

WESCAN ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of WesCan Energy Corp. ("WesCan" or the "Company") dated July 29, 2024, which includes its subsidiaries, is for the twelve months ended March 31, 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.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	FY-2024	FY-2023	FY-2022
Financial (\$ except per share amount)			
Petroleum and natural gas revenue	2,784,458	3,500,110	1,496,101
Cash flow (deficiency) from operations	(270,543)	550,883	(88,239)
Cash flow per share - basic and diluted	(0.01)	0.01	(0.00)
Net income (loss) for the year	233,911	(187,147)	60,458
Net income (loss) per share - basic and diluted	0.01	(0.00)	0.00
Working capital deficit	(2,622,323)	(3,057,152)	(2,023,555)
Total assets	6,055,273	7,040,619	5,828,830
Total shares outstanding at year end	41,472,958	41,472,958	41,347,958
Operations			
Production			
Oil -76% light/med 24% heavy (BBL/D)	87	91	50
Natural Gas Liquids (BBL/D)	2	6	1
Conventional Natural Gas (MCF/D)	79	174	36
Total BOE/D	102	126	57
Product Prices			
Oil (\$/Bbl)	84.50	90.25	77.81
Gas (\$/Mcf)	2.51	5.07	4.73

RESULTS OF OPERATIONS

All financial and operating metrics were moderately lower in 2024 compared to 2023 and for the quarter ended and year ended March 31, 2024, compared to the same periods in 2023. This was a result of lower commodity prices, production declines from the new drill in Q3 2023 and produced gas unable to get to market.

	Three months ended March 31			Year ended March 31		
	2024	2023	% Change	2024	2023	% Change
PRODUCTION						
Total BOE						
Oil - 76% light/med 24% heavy (BBL/D)	93	106	(12)	87	91	(4)
Natural Gas Liquids (BBL/D)	1	7	(86)	2	6	(67)
Conventional Natural Gas (MCF/D)	18	217	(92)	79	174	(55)
Total (BOE/D)	97	149	(35)	102	126	(19)
Oil & NGL % of Production	97%	76%		87%	77%	

Average production decreased by 35% to 97 boe/d in Q4/24 from 149 boe/d in Q4/23. The 35% decrease in production due to the 2023 new drill declines and produced gas unable to get to market. For the year ended March 31, 2024, average production was 102 boe/d, a decrease of 19% from 126 boe/d average in 2023, due to production declines from the new drill in Q3 2023 and produced gas unable to get to market.

PRICES

	Three months ended March 31			Year ended March 31		
	2024	2023	% Change	2024	2023	% Change
Average Benchmark Prices:						
WTI crude oil (US\$/BBL)	74.72	77.01	(3)	81.58	91.07	(10)
US\$/CDN\$ exchange rate	0.75	0.74	1	0.74	0.76	(3)
Bow River crude oil (CDN\$/BBL)	71.50	69.81	2	81.51	93.86	(13)
AECO daily spot (\$/GJ)	1.84	3.61	(49)	2.35	5.27	(55)
Average Realized Prices:						
Light and medium oil (\$/BBL)	80.68	72.95	11	84.50	90.25	(6)
Natural gas (\$/MCF)	2.08	3.49	(40)	2.51	5.07	(50)
Average price (\$/BOE)	78.07	59.82	31	74.87	76.04	(2)

WTI crude traded down 10% from an average price of \$91.07 (US\$/BBL) during 2023 to an average price of \$81.58 (\$US/BBL) in 2024. Bow River crude traded down 13% from an average price of \$93.86 (\$CDN/BBL) in 2023 to an average price of \$81.51 (\$CDN/BBL) during 2024. The average daily spot price for AECO natural gas decreased 55% from \$5.27/MCF in 2023 to an average price of \$2.35/MCF in 2024.

REVENUE

(\$)	Three months ended March 31			Year ended March 31		
	2024	2023	% Change	2024	2023	% Change
Oil & NGL	684,515	742,295	(8)	2,712,297	3,179,059	(15)
Natural Gas	3,945	71,154	(94)	72,161	321,051	(78)
Total revenue	688,460	813,449	(15)	2,784,458	3,500,110	(20)

Revenue in Q4/24 was \$688,460, an 15% decrease from Q4/23 revenue \$813,449. When comparing Q4/24 to Q4/23, revenue was offset with a slightly decrease in benchmark WTI prices causing realized prices to 11% increase in WTI prices and the 40% decrease in AECO daily index prices along with a decline in gas sales.

The 20% decrease in revenue for the year ended March 31, 2024 compared to the same year ended in 2023, was attributed to the 19% decrease in total oil and gas production, a 3% decrease in WTI prices, and a 49% decrease in AECO prices and gas production.

	Three months ended March 31			Year ended March 31		
	2024	2023	% Change	2024	2023	% Change
Crown Royalties	22,905	(3,267)	(801)	67,754	230,040	(71)
Freehold Royalties	32,752	48,836	(33)	166,163	270,489	(39)
Royalty Expense	55,657	45,569	22	233,917	500,529	(53)
Royalty Expense as a % of Sales	8%	6%		8%	14%	
Royalty Expense per BOE	\$ 6.00	\$ 3.40		\$ 6.00	\$ 11.00	

For this quarter ended, total royalty expense increased by 22% from \$45,569 in Q4/23 to \$55,657 in Q4/24. With exception for crown royalties, during Q4/24 there was increase of 801% from (\$3,267) in Q4/23 from \$22,905 in Q4/23 due to crown royalties adjustments relating to Gas Cost Allowance recoveries in 2023.

Royalty expense decreased 53% from \$500,529 in the year ended March 31, 2023 to \$233,917 for the same year ended in 2024 attributed to a decrease in total oil and gas production and 19% lower commodity prices. For crown royalties, a 71% decrease from \$230,040 in 2023 to \$67,754 for the year ended 2024 was also attributed to decrease in production, lower commodity prices and the revised Gas Cost Allowance rate. The Company expects that average royalty expenses as a percentage of revenue will continue to fluctuate with changes to benchmark oil and gas prices.

OPERATING EXPENSE

	Three months ended March 31			Year ended March 31		
	2024	2023	% Change	2024	2023	% Change
Operating expense	431,408	332,427	30	1,307,061	1,530,378	(15)
Workover expenses	40,148	13,560	196	101,932	418,180	(76)
Total operating costs	471,556	345,987	36	1,408,993	1,948,558	(28)
Operating costs as a % of Revenue	74%	43%		56%	54%	
Operating costs per BOE	\$ 58.00	\$ 26.00		\$ 42.00	\$ 41.00	

Total operating costs decreased by 26% to \$1,408,993 in year ended 2024 from \$1,948,558 for the same year ended 2023 primarily due to enhanced cost cutting. In Q4, operating expenses increased over the same period the previous year due to compressor repairs and maintenance and workovers compared to previous quarters.

During the year ended March 31, 2024, the Company expended \$101,932 on well workovers (2023 - \$418,180) on its core property and was affected by wells shut-in and decrease in total production of 19%. The Company will focus on reducing operating costs into fiscal year of 2025.

GENERAL AND ADMINISTRATIVE EXPENSE ("G&A")

	Three months ended March 31			Year ended March 31		
	2024	2023	% Change	2024	2023	% Change
Gross G&A	99,022	152,226	(35)	479,175	570,901	(16)
Net G&A expense per BOE	\$ 11.23	\$ 11.00		\$ 12.88	\$ 13.00	

A decrease in 35% in Q4/24 to \$99,022 from \$152,226 Q4/23 mainly due to the elimination of salaries and cost controls implemented in late Q3/23.

G&A expenses decreased by 16% to \$479,175 for the year ended 2024 compared to \$570,901 for the same year ended 2023 due the elimination of salaries and cost controls implemented in late Q3/23 continuing into Q4/24. The Company does not capitalize any G&A expenses.

INTEREST AND FINANCE EXPENSE

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

	Three months ended March 31			Year ended March 31		
	2024	2023	% Change	2024	2023	% Change
Interest expense	22,184	58,605	-	99,446	86,144	
Total finance expense	22,184	58,605	(62)	99,446	86,144	15
Total (\$/boe)	\$ 2.86	\$ 4.00		\$ 2.67	\$ 2.00	

Total finance expense for the year ended March 31, 2024 increased from the same year ended in 2023 due to increased debt.

NETBACKS

(\$ / BOE)	Three months ended March 31			Year ended March 31		
	2024	2023	%	2024	2023	%
			Change			Change
Oil and Natural Gas Sales	78.07	59.82	31	74.87	76.04	(2)
Royalties	(6.31)	(3.35)	88	(6.29)	(10.87)	(42)
Operating costs	(57.80)	(25.51)	127	(42.11)	(41.21)	2
Operating Netback ⁽¹⁾ (\$/boe)	13.96	30.96	(55)	26.47	23.96	10

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

During the Q4/24, operating netback decrease 55% to \$13.96/boe from \$30.96/boe for the same period in Q4/23 was attributed to an increase in operating costs relating to workovers and compressor repairs and a decrease total oil and gas production of 19% to 102 boe/d in Q4/24 from 126 boe/d in Q4/23.

Operating netbacks were 10% up from \$23.96/boe in year ended March 31, 2023 to a \$26.47/boe current year 2024 was attributed an decrease in total royalties costs of 42% and offset by decrease total oil and gas production of 19% from 126 boe/d in the year ended 2023 to 102 boe/d same year ended 2024.

DEPLETION, DEPRECIATION AND ACCRETION ("DD&A")

	Three months ended March 31			Year ended March 31		
	2024	2023	%	2024	2023	%
			Change			Change
DD&A	97,757	230,991		557,592	687,189	
Total	97,757	230,991	(58)	557,592	687,189	(19)
DD&A (\$/boe)	\$ 11.09	\$ 17.00		\$ 14.99	\$ 15.00	

The DD&A costs decreased by 19% in year ended 2024 to \$557,592 from \$687,189 same year 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.

At March 31, 2024, the Company did not identify indicators of impairment or reversal of previous impairments.

FUNDS FROM OPERATIONS

(\$ except per share amount)	Three months ended March 31			Year ended March 31		
	2024	2023	%	2024	2023	%
			Change			Change
Cash flow from (used in) operating activities	159,951	(590,684)	(127)	(270,543)	550,883	(149)
Changes in non-cash working capital	(104,004)	888,852	(112)	923,840	(70,728)	(1,406)
Funds from operations	55,947	298,168	(81)	653,297	480,155	36
Per share - basic / diluted	0.00	0.01		0.02	0.01	

Cash flow from operating activities decreased by 127% to 159,951 in Q4/24, compared to (\$590,684) in Q4/23 attributed to finishing drilling and workovers programs.

The funds from operations dictated a surplus \$653,297 in year ended 2024 and a surplus \$480,155 same year 2023 were affected mainly by gain on settlement and decreasing production in 2024 resulting lower operating cash flows.

CAPITAL EXPENDITURES

	Three months ended March 31			Year ended March 31		
	2024	2023	%	2024	2023	%
			Change			Change
Land and seismic	-	-		132	26,669	
Drilling and completions	11,772	143,931		92,021	1,674,338	
Facilities, pipelines and well equipment	37,230	-		58,806	105,132	
Total capital expenditures	49,002	143,931	(66)	150,959	1,806,139	(92)

The total expenditures decrease 66% in Q4/24 to \$49,002 from \$143,931 in Q4/23. Capital expenditures during the quarter are related to the purchase of a new compressor in Q4/24.

The total expenditures decreased 92% in year ended 2024 to \$150,959 from \$1,806,139 the same year ended 2023 attributed to finishing the drilling program in Provost.

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

DECOMMISSIONING LIABILITIES

	March 31 2024	March 31 2023
(\$)		
Balance, beginning of the year	1,768,147	1,730,925
Accretion	54,808	32,977
Change in estimates	(285,827)	4,245
Balance, end of year	1,537,128	1,768,147
Less: current portion	118,265	-
Long-term portion	1,418,863	1,768,147

During the year ended March 31, 2024, the total carrying amount of decommissioning decreased to \$1,537,128 from \$1,768,147 at March 31, 2023 due to increases in the risk-free rate.

LONG-TERM DEBT

As at March 31, 2024, total long-term debt was \$Nil.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. At March 31, 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	41,472,958
Stock Options	3,425,000
Warrants	Nil

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, 2024 and 2023 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, 2024	March 31, 2023
	\$	\$
Management salaries	243,750	216,670

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.

	March 31, 2024	March 31, 2023
	\$	\$
Related party payable for services	610,149	173,037

CAPITAL RESOURCES AND LIQUIDITY

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

In order to continue as a going concern and meet the Company commitments and current obligations, the Company will require additional equity financing(s) during the next twelve months. At March 31, 2024, the Company's working capital deficiency was \$2,622,323 (March 31, 2023 - \$3,057,152).

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

The Company has traditionally supplemented equity financing from time to time by obtaining loans from third parties. These were used to provide interim, short-term financing to meet day-to-day cash flow requirements and are not intended to be a long-term source of capital. At March 31, 2024, the Company has notes payable in the amount of \$1,651,931 including accrued interest. 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. Expenditures 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. Operating netback equals total petroleum and natural gas sales, including realized gains and losses on commodity, less royalties, net operating costs and transportation expense and can also be calculated on a per boe basis, which results in them being considered a non-IFRS financial ratio. Operating field netback equals total petroleum and natural gas sales, less royalties, net operating costs and transportation expense. 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".

Quarters ended	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
OPERATING								
Average daily production								
Oil - 76% light/med 24% heavy (BBL/D)	93	85	83	87	106	94	80	86
Natural Gas Liquids (BBL/D)	1	-	2	5	7	5	7	5
Conventional Natural gas ((MCF/D)	18	14	50	230	217	161	154	159
Total BOE (BOE/D)	97	88	93	130	149	126	113	117
Average sales price								
Oil & NGL (\$/BBL)	80.68	81.07	95.84	81.18	72.95	77.05	94.70	121.80
Natural gas (\$/MCF)	2.08	4.11	2.49	2.45	3.49	5.72	4.29	7.38
Total (\$/BOE)	78.07	79.31	87.64	60.37	59.82	68.14	78.24	103.18
Operating netback (\$/BOE)								
Oil & gas sales	78.07	79.31	87.64	60.37	59.82	68.14	78.24	103.18
Royalty expense	6.31	9.77	7.55	3.01	3.35	10.59	13.64	18.12
Operating expense	57.80	50.37	34.69	30.12	25.51	60.80	25.60	55.13
Netback	13.96	19.17	45.40	27.24	30.96	(3.25)	39.00	29.93
FINANCIAL								
Oil & gas sales	688,460	639,476	740,598	715,923	813,449	786,198	801,047	1,099,415
Funds from operations	55,947	273,252	125,193	198,905	298,168	(187,039)	248,977	200,111
Per share - Basic/Diluted	0.00	0.01	0.00	0.00	0.01	(0.00)	0.01	(0.01)
Cash flow from (used in)	159,951	(468,135)	(50,686)	88,327	(619,184)	(93,496)	1,095,502	168,061
Per share – Basic/Diluted	0.00	0.02	(0.01)	0.00	(0.01)	(0.00)	0.03	0.00
Net Income (loss)	93,440	99,884	38,689	1,898	34,541	(381,761)	88,734	71,339
Per share – Basic/Diluted	0.00	0.00	0.00	0.00	0.00	(0.01)	0.00	0.00
Capital expenditures	49,668	20,494	9,192	71,605	228,256	287,081	1,290,802	-
Total Assets	6,055,273	6,267,371	6,571,588	6,938,078	7,040,619	7,551,713	7,782,776	6,947,744
Working capital (deficiency)	(2,622,323)	(2,351,669)	(2,665,997)	(2,794,571)	(3,057,152)	(2,696,624)	(2,053,984)	(1,116,330)
Shareholders' Equity	1,673,618	1,786,310	1,602,423	1,598,734	1,439,707	1,791,451	2,173,214	2,076,979
Shares Outstanding	41,472,958	41,472,958	41,472,958	41,472,958	41,472,958	41,472,958	41,347,958	41,347,958

The most important trend over the last eight quarters has been the decrease in the price of oil from a high of \$121.80 /BBL on Q1 of 2023 to a low of \$72.95/BBL in Q4 of 2023. The price of natural gas from a high of \$7.38/MCF in Q1 of 2023 decreased to \$2.08/MCF in Q4 of 2024. Netbacks per BOE down to \$-3.25/BOE in Q3 of 2023 from \$45.40/BOE in Q2 of 2024 were primarily due to a combination of higher commodity prices and high operating costs.

CRITICAL ACCOUNTING ESTIMATES

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

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

Management relies on the estimate of reserves as prepared by the Company's independent qualified reserves evaluator. The process of estimating reserves is critical to several accounting estimates. The process of estimating reserves is complex and requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing

development and production activities becomes available and as economic conditions impact crude oil and natural gas prices, operating costs, royalty burden changes, and future development costs charges. Reserve estimates impact net income through depreciation and impairment of petroleum and natural gas properties. Revision or changes in the reserve estimates can have either a positive or a negative impact on net income of the Company.

RESERVES ESTIMATES

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

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

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

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

Recoverability of Asset Carrying Values

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

Recoverability of Exploration and Evaluation Assets

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

DECOMMISSIONING 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 decreased to \$1,537,128 as at March 31, 2024 from \$1,768,147 as at March 31, 2023.

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 March 31, 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 \$1,073,803 in accounts payables and payable to trade and related parties at March 31, 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 will continue to increase the Company’s cashflow while providing attractive payouts and return on capital.

In addition, Management is currently reviewing the geological and reservoir engineering evaluations for a number of new development drilling opportunities that exist on the Company’s property. While the Company continues to further examine the overall potential of the project, management remains perceptive and vigilant of the international markets and the domestic commodity pricing environment. Such influences continue to be prudently

reviewed and evaluated prior to any significant capital expenditure with the objective of preserving our reserves and obtaining more favorable pricing for our resources.

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.