

## WESCAN ENERGY CORP.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of WesCan Energy Corp. ("WesCan" or the "Company") dated **July 14th, 2025**, which includes its subsidiaries, is for the twelve months ended March 31, 2025. 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, 2025 together with the documents filed on SEDAR, including historical financial statements and MD&A. These documents are available at [www.sedar.com](http://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-2025	FY-2024	FY-2023
<b>Financial (\$ except per share amount)</b>			
Petroleum and natural gas revenue	4,034,886	2,784,458	3,500,110
Cash flow (deficiency) from operations	587,164	(270,543)	550,883
Cash flow per share - basic and diluted	0.01	(0.01)	0.01
Net income (loss) for the year	(799,969)	233,911	(135,585)
Net income (loss) per share - basic and diluted	(0.02)	0.01	(0.01)
Working capital deficit	(981,640)	(2,622,323)	(2,900,023)
Total assets	5,843,417	6,055,273	7,040,619
Total shares outstanding at year end	44,622,958	41,472,958	41,472,958
<b>Operations</b>			
<b>Production</b>			
Oil -76% light/med 24% heavy (BBL/D)	120	87	91
Natural Gas Liquids (BBL/D)	5	2	6
Conventional Natural Gas (MCF/D)	129	79	174
Total BOE/D	146	102	126
<b>Product Prices</b>			
Oil (\$/Bbl)	88.81	84.50	90.25
Gas (\$/Mcf)	0.93	2.51	5.07

## RESULTS OF OPERATIONS

All financial and operating metrics were moderately higher in 2025 compared to 2024 and for the quarter ended and year ended March 31, 2025, compared to the same periods in 2024. This was a result of combining higher commodity prices and increased in oil and gas productions.

	Three months ended March 31			Year ended March 31		
	2025	2024	% Change	2025	2024	% Change
<b>PRODUCTION</b>						
Total BOE						
Oil - 76% light/med 24% heavy (BBL/D)	103	93	11	120	87	38
Natural Gas Liquids (BBL/D)	5	1	400	5	2	150
Conventional Natural Gas (MCF/D)	140	18	678	129	79	63
Total (BOE/D)	131	97	35	147	102	43
Oil & NGL % of Production	82%	97%		85%	87%	

Average production increased by 35% to 131 boe/d in Q4/25 from 97 boe/d in Q4/24. The 35% increase in production due to the 2024 workovers. For the year ended March 31, 2025, average production was 147 boe/d, an increase of 44% from 102 boe/d average in 2024, due to production increased from the workovers in 2024.

## PRICES

	Three months ended March 31			Year ended March 31		
	2025	2024	% Change	2025	2024	% Change
<b>Average Benchmark Prices:</b>						
WTI crude oil (US\$/BBL)	71.55	74.72	(4)	74.09	81.58	(9)
US\$/CDN\$ exchange rate	0.69	0.75	(8)	0.72	0.74	(3)
Bow River crude oil (CDN\$/BBL)	86.30	71.50	21	84.82	81.51	4
AECO daily spot (\$/GJ)	2.57	1.84	40	1.46	2.35	(38)
<b>Average Realized Prices:</b>						
Light and medium oil (\$/BBL)	87.53	80.68	8	88.81	84.50	5
Natural gas (\$/MCF)	1.60	2.08	(23)	0.93	2.51	(63)
Average price (\$/BOE)	72.41	78.07	(7)	75.48	74.87	1

WTI crude traded down 9% from an average price of \$81.58 (US\$/BBL) during 2024 to an average price of \$74.09 (\$US/BBL) in 2025. Bow River crude traded up 4% from an average price of \$81.51 (\$CDN/BBL) in 2024 to an average price of \$84.82 (\$CDN/BBL) during 2025. The average daily spot price for AECO natural gas decreased 38% from \$2.35/MCF in 2024 to an average price of \$1.46/MCF in 2025.

## REVENUE

(\$)	Three months ended March 31			Year ended March 31		
	2025	2024	% Change	2025	2024	% Change
Oil & NGL	840,714	684,515	23	3,991,335	2,712,297	47
Natural Gas	20,379	3,945	417	43,551	72,161	(40)
Total revenue	861,093	688,460	25	4,034,886	2,784,458	45

Revenue in Q4/25 was \$861,093, a 25% increase from Q4/24 revenue \$688,460. When comparing Q4/25 to Q4/24, the increase in liquids was a result of both increased production and commodity price. The increase in natural gas revenue was solely attributable to higher production, enabled by the installation of compression infrastructure in 2024.

The 45% increase in revenue for the year ended March 31, 2025 compared to the same year ended in 2024, was attributed to the 43% increase in total oil and gas production, a 9% decrease in WTI prices, and a 38% decrease in AECO prices and increase in gas production.

## ROYALTIES

	Three months ended March 31			Year ended March 31		
	2025	2024	% Change	2025	2024	% Change
Crown Royalties	31,424	22,905	37	210,298	67,754	210
Freehold Royalties	67,054	32,752	105	273,323	166,163	64
Royalty Expense	98,478	55,657	77	483,621	233,917	107
Royalty Expense as a % of Sales	11%	8%		12%	8%	
Royalty Expense per BOE	\$ 8.00	\$ 6.00		\$ 9.00	\$ 6.00	

For this quarter ended, total royalty expense increased by 77% from \$55,657 in Q4/24 to \$98,478 in Q4/25. With exception for crown royalties, during Q4/25 there was increase of 37% from \$31,424 in Q4/25 from \$22,905 in Q4/24 due to increase in gas production.

Royalty expense increased 107% from \$233,917 in the year ended March 31, 2024 to \$483,621 for the same year ended in 2025 attributed to an increase in total oil and gas production 43% combine with higher commodity prices. For crown royalties, a 210% increase from \$67,754 in 2024 to \$210,298 for the year ended 2025 was also attributed to increase in production, higher commodity prices. 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		
	2025	2024	% Change	2025	2024	% Change
Operating expense	657,818	431,408	52	2,351,891	1,307,061	80
Workover expenses	-	40,148	(100)	274,203	101,932	169
Total operating costs	657,818	471,556	39	2,626,094	1,408,993	86
Operating costs as a % of Revenue	76%	74%		65%	56%	
Operating costs per BOE	\$ 55.00	\$ 58.00		\$ 49.00	\$ 42.00	

Total operating costs increased by 86% to \$2,626,094 in year ended 2025 from \$1,408,993 for the same year ended 2024 primarily due to increase in production along with maintenance and workovers costs. In Q4, operating expenses increased over the same period the previous year due to maintenance compared to previous quarters.

During the year ended March 31, 2025, the Company expended \$274,203 on well workovers (2024 - \$101,932) on its core property. The Company will focus on reducing operating costs into fiscal year of 2025.

## GENERAL AND ADMINISTRATIVE EXPENSE ("G&A")

	Three months ended March 31			Year ended March 31		
	2025	2024	% Change	2025	2024	% Change
Gross G&A	128,180	99,022	29	399,971	479,175	(17)
Net G&A expense per BOE	\$ 10.78	\$ 11.23		\$ 7.48	\$ 12.88	

The 29% increase in Q4 2025 general and administrative expenses to \$128,180 from \$99,022 in Q4 2024 was primarily due to management fees now being charged to the Company. On a full-year basis, G&A expenses decreased by 17% to \$399,971 for the year ended 2025, compared to \$479,175 in 2024, reflecting the elimination of management salaries and the implementation of cost control measures. The Company does not capitalize any general and administrative expenses.

## INTEREST AND FINANCE EXPENSE

Interest expense is generated entirely by the notes payable. These amounts bear interest of 12%, are secured and mature within three years in 2028.

## FINANCE EXPENSE

	Three months ended March 31			Year ended March 31		
	2025	2024	% Change	2025	2024	% Change
Interest expense	64,916	22,184	-	248,206	99,446	
Total finance expense	64,916	22,184	193	248,206	99,446	150
Total (\$/boe)	\$ 5.46	\$ 2.86		\$ 4.64	\$ 2.67	

Total finance expense for the year ended March 31, 2025 increased from the same year ended in 2024 due to increased debt.

## NETBACKS

(\$ / BOE)	Three months ended March 31			Year ended March 31		
	2025	2024	% Change	2025	2024	% Change
Oil and Natural Gas Sales	72.41	78.07	(7)	75.48	74.87	1
Royalties	(8.28)	(6.31)	31	(9.05)	(6.29)	44
Operating costs	(55.32)	(57.80)	(4)	(49.12)	(42.11)	17
Operating Netback <sup>(1)</sup> (\$/boe)	8.81	13.96	(37)	17.31	26.47	(35)

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 Q4/25, operating netback decrease 37% to \$8.81/boe from \$13.96/boe for the same period in Q4/24 was attributed to an increase in operating costs relating to workovers and compressor repairs.

Operating netbacks were 35% down from \$26.47/boe in year ended March 31, 2024 to a \$17.31/boe current year 2025 was attributed an increase in total royalties costs of 44% and offset by increase total oil and gas production of 44% from 102 boe/d in the year ended 2024 to 147 boe/d same year ended 2025.

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

	Three months ended March 31			Year ended March 31		
	2025	2024	% Change	2025	2024	% Change
DD&A	215,267	97,757		916,284	557,592	
Total	215,267	97,757	120	916,284	557,592	64
DD&A (\$/boe)	\$ 18.10	\$ 11.09		\$ 17.14	\$ 14.99	

Depletion, depreciation, and amortization (DD&A) expenses increased by 64% to \$916,284 for the year ended 2025, compared to \$557,592 in 2024. The increase is primarily attributable to a reallocation of capital expenditures from the depletable base to probable reserves, as well as higher production volumes during the current period.

## 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, 2025, 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		
	2025	2024	% Change	2025	2024	% Change
Cash flow from (used in) operating activities	370,506	159,951	132	587,164	(270,543)	(317)
Changes in non-cash working capital	(119,686)	(104,004)	15	(61,964)	923,840	(107)
Funds from operations	250,820	55,947	348	525,200	653,297	(20)
Per share - basic / diluted	0.01	0.00		0.01	0.02	

Cash flow from operating activities increased by 132% to 370,506 in Q4/25, compared to \$159,951 in Q4/24 attributed to finishing drilling and workovers programs.

The funds from operations dictated a surplus \$525,200 in year ended 2025 and a surplus \$653,297 same year 2024 were affected mainly by gain on settlement and increasing production in 2025 resulting lower operating cash flows.

## CAPITAL EXPENDITURES

	Three months ended March 31			Year ended March 31		
	2025	2024	% Change	2025	2024	% Change
Land and seismic	-	-		74,013	132	
Drilling and completions	-	11,772		-	92,021	
Facilities, pipelines and well equipment	-	37,230		76,676	58,806	
Total capital expenditures	-	49,002	(100)	150,689	150,959	(0)

The total expenditures decrease 100% in Q4/25 to nil from \$49,002 in Q4/24. The total expenditures had no change in year ended 2025 to \$150,689 from \$150,959 the same year ended 2024 attributed to finishing the drilling program in Provost.

(\$)	March 31 2025	March 31 2024
Balance, beginning of the year	1,537,128	1,768,147
Accretion	60,372	54,808
Change in estimates	447,146	(285,827)
Balance, end of year	2,044,646	1,537,128
Less: current portion	162,632	118,265
Long-term portion	1,882,014	1,418,863

During the year ended March 31, 2025, the total carrying amount of decommissioning increased to \$2,044,646 from \$1,537,128 at March 31, 2024 due to a revision of future estimated costs.

#### **LONG-TERM DEBT**

As at March 31, 2025, total long-term debt was \$1,333,895. These amounts bear interest of 12%, are secured and mature within three years in 2028.

#### **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, 2025 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	<b>44,662,958</b>
Stock Options	<b>3,325,000</b>
Warrants	<b>Nil</b>

#### **RELATED PARTY TRANSACTIONS AND BALANCES**

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

Related party transactions and balances entered into during the years ended March 31, 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 its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

	March 31, 2025	March 31, 2024
	\$	\$
Management salaries	-	243,750
Stock-Based Compensation	169,872	-
Consulting Fees	80,925	-
<b>Total</b>	<b>250,797</b>	<b>243,750</b>

During the year ended March 31, 2025 the Company issued 3,000,000 stock options (2024 – nil) to directors and senior officers. Accordingly, the Company recorded an amount of \$169,872 (2024 – \$nil) as stock-based compensation for the year ended March 31, 2025.

#### **Payable to related parties**

Balances due to related parties consists of amounts owing to officers, directors (or to persons related to them or companies controlled by them) for services, travel expenses, and advances. These amounts are non-interest bearing, unsecured and due on demand.

	March 31, 2025	March 31, 2024
	\$	\$
Related party payable for services	-	610,149

#### **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, 2025, the Company’s working capital deficiency was \$981,640 (March 31, 2024 - \$2,622,324).

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, 2025, the Company has notes payable in the amount of \$1,930,531 including accrued interest. These amounts bear interest of 12%, are secured and mature within three years in 2028.

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

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

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

- a. Funds from operations (Capital Management Measure) - funds flow is calculated by taking cash-flow from operating activities on a periodic basis and adding back changes in non-cash working capital, expenditures on decommissioning obligations and transaction costs. Expenditures on decommissioning obligations may vary from period to period depending on capital programs and the maturity of the Company’s operating areas. Funds flow and cash flow from (in used) per share is calculated using the same weighted average basic and diluted shares that are used in calculating income (loss) per share, which results in the measure being considered a non-IFRS financial ratio.
- b. Operating costs, Operating Netback and Operating Field Netback (Non-IFRS Financial Measures, and Non-IFRS Financial Ratios if calculated on a per boe basis) - Management uses certain industry benchmarks, such as net operating costs, operating netback and operating field netback, to analyze financial and operating performance. Operating netback equals total petroleum and natural gas sales, including realized gains and losses on commodity, less royalties, net operating costs and transportation expense and can also be calculated on a per boe basis, which results in them being considered a non-IFRS financial ratio. Operating field netback equals total petroleum and natural gas sales, less royalties, net operating costs and transportation expense. These metrics can also be calculated on a per boe basis. Management considers operating netback and operating field netback important measures to evaluate WesCan’s operational performance, as it demonstrates field level profitability relative to current commodity prices. The calculation of the Company’s netbacks can be seen in the section titled “Operating Netback

Quarters ended	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>OPERATING</b>								
Average daily production								
Oil - 76% light/med 24% heavy (BBL/D)	103	119	129	131	93	85	83	87
Natural Gas Liquids (BBL/D)	5	4	5	4	1	-	2	5
Conventional Natural gas ((MCF/D)	140	129	149	98	18	14	50	230
Total BOE (BOE/D)	131	144	159	152	97	88	93	130
Average sales price								
Oil & NGL (\$/BBL)	86.04	83.30	86.61	93.41	80.68	81.07	95.84	81.18
Natural gas (\$/MCF)	1.60	0.97	0.23	0.96	2.08	4.11	2.49	2.45
Total (\$/BOE)	72.41	71.79	73.31	83.94	78.07	79.31	87.64	60.37
Operating netback (\$/BOE)								
Oil & gas sales	72.41	71.79	73.31	83.94	78.07	79.31	87.64	60.37
Royalty expense	8.28	9.00	9.97	8.78	6.31	9.77	7.55	3.01
Operating expense	55.32	50.89	51.89	59.05	57.80	50.37	34.69	30.12
Netback	8.81	11.90	11.45	16.11	13.96	19.17	45.40	27.24
<b>FINANCIAL</b>								
Oil & gas sales	861,093	953,175	1,062,373	1,158,245	688,460	639,476	740,598	715,923
Funds from operations	250,820	70,752	35,766	167,862	55,947	273,252	125,193	198,905
Per share - Basic/Diluted	0.01	0.00	0.00	0.00	0.00	0.01	0.00	0.00
Cash flow from (used in)	370,506	110,727	(163,410)	256,980	159,951	(468,135)	(50,686)	88,327
Per share – Basic/Diluted	0.01	0.00	(0.00)	0.01	0.00	0.02	(0.01)	0.00
Net Income (loss)	(293,599)	(215,262)	(135,453)	(155,655)	93,440	99,884	38,689	1,898
Per share – Basic/Diluted	(0.01)	(0.00)	(0.00)	(0.00)	0.00	0.00	0.00	0.00
Capital expenditures	-	-	74,013	76,676	49,668	20,494	9,192	71,605
Total Assets	5,843,417	5,689,488	5,969,036	6,325,560	6,055,273	6,267,371	6,571,588	6,938,078
Working capital (deficiency)	(981,640)	(2,379,694)	(2,387,249)	(2,632,390)	(2,622,323)	(2,351,669)	(2,665,997)	(2,794,571)
Shareholders' Equity	1,296,758	1,403,498	1,618,761	1,521,089	1,673,618	1,786,310	1,602,423	1,598,734
Shares Outstanding	44,622,958	44,622,958	44,622,958	41,472,958	41,472,958	41,472,958	41,472,958	41,472,958

The most important trend over the last eight quarters has been the decrease in the price of oil from a high of \$95.84 /BBL on Q2 of 2024 to a low of \$80.68/BBL in Q4 of 2024. The price of natural gas from a high of \$4.11/MCF in Q3 of 2024 decreased to \$0.23/MCF in Q2 of 2025. Netbacks per BOE down to \$8.81/BOE in Q4 of 2025 from \$45.40/BOE in Q2 of 2024 were primarily due to a combination of lower 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 \$2,044,646 as at March 31, 2025 from \$1,537,128 as at March 31, 2024.

### **ASSET RETIREMENT OBLIGATIONS**

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

### **FINANCIAL INSTRUMENT RISK**

Significant sources of financial instrument risk are detailed as follows:

#### **Interest Rate Risk**

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

#### **Currency Risk**

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

The Company is exposed to foreign currency risk on its U.S dollar denominated assets and financial liabilities. At March 31, 2025 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 \$2,464,434 in accounts payables and payable to trade and related parties at March 31, 2025 and insufficient cash on hand to satisfy those debts should they be demanded. The Company is seeking equity financing(s) to obtain additional liquidity to mitigate and resolve this risk.

### ***OUTLOOK***

Management continues to focus its attention on the future development and exploitation of our core property and is confident that the underlying reserves will capture the future growth potential of the property. With the on-going focus of identifying low cost optimization projects and the re-activation of shut-in wells, such efforts will continue to increase the Company's cashflow while providing attractive payouts and return on capital.

In addition, Management is currently reviewing the geological and reservoir engineering evaluations for a number of new development drilling opportunities that exist on the Company's property. While the Company continues to further examine the overall potential of the project, management remains perceptive and vigilant of the international markets and the domestic commodity pricing environment. Such influences continue to be prudently reviewed and evaluated prior to any significant capital expenditure with the objective of preserving our reserves and obtaining more favorable pricing for our resources.

### ***BARRELS of OIL EQUIVALENT***

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