

WESCAN ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Revision)

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 August 11, 2023, which includes its subsidiaries, is for the twelve months ended March 31, 2023. 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, 2023 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-2023	FY-2022 (Restated, Note 18)	FY-2021
Financial (\$ except per share amount)			
Petroleum and natural gas revenue	3,500,110	1,496,101	833,698
Cash flow (deficiency) from operations	550,883	(88,239)	(260,307)
Cash flow per share - basic and diluted	0.01	(0.00)	(0.02)
Net income (loss) for the year	(135,585)	60,458	432,809
Net income (loss) per share - basic and diluted	(0.01)	0.00	0.01
Working capital deficit	(2,900,023)	(1,917,988)	(1,946,865)
Total assets	7,040,619	5,828,830	5,328,549
Total shares outstanding at year end	41,472,958	41,347,958	35,359,658
Operations			
Production			
Oil -76% light/med 24% heavy (BBL/D)	91	50	49
Natural Gas Liquids (BBL/D)	6	1	1
Conventional Natural Gas (MCF/D)	174	36	51
Total BOE/D	126	57	59
Product Prices			
Oil (\$/Bbl)	90.25	77.81	43.34
Gas (\$/Mcf)	5.07	4.73	2.30

RESULTS OF OPERATIONS

All financial and operating metrics were higher in 2023 compared to 2022 and for the quarter ended and year ended March 31, 2023, compared to the same periods in 2022. This was a result of the Company completing the drilling and workover programs.

	2023	2022	% Change	2023	2022	% Change
Total BOE						
Oil - 76% light/med 24% heavy (BBL/D)	106	41	159	91	50	82
Natural Gas Liquids (BBL/D)	7	3	133	6	1	500
Conventional Natural Gas (MCF/D)	217	88	147	174	37	370
Total (BOE/D)	149	59	154	126	57	120
Oil & NGL % of Production	76%	75%		77%	89%	

Average production increased by 158% to 116 boe/d in Q4/23 from 45 boe/d in Q4/22. The 158% increase in production due to continuing finishing the drilling and workover programs. For the year ended March 31, 2023, average production was 355 boe/d, an increase of 67% from 213 boe/d average in 2022, also due to successfully completed drilling of the new well and workovers program.

PRICES

	three months ended March 31			Year ended March 31		
	2023	2022	% Change	2023	2022	% Change
Average Benchmark Prices:						
WTI crude oil (US\$/BBL)	77.01	89.23	(14)	91.07	75.16	21
US\$/CDN\$ exchange rate	0.74	0.79	(6)	0.76	0.80	(5)
Bow River crude oil (CDN\$/BBL)	69.81	93.29	(25)	93.86	77.84	21
AECO daily spot (\$/GJ)	3.61	4.89	(26)	5.27	3.90	35
Average Realized Prices:						
Light and medium oil (\$/BBL)	72.95	98.62	(26)	90.25	77.81	16
Natural gas (\$/MCF)	3.49	4.96	(30)	5.07	4.73	7
Average price (\$/BOE)	59.82	79.95	(25)	76.04	72.34	5

WTI crude traded up 21% from an average price of \$75.16 (US\$/BBL) during 2022 to an average price of \$91.07 (\$US/BBL) in 2023. Bow River crude traded up 21% from an average price of \$77.84 (\$CDN/BBL) in 2022 to an average price of \$93.86 (\$CDN/BBL) during 2023. The average daily spot price for AECO natural gas increased 35% from \$3.90/MCF in 2022 to an average price of \$5.27/MCF in 2023.

REVENUE

(\$)	Three months ended March 31			Year ended March 31		
	2023	2022	% Change	2023	2022	% Change
Oil & NGL	742,295	381,419	95	3,179,059	1,433,304	122
Natural Gas	71,154	39,828	79	321,051	62,797	411
Total revenue	813,449	421,247	93	3,500,110	1,496,101	134

Revenue in Q4/23 was \$813,449, an 93% increase from Q4/22 revenue \$421,247 due to an increase in total production by 158% which offset with a 14% decrease in WTI prices and the 25% decrease in AECO daily index prices.

The 134% increase in revenue for the year ended March 31, 2023 compared to the same year ended in 2022, was attributed to the 67% increase in total oil and gas production, a 21% increase in WTI prices, and a 35% increase in AECO prices.

ROYALTY

	Three months ended March 31			Year ended March 31		
	2023	2022	% Change	2023	2022	% Change
Crown Royalties	(3,267)	11,851	(128)	230,040	21,549	968
Freehold Royalties	48,836	33,008	48	270,489	145,175	86
Royalty Expense	45,569	44,859	2	500,529	166,724	200
Royalty Expense as a % of Sales	6%	11%		14%	11%	
Royalty Expense per BOE	3.4	9		11	8	

For this quarter ended, total royalty expense was slightly increase to 2% from \$44,859 in Q4/22 to \$45,569 in Q4/23 to be consistence across the periods. With exception for crown royalties, during Q4/23 there was decrease of 128% from \$11,851 in Q4/22 to (\$3,267) due to crown royalties adjustments relating to GCA recorded for the quarter.

There was average royalty expense 200% increase from \$166,724 in the year ended March 31, 2022 to \$500,529 for the same year ended in 2023 attribute to increase in total oil and gas production by 67% with completion of the drilling and workovers programs. For crown royalties, an increase 968% from \$21,549 in year ended to \$230,040 for the same year ended 2023 was also attributed to increase in gas production by 496%. 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		
	2023	2022	% Change	2023	2022	% Change
Operating costs	345,987	368,454	(6)	1,896,996	953,534	99
Operating costs as a % of Sales	43%	87%		54%	64%	
Operating costs per BOE	26	70		41	46	

Operating costs increased by 99% to \$1,896,996 in year ended 2023 from \$953,534 for the same year ended 2022 mainly due to increase costs in battery turnaround and processing fees. Percentage of revnue changed offset by an increased of 67% in total production from 213 boe/d in year ended 2022 to 355 boe/d same year ended 2023. In Q4 operating expenses decreased over the same period the previous year due cost cutting and lower maintenance due to the battery turnaround in the previous quarters.

Also, IFRS rules require that the cost to re-enter or workover existing wells are to be expensed and not capitalized into property plant and equipment. During the year ended March 31, 2023, the Company expended \$418,180 on well workovers (2022 - \$198,651) on its core property and it offset by increase in total production of 67% as mentioned above. The Company will focus on reducing operating costs into fiscal year of 2024.

GENERAL AND ADMINISTRATIVE EXPENSE ("G&A")

	Three months ended March 31			Year ended March 31		
	2023	2022	Change %	2023	2022	Change %
Gross G&A	152,226	206,476	(26)	570,901	523,031	9
Capitalized G&A	-	-	-	-	-	-
Net G&A expense	152,226	206,476	(26)	570,901	523,031	9
Net G&A expense per BOE	11	39		13	25	

A decrease in 26% in Q4/23 to \$152,226 from \$206,476 Q4/22 mainly due to the reversal of property tax penalties previously charged that were negotiated by the Company.

G&A expenses increased by 9% to \$570,901 for the year ended 2023 compared to \$523,031 for the same year ended 2022 due to increase in accounting and management fees. 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.

FINANCE EXPENSE

	Three months ended March 31			Year ended March 31		
	2023	2022 (Restated note 18)	Change %	2023	2022 (Restated note 18)	Change %
Interest expense ⁽¹⁾	58,605	41,966	-	86,144	42,980	
Total finance expense	58,605	41,966	40	86,144	42,980	100
Total (\$/boe)	4	8		2	2	

1. 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.

Total finance expense for the year ended March 31, 2023 was higher than the same year ended in 2022 due to an increase in principle amount of \$500,000 contributed by a related party.

NETBACKS

(\$ / BOE)	Three months ended March 31			Year ended March 31		
	2023	2022	%	2023	2022	%
			Change			Change
Oil and Natural Gas Sales	59.82	79.95	(25)	76.04	72.34	5
Royalties	(3.35)	(8.51)	(61)	(10.87)	(8.06)	35
Operating costs	(25.51)	(69.93)	(64)	(41.21)	(46.11)	(11)
Operating Netback ⁽¹⁾ (\$/boe)	30.96	1.51	1,950	23.96	18.17	32

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 Q4/23, operating netback increase 1950% to \$30.96/boe from \$1.51/boe for the same period in Q4/22 was attributed to increase total oil and gas production of 158% to 116 boe/d in Q4/23 from 45 boe/d in Q4/22.

Operating netbacks were 32% up from \$18.17/boe in year ended March 31, 2022 to a \$23.96/boe current year 2023 was attributed an increase in total operating costs of 99% and offset by increase total oil and gas production of 67% from 213 boe/d in the year ended 2022 to 355 boe/d same year ended 2023.

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

	Three months ended March 31			Year ended March 31		
	2023	2022	%	2023	2022	%
			Change			Change
DD&A	230,991	39,229		687,189	296,939	
Total	230,991	39,229	489	687,189	296,939	131
DD&A (\$/boe)	17	7		15	14	

The DD&A costs were increase by 131% in year ended 2023 to \$687,189 from \$296,939 same year 2022. The majority of the change is attributed to drilling of the new well increasing the depletable base by \$1.8MM during the year.

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, 2023, 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		
	2023	2022	%	2023	2022	%
			Change			Change
Cash flow from (used in) operating activities	(590,684)	72,395	(916)	550,883	(88,239)	(724)
Changes in non-cash working capital	888,852	(272,503)	(426)	(19,166)	(59,295)	(68)
Funds from operations	298,168	(200,108)	(249)	531,717	(147,534)	(460)
Per share - basic / diluted	0.01	(0.01)		0.01	(0.00)	

Cash flow from operating activities decreased by 916% to (\$480,684) in Q4/23, compared to 72,395 in Q4/22 attributed to drilling and workovers programs.

The funds from operations dictated a surplus \$531,717 in year ended 2023 and a deficit \$147,534 same year 2022 were affected mainly by increasing production in 2023 resulting in higher operating cash flows.

CAPITAL EXPENDITURES

	Three months ended March 31			Year ended March 31		
	2023	2022	% Change	2023	2022	% Change
Land and seismic	-	-		26,669	-	
Drilling and completions	143,931	-		1,674,338	-	
Facilities, pipelines and well equipment	-	-		105,132	-	
Capitalized G&A	-	-		-	-	
Total capital expenditures	143,931	-	100	1,806,139	-	100

The total expenditures increase 100% in Q4/23 to \$143,931 from \$Nil in Q4/22. Capital expenditures during the quarter are related to completing the drilling program in Provost property.

The total expenditures increased 100% in year ended 2023 to \$1,806,139 from \$Nil the same year ended 2022 attributed to drilling program in Provost property.

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, 2023 of \$1,779,470 and \$Nil for the same period in 2022 were over the budgeted costs. Finally, there is no remainder costs for the plan at the year ended March 31, 2023.

DECOMMISSIONING LIABILITIES

(\$)	March 31 2023	March 31 2022
Balance, beginning of the year	1,730,925	1,814,645
Accretion	32,977	33,389
Change in estimates	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

During the year ended March 31, 2023, the total carrying amount of decommissioning increased to \$1,768,147 from \$1,730,925 at March 31, 2022.

LONG-TERM DEBT

As at March 31, 2023, 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, 2023 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	2,750,000
Warrants	Nil

RELATED PARTY TRANSACTIONS AND BALANCES

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:

	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

Payable to related parties

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

	March 31, 2023 (Restated note)	March 31, 2022
	\$	\$
Notes payable ⁽¹⁾	1,562,707	976,563
Related party payable for services	193,718	179,498
	1,756,425	1,156,061

1. Management determined that the recorded amount of accrued interest on the notes payable (Leo Berezan) 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 notes are due on demand, bears interest between 7% and 9% per annum and are unsecured. The notes payable for the year ended March 31, 2023 was higher than the same year ended in 2022 due to an increase in principle amount of \$500,000 contributed by a related party (Leo Berezan).

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, 2023, the Company's working capital deficiency was \$2,900,023 (March 31, 2022 (Restated) - \$1,917,988).

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, 2023, the Company has notes payable owing to related parties in the amount of \$1,562,707 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".

SUMMARY OF QUARTERLY INFORMATION

Quarters ended	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
OPERATING								
Average daily production								
Oil - 76% light/med 24% heavy (BBL/D)	105	94	80	86	41	45	54	59
Natural Gas Liquids (BBL/D)	7	5	7	5	3	2	-	-
Conventional Natural gas ((MCF/D)	37	161	154	159	86	53	3	3
Total BOE (BOE/D)	149	126	113	117	58	55	54	59
Average sales price								
Oil & NGL (\$/BBL)	72.95	77.05	94.7	121.8	98.62	79.13	72.22	67.57
Natural gas (\$/MCF)	3.49	5.72	4.29	7.38	4.96	4.38	-	0
Total (\$/BOE)	59.82	68.14	78.24	103.18	79.95	69.59	72.22	67.57
Operating netback (\$/BOE)								
Oil & gas sales	59.82	68.14	78.24	103.18	79.95	69.59	72.22	67.57
Royalty expense	3.35	10.59	13.64	18.12	8.51	7.68	8.62	7.46
Operating expense	25.51	60.80	25.60	55.13	69.93	57.96	30.99	25.13
Netback	30.96	(3.25)	39.00	29.93	1.51	3.95	32.61	34.98
FINANCIAL								
Oil & gas sales	813,449	786,198	801,047	1,099,415	421,247	357,665	358,123	359,066
Funds from operations	298,168	(187,039)	248,977	200,111	(200,108)	(82,423)	38,052	96,945
Per share - Basic/Diluted	0.01	(0.00)	0.01	(0.01)	(0.00)	(0.00)	0.00	0.00
Cash flow from (used in)	(590,684)	(93,496)	1,095,502	166,188	72,395	(101,631)	14,690	(73,693)
Per share - Basic/Diluted	(0.01)	(0.00)	0.03	0.00	0.00	(0.00)	0.00	(0.00)
Net Income (loss)	86,103	(381,761)	88,734	71,339	347,663	(236,721)	(53,642)	3,158
Per share - Basic/Diluted	0.00	(0.01)	0.00	0.00	0.01	(0.01)	(0.00)	0.00
Capital expenditures								
Total Assets	7,040,619	7,551,713	7,782,776	6,947,744	5,828,830	5,057,659	5,120,521	5,191,481
Working capital (deficiency)	(2,900,023)	(2,696,624)	(2,053,984)	(1,116,330)	(1,917,988)	(1,772,874)	(1,788,360)	(1,825,257)
Shareholders' Equity	1,596,836	1,791,451	2,173,214	2,076,979	1,399,921	1,070,290	1,130,214	1,182,167
Shares Outstanding	41,472,958	41,472,958	41,347,958	41,347,958	41,347,958	36,347,958	31,359,658	35,359,658

The most important trend over the last eight quarters has been the increase in the price of oil from a high of \$121.80/BBL on Q1 of 2022 to a low of \$67.57/BBL in Q1 of 2021. The price of natural gas from a low of \$nil/MCF in Q1 2021, increased to \$5.72/MCF in Q3 2022. Netbacks per BOE down to \$1.51 in Q4 of 2022 from \$39.00 in Q2 of 2022 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 increased to \$1,768,147 as at March 31, 2023 from \$1,730,925 as at March 31, 2022.

ASSET RETIREMENT OBLIGATIONS

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

FINANCIAL INSTRUMENT RISK

Significant sources of financial instrument risk are detailed as follows:

Interest Rate Risk

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

Currency Risk

The Company currently generates revenue from a natural gas well in the USA. Changes in the U.S. denominated value of the Canadian dollar 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, 2023 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 \$2,052,929 in accounts payables and payable to trade and related parties at March 31, 2023 and insufficient cash on hand to satisfy those debts should they be demanded. The Company is seeking equity financing(s) in order to obtain additional liquidity to mitigate and resolve this risk.

IMPACT OF COVID-19

In March 2020, the World Health Organization declared a world-wide pandemic resulting from the coronavirus (COVID-19) outbreak. As the disease rapidly spread across the globe, many countries have required companies to limit or suspend business operations, implemented travel restrictions and ordered individuals to stay at home. These measures have materially impacted the demand for the Company’s oil and gas products. The current lack of global demand combined with over-supply of oil has resulted in a significant decrease in spot and forward oil prices.

The Company makes significant estimates related to reserves that could be materially impacted by a sustained decrease in prices of our products. To estimate the economically recoverable crude oil reserves and related future

net cash flows, management incorporates many factors and assumptions including the expected reserve characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized petroleum properties and for impairment purposes. If lower commodity prices continued for a sustained period, our expectations of future commodity prices could lower the value of our reserves and result in material impairments of our long-term assets.

The COVID-19 pandemic is rapidly evolving and its ultimate impact on our business is uncertain. At this point, management cannot reasonably estimate the duration, complexity, or severity of this pandemic, which could have a material adverse impact on the Company's business, results of operations, financial position and cash flows.

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.