

WESCAN ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of WesCan Energy Corp. ("WesCan" or the "Company") dated November 28, 2024, which includes its subsidiaries, is for the three and six months ended September 30, 2024. 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, 2024 together with the documents filed on SEDAR, including historical financial statements and MD&A. These documents are available at www.sedar.com.

DESCRIPTION OF BUSINESS

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

RESULTS OF OPERATIONS

All financial and operating metrics were moderately higher in 2024 compared to 2023 and for the quarter ended September 30, 2024, compared to the same periods in 2023. This was a result of higher commodity prices, production increase from the new drill and workovers in 2023.

PRODUCTION	Three months ended			Six months ended		
	2024	2023	% Change	2024	2023	% Change
Total BOE						
Oil - 76% light/med 24% heavy (BBL/D)	129	84	54	260	169	54
Natural Gas Liquids (BBL/D)	5	1	400	9	7	29
Conventional Natural Gas (MCF/D)	149	50	198	247	281	(12)
Total (BOE/D)	160	93	71	310	223	39
Oil & NGL % of Production	84%	91%		87%	79%	

Average production increased by 71% to 160 boe/d in Q2/25 from 93 boe/d in Q2/24. The 71% increase in production is due to the field maintenance and optimization plan initiated after the repair of the sales gas compressor commenced in February 2023. A combination of running a compressor to reduce line pressure, targeting bypassed pay on existing wellbores along with activating suspended wells has contributed meaningfully to the material rise of production. Now that a damaged pipeline has been repaired, there should be further increased production in future quarters.

PRICES

	Six months ended September 30		
	2024	2023	% Change
Average Benchmark Prices:			
WTI crude oil (US\$/BBL)	77.83	78.90	(1)
US\$/CDN\$ exchange rate	0.73	0.75	(3)
Bow River crude oil (CDN\$/BBL)	87.16	89.45	(3)
AECO daily spot (\$/GJ)	1.14	2.57	(56)
Average Realized Prices:			
Light and medium oil (\$/BBL)	91.30	94.88	(4)
Natural gas (\$/MCF)	0.52	2.49	(79)
Average price (\$/BOE)	78.50	87.64	(10)

WTI crude traded down 1% from an average price of \$78.90 (US\$/BBL) during 2023 to an average price of \$77.83 (\$US/BBL) in 2024. Bow River crude traded down 3% from an average price of 89.45 (\$CDN/BBL) in 2023 to an average price of \$87.16 (\$CDN/BBL) during 2024. The average price for AECO natural gas decreased 56% from \$2.57/MCF in 2023 to an average price of \$1.14/MCF in 2024.

REVENUE

(\$)	Three months ended September 30			Six months ended September 30		
	2024	2023	% Change	2024	2023	% Change
Oil & NGL Sales	1,059,284	729,167	45	2,208,966	1,393,743	58
Natural Gas Sales	3,089	11,431	(73)	11,652	62,778	(81)
Total revenue	1,062,373	740,598	43	2,220,618	1,456,521	52

Despite a 4% decrease in the realized price for crude oil from \$94.88 per BBL during the month ended September 30, 2023, to \$91.30 per BBL for the same quarter of 2024, there was a 45% increase in oil and NGL sales due to increased production. The realized price for an MCF of natural gas was \$0.52 in 2024. The realized price for an MCF of natural gas for the same period in 2023 was \$2.49.

(\$)	2024	2023	% Change	2024	2023	% Change
Crown Royalties	75,339	18,983	297	129,670	8,152	1,491
Freehold Royalties	69,127	44,786	54	135,980	91,363	49
Royalty Expense	144,466	63,769	127	265,650	99,515	167
Royalty Expense as a % of Sales	14%	9%		12%	7%	
Royalty Expense per BOE	10	8		9	5	

There was 127% increase in total royalty expense from \$63,769 in the three months ended September 30, 2023 to \$144,466 for the same period in 2024 due to increase in oil production by 71%. In 2023, there was a recapture gas cost allowance royalty deduction for the previous periods.

OPERATING EXPENSE

(\$)	Three months ended September 30			Six months ended September 30		
	2024	2023	% Change	2024	2023	% Change
Operating expense	708,672	287,832	146	1,329,091	626,446	112
Workover expenses	43,300	5,313	715	237,614	23,905	894
Total operating costs	751,972	293,145	157	1,566,705	650,351	141
Operating costs as a % of Sales	70%	40%		70%	45%	
Operating costs per BOE	\$ 52.00	\$ 35.00		\$ 55.00	\$ 32.00	

Total operating costs increased by 70% to \$751,972 in quarter ended Q2/25 from \$293,145 for Q/24. Operating expenses have been steadily increasing since new management came into place at the end of September 2023 with the goal of catching up on over 7 years of overdue maintenance items. In this quarter, capital was allocated to repair lease roads, H2S system rebuild out along with damaged pipeline repair. A significant portion of the operating expenses over the past two quarters were related to repairing a plugged pipeline due to prior poor maintenance. Air instrumentation system along with water injection systems have also been repaired. A pump jack was also replaced in this quarter along with other preventive maintenance. This field has now been fully winterized which should limit downtime this winter.

Excess waste equipment has been scrapped from the lease which should see a positive read through on property taxes on the lease.

GENERAL AND ADMINISTRATIVE EXPENSE ("G&A")

(\$)	Three months ended September 30			Six months ended September 30		
	2024	2023	% Change	2024	2023	Change
Gross G&A	130,213	221,891	(41)	184,635	344,021	(46)
Net G&A expense per BOE	\$ 9.00	\$ 26.00		\$ 7.00	\$ 17.00	

A decrease in G&A expenses by 41% in Q2/25 to \$130,213 from \$221,891 in Q2/24 is mainly due to the elimination of employment salaries and other aggressive cost controls implemented.

INTEREST AND FINANCE EXPENSE

Interest expense is generated entirely by the interest payable on notes. The notes are due on demand, bear interest between 7% and 9% per annum and are unsecured.

	Three months ended September 30			Six months ended September 30		
	2024	2023	% Change	2024	2023	% Change
Interest expense	42,242	24,630	-	120,093	48,366	
Total finance expense	42,242	24,630	72	120,093	48,366	148
Total (\$/boe)	\$ 3.00	\$ 3.00		\$ 4.00	\$ 2.00	

Total finance expense for the quarter ended September 30, 2024, increased from the same quarter ended in 2023 due to increased debt.

NETBACKS

(\$ / BOE)	Three months ended September 30			Six months ended September 30		
	2024	2023	% Change	2024	2023	% Change
Oil Sales	73.31	87.64	(16)	78.50	71.71	9
Royalties	(9.97)	(7.55)	32	(9.39)	(4.90)	92
Operating costs	(51.89)	(34.69)	50	(55.38)	(32.02)	73
Operating Netback	11.45	45.40	(75)	13.73	34.79	(61)

1. Non-IFRS Financial Ratio; See “Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures” Section of this MD&A.

During Q2/25 operating netbacks decreased 75% to \$11.45/boe from \$45.4/boe for the same period in Q2/24 and was attributed to an increase in operating costs relating to workovers and compressor repairs and offset by increased total oil production of 71% from 93 boe/d in the quarter ended 2023 to 160 boe/d for the same quarter ended 2024.

DEPLETION, DEPRECIATION AND ACCRETION

(\$)	Three months ended September 30			Six months ended September 30		
	2024	2023	% Change	2024	2023	% Change
Depletion	216,504	121,497		446,140	283,740	
Depreciation	-	-		-	-	
Accretion	16,030	12,580		32,060	25,160	
DD&A	232,534	134,077	73	478,200	308,900	55
DD&A per BOE	\$ 16.00	\$ 16.00		\$ 17.00	\$ 15.00	

The DD&A costs increased by 55% in Q2/25 to \$478,200, from \$308,900 in the same quarter in 2023. Most of the change is attributed to capital requirements changing for probable reserves from the depletable base reserves.

IMPAIRMENT

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

As at September 30, 2024, the Company did not identify indicators of impairment or reversal of previous impairments.

FUNDS FROM OPERATIONS

(\$ except per share amount)	Three months ended September 30			Six months ended September 30		
	2024	2023	% Change	2024	2023	Change
Cash flow from (used in) operating activities	(163,410)	(50,686)	222	93,570	37,641	149
Changes in non-cash working capital	199,176	210,879	(6)	110,058	321,457	(66)
Funds from operations	35,766	160,193	(78)	203,628	359,098	(43)
Per share - basic / diluted	0.00	0.00		0.00	0.01	

Cash flow from operating activities decreased by 78% to 35,766 in Q2/25, compared to \$160,193 in Q2/24 attributed to compressor repairs and workovers programs.

CAPITAL EXPENDITURES

	Three months ended September 30			Six months ended September 30		
	2024	2023	% Change	2024	2023	% Change
Land and seismic	-	-		-	-	
Drilling and completions	-	-		-	-	
Facilities, pipelines and well equipment	74,013	9,191		150,689	80,460	
Total capital expenditures	74,013	9,191	705	150,689	80,460	87

The total expenditures increased 705% in Q2/25 to \$74,013 from \$9,191 in Q2/24. Capital expenditures during the quarter are related to the purchase of a new compressor in Q2/25.

The estimated \$1.430M in future development costs in Form 51-102F1 were budgeted at \$1.310M or 90% for intangible drilling and completion and \$0.120M or 10% to equipment and facilities. Actual costs spent during the year ended March 31, 2024, were \$150,959 as compared to \$1,806,139 for the same period in 2023, attributed to completion of the drilling program. There were \$30,000 in remainder costs for the plan at the year ended March 31, 2024.

DECOMMISSIONING LIABILITIES

(\$)	September 30	March 31
	2024	2024
Balance, beginning of the year	1,537,128	1,768,147
Accretion	32,060	54,808
Change in estimates	-	(285,827)
Balance, end of year	1,569,188	1,537,128
Less: current portion	118,265	118,265
Long-term portion	1,450,923	1,418,863

During the quarter ended September 30, 2024, the total carrying amount of decommissioning increased to \$1,553,158 from \$1,537,128 at March 31, 2024 due to increases in the risk-free rate.

LONG-TERM DEBT

As at September 30, 2024, total long-term debt was \$1,651,660. The Company has notes payable to a director and significant shareholder of the Company which are classified as short-term and long-term debt and a related party transaction and are described elsewhere in this MD&A.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. On September 11, 2024, the Company completed a non-brokered private placement of common shares issuing 3,150,000 common shares at a price of \$0.075 per common share for gross proceeds of \$236,250. As at September 30, 2024 and the date of this MD&A, the Company's issued share capital and the outstanding securities that are convertible into or exercisable or exchangeable for any voting or equity securities of the Company are as follows:

Common shares	44,622,958
Stock Options	3,425,000
Warrants	Nil

Weighted average exercise Price	Date of Grant	Expiry Date	Outstanding	Exercisable	Weighted average remaining life
\$ 0.06	September 29, 2021	September 29, 2026	25,000	25,000	2.00
\$ 0.06	April 17, 2024	April 17, 2029	3,400,000	1,133,333	4.50

CAPITAL RESOURCES AND LIQUIDITY

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

To continue as a going concern and meet the Company commitments and current obligations, the Company will require additional equity financing(s) during the next twelve months. On September 30, 2024, the Company's working capital deficiency was \$2,387,249 (March 31, 2024 - \$2,622,323).

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

The Company has traditionally supplemented equity financing from time to time by obtaining loans from third parties. These were used to provide interim, short-term financing to meet day-to-day cash flow requirements and are not intended to be a long-term source of capital. On September 30, 2024, the Company has notes payable in the amount of \$22,574 including accrued interest and related party loans of \$2,147,460 which is due to a director and significant shareholder of the Company. These loans are due on demand and bear interest between 7% and 9% per annum and are unsecured.

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

Non-IFRS Financial Measures, Non-IFRS Financial Ratios, and Capital Management Measures

This document contains the terms "operating costs", "operating netback" and "operating field netback", which are non-IFRS financial measures, or ratios. The Company uses these measures to help evaluate WesCan's performance. These non-IFRS financial measures and ratios do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. This document also contains the capital management measures of "quarterly funds from operations", "working capital deficiency (surplus)".

- a. Funds from operations (Capital Management Measure) - funds flow is calculated by taking cash-flow from operating activities on a periodic basis and adding back changes in non-cash working capital, expenditures on decommissioning obligations and transaction costs. Expenditure on decommissioning obligations may vary from period to period depending on capital programs and the maturity of the Company's operating areas. Funds flow and cash flow from (in used) per share is calculated using the same weighted average basic and diluted shares that are used in calculating income (loss) per share, which results in the measure

being considered a non-IFRS financial ratio.

- b. Operating costs, Operating Netback and Operating Field Netback (Non-IFRS Financial Measures, and Non-IFRS Financial Ratios if calculated on a per boe basis) - Management uses certain industry benchmarks, such as net operating costs, operating netback and operating field netback, to analyze financial and operating performance. The operating netback equals total petroleum and natural gas sales, including realized gains and losses on commodities, less royalties, net operating costs and transportation expenses and can also be calculated on a per boe basis, which results in them being considered a non-IFRS financial ratio. The operating field netback equals total petroleum and natural gas sales, less royalties, net operating costs and transportation expenses. These metrics can also be calculated on a per boe basis. Management considers operating netback and operating field netback important measures to evaluate WesCan's operational performance, as it demonstrates field level profitability relative to current commodity prices. The calculation of the Company's netbacks can be seen in the section titled "Operating Netback".

SUMMARY OF QUARTERLY INFORMATION

Quarters ended	2025		2024			2023		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
OPERATING								
Average daily production								
Oil - 76% light/med 24% heavy (BBL/D)	129	131	93	85	83	87	106	94
Natural Gas Liquids (BBL/D)	5	4	1	-	2	5	7	5
Conventional Natural gas ((MCF/D)	149	98	18	14	50	230	217	161
Total BOE (BOE/D)	159	152	97	88	93	130	149	126
Average sales price								
Oil & NGL (\$/BBL)	86.61	93.41	80.68	81.07	95.84	81.18	72.95	77.05
Natural gas (\$/MCF)	0.23	0.96	2.08	4.11	2.49	2.45	3.49	5.72
Total (\$/BOE)	73.31	83.94	78.07	79.31	87.64	60.37	59.82	68.14
Operating netback (\$/BOE)								
Oil & gas sales	73.31	83.94	78.07	79.31	87.64	60.37	59.82	68.14
Royalty expense	9.97	8.78	6.31	9.77	7.55	3.01	3.35	10.59
Operating expense	51.89	59.05	57.80	50.37	34.69	30.12	25.51	60.80
Netback	11.45	16.11	13.96	19.17	45.40	27.24	30.96	(3.25)
FINANCIAL								
Oil & gas sales	1,062,373	1,158,245	688,460	639,476	740,598	715,923	813,449	786,198
Funds from operations	35,766	167,862	55,947	273,252	125,193	198,905	298,168	(187,039)
Per share - Basic/Diluted	0.00	0.00	0.00	0.01	0.00	0.00	0.01	(0.00)
Cash flow from (used in)	163,410	256,980	159,951	(468,135)	(50,686)	88,327	(619,184)	(93,496)
Per share - Basic/Diluted	0.00	0.01	0.00	0.02	(0.01)	0.00	(0.01)	(0.00)
Net Income (loss)	(135,453)	(152,529)	93,440	99,884	38,689	1,898	34,541	(381,761)
Per share - Basic/Diluted	(0.00)	(0.00)	0.00	0.00	0.00	0.00	0.00	(0.01)
Capital expenditures	74,013	76,676	49,668	20,494	9,192	71,605	228,256	287,081
Total Assets	5,969,036	6,325,560	6,055,273	6,267,371	6,571,588	6,938,078	7,040,619	7,551,713
Working capital (deficiency)	(2,387,249)	(2,632,390)	(2,622,323)	(2,351,669)	(2,665,997)	(2,794,571)	(3,057,152)	(2,696,624)
Shareholders' Equity	1,618,761	1,521,089	1,673,618	1,786,310	1,602,423	1,598,734	1,439,707	1,791,451
Shares Outstanding	44,622,958	41,472,958	41,472,958	41,472,958	41,472,958	41,472,958	41,472,958	41,472,958

The most important trend over the last eight quarters has been the change in the price of oil from a high of \$95.84/BBL on Q2 of 2024 to a low of \$72.95/BBL in Q4 of 2023 and a change in the price of natural gas from a high of \$5.72/MCF in Q3 2023 to a low of \$0.23/MCF in Q2 2025. Netbacks per BOE have remained relatively stable over the last 4 quarters.

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 become 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 the 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 engage 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 future forecast 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) that 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 that 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 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 PROVISION

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 \$1,450,293 as at September 30, 2024 from \$1,418,863 as at March 31, 2024.

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

Changes in the U.S. denominated value of the Canadian dollar would not impact the Canadian dollar cost of meeting any future obligations under that prospect but will affect the Canadian dollar-denominated value of natural gas production.

The Company is exposed to foreign currency risk on its U.S dollar denominated assets and financial liabilities. At September 30, 2024 the Canadian dollar cost of paying the Company's US dollar denominated liabilities and property payment commitments would have no material impact with a 1% increase in the value of the US dollar relative to the Canadian dollar.

Commodity Price Risk

The Company is exposed to material oil and gas commodity price risks. A relative decrease in the price of oil and

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

Liquidity Risk

The Company faces material liquidity risk in that it has \$2,686,520 in accounts payable to trades and related parties at September 30, 2024 and insufficient cash on hand to satisfy those debts should they be demanded. The Company is seeking equity financing(s) 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 should 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.

BARRELS of OIL EQUIVALENT

Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six Mcf to one Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.