

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 July 29, 2019, which includes its subsidiaries, is for the three and twelve months ended March 31, 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.

	FY-2019	FY-2018	FY-2017
Financial (\$ except per share amount)			
Petroleum and natural gas revenue	1,870,806	1,713,363	1,645,232
Cash flow (deficiency) from operations ⁽¹⁾	(73,330)	(18,399)	149,854
Cash flow per share - basic and diluted ⁽¹⁾	(0.00)	(0.00)	0.01
Net income (loss) for the year	(592,380)	(628,803)	1,601,696
Net income (loss) per share - basic and diluted	(0.02)	(0.02)	0.07
Working capital deficit	(1,108,539)	(1,449,767)	(1,696,776)
Total assets	6,956,489	7,195,265	7,581,508
Total shares outstanding at year end	31,359,658	31,359,658	21,753,991
Operations			
Production			
Oil and NGL (Bopd)	92	86	89
Gas (Mcf)	181	156	143
BOEd (6 Mcf=1 Bbl)	123	112	113
Product Prices			
Oil (\$/Bbl)	53.09	51.40	45.27
Gas (\$/Mcf)	1.37	1.93	2.08

(1) See Non-GAAP and Additional GAAP Measures in MD&A.

RESULTS OF OPERATIONS

PRODUCTION

	Year ended March 31		
	2019	2018	% Change
Total BOE			
Oil & NGL (BBL/D)	92	86	7
Natural Gas (MCF/D)	181	156	16
Total (BOE/D)	123	112	10
Oil & NGL % of Production	75%	77%	

Oil production increased 7% from 86 BBL/D in the year ended March 31, 2018 to 92 BBL/D in the year ended March 31, 2019. The increase is a result from workovers of four wells during the year end. The associated natural gas production increased 16% from 156 MCF/D in 2018 to 181 MCF/D in 2019. Oil and NGL production as a percentage of total production was 75%.

REVENUE

	Year ended March 31		
	2019	2018	% Change
Oil & NGL Sales (\$)	1,779,940	1,603,198	11
Natural Gas Sales (\$)	90,866	110,165	(18)
Oil & Natural Gas Sales (\$)	1,870,806	1,713,363	9

A 3% increase in the realized price for crude oil from \$51.40 per BBL during the year ended March 31, 2018 to \$52.81 per BBL for the same year of 2019 resulted in a 11% increase in oil and NGL sales. The realized price for an MCF of natural gas was \$1.93 in 2018. The realized price for an MCF of natural gas for the same period in 2019 was \$1.37.

PRICES

	Year ended March 31		
	2019	2018	% Change
Average Benchmark Prices:			
WTI crude oil (US\$/BBL)	63.09	53.45	18
US\$/CDN\$ exchange rate	0.76	0.78	(3)
Bow River crude oil (CDN\$/BBL)	53.48	51.53	4
AECO daily spot (\$/GJ)	1.78	2.16	(18)
Average Realized Prices:			
Light and medium oil (\$/BBL)	53.09	51.13	4
Natural gas (\$/MCF)	1.31	1.93	(32)
Average price (\$/BOE)	41.83	41.94	(0)

WTI crude traded up 18% from an average price of \$53.45 (US\$/BBL) during 2018 to an average price of \$63.09 (\$US/BBL) during 2019. Bow River crude traded up 4% from an average price of \$51.53 (\$CDN/BBL) during 2018 to an average price of \$53.48 (\$CDN/BBL) during 2019. The average realized price for AECO natural gas decreased 8% from \$2.16/MCF during 2018 to \$1.78/MCF during 2019.

ROYALTIES

	Year ended March 31		
(\$ except BOE)	2019	2018	% Change
Crown Royalties	12,215	19,803	(38)
Freehold Royalties	179,197	157,917	13
Royalty Expense	191,412	177,720	8
Royalty Expense as a % of Sales	10%	10%	
Royalty Expense per BOE	4	4	

There was a 8% increase in total royalty expense from \$177,720 in the year ended March 31, 2018 to \$191,412 for the same period in 2019. Royalties as a percentage of revenues remain low at 10% in 2019.

OPERATING EXPENSE

	Year ended March 31		
(\$ except BOE)	2019	2018	% Change
Operating costs	1,227,165	1,037,907	14
Operating costs as a % of Sales	66%	61%	
Operating costs per BOE	27	25	

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 year ended March 31, 2019 the Company expended \$296,293 working over four wells (2018 - \$192,824) on its core property. These additional expenses resulted in the total operating costs as a percentage of revenues moving from 61% to 66% over in both years.

GENERAL AND ADMINISTRATIVE EXPENSE ("G&A")

	Year ended March 31		
(\$ except BOE)	2019	2018	% Change
Gross G&A	526,200	516,625	2
Capitalized G&A	-	-	-
Net G&A expense	526,200	516,625	2
Net G&A expense per BOE	12	13	

G&A expenses increased 2% for the year ended March 31, 2019 as compared to the same period of 2018. 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

	Year ended March 31		
(\$ / BOE)	2019	2018	% Change
Oil and Natural Gas Sales	41.83	41.94	(0)
Royalties	4.28	4.35	(2)
Operating costs	27.38	25.41	8
Operating Netback	10.17	12.18	(17)

Operating netbacks per BOE were down from \$12.18/BOE in 2018 to \$10.17/BOE in 2019 due to combination of low commodity prices and workover programs.

DEPLETION, DEPRECIATION AND ACCRETION

	Year ended March 31		
(\$ except BOE)	2019	2018	% Change
Depletion	435,255	479,984	
Depreciation	44,303	87,863	
Accretion	32,800	32,000	
DD&A	512,358	599,847	(15)
DD&A per BOE	11	15	

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 March 31, 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 year ended March 31, 2019.

FUNDS FROM OPERATIONS

	Year ended March 31	
(\$ except per share amount)	2019	2018
Cash flow from (used in) operating activities	(75,692)	155,594
Changes in non-cash working capital	2,362	(173,993)
Funds from operations	(73,330)	(18,399)
Per share - basic / diluted	(0.00)	(0.00)

CAPITAL EXPENDITURES

	Year ended March 31		
	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 year ended of 2019 or 2018.

DECOMMISSIONING LIABILITIES

	March 31	March 31
(\$)	2019	2018
Balance, beginning of the year	1,579,962	1,472,536
Accretion	32,800	32,000
Change in estimates	73,272	75,426
Balance, end of year	1,686,034	1,579,962
Less: current portion	(60,448)	(60,448)
Long-term portion	1,625,586	1,519,514

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. At March 31, 2019 and the date of this MD&A, the Company's issued share capital and the outstanding securities that are convertibles 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 year, a total of 6,740,167 warrants remain unexercised.

RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions and balances entered into during the years ended March 31, 2019 and 2018 not disclosed elsewhere in these consolidated financial statements are as follows:

Key management compensation

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

	March 31, 2019	March 31, 2018
	\$	\$
Short-term employee benefits:		
Management salaries	185,000	233,000
Total	185,000	233,000

Payable to related parties

Balances due to related parties consists of amounts owing to officers, directors (or to persons related to them or companies controlled by them) for services, travel expenses, and advances. These amounts are non-interest bearing, unsecured and due on demand, unless otherwise noted.

	March 31, 2019	March 31, 2018
	\$	\$
Related party payable for services	213,366	241,594

CAPITAL RESOURCES AND LIQUIDITY

WesCan's major source of liquidity has been the issuance of equity capital. The Company obtains equity capital financing 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 financings during the next twelve months. At March 31, 2019, the Company's working capital deficiency was \$1,108,539 (March 31, 2018 - \$1,449,767).

Furthermore, additional equity financing will be required in order to carry out the exploration and development necessary to achieve a self-sustaining level of production and oil reserves, and achieve our oil and gas business objectives. Additional financing will be required to carry out a drilling program

sufficient to attain a self-sustaining level of revenue. There is no assurance that we 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 March 31, 2019, the Company has convertible loans owing to unrelated parties in the amount of \$767,790 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. The loans are convertible at the option of the lenders on similar terms of future private placements. As the loans are all due on demand and the conversion price is expected to be at market, the Company has estimated that the debt component of the loans is equal to the face value and has therefore not ascribed any value to the equity components of such convertible loans.

Our ability to obtain financing is sensitive to economic factors 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 March 31, 2019.

SUMMARY OF QUARTERLY INFORMATION

Quarters ended	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
OPERATING								
Average daily production								
Oil & NGL (BBL/D)	92	92	103	83	83	93	84	83
Natural gas ((MCF/D)	181	240	206	151	197	134	139	151
Total BOE (BOE/D)	123	132	137	108	116	116	107	108
Average sales price								
Oil (\$/BBL)	55.47	52.44	63.47	64.85	50.75	55.83	49.44	49.54
Natural gas (\$/MCF)	1.50	1.36	1.20	0.97	1.85	1.98	1.98	2.47
Total (\$/BOE)	47.39	40.51	48.97	49.68	39.51	47.09	30.66	41.44
Operating netback (\$/BOE)								
Oil & gas sales	47.39	23.30	48.88	49.68	39.51	47.09	39.46	41.44
Royalty expense	5.29	3.10	3.65	5.49	4.10	4.46	4.31	4.53
Operating expense	34.33	29.42	20.67	27.39	27.87	29.90	23.57	19.76
Netback	7.77	(9.22)	24.56	16.80	7.54	12.73	11.58	17.15
FINANCIAL								
Oil & gas sales	442,920	283,808	618,055	526,023	413,176	501,680	391,578	406,929
Funds from operations	(102,285)	(211,826)	172,219	68,562	(150,206)	107,095	(3,694)	28,406
Per share - Basic/Diluted	-	(0.09)	0.01	0.00	(0.00)	0.00	(0.00)	0.00
Cash flow from (used in)	(212,029)	(43,904)	243,145	(62,904)	145,805	(4,198)	(23,603)	37,590
Per share - Basic/Diluted	(0.00)	0.00	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	0.00
Net Income (loss)	(232,776)	(312,854)	4,755	(87,308)	(155,607)	(181,117)	(161,567)	(130,512)
Per share - Basic/Diluted	(0.01)	(0.01)	0.00	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)
Capital expenditures	-	-	-	-	-	-	-	-
Total Assets	6,956,489	7,017,903	7,301,612	7,333,417	7,195,265	7,283,805	7,307,778	7,429,229
Working capital (deficiency)	(1,108,539)	(1,009,234)	(804,269)	(996,676)	(1,449,767)	(1,500,424)	(1,469,144)	(1,685,838)
Shareholders' Equity	3,496,122	3,692,097	3,998,450	3,970,943	3,667,252	3,772,706	3,953,823	3,894,966
Shares Outstanding	31,359,658	31,359,658	31,359,658	31,359,658	31,359,658	24,692,991	24,692,991	21,753,991

The most important trend over the last eight quarters has been the increase in the price of oil from a low of \$49.44/BBL on Q2 of 2018 to a high of \$64.85/BBL in Q1 of 2019. The price of natural gas decreased to a low of \$0.97/MCF in Q1 of 2019 from a high of \$2.47/MCF in Q1 2018 and in Q4 of this year, down to \$1.50/MCF. Netbacks per BOE were \$24.56 in Q2 of 2019, a decrease to (\$9.22) in Q3 of this year were due to a combination of lower commodity prices and higher 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 \$1,686,034 as at March 31, 2019 from \$1,579,962 as at March 31, 2018.

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 March 31, 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 cash flows, 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 required to meet its commitments and carry out its development-stage business plans. The Company sells its production on the spot market. Management’s assessment has concluded that the Company’s degree of exposure to commodity price risk is material, however, it remains consistent with the “development-stage” of our oil and gas operations.

Liquidity Risk

The Company faces material liquidity risk in that it has \$1,006,544 in accounts payables and payable to related parties at March 31, 2019 and insufficient cash on hand to satisfy those debts should they be demanded. The Company is seeking equity financing 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.