

WESCAN ENERGY CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2023 AND 2022

To the Shareholders of WesCan Energy Corp.:

Opinion

We have audited the consolidated financial statements of WesCan Energy Corp. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as of March 31, 2023, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 18 to the consolidated financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

The consolidated financial statements for the year ended March 31, 2022, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on July 29, 2022.

As part of our audit of the consolidated financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate the certain comparative information for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the consolidated financial statements for the year ended March 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Property and Equipment

Key Audit Matter Description

As at March 31, 2023, the Company held oil and gas properties of \$6,265,006, and for the year ended March 31, 2023, recorded depletion and depreciation expense of \$654,212. The Company calculates depletion of its oil and gas properties on a unit-of-production basis over the expected life of the proved and probable ("2P") reserves. Key assumptions utilized by management to determine 2P reserves include forward price estimates, expected future rates of production, the amount and timing of future development expenditures, and engineering data. The Company's reserves are evaluated by an independent qualified reserve evaluator (management's expert). Please refer to Notes 6 to the consolidated financial statements for further details.

We identified the impact of crude oil reserves on property and equipment as a key audit matter due to:

- The significant estimates and judgments used by management, including the use of management's expert, to estimate the 2P reserves;
- The significant auditor judgment required; and,
- The effort in performing audit procedures related to the key assumptions used.

Audit Response

We responded to this matter by performing procedures in relation to valuation of Property and Equipment. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained an understanding of the Company's processes and controls over the calculation of 2P reserves and depletion expense.
- Evaluated the reasonableness of the 2P reserves calculated by management's expert, through.
- Evaluating the competence, capabilities, and objectivity of management's expert
- Developing an understanding of the work performed by management's expert
- Testing the data used by management's expert and evaluated the findings.
- Assessed the reasonableness of key assumptions provided by management's expert, through
- Testing forward price estimates by comparing to third party industry forecasts

- Using the past and current performance of the Corporation to evaluate expected future rates of production and the timing and amount of future development expenditures; and, assessing whether the assumptions used are consistent with audit evidence gathered in other areas of our audit.
- Tested the mathematical accuracy of management's calculation and evaluated the financial statement presentation and disclosure of property and equipment, and depletion expense.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Craig Bloom.

Calgary, Alberta

August 11, 2023

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, handwritten-style font, followed by 'LLP' in a smaller, clean, sans-serif font.

Chartered Professional Accountants

WesCan Energy Corp.
Consolidated Statements of Financial Position
As at March 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Notes	March 31, 2023	March 31, 2022 (Restated, Note 18)
ASSETS			
CURRENT ASSETS			
Cash		\$ 440,569	\$ 468,303
Trade and other receivables	5	327,007	203,399
Prepaid expenses and deposits		8,037	48,294
Total current assets		775,613	719,996
NON-CURRENT ASSETS			
Oil and gas properties	6	6,265,006	5,108,834
TOTAL ASSETS		\$ 7,040,619	\$ 5,828,830
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and other payables		\$ 1,859,211	\$ 1,481,923
Payable to related parties	7	193,718	179,498
Notes payable	8	1,562,707	976,563
Loan payable	9	60,000	-
Total current liabilities		3,675,636	2,637,984
NON-CURRENT LIABILITIES			
Decommissioning obligations	10	1,768,147	1,730,925
Loan payable	9	-	60,000
Total non-current liabilities		1,768,147	1,790,925
TOTAL LIABILITIES		5,443,783	4,428,909
SHAREHOLDERS' EQUITY			
Share capital	11	14,365,882	14,358,382
Share subscriptions received in advance		-	(325,000)
Equity reserves	11	1,694,167	1,694,167
Deficit		(14,463,213)	(14,327,628)
TOTAL SHAREHOLDERS' EQUITY		1,596,836	1,399,921
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 7,040,619	\$ 5,828,830

Going concern (note 1)
Contingencies (note 19)

Approved and authorized for issuance on behalf of the Board of Directors:

"Greg Busby"
Greg Busby, Director

"Richard D. Orman"
Richard D. Orman, Director

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

WesCan Energy Corp.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the years ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Notes	March 31, 2023	March 31, 2022 (Restated, Note 18)
REVENUE			
Petroleum and natural gas sales		\$ 3,500,110	\$ 1,496,101
Less: royalties		(500,529)	(166,724)
Revenues, net of royalties		2,999,581	1,329,377
EXPENSES			
Operating costs		1,896,996	953,534
Depletion, depreciation and accretion	6, 10	687,189	296,939
General and administrative	7, 16	570,901	523,031
TOTAL EXPENSES		3,155,086	1,773,504
OTHER INCOME (EXPENSE)			
Finance and interest expense	8	(86,144)	(42,980)
Foreign exchange gain (loss)		33	(346)
Reversal of impairment of oil and gas properties	6	-	645,979
Gain on settlements	17	106,031	57,859
Stock-based compensation		-	(155,927)
TOTAL OTHER INCOME (EXPENSES)		19,920	504,585
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		(135,585)	60,458
EARNINGS (LOSS) PER SHARE			
Basic and diluted		\$ (0.01)	\$ 0.00
WEIGHTED AVERAGE NUMBER OF COMMON SHARES			
Basic		41,347,958	35,889,096
Diluted		41,347,958	36,805,763

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

WesCan Energy Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

March 31, 2023

	Share Capital		Equity Reserves	Subscriptions Receivable	Deficit	Total Equity (Restated, Note 18)
	Number of Shares	Amount				
	(#)	(\$)				
As at March 31, 2022	41,347,958	14,358,382	1,694,167	(325,000)	(14,327,628)	1,399,921
Private placement issued	-	-	-	325,000	-	325,000
Shares subscription received	125,000	7,500	-	-	-	7,500
Net loss and comprehensive loss	-	-	-	-	(135,585)	(135,585)
As at March 31, 2023	41,472,958	14,365,882	1,694,167	-	(14,463,213)	1,596,836

March 31, 2022

	Share Capital		Equity Reserves	Subscriptions Receivable	Deficit	Total Equity (Restated, Note 18)
	Number of Shares	Amount				
	(#)	(\$)				
As at March 31, 2021 (Restated, Note 18)	35,359,658	13,764,767	1,538,240	-	(14,388,086)	914,921
Debt for shares issued	988,300	70,082	-	-	-	70,082
Private placement issued	5,000,000	500,000	-	(325,000)	-	175,000
Shares subscription received	-	25,000	-	-	-	25,000
Share issuance costs	-	(1,467)	-	-	-	(1,467)
Stock-based compensation	-	-	155,927	-	-	155,927
Net income and comprehensive income	-	-	-	-	60,458	60,458
As at March 31, 2022 (Restated, Note 18)	41,347,958	14,358,382	1,694,167	(325,000)	(14,327,628)	1,399,921

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

WesCan Energy Corp.
Consolidated Statements of Cash Flows
For the years ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Notes	March 31, 2023	March 31, 2022 (Restated, Note 18)
OPERATING			
Net income (loss) and comprehensive income (loss)		\$ (135,585)	\$ 60,458
Adjustments for:			
Depletion, depreciation and accretion	6, 10	687,189	296,939
Gain on debt settlement	17	(106,031)	(57,859)
Interest expense	8	86,144	42,980
Stock-based compensation		-	155,927
Reversal of impairment of oil and gas properties	6	-	(645,979)
Cash provided by (used in) operating activities		531,717	(147,534)
CHANGE IN NON-CASH WORKING CAPITAL			
Trade and other receivables		(123,608)	(94,376)
Prepaid expenses and deposits		40,257	(48,294)
Trade and other payables		102,517	201,965
Cash provided by (used in) operating activities		550,883	(88,239)
INVESTING			
Expenditures on oil and gas properties	6	(1,806,139)	-
CHANGE IN NON-CASH WORKING CAPITAL			
Trade and other payables		401,483	-
Cash used in investing activities		(1,404,656)	-
FINANCING			
Proceeds from shares issued	11	-	175,000
Share issuance costs		-	(1,467)
Shares subscription received	11	332,500	25,000
Advances from notes payable	8	500,000	-
Payments to related parties		(6,461)	(18,000)
Cash provided by financing activities		826,039	180,533
Change in cash		(27,734)	92,294
Cash, beginning of year		468,303	376,009
Cash, end of year		\$ 440,569	\$ 468,303

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

WesCan Energy Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

1. REPORTING ENTITY AND GOING CONCERN

Reporting entity

WesCan Energy Corp. (“WesCan” or the “Company”) changed its name from Great Pacific International Inc. effective October 4, 2012. WesCan was incorporated on November 4, 1993 under the Business Corporations Act (Alberta), Canada. WesCan is a junior public resource company in the business of oil and gas exploration, development and production with oil and gas operations and property interests in Alberta, Canada and Texas, U.S.A. The common shares of WesCan trade on the TSX Venture Exchange (“TSX-V”) under the symbol WCE. The Company’s registered office is located at Suite 1000, Livingston Place West, 250-2nd St. S.W., Calgary, Alberta, Canada T2P 0C1 and its mailing address is Suite 2500, 520 – 5th Avenue S.W., Calgary, Alberta T2P 3R7.

Going concern

These consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will be able to continue its operations for the foreseeable future and realize its assets and discharge its liabilities in the normal course of operations.

At March 31, 2023 the Company has a working capital deficiency of \$2,900,023 and an accumulated deficit of \$14,463,213 since inception. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Accordingly, external financing will be required in order for the Company to continue as a going concern. In order to continue as a going concern, meet property payment, participation and lease obligations, discharge all liabilities, and meet all commitments the Company will need to raise additional funds through debt or equity financing during the next fiscal year.

Furthermore, the Company will require additional financing to carry out the petroleum exploration and development required to offset production declines, increase oil and gas reserves and achieve a self-sustaining level of revenue. Management is actively pursuing new financings; however, there can be no assurance that it will be able to raise sufficient funds on acceptable terms.

These consolidated financial statements do not reflect any adjustments relating to the recoverability and classification of recorded assets or liabilities that may be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used. Those adjustments would be material.

2. BASIS OF PRESENTATION

Basis of presentation

a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) in effect at April 1, 2022. These consolidated financial statements were authorized for issuance by the Board of Directors on August 11, 2023.

b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in Note 3.

c) Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

d) Significant accounting estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets,

WesCan Energy Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

liabilities, income and expenses. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant judgments

Determination of cash-generating units (“CGU”)

Property and equipment are aggregated into CGUs based on their ability to generate largely independent cash flows and are used for impairment testing. The determination of the Company’s CGUs is subject to management’s judgment. The company has one CGU.

Deferred taxes

The provision for income taxes is based on judgments in applying income tax law and estimates on the timing, likelihood and reversal of temporary differences between accounting and tax bases of assets and liabilities.

Going concern

The assessment of the Company’s ability to continue as a going concern involves judgment regarding future funding available for its projects and working capital requirements.

Significant estimates and assumptions

Reserves and future development costs

Amounts recorded for depreciation, depletion and amortization and amounts used for impairment calculations are based on estimates of oil and natural gas reserves and future development costs. By their nature, the estimates of reserves, including the estimates of future prices, costs, discount rates and the related future cash flows are subject to measurement uncertainty. Estimates of future development costs are also subject to measurement uncertainty.

Decommissioning obligations

The Company estimates the decommissioning obligations for oil and natural gas wells and their associated production facilities and pipelines. In most instances, removal of assets and remediation occurs many years into the future. Amounts recorded for the decommissioning obligations and related accretion expense require estimates regarding remediation date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating costs, future removal technologies in determining the removal costs, and liability specific discount rates to determine the present value of these cash flows.

Stock-based compensation

Compensation costs accrued for stock-based compensation plans are subject to the estimation using pricing models such as the Black-Scholes Option Pricing Model which is based on significant assumptions such as the future volatility of the market price of the Company’s shares and the expected term of the issued stock options.

Recoverability of assets

The carrying amounts of the Company’s petroleum properties are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the cash-generating unit level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use.

The Company’s impairment testing is based on discounted cash flow models prepared by management with assistance from third-party advisors when required. The inputs used are based on management’s best estimates of what an independent market participant would consider appropriate and are reviewed by senior management. Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges recorded in the consolidated statement of income (loss) and comprehensive income (loss) and the resulting carrying values of assets.

WesCan Energy Corp.
Notes to the Consolidated Financial Statements
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Provision for expected credit losses

The provision for expected credit losses is reviewed by management on a monthly basis. Trade receivables are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. Management makes these assessments after taking into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Company's historical bad debt expenses have not been significant and are usually limited to specific customer circumstances. However, given the cyclical nature of the oil and natural gas industry along with the current economic operating environment, a customer's ability to fulfill its payment obligations can change suddenly and without notice.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are all entities controlled by WesCan. Control exists when WesCan has the power to, directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible, are taken into account in the assessment of whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to WesCan. They are deconsolidated from the date on which control ceases.

The consolidated financial statements include the assets, liabilities, revenues and expenses of WesCan and its wholly-owned subsidiaries: GPI Oil & Gas Inc., GPI Oil and Gas Overseas Inc. and GPI Petroleum Inc.

Details of controlled entities are as follows:

	Country of Incorporation	Percentage owned*	
		March 31, 2023	March 31, 2022
GPI Oil & Gas Inc.	Canada	100%	100%
GPI Oil & Gas Overseas Inc.	Canada	100%	100%
GPI Petroleum Inc.	USA	100%	100%

*Percentage of voting power is in proportion to ownership.

All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash consists primarily of cash in banks. When held, cash equivalents consist of term deposits, certificates of deposit or other highly liquid investments with a maturity of three months or less at the time of purchase.

Joint arrangements

Several of the Company's oil and natural gas activities involve joint arrangements. Although the Company does not have joint control in these arrangements, it does have rights to the related assets and obligations for the related liabilities. Therefore, the Company has accounted for its interests in these arrangement as joint operations. These consolidated financial statements include the Company's proportionate interest in these joint arrangements and its proportionate share of the relevant revenue and related costs.

Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional and presentation currency of the Company and its Canadian subsidiaries is the Canadian dollar. The functional currency of GPI Petroleum Inc. is the United States dollar. Monetary assets and liabilities are translated at the exchange rate in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. Exchange differences arising on translation of foreign operations are recognized in profit or loss.

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Notes to the Consolidated Financial Statements
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Exploration and evaluation assets

All costs directly associated with the exploration and evaluation of oil and natural gas reserves are initially capitalized on an area-by-area basis for which the Company has the legal right to explore. Exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability has not yet been determined. These costs include unproved property acquisition costs, geological and geophysical costs, decommissioning costs, exploration and evaluation drilling, sampling and appraisals. Costs incurred prior to acquiring the legal rights to explore an area are charged directly to profit or loss as exploration and evaluation expense.

When an area is determined to be technically feasible and commercially viable, the accumulated costs are transferred to oil and gas properties after testing for impairment (see "Impairment of exploration and evaluation assets and oil and gas properties" below).

Gains and losses on disposal of an item of exploration and evaluation assets are determined by comparing the proceeds from disposal with the carrying amount of exploration and evaluation assets and are recognized in profit or loss.

Impairment of exploration and evaluation assets and oil and gas properties

At each consolidated financial position reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication of impairment. Exploration and evaluation assets are tested for impairment when reclassified to oil and gas properties or if facts and circumstances indicate potential impairment. Oil and gas assets are tested separately for impairment. An impairment loss is recognized for the amount by which the exploration and evaluation asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation asset's fair value less costs to sell ("FVLCS") and its value in use ("VIU").

Oil and gas properties are tested for impairment if circumstances indicate potential impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs. An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

The recoverable amount of an asset or its CGU is the greater of its FVLCS and VIU. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. FVLCS is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs to sell or in the case of a lack of comparable transactions, based upon discounted after tax cash flows.

Impairment losses are recognized in profit or loss. An assessment is made at each financial position reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there is an indication that there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, however, the increased amount can not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

Oil and gas properties

All costs directly associated with the development of oil and natural gas reserves are capitalized on an area-by-area basis. Development costs include expenditures for areas where technical feasibility and commercial viability has been determined. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss. These costs include proved property acquisitions, development drilling, completion, gathering and infrastructure, cost of decommissioning costs, and transfers of exploration and evaluation assets.

For divestitures of properties, a gain or loss is recognized in profit or loss. Exchanges of properties are measured at fair value, unless the fair value cannot be reliably measured. Where the exchange is measured at fair value, a gain or loss is recognized in profit or loss. Sales from royalties on the Company's oil and gas properties are deducted against the related assets.

WesCan Energy Corp.
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Depreciation, depletion and amortization (“DD&A”)

The net carrying value of oil and natural gas properties is depleted on an area-by-area basis using a unit-of-production method by reference to the ratio of production in the year to the related proven and probable reserves. The unit-of-production rate for the amortization of field development costs takes into account expenditures incurred to date, together with estimated future development expenditures required to develop reserves. Proven and probable reserves are estimated using independent engineer reserve reports in accordance with National Instrument 51-101 and represent the estimated quantities of crude oil and natural gas which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years. Other property and equipment are depreciated over their estimated useful lives. Depreciation methods, useful lives and residual values are reviewed at least annually.

Decommissioning provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of management’s best estimate of future remediation costs arising from the decommissioning is capitalized to the related exploration and evaluation assets and oil and gas properties along with a corresponding increase in the decommissioning provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The amount capitalized will be depreciated on the same basis as the related assets.

The Company’s estimates of remediation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of future expenditures. These changes in estimates are recorded directly to exploration and evaluation assets and oil and gas properties with a corresponding entry to the decommissioning provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value due to the passage of time are charged to profit and loss for the period as a borrowing cost with a corresponding entry to the decommissioning provision. The net present value of remediation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of remediation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company’s accounting policy for exploration and evaluation assets and oil and gas properties.

Revenue recognition

Revenue from the sale of oil and natural gas is recognized when the Company satisfies performance obligations under sales contracts, and the customer obtains control of the goods, which occurs at the point in time of delivery of oil, natural gas and natural gas liquids into a vessel, pipe or other delivery mechanism.

Revenue from sale of oil, natural gas and natural gas liquids is measured per consideration specified in contracts with customers. Revenue is measured net of discounts, customs duties, royalties and taxes. The Company does not have any contracts where the period between the transfer of goods or services to the customer and the receipt of payment from the customer exceed one year. As a result, the Company does not adjust transaction prices for time value of money or have financing components in connection with contracts with customers. Based on the criteria outlined in IFRS 15 Revenue from Contracts with Customers, management concluded that the Company does not have any variable consideration.

Revenue derived from the production and sale of oil and natural gas in which the Company has an interest with other producers is recognized based on the Company’s working interest and the terms of the relevant production sharing contracts. The costs associated with the delivery, including operating and maintenance costs, transportation and production based royalty expenses are recognized in the same period in which the related revenue is earned and recorded.

Stock-based payment transactions

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees, the fair value of each tranche of options is measured at grant date and recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions under which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest and is recorded as an

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expense over the vesting period using the graded vesting method. Compensation expense on stock options granted to non-employees is recorded as an expense over the service period at the earlier of the completion of performance or the date the options are vested based on the fair value of services provided, or the fair value of the equity instrument issued, if it is determined the fair value of goods or services cannot be reliably measured.

At each consolidated statement of financial position date, the entity revises its estimates of the number of options that are expected to vest based on non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The proceeds received, net of any directly attributable transaction costs, are credited to share capital when the options are exercised.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing earnings (loss) attributable to common shareholders of the company by the weighted average shares outstanding, increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Segment reporting

The Company operates in a single reporting segment, oil and gas exploration and production. The Company's oil and gas properties relate to one country, Canada.

Financial Instruments

Measurement – initial recognition

All financial assets and financial liabilities are initially recorded on the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially recorded at fair value, net of attributable transaction costs, except for those classified as fair value through profit or loss ("FVTPL"). Subsequent measurement of financial assets and financial liabilities depends on the classifications of such assets and liabilities.

Classification – financial assets

Amortized cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequent to initial recognition at amortized cost. The Company measures its trade and other receivables at amortized cost.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and selling financial assets, and that the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings upon derecognition.

The Company currently has no financial assets designated as FVTOCI.

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Fair value through profit or loss (“FVTPL”)

By default, all other financial assets are measured subsequently at FVTPL, which includes cash.

Derecognition of financial assets

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the statement of income (loss) and comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Classification – financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method, except for financial liabilities at FVTPL, financial guarantee contracts, loan commitments as below-market interest rate, and liabilities related to contingent consideration of an acquirer in a business combination. Financial liabilities at amortized cost include trade and other payables, payable to related parties, notes payable and loan payable.

The Company has no hedging arrangements and does not apply hedge accounting.

Impairment of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are legally discharged, cancelled or they expire.

Income tax

Income tax expense consists of current and deferred tax expenses. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized directly in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for temporary differences related to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or investments in subsidiaries and equity investments to the extent it is probable that they will not be reversed in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Provisions

A provision is recognized if, as a result of a past event, Lewis has a present or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of a provision to be reimbursed the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income (loss) and comprehensive income (loss) net of any reimbursement. Non-current provisions are determined by discounting the expected future cash flows using a pre-tax rate that reflects a market risk free interest rate and the risks specific to the liability. Provisions are not recognized for future operating losses.

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The Company is involved in various claims and litigation arising in the normal course of business. Since the outcomes of these matters are uncertain, there can be no assurance that such matters will be resolved in the Company's favour. The outcome of adverse decisions in any pending or threatened proceedings related to these and other matters could have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Provisions and liabilities for legal and other contingent matters are recognized in the period when it becomes probable a future cash outflow resulting from past operations or events will occur and the amount of the cash outflow can be reasonably estimated. The timing of recognition and measurement of the provision requires the application of judgment to existing facts and circumstances, which can be subject to change, and the carrying amounts of provisions and liabilities are reviewed regularly and adjusted accordingly. The Company is required to both determine whether a loss is probable based on judgment and interpretation of laws and regulations and determine that the loss can be reasonably estimated. When a loss is recognized, it is charged to the consolidated statements of income (loss) and comprehensive income (loss). The Company continually monitors known and potential contingent matters and makes appropriate provisions when warranted by the circumstances present.

4. NEW AND PROPOSED ACCOUNTING PRONOUNCEMENTS

The Company plans to adopt the following amendments to accounting standards, issued by the IASB, that are effective for annual periods beginning on or after April 1, 2023. The pronouncements will be adopted on their respective effective dates; however, each is not expected to have a material impact on the consolidated financial statements.

Amendments to IAS 8 Changes in Estimates vs Changes in Accounting Policies

In February 2021, the IASB issued amendments to IAS 8 Changes in Estimates vs. Changes in Accounting Policies, to help distinguish changes in accounting estimates from changes in accounting policies. This will be effective on April 1, 2023.

Amendments to IAS 12 Income Taxes

In May 2021, the IASB issued amendments to IAS 12 Income Taxes, which require entities to recognize deferred tax on transaction that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This will be effective on April 1, 2023.

Amendments to IAS 1 Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify its requirements for the presentation of liabilities as current or non-current in the statements of financial position. This will be effective on April 1, 2024.

In October 2022, the IASB issued amendments to IAS 1, which specify the classification and disclosure of a liability with covenants. This will be effective on April 1, 2024. The Company will continue to monitor and assess for impacts from the amendment of IAS 1.

The Company does not anticipate any material impacts from these amendments on the consolidated financial statements as a result of the initial application.

5. TRADE AND OTHER RECEIVABLES

Amounts presented as trade and other receivables consist of the following balances:

	March 31, 2023	March 31, 2022
Trade receivables from oil and gas property operators	\$ 289,142	\$ 199,334
Taxes recoverable	37,865	4,065
Total	\$ 327,007	\$ 203,399

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6. OIL AND GAS PROPERTIES

Cost	
Balance, March 31, 2021	\$ 8,430,027
Change in estimates of decommissioning obligations (note 10)	(117,109)
Balance, March 31, 2022	8,312,918
Addition of oil and gas properties	1,806,139
Change in estimates of decommissioning obligations (note 10)	4,245
Balance, March 31, 2023	\$ 10,123,302
Accumulated depletion, depreciation and impairment	
Balance, March 31, 2021	\$ (3,586,512)
Depletion and depreciation	(263,551)
Reversal of impairment	645,979
Balance, March 31, 2022	(3,204,084)
Depletion and depreciation	(654,212)
Balance, March 31, 2023	\$ (3,858,296)
Net book value	
As at March 31, 2022	\$ 5,108,834
As at March 31, 2023	\$ 6,265,006

At March 31, 2023, the Company did not identify indicators of impairment or reversal of previous impairments.

At March 31, 2022, the Company recorded a reversal of impairment of the oil and gas properties in the amount of \$645,979. The reversal of impairment resulted from an increase in the market prices for crude oil and gas during the year. The recoverable amount of the CGU was determined as FVLCS using a discounted cash flow method based on the 2022 year-end reserves report prepared by an independent engineer using an after-tax discount rate of 10% for proved and probable reserves. The fair value measurement of the Company's oil and gas properties is designated Level 3 on the fair value hierarchy.

The following table outlines the forecast benchmark commodity prices used in the reversal of impairment calculation of oil and gas properties at March 31, 2022. Forecast benchmark commodity price assumptions tend to be stable because short-term increases or decreases in prices are not considered indicative of long-term price levels but are nonetheless subject to change.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031 ⁽²⁾
	(9 mos)									
Western Canadian Select (\$/bbl) ⁽¹⁾	\$102.91	85.16	77.04	70.69	72.1	73.55	75.02	76.52	78.05	79.81
Alberta AECO Spot Price (\$/MMBtu) ⁽¹⁾	\$5.30	4.28	3.69	3.45	3.52	3.59	3.66	3.73	3.81	3.88

Notes:

- (1) The forecast benchmark commodity prices listed are adjusted for quality differentials and other factors specific to the Company's operations in performing the Company's impairment tests.
- (2) The forecast benchmark commodity prices are assumed to increase by 2% in each year after 2023 to the end of the reserve life.

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7. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has entered into transactions with related parties in the normal course of business that are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties. The exchange amount approximates fair value.

Related party transactions and balances entered into during the years ended March 31, 2023 and 2022 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, 2023	March 31, 2022
Short term employee benefits:		
Management salaries	\$ 216,670	\$ 216,670
Stock-based compensation	-	106,317
Total	\$ 216,670	\$ 322,987

During the year ended March 31, 2023 the Company issued no stock options (2022 – 1,875,000) to directors and senior officers. Accordingly, the Company recorded an amount of \$nil (2022 - \$106,317) as stock-based compensation for the year ended March 31, 2023.

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, 2023	March 31, 2022
Related party payable for services	\$ 193,718	\$ 179,498

8. NOTES PAYABLE

The Company has short-term notes payable to related parties. The notes are due on demand, bears interest between 7% and 9% per annum and are unsecured.

	March 31, 2023	March 31, 2022 (Restated, Note 18)
Balance, beginning of year	\$ 976,563	\$ 933,583
Principal advanced	500,000	-
Interest expense	86,144	42,980
Balance, end of year	\$ 1,562,707	\$ 976,563

9. LOAN PAYABLE

During the year ended March 31, 2021, the Company received loans from the Canadian government's Canada Emergency Business Account ("CEBA") Program in the total amount of \$60,000. The CEBA is a government guaranteed loan of up to \$60,000 that is interest-free until December 31, 2023. The loan is available to help businesses with operating costs during COVID-19 and \$20,000 of the total loan amount is eligible for forgiveness as long as the business pays back \$40,000 on or before December 31, 2023. If the Company is unable to pay back the loan by December 31, 2023, it can be converted into a three-year term loan at an interest rate of 5%.

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10. DECOMMISSIONING OBLIGATIONS

The following table presents the reconciliation of the opening and closing aggregate carrying amounts of the decommissioning obligations associated with the Company's oil and gas properties:

	March 31, 2023	March 31, 2022
Balance, beginning of the year	\$ 1,730,925	\$ 1,814,645
Accretion	32,977	33,389
Changes in estimates (note 6)	4,245	(117,109)
Balance, end of year	1,768,147	1,730,925
Less: current portion	-	-
Long-term portion	\$ 1,768,147	\$ 1,730,925

The following assumptions were used to estimate the decommissioning obligations for 2023 and 2022:

	March 31, 2023	March 31, 2022
Undiscounted cash flows	\$2,873,486	\$2,065,000
Risk-free rate	2.47% to 3.02%	1.84%
Inflation rate	2.00%	1.78%
Expected timing of cash flows	2 to 14 years	2 to 14 years

11. SHARE CAPITAL

Shares authorized, issued and outstanding at March 31, 2023 are as follows:

a) Authorized

An unlimited number of common shares without par value.
An unlimited number of preferred shares without par value.

b) Issued

On March 22, 2022 the Company completed a non-brokered private placement of common shares issuing 5,000,000 at a price of \$0.10 per common share for gross proceeds of \$500,000. As at March 31, 2022, \$325,000 of the proceeds were recorded as share subscriptions receivable which was received during the year ended March 31, 2023.

c) Equity reserves

Equity reserve items are recognized as stock-based payment expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

d) Stock options

The Company has established a stock option plan under which it may grant stock options totaling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to officers, directors, regular employees and persons providing investor-relations or consulting services up to a limit of 5% and 2% respectively of the Company's total number of issued and outstanding shares per year. The option price must be greater or equal to the discounted market price on the grant date and the option expiry date cannot exceed 10 years from the grant date. The stock options vest immediately on the date of the grant or over a period of time as determined by the Board of Directors.

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A summary of stock options cancelled, granted and exercised during the years ended March 31, 2023 and March 31, 2022 is as follows:

	March 31, 2023		March 31, 2022	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	2,750,000	\$ 0.06	-	\$ -
Granted	-	-	2,750,000	0.06
Balance, end of period	2,750,000	\$ 0.06	2,750,000	\$ 0.06

On September 29, 2021, the Company granted 2,750,000 stock options to the directors and officers of the Company. The stock options vested immediately and are exercisable at a price of \$0.06 per common share until five years from the grant date. For the year ended March 31, 2022, the Company recorded a stock-based compensation expense of \$155,927.

The Company uses the Black-Scholes option pricing model to estimate the fair value for all stock-based compensation. The assumptions used in this pricing model, and the resulting fair values per option, for the stock options granted during the year ended March 31, 2022, are as follow

	September 29, 2021 Grant
Risk-free rate	1.84%
Expected life	5 years
Expected volatility	170.00%
Expected dividend yield	-
Expected forfeiture rate	-
Fair value per option	\$0.06

A summary of stock options outstanding and exercisable at March 31, 2023 is as follows:

Weighted Average Exercise Price	Date of grant	Expiry Date	Outstanding	Exercisable	Weighted average remaining life
\$0.06	September 29, 2021	September 29, 2026	2,750,000	2,750,000	3.50

e) Earnings (loss) per share

The diluted earnings per share calculation includes the impact of all warrants and stock options outstanding during the year. During the years ended March 31, 2023 all warrants and stock options have been excluded from the calculation of diluted shares outstanding as they would be anti-dilutive.

During the year ended March 31, 2022, all stock options have been included in the calculation of diluted shares outstanding as they would be dilutive.

	March 31, 2022
Weighted average common shares	
Basic	35,889,096
Effect of stock options	916,667
Diluted	36,805,763

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12. TAXES

Income tax expense (recovery) differs from the amount that would be computed by applying Canadian statutory income tax rate of 23% (2022 - 23%) to income before taxes. The reasons for the differences are as follows:

	March 31, 2023	March 31, 2022
	\$	(Restated, Note 18) \$
Net income (loss) for the year	\$(135,585)	\$60,458
Statutory tax rate	23.0%	23.0%
Expected income tax expense (recovery) at statutory rates	(31,185)	13,905
Permanent differences	3,627	33,375
Other	212,768	(7,679)
Change in deferred tax assets not recognized	(185,210)	(39,601)
Income tax expense (recovery)	-	-

The Company has recognized deferred tax assets (liabilities) as follows:

	March 31, 2023	March 31, 2022
	\$	(Restated, Note 18) \$
Deferred tax assets (liabilities):		
Equipment and vehicles	(20,750)	-
Oil and gas properties	-	(33,445)
Decommissioning obligation assets	(283,505)	-
Decommissioning obligation liabilities	283,505	-
Non-capital losses available for future periods	20,750	33,445
Deferred tax assets (liability)	-	-

The Company has not recognized a deferred tax asset (liabilities) in respect of the following deductible temporary differences.

	March 31, 2023	March 31, 2022
	\$	(Restated, Note 18) \$
Deferred tax assets (liabilities):		
Equipment and vehicles	-	317,826
Oil and gas properties	181,376	-
Decommissioning obligations	535,516	1,730,926
Share issue costs	-	2,222
Non-capital losses available for future periods	6,833,497	6,304,674
Deferred tax assets (liability)	7,550,389	8,355,648

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As at March 31, 2023, the Company has non-capital losses carried forward of \$6,923,716 (2022 – \$6,304,674) which are available to offset future years’ taxable income. These losses expire as follows:

	\$
2024	166,665
2025	441,007
2026	369,274
2027	648,811
2028	324,501
2029	523,077
2030	398,990
2031	324,899
2032	313,318
2033	531,298
2034	561,143
2035	502,514
2036	430,898
2037	29,623
2038	38,980
2039	73,013
2040	336,095
2041	637,062
2042	272,548
	6,923,716

13. CONTINGENT PAYMENT OBLIGATION

During the year ended March 31, 2016, the Company paid \$1,240,000 for the acquisition of a 100% interest in oil and gas properties in Provost region of Alberta. Subsequent to the completion of the transaction, the Company sold its overriding royalty rights (“GOR”) to Newcrest Resources Ltd. (“Newcrest”) for total cash consideration of \$150,000. The GOR entitles Newcrest to a four percent (4%) royalty of the gross monthly production of petroleum substances from the Company’s Provost property.

During the year ended March 31, 2023, the Company paid \$270,489 (2022 - \$145,175) to Newcrest under the GOR. As at March 31, 2023 the Company had \$25,000 included in trade and other payables to Newcrest under the GOR.

14. FINANCIAL INSTRUMENTS

The Company’s financial instruments are exposed to certain financial risks, including credit risk, capital market risk and liquidity risk, interest rate risk, commodity price risk and foreign exchange risk.

Financial instruments, consisting of trade and other receivables, trade and other payables, payable to related parties, notes payable and loan payable are recorded at amortized cost. Cash is recorded at fair value using Level 1 measurements.

Financial Instrument Classification	March 31, 2023		March 31, 2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets				
Cash	\$ 440,569	\$ 440,569	\$ 468,303	\$ 468,303
Trade and other receivables	327,007	327,007	203,399	203,399
Financial liabilities				
Trade and other payables	1,879,892	1,879,892	1,481,923	1,481,923
Payable to related parties	173,037	173,037	179,498	179,498
Notes payable (Restated, Note 18)	1,562,707	1,562,707	976,563	976,563
Loan payable	60,000	60,000	60,000	60,000

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The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy as following:

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 volume 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 for similar assets and liabilities.

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

Assets measured at fair value on a recurring basis were presented on the Company’s consolidated statement of financial position as of March 31, 2023 and 2022 are as follows:

	Balance at March 31, 2023	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets					
Cash	\$ 440,569	440,569	-	-	\$ 440,569

	Balance at March 31, 2022	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets					
Cash	\$ 468,303	468,303	-	-	\$ 468,303

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is attributable to cash and trade and other receivables. Cash are held in demand accounts at a Canadian chartered bank. The Company does not believe it is subject to any significant counterparty risk with respect to cash.

Trade receivables typically arise from normal joint operating arrangements governing the Company’s producing oil and gas properties, and from cost-recovery billings. Credit valuations are performed on a regular basis and the consolidated financial statements take into account any requirement for an allowance for bad debts.

The carrying amount of trade and other receivables and cash represents the maximum credit exposure. The Company has an allowance for expected credit losses of \$10,160 as at March 31, 2023 (2022 – \$10,160).

Capital market risk and liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company aims to ensure that there are sufficient funds to meet its short-

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term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company faces material liquidity risk in that it has approximately \$1,701,420 in accounts payable and payable to related parties which are overdue at March 31, 2023, a working capital deficiency of \$2,840,023 and insufficient cash on hand to satisfy its debts should they be demanded (see Note 1).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following table details the contractual maturities of the Company's financial liabilities as at March 31, 2023:

	Due in 1-3 months	Due in 4- 12 months	Due in 1- 2 years	Due in >2 years	Total
Trade and other payables	\$ 1,879,892	-	-	-	1,879,892
Payable to related parties	173,037	-	-	-	173,037
Notes payable	1,562,707	-	-	-	1,562,707
Loan payable	-	60,000	,	-	60,000
	\$ 3,615,636	60,000	,	-	3,675,636

Interest rate risk

The Company's loans payable bear interest at a fixed rate. The Company does not believe its overall exposure to interest rate risk is significant and a 1% change in the interest rate would have an insignificant effect on net income (loss) and comprehensive income (loss).

Commodity price risk

The Company is exposed to material oil and gas commodity price risk. 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 capital required to meet its commitments and carry out its development-stage business plans. Management has assessed that the Company's degree of exposure to commodity price risk is material, but consistent with oil and gas business operations.

The Company's operational results and financial position are materially impacted by global financial and commodity market volatility over which it has no control.

As the Company did not have any derivatives contracts in place as at March 31, 2023, the sensitivity of the fair value of a 10% volatility in commodity prices would have an immaterial impact on income (loss) reported in the consolidated statements of income (loss) and comprehensive income (loss).

Commodity price risk affects the Company beyond its impact on realized revenue. In particular, the Company's future ability to raise capital for development stage activities is affected by, among many other factors, the price of oil and gas. Furthermore, changes in commodity prices will also affect the price of oil and gas leases, as well as exploration and drilling services and operating costs. Changes in oil and gas prices will also determine the Company's ultimate recoverable reserves.

Foreign exchange risk

Oil and gas tend to be priced in US dollars therefore a decrease in the value of the US dollar would have an immaterial impact on the results of operations. The Company is not exposed to significant foreign currency risk on its US dollar denominated assets and financial liabilities.

Concentration risk

During the year ended March 31, 2023, the Company generated approximately 99% (2022 – 94%) of its petroleum and natural gas sales from one customer.

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15. CAPITAL MANAGEMENT

The primary capital management objective of the Company is to ensure adequate working capital is available to fund both the board-approved business development plans (i.e. oil and gas exploration and development), and the working capital requirements of each annual operating cycle, while also seeking to minimize the risk-adjusted cost of capital.

Capital is raised and retained for the purposes and to the extent necessary to fund exploration, development and corporate overhead costs, subject to the availability of financing on acceptable terms. Given its objectives, the Company determines the amount of capital to be raised and retained based on the scope of its planned exploration activities and management's assessment of the expected availability of acceptably priced capital in future periods.

The Company defines capital as shareholders' equity. As the Company's major asset class – oil and gas properties without significant production – is highly illiquid, requiring significant additional expenditures to be fully monetized, and as the Company is not yet earning net income from oil and gas operations, management of externally financed working capital is, by necessity, a major function of the Company's capital management program. The chief source of working capital is equity financing obtained through the sale of common shares and share purchase warrants, and the exercise of warrants and options. The Company from time to time receives loans from related and unrelated parties and trade credit, but such financial instruments are typically only supplementary to equity financings. In any case, the Company does not consider debt to be a sustainable source of capital, as in the absence of positive cash flows from operations; any debt obtained must be retired with funds raised through equity financing.

The Company's capital management plan seeks to ensure adequate resources are available to fund its activities through the balance of the current fiscal year. A significant measure used in assessing capital adequacy is thus the expected number of days of operations that can be funded from current working capital. Capital levels are deemed sufficient if they can fund the balance of the annual exploration season and development goals and fund corporate overhead expenses in the near term. The Company lacks sufficient capital to carry out development or fund its corporate overhead expenses through the year ended March 31, 2022. Management must seek one or more equity financings to finance activities in the future periods. Additional capital raised will be invested primarily in oil and gas exploration and development activities.

Financing, and thus capital spending on exploration, will generally be limited to the extent that capital is available on acceptable terms. The acceptability of financing terms is generally determined by reference to the prevailing market price of the Company's shares. The terms on which the Company obtains financings are furthermore subject to the guidelines of the TSX-V.

The Company is not subject to material externally imposed capital constraints.

16. EMPLOYEE BENEFITS

Employee benefits included in general and administrative expenses are as follows:

	March 31, 2023	March 31, 2022
Salaries	230,163	216,670
Other employee benefits	12,247	5,012
Total	242,410	\$221,682

17. GAIN ON DEBT SETTLEMENT

During the year ended March 31, 2023, the Company realized a gain of \$106,031 (2022 - \$57,859) due to negotiated settlement amounts with certain vendors.

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18. RESTATEMENT OF FINANCIAL RESULTS

Management determined that the recorded amount of accrued interest on the notes payable was understated as at and for the year ended March 31, 2022. Furthermore, management determined that the contingent future event for the conversion feature had not occurred, and that the loans are no longer convertible at the option of the lenders and accordingly, have been presented as notes payable rather than convertible loans payable.

The impact to the March 31, 2022 consolidated financial statements of the correction is as follows:

Consolidated Statement of Comprehensive Income	As previously reported	Adjustment	As restated
Interest expense	\$1,349	41,631	\$42,980
Net income and comprehensive income	\$102,089	(41,631)	\$60,458
Basic and diluted earnings per share	\$0.00	-	\$0.00

Consolidated Statement of Financial Position	As previously reported	Adjustment	As restated
Convertible loans payable ⁽¹⁾	\$695,844	(695,844)	\$ -
Notes payable ⁽¹⁾	-	976,563	976,563
Deficit	(14,046,909)	(280,719)	(14,327,628)
Total liabilities and shareholders' equity	\$5,828,830	-	\$5,828,830

Consolidated Statement of Cash Flows	As previously reported	Adjustment	As restated
Cash provided by (used for):			
Operating activities:			
Net income and comprehensive income	\$102,089	(41,631)	\$60,458
Interest expense	\$1,349	41,631	\$42,980
Net cash used in operating activities	\$(88,239)	-	\$(88,239)

- (1) At March 31, 2022, the Company reported that it had short-term convertible loans payable to unrelated parties which were contingently convertible at the option of the lenders on similar terms of future private placements. Management determined that the contingent future event for the conversion had not occurred, and that the loans are no longer convertible at the option of the lenders and as such, has presented this amount as notes payable.

In addition to the adjustments to the year ended March 31, 2022, as at April 1, 2021, deficit was increased by \$239,088 and notes payables increased by \$239,088 relating to the above noted item.

19. CONTINGENCIES

The Company is involved in claims arising in the normal course of operations. Management is of the opinion that there are no potential claims that would have a material adverse impact on the Company's consolidated financial position or results of its consolidated operations. The Company is currently engaged in the following claim disputes, which are not yet resolved, however management estimates the impact to the Company to be immaterial.