

WESCAN ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of WesCan Energy Corp. ("WesCan" or the "Company") dated November 28, 2019, which includes its subsidiaries, is for the three months and six months ended September 30, 2019. For a full understanding of the financial condition and results of operations of the Company, the MD&A should be read in conjunction with the Company's audited consolidated financial statements at March 31, 2019 together with the documents filed on SEDAR, including historical financial statements and MD&A. These documents are available at www.sedar.com.

DESCRIPTION OF BUSINESS

WesCan is an evolving exploration and production company with a key objective of providing its shareholders with attractive, long term sustainability by developing and exploiting the Company's assets at east-central, Alberta in a financially disciplined manner and by acquiring and consolidating additional oil and gas assets that are analogous to its infrastructure and focus area(s). WesCan's assets are comprised of 100% operated, oil-weighted properties characterized by multi-zone oil reservoirs with low declines that include a number of low risk, multi-lateral horizontal development drilling locations. WesCan continues to pursue and evaluate strategic acquisitions with synergistic characteristics of long life producing assets and opportunities with low risk, upside potential.

RESULTS OF OPERATIONS

PRODUCTION

	Three months ended			Six months ended		
	September 30			September 30		
	2019	2018	% Change	2019	2018	% Change
Oil & NGL (BBL/D)	76	103	(26)	149	98	52
Natural Gas (MCF/D)	159	206	(23)	263	195	35
Total (BOE/D)	103	137	(25)	193	130	49
Oil & NGL % of Production	74%	75%		77%	75%	

Oil and NGL production increased 52% from 98 BBL/D in the six months ended September 30, 2018 to 149 BBL/D in the six months ended September 30, 2019. Associated natural gas production increased 35% from 195 MCF/D in 2018 to 263 MCF/D in 2019. Oil and NGL production as a percentage of total production was 77%.

PRICES

	Six months ended		
	September 30		
	2019	2018	% Change
Average Benchmark Prices:			
WTI crude oil (US\$/BBL)	56.11	66.95	(16)
US\$/CDN\$ exchange rate	0.75	0.78	(4)
Bow River crude oil (CDN\$/BBL)	62.24	57.85	8
AECO daily spot (CDN\$/ MMBTU)	1.31	1.40	(6)
Average Realized Prices:			
Light and medium oil (\$/BBL)	61.43	64.07	(4)
Natural gas (\$/MCF)	1.02	1.09	(6)
Average price (\$/BOE)	48.83	49.10	(1)

WTI crude traded down 16% from an average price of \$66.95 (US\$/BBL) during the first six months of 2018 to an average price of \$56.11 (\$US/BBL) for the same period of 2019. Bow River crude traded up 8% from an average price of \$57.85 (\$CDN/BBL) in the first six months of 2018 to an average price of \$62.24 (\$CDN/BBL) for the same period of 2019. The average realized price for AECO natural gas decreased 6% from \$1.40/MCF in the first six months 2018 to \$1.31/MCF for the same period in 2019.

REVENUE

	Three months ended			Six months ended		
	September 30			September 30		
	2019	2018	% Change	2019	2018	% Change
Oil & NGL Sales (\$)	407,351	595,355	(32)	837,024	1,141,168	(27)
Natural Gas Sales (\$)	13,860	22,700	(39)	24,575	38,910	(37)
Oil & Natural Gas Sales (\$)	421,211	618,055	(32)	861,599	1,180,078	(27)

A 4% decrease in the realized price for crude oil from \$64.07 per BBL during the six month ended September 30, 2018 to \$61.43 per BBL for the same period of 2019 resulted in a 27% decrease in oil and NGL sales. The realized price for an MCF of natural gas was \$1.09 in 2018. The realized price for an MCF of natural gas for the same period in 2019 was \$1.02.

ROYALTIES

(\$ except BOE)	Three months ended			Six months ended		
	September 30			September 30		
	2019	2018	% Change	2019	2018	% Change
Crown Royalties	1,929	11,479	(83)	(1,024)	9,704	(111)
Freehold Royalties	41,452	34,624	20	80,277	98,525	(19)
Royalty Expense	43,381	46,103	(6)	79,253	108,229	(27)
Royalty Expense as a % of Sales	10%	7%		9%	9%	
Royalty Expense per BOE	5	5		5	5	

There was 111% decrease in total royalty expense from \$9,704 in the six months ended September 30, 2018 to -\$1,024 for the six months in 2019 due to NGL processing fees and adjustments. Royalties as a percentage of revenues remain low at 9% in 2019.

OPERATING EXPENSE

(\$ except BOE)	Three months ended			Six months ended		
	September 30			September 30		
	2019	2018	% Change	2019	2018	% Change
Operating costs	280,779	261,413	7	576,921	571,214	1
Operating costs as a % of Sales	67%	42%		67%	48%	
Operating costs per BOE	36	28		33	24	

IFRS rules require that the cost to re-enter or workover existing wells are to be expensed and not capitalized into property plant and equipment. During the period ended September 30, 2019, the Company expended \$91,500 working over four wells (2018 - \$172,104) on its core property. These additional expenses resulted in the total operating costs as a percentage of revenues moving from 48% to 67% during the current period.

GENERAL AND ADMINISTRATIVE EXPENSE ("G&A")

(\$ except BOE)	Three months ended			Six months ended		
	September 30			September 30		
	2019	2018	% Change	2019	2018	% Change
Gross G&A	135,107	138,320	(2)	246,845	259,854	(5)
Capitalized G&A	-	-	-	-	-	-
Net G&A expense	135,107	138,320	(29)	246,845	259,854	(10)
Net G&A expense per BOE	14	15		14	11	

Overhead efficiencies resulted in a 5% reduction in G&A expenses from 2018 to 2019. The Company does not capitalize any G&A expenses.

INTEREST AND FINANCE EXPENSE

Interest expense is generated entirely by the interest payable on the convertible loans outstanding. The Company has no bank debt.

NETBACKS

(\$ / BOE)	Three months ended September 30			Six months ended September 30		
	2019	2018	% Change	2019	2018	% Change
Oil and Natural Gas Sales	44.57	65.18	(32)	48.83	40.48	21
Royalties	(4.59)	(4.86)	(6)	(4.49)	(4.43)	1
Operating costs	(29.71)	(27.57)	8	(32.69)	(21.69)	51
Operating Netback	10.27	32.75	(69)	11.65	14.36	(19)

Operating netbacks per BOE were down from \$14.36/BOE in 2018 to \$11.65/BOE in 2019 due to well workovers and field-related maintenance programs.

DEPLETION, DEPRECIATION AND ACCRETION

(\$ except BOE)	Three months ended September 30			Six months ended September 30		
	2019	2018	% Change	2019	2018	% Change
Depletion	104,873	135,474		192,674	255,448	
Depreciation	21,229	21,226		42,458	42,452	
Accretion	7,600	8,200		15,200	16,400	
DD&A	133,702	164,900	(19)	250,332	314,300	(20)
DD&A per BOE	14	17		14	13	

IMPAIRMENT

Impairment is recognized when the carrying value of an asset or group of assets exceeds its recoverable amount, defined as the higher of its value in use or fair value less costs of disposal. Any asset impairment that is recorded is recoverable to its original value less any associated DD&A expense should there be indicators that the recoverable amount of the asset has increased in value since the time of recording the initial impairment.

As at September 30, 2019, the Company evaluated its developed and producing (“D&P”) assets and exploration and evaluation (“E&E”) assets on a Cash Generating Unit basis for indicators of any potential impairment or related recovery. As a result of this assessment, no indicators were identified and no impairment or related reversal was recorded on the Company’s D&P assets and E&E assets for the three-months ended September 30, 2019.

FUNDS FROM OPERATIONS

	Three months ended		Six months ended	
	September 30		September 30	
(\$ except per share amount)	2019	2018	2019	2018
Cash flow from (used in) operating activities	(38,056)	172,219	(41,420)	240,781
Changes in non-cash working capital	20,095	70,926	142,285	(60,540)
Funds from operations	(17,961)	243,145	100,865	180,241
Per share - basic / diluted	(0.00)	0.01	(0.00)	(0.00)

CAPITAL EXPENDITURES

	Three months ended			Six months ended		
	September 30			September 30		
	2019	2018	% Change	2019	2018	% Change
Acquisition of oil and gas assets	-	-		-	-	
Expenditures on E&E assets	-	-		-	-	
Total capital expenditures	-	-		-	-	

The Company did not incur any capital expenditures during the first six months of 2019 or in 2018.

DECOMMISSIONING LIABILITIES

	September 30	March 31
	2019	2019
(\$)		
Balance, beginning of the year	1,686,034	1,579,962
Accretion	15,200	32,800
Change in estimates	-	73,272
Balance, end of year	1,701,234	1,686,034
Less: current portion	(60,448)	(60,448)
Long-term portion	1,640,786	1,625,586

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. At September 30, 2019 and the date of this MD&A, the Company's issued share capital and the outstanding securities that are convertible into or exercisable or exchangeable for any voting or equity securities of the Company are as follows:

Common shares	31,359,658
Stock Options	Nil

During the period, a total of 6,740,167 warrants remain unexercised.

CAPITAL RESOURCES AND LIQUIDITY

WesCan's major source of liquidity has been the issuance of equity capital. The Company obtains equity capital financings from private placement offerings of shares and share purchase warrants and the exercise of share purchase warrants and stock options. The Company conducts private placement equity financings from time-to-time, based on cash flow needs and subject to investor interest.

In order to continue as a going concern and meet the Company commitments and current obligations, the Company will require additional equity financing(s) during the next twelve months. At September 30, 2019, the Company's working capital deficiency was \$1,167,636 (March 31, 2019 - \$1,108,539).

Additional equity financing(s) will be required in order to carry out the exploration and development necessary to achieve a self-sustaining level of production, revenue, cashflow and to further achieve our oil and gas business objectives. There is no assurance that the Company will be successful in obtaining any such financing.

The Company has traditionally supplemented equity financing from time to time by obtaining loans from third parties. These were used to provide interim, short-term financings to meet day-to-day cash flow requirements and are not intended to be a long-term source of capital. At September 30, 2019, the Company has convertible loans owing to unrelated parties in the amount of \$719,467 including accrued interest. These loans are due on demand and bear interest of up to 10% per annum. They are unsecured and have no fixed re-payment terms and convertible into equity at the option of both the Company and its Lenders. As a result, the Company is unable to estimate the allocation of value between the debt and the equity component, therefore, no value is ascribed to the equity component on the convertible aspect of these loans.

Our ability to obtain financing is sensitive to economic factors and beyond the control of management. Declines in the Canadian dollar, commodities prices, changes in interest rates and the continued economic concerns or disruptions could significantly affect our ability to obtain adequate financing.

The Company had no long-term debt or long-term financial liabilities outstanding at September 30, 2019.

SUMMARY OF QUARTERLY INFORMATION

Quarters ended	2020		2019			2018		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
OPERATING								
Average daily production								
Oil & NGL (BBL/D)	76	73	92	92	103	83	83	93
Natural gas ((MCF/D)	159	104	181	240	206	151	197	134
Total BOE (BOE/D)	103	90	123	132	137	108	116	116
Average sales price								
Oil (\$/BBL)	59.40	66.13	55.47	52.44	63.47	64.85	50.75	55.83
Natural gas (\$/MCF)	0.95	1.13	1.50	1.36	1.20	0.97	1.85	1.98
Total (\$/BOE)	44.57	53.74	47.39	40.51	48.97	49.68	39.51	47.09
Operating netback (\$/BOE)								
Oil & gas sales	44.57	53.74	47.39	23.30	48.88	49.68	39.51	47.09
Royalty expense	4.59	4.38	5.29	3.10	3.65	5.49	4.10	4.46
Operating expense	29.71	36.14	34.33	29.42	20.67	27.39	27.87	29.90
Netback	10.27	13.22	7.77	(9.22)	24.56	16.80	7.54	12.73
FINANCIAL								
Oil & gas sales	421,211	440,388	442,920	283,808	618,055	526,023	413,176	501,680
Funds from operations	(38,056)	(3,364)	(102,285)	(211,826)	172,219	68,562	(150,206)	107,095
Per share - Basic/Diluted	(0.00)	(0.00)	(0.00)	(0.09)	0.01	0.00	(0.00)	0.00
Cash flow from (used in)	(17,958)	118,826	(212,029)	(43,904)	243,145	(62,904)	145,805	(4,198)
Per share – Basic/Diluted	(0.00)	(0.00)	(0.00)	0.00	(0.01)	(0.00)	(0.00)	(0.00)
Net Income (loss)	(180,598)	(128,831)	(232,776)	(312,854)	4,755	(87,308)	(155,607)	(181,117)
Per share – Basic/Diluted	(0.01)	(0.00)	(0.01)	(0.01)	0.00	(0.00)	(0.00)	(0.01)
Capital expenditures	-	-	-	-	-	-	-	-
Total Assets	6,646,009	6,788,190	6,956,489	7,017,903	7,301,612	7,333,417	7,195,265	7,283,805
Working capital (deficiency)	(1,167,636)	(1,120,740)	(1,108,539)	(1,009,234)	(804,269)	(996,676)	(1,449,767)	(1,500,424)
Shareholders' Equity	3,186,693	3,367,291	3,496,122	3,692,097	3,998,450	3,970,943	3,667,252	3,772,706
Shares Outstanding	31,359,658	31,359,658	31,359,658	31,359,658	31,359,658	31,359,658	31,359,658	24,692,991

The most important trend over the last eight quarters has been the increase in the price of oil from a low of \$50.75/BBL on Q4 of 2018 to a high of \$66.13/BBL in Q1 of 2020. The price of natural gas from a high of \$1.98/MCF in Q3 2018, down to \$0.95/MCF of this quarter. Netbacks per BOE were \$10.27 in Q2 of 2020, an increase from \$7.77 in Q4 of 2019 were due to a combination of high commodity prices and lower operating costs.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the recoverability of the carrying value of exploration and evaluation assets, estimates of oil and natural gas reserves, fair value measurements for financial instruments and share-based payments and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, provision for doubtful accounts, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Management relies on the estimate of reserves as prepared by the Company's independent qualified reserves evaluator. The process of estimating reserves is critical to several accounting estimates. The process of estimating reserves is complex and requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development and production activities becomes available and as economic conditions impact crude oil and natural gas prices, operating expense, royalty burden changes, and future development costs charges. Reserve estimates impact net income through depreciation and impairment of petroleum and natural gas properties. Revision or changes in the reserve estimates can have either a positive or a negative impact on net income of the Company.

RESERVES ESTIMATES

Commercial petroleum reserves are determined based on estimates of petroleum-in-place, recovery factors and future oil and natural gas prices and costs. WesCan engages an independent qualified reserve evaluator to evaluate all of the Company's oil and natural gas reserves at each year-end.

Reserve adjustments are made annually based on actual oil and natural gas volumes produced, the results from capital programs, revisions to previous estimates, new discoveries and acquisitions and dispositions made during the year and the effect of changes in forecast future crude oil and natural gas prices. There are a number of estimates and assumptions that affect the process of evaluating reserves.

Proved reserves are the estimated quantities of crude oil, natural gas and natural gas liquids determined to be economically recoverable under existing economic and operating conditions with a high degree of certainty (at least 90 percent) those quantities will be exceeded. Proved plus probable reserves are the estimated quantities of crude oil, natural gas and natural gas liquids determined to be economically recoverable under existing economic and operating conditions with a 50 percent certainty those quantities will be exceeded. WesCan reports production and reserve quantities in accordance with Canadian practices and specifically in accordance with "Standards of Disclosure for Oil and Gas Activities" ("NI 51-101").

The estimate of proved plus probable reserves is an essential part of the depletion calculation, the impairment test and hence the recorded amount of oil and gas assets. WesCan cautions users of this information that the process of estimating crude oil and natural gas reserves is subject to a level of uncertainty. The reserves are based on current and forecast economic and operating conditions therefore, changes can be made to future assessments as a result of a number of factors, which can include commodity prices, new technology, changing economic conditions, and future reservoir performance and forecast development activity.

Recoverability of Asset Carrying Values

WesCan assesses its property, plant and equipment (“PP&E”) for impairment by comparing the carrying amount to the recoverable amount of the underlying assets. The determination of the recoverable amount involves estimating the higher of an asset’s fair value less costs to sell or its value-in-use, the latter of which is based on its discounted future cash flows using an applicable discount rate. Future cash flows are calculated based on estimates of future commodity prices and inflation and are discounted based on Management’s current assessment of market conditions.

Recoverability of Exploration and Evaluation Assets

Exploration and evaluation (“E&E”) assets are assessed for impairment by comparing the carrying amount to the recoverable amount. The assessment of the recoverable amount involves a number of assumptions, including the timing, likelihood and amount of commercial production, further resource assessment plans, and future revenue and costs expected from the asset, if any.

DECOMMISSIONING LIABILITIES

Decommissioning liabilities are the present value of management's estimate of future costs to be incurred to properly abandon and reclaim the Company's properties. Accretion expense is the increase in the decommissioning liabilities resulting from the passage of time. Decommissioning liabilities increased to \$1,701,234 as at September 30, 2019 from \$1,686,034 as at March 31, 2019.

ASSET RETIREMENT OBLIGATIONS

WesCan recognizes a provision for future abandonment activities in the consolidated financial statements at the net present value, discounted at the risk-free rate, of the estimated future expenditures required to settle the estimated obligation at the balance sheet date. The measurement of the asset retirement obligation (“ARO”) involves the use of estimates and assumptions including the discount rate, the amount and expected timing of future abandonment costs and the inflation rate related thereto. The estimates were made by Management considering current costs, technology and enacted legislation.

FINANCIAL INSTRUMENT RISK

Significant sources of financial instrument risk are detailed as follows:

Interest Rate Risk

Interest rates applicable on the loans payable are fixed and accordingly are not subject to interest rate volatility during the year.

Currency Risk

The Company currently generates revenue from a natural gas well in the USA. Changes in the U.S. denominated value of the Canadian dollar could not impact the Canadian dollar cost of meeting any future obligations under that prospect and will affect the Canadian dollar-denominated value of natural gas production.

The Company is exposed to foreign currency risk on its U.S dollar denominated assets and financial liabilities. At September 30, 2019 the Canadian dollar cost of paying the Company's US dollar denominated liabilities and property payment commitments would have no material impact with a 1% increase in the value of the US dollar relative to the Canadian dollar.

Commodity Price Risk

The Company is exposed to material oil and gas commodity price risks. A relative decrease in the price of oil and gas would reduce the Company's cashflows, reduce the realizable market value of the Company's oil and gas assets, reduce the Company's economic reserves, and make it more difficult for the Company to raise the equity capital required to meet its commitments and carry out its development-stage business plans. The Company sells its production on the spot market. Management has assessed that the Company's degree of exposure to commodity price risk is material, however, it remains consistent with our development-stage oil and gas operations.

Liquidity Risk

The Company faces material liquidity risk in that it has \$1,758,082 in accounts payables and payable to trade and un-related parties at September 30, 2019 and insufficient cash on hand to satisfy those debts should they be demanded. The Company is seeking equity financing(s) in order to obtain additional liquidity to mitigate and resolve this risk.

OUTLOOK

Management continues to focus its attention on the future development and exploitation of our core property and is confident that the underlying reserves will capture the future growth potential of the property. With the on-going focus of identifying low cost optimization projects and the re-activation of shut-in wells, such efforts will continue to increase the Company's cashflow while providing attractive payouts and return on capital.

In addition, Management is currently reviewing the geological and reservoir engineering evaluations for a number of new development drilling opportunities that exist on the Company's property. While the Company continues to further examine the overall potential of the project, management remains perceptive and vigilant of the international markets and the domestic commodity pricing environment. Such influences continue to be prudently reviewed and evaluated prior to any significant capital expenditure with the objective of preserving our reserves and obtaining more favorable pricing for our resources.