

**WESCAN ENERGY CORP.**  
**CONDENSED INTERIM**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**SECOND QUARTER REPORT**

**For the six months ended**

**September 30, 2025**

(Expressed in Canadian Dollars)

(Unaudited)

**NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of Management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

**WesCan Energy Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
Expressed in Canadian Dollars – unaudited)

	Notes	September 30, 2025	March 31, 2025
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash		\$ 123,535	\$ 19,204
Trade and other receivables	5	400,428	275,067
Prepaid expenses and deposits		25,295	54,839
<b>Total current assets</b>		<b>549,258</b>	<b>349,110</b>
<b>NON-CURRENT ASSETS</b>			
Right-of-use asset	7	85,438	97,941
Oil and gas properties	6	6,556,483	5,396,366
<b>TOTAL ASSETS</b>		<b>\$ 7,191,179</b>	<b>\$ 5,843,417</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		\$ 566,418	\$ 533,903
Notes payable	9	1,159,347	596,636
Decommissioning obligation	10	162,632	162,632
Lease liabilities	7	-	37,579
<b>Total current liabilities</b>		<b>1,888,397</b>	<b>1,330,750</b>
<b>NON-CURRENT LIABILITIES</b>			
Notes payable	9	2,421,566	1,333,895
Decommissioning obligations	10	1,910,564	1,882,014
<b>TOTAL LIABILITIES</b>		<b>6,220,527</b>	<b>4,546,659</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	14,602,132	14,602,132
Equity reserves	11	1,898,616	1,881,026
Deficit		(15,530,096)	(15,186,400)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>970,652</b>	<b>1,296,758</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 7,191,179</b>	<b>\$ 5,843,417</b>

**Going concern (note 1)**  
**Contingencies (note 15)**

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

“Leo Berezan”  
Leo Berezan, Director

“Sarshar Ahmad”  
Sarshar Ahmad, Director

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

**WesCan Energy Corp.**  
**Condensed Interim Consolidated Statements of Comprehensive Income**  
**For the three and six months ended**  
(Expressed in Canadian Dollars – unaudited)

	Notes	Three Months Ended September 30		Six Months Ended September 30	
		2025	2024	2025	2024
<b>REVENUE</b>					
Petroleum and natural gas sales		\$ 790,371	\$ 1,062,373	\$ 1,464,976	\$ 2,220,618
Less: royalties		(106,832)	(144,467)	(186,942)	(265,650)
Revenues, net of royalties		<b>683,539</b>	917,906	<b>1,278,034</b>	1,954,968
<b>EXPENSES</b>					
Operating costs		460,819	751,927	863,833	1,566,705
Depletion, depreciation and accretion	6, 10	221,927	232,534	420,649	478,200
General and administrative		83,911	130,213	170,592	184,635
<b>TOTAL EXPENSES</b>		<b>766,657</b>	1,114,674	<b>1,455,074</b>	2,229,540
<b>OTHER INCOME (EXPENSE)</b>					
Finance and interest expense	7, 9	(91,973)	(42,242)	(149,066)	(120,093)
Gain on settlements		-	103,557	-	103,557
Stock-based compensation	11	(17,590)	-	(17,590)	-
<b>TOTAL OTHER INCOME (EXPENSES)</b>		<b>(109,563)</b>	61,315	<b>(166,656)</b>	(16,536)
<b>NET INCOME AND COMPREHENSIVE INCOME</b>					
		<b>(192,681)</b>	(135,453)	<b>(343,696)</b>	(291,108)
<b>Basic and diluted earnings per share</b>					
		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
<b>Weighted average number of common shares</b>					
		<b>44,622,958</b>	44,622,958	<b>44,622,958</b>	44,622,958

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

**WesCan Energy Corp.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**For the three and six months ended**  
(Expressed in Canadian Dollars – unaudited)

<b>September 30, 2025</b>					
	<u>Share Capital</u>		Equity Reserves	Deficit	Total
	Number of Shares	Amount \$			
<b>Balance at March 31, 2025</b>	44,622,958	14,602,132	1,881,026	(15,186,400)	1,296,758
Stock-based compensation (note 11)	-	-	17,590	-	17,590
Net loss for the period	-	-	-	(343,696)	(343,696)
<b>Balance at June 30, 2025</b>	44,622,958	14,602,132	1,898,616	(15,530,096)	970,652
<b>September 30, 2024</b>					
	<u>Share Capital</u>		Equity Reserves	Deficit	Total
	Number of Shares	Amount \$			
<b>Balance at March 31, 2024</b>	41,472,958	14,365,882	1,694,167	(14,386,431)	1,673,618
Private placement issued (note 11)	3,150,000	236,250	-	-	236,250
Net loss for the period	-	-	-	(291,108)	(291,108)
<b>Balance at June 30, 2024</b>	44,622,958	14,602,132	1,694,167	(14,677,539)	1,618,761

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

**WesCan Energy Corp.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the three and six months ended**  
(Expressed in Canadian Dollars – unaudited)

	Notes	Three Months Ended September 30		Six Months Ended September 30	
		2025	2024	2025	2024
<b>OPERATING</b>					
Net income and comprehensive income		\$ (192,681)	\$ (135,453)	\$ (343,696)	\$ (291,108)
Adjustments for:					
Depletion, depreciation and accretion	6,10	221,927	232,534	420,649	478,200
Stock-based compensation		17,590	-	17,590	-
Gain on settlements		-	(103,557)	-	(103,557)
Interest expense	7,9	91,973	42,242	149,066	120,093
Cash provided by (used in) operating activities		<b>138,809</b>	35,766	<b>243,609</b>	203,628
<b>CHANGE IN NON-CASH WORKING CAPITAL</b>					
Trade and other receivables		(188,194)	99,617	(125,361)	(115,657)
Prepaid expenses and deposits		78,733	24,322	29,544	(220)
Trade and other payables		(200,073)	(323,115)	(116,551)	5,819
Cash provided by (used in) operating activities		<b>(170,725)</b>	(163,410)	<b>31,241</b>	93,570
<b>INVESTING</b>					
Expenditures on oil and gas properties	6	(1,524,964)	(74,013)	(1,539,713)	(150,689)
Cash used in investing activities		<b>(1,524,964)</b>	(74,013)	<b>(1,539,713)</b>	(150,689)
<b>FINANCING</b>					
Private placement issued		-	236,250	-	236,250
Lease payments	7	(14,179)	-	(37,579)	-
Proceeds from notes payable	9	2,000,000	-	2,000,000	-
Proceeds from (payments to ) note payable	9	(166,915)	(92,046)	(349,618)	(92,046)
Cash provided by financing activities		<b>1,818,906</b>	144,204	<b>1,612,803</b>	144,204
Change in cash		<b>123,217</b>	(93,219)	<b>104,331</b>	87,085
Cash, beginning of year		<b>318</b>	200,113	<b>19,204</b>	19,809
Cash, end of year		\$ <b>123,535</b>	\$ 106,894	\$ <b>123,535</b>	\$ 106,894

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

**WesCan Energy Corp.**  
**Notes to the Consolidated Financial Statements**  
**For the Three and Six months ended September 30, 2025 and 2024**  
**(Expressed in Canadian Dollars)**

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**1. REPORTING ENTITY AND GOING CONCERN**

**Reporting entity**

WesCan Energy Corp. (“WesCan” or the “Company”) changed its name from Great Pacific International Inc. effective October 4, 2012. WesCan was incorporated on November 4, 1993 under the Business Corporations Act (Alberta), Canada. WesCan is a junior public resource company in the business of oil and gas exploration, development and production with oil and gas operations and property interests in Alberta, Canada and Texas, U.S.A. The common shares of WesCan trade on the TSX Venture Exchange (“TSX-V”) under the symbol WCE. The Company’s registered office and mailing address is located at 3 Bears paw Meadows Court, Calgary, AB T3L 2N2.

**Going concern**

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

As at and for the period ended September 30, 2025 the Company has a working capital deficiency of \$1,339,139 (2024- \$2,735,589), net loss of \$343,696 (2024 - net loss of \$291,108) and an accumulated deficit of \$15,530,096 since inception. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Accordingly, external financing will be required in order for the Company to continue as a going concern. In order to continue as a going concern, meet property payment, participation and lease obligations, discharge all liabilities, and meet all commitments the Company will need to raise additional funds through debt or equity financing during the next fiscal year.

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

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

**2. BASIS OF PRESENTATION**

**Basis of presentation**

a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee. These consolidated financial statements were authorized for issuance by the Board of Directors on November 28, 2025.

b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, and stock-based compensation which is initially measured at fair value.

c) Functional and presentation currency:

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

**WesCan Energy Corp.**  
**Notes to the Consolidated Financial Statements**  
**For the Three and Six months ended September 30, 2025 and 2024**  
**(Expressed in Canadian Dollars)**

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**2. BASIS OF PRESENTATION (Continued)**

d) Significant accounting estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

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

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

Significant judgments

*Determination of cash-generating units (“CGU”)*

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

*Deferred taxes*

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

*Going concern*

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

*Fair Value of Note Payable*

The fair value of the notes payable, on initial recognition, is estimated using valuation techniques, which use inputs that are subject to significant measurement uncertainty. The discount rate used in this valuation considers factors such as, the Company’s credit risk, rates charged to comparable companies, the terms of the notes and the economic environment. The valuation is subjective and can materially affect the fair value of the instrument.

*Stock-based compensation*

The stock-based compensation associated with the stock option agreement is measured at the grant date by using Black-Scholes option pricing model to determine fair value. The Black-Scholes model uses subjective estimates, in particular, the expected rate of volatility over the life of the option and forfeiture rates, which can materially affect the fair value estimate. The key assumptions used to derive the fair value of the stock-based compensation are the detailed in Note 12 to the financial statements.

*Impairment indicators*

The carrying amounts of the Company’s petroleum properties are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any.

Significant estimates and assumptions

*Reserves and future development costs*

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

**WesCan Energy Corp.**  
**Notes to the Consolidated Financial Statements**  
**For the Three and Six months ended September 30, 2025 and 2024**  
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**2. BASIS OF PRESENTATION (Continued)**

*Decommissioning obligations*

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

*Recoverability of assets*

The recoverable amount of an asset is evaluated at the cash-generating unit level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use.

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

*Provision for expected credit losses*

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

*Stock-based compensation*

The Company has a stock option plan whereby employees (including officers), directors and consultants of the Company receive remuneration in the form of stock options granted under the plan for rendering services to the Company. Stock options granted during the year are accounted for in accordance with the fair value method of accounting for stock-based payments. The fair value for these options is estimated at the date of grant using the Black-Scholes Option Pricing Model. The Company is also required to estimate the expected future forfeiture rate of options in its calculation of stock-based payments. The cost of options is recognized, together with a corresponding increase in stock-based payment reserves, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant option holder becomes fully entitled to the award (the "vesting date"). The cumulative expense recognized for option grants at each reporting date until the vesting date reflects the portion of the vesting period that passed and the Company's best estimate of the number of options that will ultimately vest on the vesting date. The Company records stock-based compensation expense and stock-based payment reserves for all stock options granted which represents the movement in cumulative expense recognized as at the beginning and end of that period. Any consideration received on the exercise of stock options is credited to capital stock.

Where the terms of a stock option award are modified, the minimum expense recognized in stock-based payment reserve is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the option or is otherwise beneficial to the option holder as measured at the date of modification.

Where an option is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately.

**Cash**

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

**Joint arrangements**

Several of the Company's oil and natural gas activities involve joint arrangements. Although the Company does not have joint control in these arrangements, it does have rights to the related assets and obligations for the related liabilities.

**WesCan Energy Corp.**  
**Notes to the Consolidated Financial Statements**  
**For the Three and Six months ended September 30, 2025 and 2024**  
**(Expressed in Canadian Dollars)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION**

Therefore, the Company has accounted for its interests in these arrangements as joint operations. These consolidated financial statements include the Company's proportionate interest in these joint arrangements and its proportionate share of the relevant revenue and related costs.

**Foreign currency translation**

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

**Exploration and evaluation assets**

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

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

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

**Impairment of exploration and evaluation assets and oil and gas properties**

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

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

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

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

**WesCan Energy Corp.**  
**Notes to the Consolidated Financial Statements**  
**For the Three and Six months ended September 30, 2025 and 2024**  
**(Expressed in Canadian Dollars)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Oil and gas properties**

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

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

**Depreciation and depreciation**

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

**Leases**

A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A recognized lease includes a right-of-use ("ROU") asset and a lease liability on the consolidated statement of financial position. The ROU asset is measured at the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to dismantle and remove or restore the asset or the site on which the asset is located, less any lease payments made at or before the commencement date and any lease incentives received. ROU assets are subsequently measured at cost less accumulated amortization and impairment losses. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

**Decommissioning provision**

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

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

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

**WesCan Energy Corp.**  
**Notes to the Consolidated Financial Statements**  
**For the Three and Six months ended September 30, 2025 and 2024**  
**(Expressed in Canadian Dollars)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Revenue recognition**

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

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

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

**Earnings (loss) per share**

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

**Segment reporting**

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

**Financial Instruments**

Measurement – initial recognition

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

Classification – financial assets

**Amortized cost**

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

*Fair value through other comprehensive income ("FVTOCI")*

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

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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

The Company currently has no financial assets designated as FVTOCI.

*Fair value through profit or loss ("FVTPL")*

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

Derecognition of financial assets

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

Impairment of financial assets

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

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

Classification – financial liabilities

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

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

Modification and extinguishment of financial liabilities

A financial liability is derecognized when the obligation is discharged, cancelled, or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially different, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are not material, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified, it is considered to be extinguished and a gain or loss is recognized in the consolidated statements of income (loss) and comprehensive income (loss) based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in the consolidated statements of income (loss) and comprehensive income (loss).

**4. NEW AND PROPOSED ACCOUNTING PRONOUNCEMENTS**

The Company adopted the amendments to IAS 1 Presentation of Financial Statements, to clarify its requirements for the presentation of liabilities as current or non-current in the statements of financial position. The effective date of adoption was April 1, 2024. The adoption has not had a material impact on disclosures or amounts reported in these consolidated financial statements.

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**5. TRADE AND OTHER RECEIVABLES**

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

	<b>September 30, 2025</b>	March 31, 2025
Trade receivables from oil and gas property operators	\$ 399,968	\$ 273,306
Input taxes recoverable	460	1,761
<b>Total</b>	<b>\$ 400,428</b>	<b>\$ 275,067</b>

**6. OIL AND GAS PROPERTIES**

**Cost**

As at March 31, 2024	\$ 9,988,434
Addition to oil and gas properties	150,689
Change in estimates of decommissioning obligations (note 9)	447,146
<b>As at March 31, 2025</b>	<b>\$ 10,586,269</b>

Addition to oil and gas properties	1,539,713
<b>As at September 30, 2025</b>	<b>\$ 12,125,982</b>

**Depletion, depreciation and impairment**

As at March 31, 2024	\$ (4,358,996)
Depletion and depreciation	(830,907)

As at March 31, 2025	(5,189,903)
Depletion and depreciation	(379,596)

<b>As at September 30, 2025</b>	<b>\$ (5,569,499)</b>
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**Net book value**

As at March 31, 2025	\$ 5,396,366
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<b>As at September 30, 2025</b>	<b>\$ 6,556,483</b>
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At September 30, 2025, future development costs of \$3,000,000 (2024 - \$30,000) were included in the depletion calculation.

At March 31, 2025 and March 31, 2024, the Company did not identify indicators of impairment or reversal of previous impairments.

**7. RIGHT-OF-USE ASSET AND LEASE LIABILITIES**

During the year ended March 31, 2023, the Company entered into a lease agreement for a compressor. The lease has a term of 18 months and was discounted at 15.0%. Subsequent to the lease the Company retains ownership of the asset, therefore the asset is amortized over an expected five-year useful life.

The following table summarizes the Company's right-of-use asset and lease liabilities:

<b>Right-of-use asset</b>	<b>\$</b>
Balance, March 31, 2025	97,941
Amortization	(12,503)
<b>Balance, September 30, 2025</b>	<b>85,438</b>

<b>Lease liabilities</b>	<b>\$</b>
Balance, March 31, 2025	37,579
Interest	1,133
Repayments	(38,712)
<b>Balance, September 30, 2025</b>	<b>-</b>
Current portion of lease liabilities	-
Non-current portion of lease liabilities	-

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**8. 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 period ended September 30, 2025 and 2024 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 it key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

	<b>September 30,</b>	March 31, 2025
Management salaries	\$ -	\$ -
Stock-based compensation	<b>17,590</b>	169,872
Consulting fees	<b>70,000</b>	80,925
<b>Total</b>	<b>\$ 87,590</b>	\$ 250,797

During the period ended September 30, 2025 the Company issued 1,000,000 stock options (2024 – \$nil) to directors and senior officers. Accordingly, the Company recorded an amount of \$17,590 (2024 - \$nil) as stock-based compensation for the period ended September 30, 2025.

**9. NOTES PAYABLE**

The following table summarizes the Company's notes payable:

	<b>September 30, 2025</b>	March 31, 2025
Balance, beginning of the period	\$ <b>1,930,531</b>	\$ 1,651,931
Advances	<b>2,000,000</b>	648,458
Repayments	<b>(497,263)</b>	(605,678)
Interest expense	<b>147,645</b>	235,820
<b>Balance, end of period</b>	<b>\$ 3,580,913</b>	\$ 1,930,531
Current portion	<b>1,159,347</b>	596,636
Non-current portion	<b>2,421,566</b>	1,333,895

**Related party notes payable**

As at March 31, 2024, the Company had short-term notes payable to related parties. The notes were due on demand, bear non-compounding interest between 7.0% and 9.0% per annum and were unsecured.

On May 15, 2024, the Company amended the terms of its related party notes payable and related party payable. The amended related party notes payable bear interest of 12.0%, are secured, and are repayable over three years. As a result of the amendment, the Company concluded that the prior related party notes payable and related party payable were substantially modified, resulting in an extinguishment of the previous financial liabilities and recognition of a new financial liability. The resulting gain (loss) on extinguishment was \$nil (2024 - \$nil).

During the period ended September 30, 2025, interest expense relating to the related party notes payable totaled \$147,645 (2024 - \$120,093).

**Non-related party notes payable**

Non-related party notes are due on demand, bear non-compounding interest of 10.0% per annum and are unsecured.

During the year ended March 31, 2025, interest expense relating to the non-related party notes payable totaled \$1,000 (2024 - \$1,000).

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**10. DECOMMISSIONING OBLIGATIONS**

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

	September 30, 2025	March 31, 2025
Balance, beginning of the year	\$ 2,044,646	\$ 1,537,128
Accretion	28,550	60,372
Change in estimates (note 6)	-	447,146
<b>Balance, end of period</b>	<b>\$ 2,073,196</b>	<b>\$ 2,044,646</b>
Less: current portion	162,632	162,632
<b>Long-term portion</b>	<b>\$ 1,910,564</b>	<b>\$ 1,882,014</b>

The following assumptions were used to estimate the decommissioning obligations:

	March 31, 2025	March 31, 2024
Undiscounted cash flows	\$4,041,066	\$3,196,308
Risk-free rate	2.46% to 3.23%	3.48% to 4.27%
Inflation rate	2.00%	2.00%
Expected timing of cash flows	1 to 20 years	1 to 20 years

**11. SHARE CAPITAL**

Shares authorized, issued and outstanding at September 30, 2025 and 2024 are as follows:

**a) Authorized**

An unlimited number of common shares without par value.

An unlimited number of preferred shares without par value.

**b) Issued**

On September 11, 2024 the Company completed a non-brokered private placement of common shares issuing 3,150,000 at a price of \$0.075 per common share for gross proceeds of \$236,250.

**c) Equity reserves**

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

**d) Stock options**

The Company has established a stock option plan under which it may grant stock options totaling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to officers, directors, regular employees and persons providing investor-relations or

consulting services up to a limit of 5% and 2% respectively of the Company's total number of issued and outstanding shares per year. The option price must be greater or equal to the discounted market price on the grant date and the option expiry date cannot exceed 10 years from the grant date. The stock options vest immediately on the date of the grant or over a period of time as determined by the Board of Directors.

On April 17, 2024, the Company granted 3,300,000 stock options to the directors, officers and consultants of the Company. The stock options vested, one third immediately, one third October 17, 2024 and one third April 17, 2025 at an exercise price of \$0.06 per common share. The options are exercisable until April 17, 2029. For the year end March 31, 2025, the Company recorded \$186,859 as stock-based compensation expense.

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**11. SHARE CAPITAL (Continued)**

On July 21, 2025, the Company granted 1,000,000 stock options to the directors, officers and consultants of the Company. The stock options vested, one third immediately, with an additional one third vesting on the six month anniversary of the date of grant and the final one third vesting on the first anniversary of the date of grant at an exercises price of \$0.08 per common share. The options are exercisable until July 21, 2030. For the period end September 30, 2025, the Company recorded \$17,590 as stock-based compensation expense.

The Company uses the Black-Scholes option pricing model to estimate the fair value for all stock-based compensation. The assumptions used in this pricing model, and the resulting fair values per option, for the stock options granted during the period ended September 30, 2025, are as follows:

Risk-free interest rate	3.05%
Expected life	5 years
Expected volatility	142%
Expected dividend yield	0%
Expected forfeiture rate	0%
<b>Fair value per option</b>	<b>\$0.05</b>

A summary of stock options cancelled, granted and exercised during the period ended September 30, 2025 and March 31, 2025 is as follows:

	September 30, 2025		March 31, 2025	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	3,325,000	\$ 0.06	25,000	\$ 0.06
Granted	1,000,000	0.08	3,300,000	0.06
<b>Balance, end of period</b>	<b>4,325,000</b>	<b>\$ 0.06</b>	<b>3,325,000</b>	<b>\$ 0.06</b>

A summary of stock options outstanding and exercisable at September 30, 2025 is as follows:

Weighted average exercise Price	Date of Grant	Expiry Date	Outstanding	Exercisable	Weighted average remaining life
\$ 0.06	September 29, 2021	September 29, 2026	25,000	25,000	0.01 years
\$ 0.06	April 17, 2024	April 17, 2029	3,300,000	2,200,000	2.42 years
\$ 0.08	July 21, 2025	July 21, 2030	1,000,000	1,000,000	1.49 years

**e) Earnings (loss) per share**

The diluted earnings per share calculation includes the impact of all warrants and stock options outstanding during the year. During the period ended September 30, 2025 all warrants and stock options have been excluded from the calculation of diluted shares outstanding as they would be anti-dilutive.

During the period ended September 30, 2025, 4,300,000 stock options have been excluded in the calculation of diluted shares outstanding as they were out of the money and considered anti-dilutive.

	September 30, 2025	March 31, 2025
Weighted average common shares		
Basic	44,622,958	43,207,616
Diluted	44,622,958	43,207,616

**12. CONTINGENT PAYMENT OBLIGATION**

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

During the year ended March 31, 2025, the Company paid \$273,324 (2024 - \$166,163) to Newcrest under the GOR.

**13. FINANCIAL INSTRUMENTS**

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

Financial instruments, consisting of trade and other receivables, trade and other payables, balances payable to related parties and convertible loans payable are recorded at amortized cost. Cash and cash equivalents are recorded at fair value using Level 1 measurements.

	Financial instrument classification	September 30, 2025		March 31, 2025	
		Carrying Value	Estimated Fair value	Carrying Value	Estimated Fair value
<b>Financial assets</b>					
Cash	FVTPL	<b>123,535</b>	<b>123,535</b>	19,204	19,204
Trade and other receivables	Amortized cost	<b>400,428</b>	<b>400,428</b>	275,067	275,067
<b>Financial liabilities</b>					
Trade and other payables	Amortized cost	<b>566,418</b>	<b>566,418</b>	533,903	533,903
Notes payable	Amortized cost	<b>3,580,913</b>	<b>3,580,913</b>	1,930,531	1,930,531

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

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date for similar assets and liabilities.

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

Assets measured at fair value on a recurring basis were presented on the Company’s consolidated statement of financial position as of September 30, 2025 and 2024 are as follows:

		Quoted Prices in Active Markets			Total
		For Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Balance at September 30, 2025</b>					
Cash	\$ 123,535	123,535	-	-	\$ 123,535
<b>Balance at September 30, 2024</b>					
Cash	\$ 106,894	106,894	-	-	\$ 106,894

*Credit risk*

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

**13. FINANCIAL INSTRUMENTS (Continued)**

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

The carrying amount of trade and other receivables and cash and cash equivalents represents the maximum credit exposure. The Company has an allowance for expected credit losses of \$nil as at September 30, 2025 (2024 – \$10,160).

Capital market risk and liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company aims to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company faces material liquidity risk in that it has approximately \$4,147,331 in accounts payable and related party notes payable which are overdue at September 30, 2025, a working capital deficiency of \$1,339,139 and insufficient cash on hand to satisfy its debts should they be demanded (see Note 1).

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

The following table details the contractual maturities of the Company's financial liabilities as at September 30, 2025:

	Due in 1-3 months	Due in 4-12 months	Due in 1-2 years	Due in >2 years	Total
Trade and other payables	566,418	-	-	-	566,418
Notes payable	276,991	882,356	1,306,381	1,115,185	3,580,913
	<b>843,409</b>	<b>882,356</b>	<b>1,306,381</b>	<b>1,115,185</b>	<b>4,147,331</b>

Interest rate risk

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

Commodity price risk

The Company is exposed to material oil and gas commodity price risk. A relative decrease in the price of oil and gas would reduce the Company's cash flows, reduce the realizable market value of the Company's oil and gas assets, reduce the Company's economic reserves, and make it more difficult for the Company to raise the equity capital required to meet its commitments and carry out its development-stage business plans. Management has assessed that the Company's degree of exposure to commodity price risk is material, but consistent with oil and gas business operations.

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

As the Company did not have any derivatives contracts in place as at September 30, 2025, a 5% change in commodity prices for oil and gas would result in an increase or decrease in oil and gas sales of approximately \$39,500 based on historical production volumes.

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

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*Foreign exchange risk*

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

*Concentration risk*

During the period ended September 30, 2025, the Company generated approximately 99% (2023 – 99%) of its petroleum and natural gas sales from one customer.

**14. CAPITAL MANAGEMENT**

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

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

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

The Company's capital management plan seeks to ensure adequate resources are available to fund its activities through the balance of the current fiscal year. A significant measure used in assessing capital adequacy is thus the expected number of days of operations that can be funded from current working capital. Capital levels are deemed sufficient if they can fund the balance of the annual exploration season and development goals and fund corporate overhead expenses in the near term. The Company lacks sufficient capital to carry out development or fund its corporate overhead expenses through the period ended September 30, 2025. Management must seek one or more equity financings to finance activities in the future periods. Additional capital raised will be invested primarily in oil and gas exploration and development activities.

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

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

**15. CONTINGENCIES**

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