2022, assuming all other variables remain constant, a change of 10% in oil and gas prices would have an effect on net income of \$167,000.

***Liquidity Risk***

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. 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.

	<b>Contractual Maturity Analysis at September 30, 2022</b>				
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	5,116,085	-	-	-	5,116,085
Amounts receivable	294,319	-	-	-	294,319
Accounts payable and accrued liabilities	(289,284)	-	-	-	(289,284)

***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.

**EAST WEST PETROLEUM CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

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**10. Financial Instruments and Risk Management (continued)**

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 six months ended September 30, 2022 or fiscal 2022 and any variations in interest rates would not have materially affected net income.

***Fair Value of Financial Instruments***

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

<b>Financial Instrument</b>	<b>Category</b>	<b>September 30, 2022 \$</b>	<b>March 31, 2022 \$</b>
Cash	Amortized cost	5,116,085	5,145,788
Amounts receivable	Amortized cost	294,319	38,870
Accounts payable and accrued liabilities	Amortized cost	(289,284)	(355,037)

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

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

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

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

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

***Capital Management***

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

**EAST WEST PETROLEUM CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

**10. Financial Instruments and Risk Management (continued)**

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**

The Company's share of expected exploration and development permit obligations and/or commitments as at September 30, 2022 are approximately \$306,000 to be incurred during fiscal 2023. 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.

**12. Segmented Information**

During the six months ended September 30, 2022 and fiscal 2022 the Company operated in one business segment, being the acquisition, exploration and production of oil and gas properties in New Zealand. The Company's total assets and operations are segmented geographically as follows:

	<u>As at September 30, 2022</u>		
	<u>Canada</u>	<u>New Zealand</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Current assets	5,053,530	509,572	5,563,102
Property, plant and equipment	<u>-</u>	<u>230,009</u>	<u>230,009</u>
	<u>5,053,530</u>	<u>739,581</u>	<u>5,793,111</u>
Petroleum and natural gas sales	<u>-</u>	<u>1,670,890</u>	<u>1,670,890</u>
	<u>As at March 31, 2022</u>		
	<u>Canada</u>	<u>New Zealand</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Current assets	5,061,535	431,931	5,493,466
Property, plant and equipment	<u>-</u>	<u>236,425</u>	<u>236,425</u>
	<u>5,061,535</u>	<u>668,356</u>	<u>5,729,891</u>
Petroleum and natural gas sales	<u>-</u>	<u>1,753,974</u>	<u>1,753,974</u>

The Company earned the majority of its petroleum and natural gas sales from one customer.