**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 August 25th, 2026 for the three months ended June 30, 2026. 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 financial statements at March 31, 2026 together with the documents filed on SEDAR, including historical financial statements and MD&A. These documents are available at www.sedar.com.**

## DESCRIPTION OF BUSINESS

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

## RESULTS OF OPERATIONS

All financial and operating metrics were moderately higher in 2026 compared to 2025 and for the quarter ended and year ended March 31, 2026, compared to the same periods in 2025. This was a result of combining higher commodity prices and increased in oil and gas productions.

**PRODUCTION**

| | Three months ended June 30 | | |
|---|---|---|---|
| | 2026 | 2025 | % Change |
| Total BOE | | | |
| Oil - 76% light/med 24% heavy (BBL/D) | 176 | 94 | 87 |
| Natural Gas Liquids (BBL/D) | 4 | 5 | (20) |
| Conventional Natural Gas (MCF/D) | 175 | 148 | 18 |
| Total (BOE/D) | 209 | 124 | 69 |
| Oil & NGL % of Production | 86% | 80% | |

Average production increased 69% to 209 boe/d in Q1/27 (Q1/26 - 124 boe/d), attributed to Provost 15-27-38-3 well increase in production with commodity prices increased in the period ended June 30, 2026.

**PRICES**

| | Three months ended June 30 | | |
|---|---|---|---|
| | 2026 | 2025 | % Change |
| **Average Benchmark Prices:** | | | |
| WTI crude oil (US$/BBL) | 98.07 | 64.32 | 52 |
| US$/CDN$ exchange rate | 0.73 | 0.72 | 1 |
| Bow River crude oil (CDN$/BBL) | 114.52 | 74.93 | 53 |
| AECO daily spot ($/GJ) | 1.57 | 1.66 | (5) |
| **Average Realized Prices:** | | | |
| Light and medium oil ($/BBL) | 122.68 | 73.21 | 68 |
| Natural gas ($/MCF) | 1.16 | 1.25 | (7) |
| Average price ($/BOE) | 105.33 | 60.08 | 75 |

WTI crude traded up 52% from an average price of $64.32 (US$/BBL) during 2025 to an average price of $98.07 ($US/BBL) in 2026. Bow River crude traded up 53% from an average price of $74.93 ($CDN/BBL) in 2025 to an average price of $114.52 ($CDN/BBL) during 2026. The average daily spot price for AECO natural gas decreased 5% from $1.66/MCF in 2025 to an average price of $1.57/MCF in 2026.

**REVENUE**

| | Three months ended June 30 | | |
|---|---|---|---|
| ($) | 2026 | 2025 | % Change |
| Oil & NGL | 1,984,833 | 657,718 | 202 |
| Natural Gas | 18,405 | 16,887 | 9 |
| Total revenue | 2,003,238 | 674,605 | 197 |

### Revenue

Petroleum and natural gas revenue increased 197% to $2,003,238 (2025 - $674,605) due to combination of increase in production and commodity prices during the period ended June 30, 2026.

The Company's 29° API medium-gravity crude is trucked to market to capture WTI-based pricing; realized oil prices averaged $122.68/bbl (2025 - $73.21/bbl), and production remained approximately 98% weighted to oil and liquids.

**ROYALTIES**

| | Three months ended June 30 | | |
|---|---|---|---|
| | 2026 | 2025 | % Change |
| Crown Royalties | 88,810 | 32,699 | 172 |
| Freehold Royalties | 234,519 | 47,410 | 395 |
| Royalty Expense | 323,329 | 80,109 | 304 |
| Royalty Expense as a % of Sales | 16% | 12% | |
| Royalty Expense per BOE | $ 17.00 | $ 7.00 | |

### Royalties

For the quarter ended, total royalties expense increased 304% to $323,329 (2025 - $80,109) due to increase in oil production.

Freehold royalties increased 395% to $234,519 (2025 - $47,410) as the new well brought on freehold production, Crown royalties also increased 172% to $88,810 (2025 - $32,699) as a larger share of production came from freehold lands; no Crown royalty incentive or holiday applied. Royalties were $17.00/boe (2025 - $7.00/boe). The Company expects royalties as a percentage of revenue to fluctuate with commodity prices and the freehold/Crown mix.

**OPERATING EXPENSE**

| | Three months ended June 30 | | |
|---|---|---|---|
| | 2026 | 2025 | % Change |
| Operating expense | 573,279 | 388,644 | 48 |
| Workover expenses | 34,666 | 14,370 | 100 |
| Total operating costs | 607,945 | 403,014 | 51 |
| Operating costs as a % of Revenue | 30% | 60% | |
| Operating costs per BOE | $ 32.00 | $ 36.00 | (11) |

### Operating Costs

Operating costs increased 51% to $607,945 (2025 - $403,014) and fell 11% per boe to $32.00/boe (2025 – $36.00/boe) - the largest contributor to the period's netback expansion that contributed by 69% increase of production.

The Company's oil is trucked to market — a deliberate trade of higher transportation cost for WTI-based realizations. Management continues to focus on field-level cost optimization and the re-activation of shut-in wells into fiscal 2027.

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

| | Three months ended June 30 | | |
|---|---|---|---|
| | 2026 | 2025 | % Change |
| Gross G&A | 109,612 | 86,681 | 26 |
| Net G&A expense per BOE | $ 5.76 | $ 7.72 | |

An increase in 26% in Q1/27 to $109,612 from $86,681 Q1/26 due engineering project studies in potential shut-in wells. The Company does not capitalize any G&A expenses.

**INTEREST AND FINANCE EXPENSE**

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

**FINANCE EXPENSE**

| | Three months ended June 30 | | |
|---|---|---|---|
| | 2026 | 2025 | % Change |
| Interest expense | 86,848 | 57,093 | - |
| Total finance expense | 86,848 | 57,093 | 52 |
| Total ($/boe) | $ 4.57 | $ 5.08 | |

Total finance expense increased to $86,848 for the period ended June 30, 2026 (2025 - $57,093), reflecting higher average borrowings under the Company's notes payable, which bear interest of 7% to 9% per annum.

**NETBACKS**

| | Three months ended June 30 | | |
|---|---|---|---|
| ($ / BOE) | 2026 | 2025 | % Change |
| Oil and Natural Gas Sales | 105.33 | 60.08 | 75 |
| Royalties | (17.00) | (7.13) | 138 |
| Operating costs | (31.97) | (35.89) | (11) |
| Operating Netback [(1)] ($/boe) | 56.36 | 17.06 | 230 |

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

### Operating Netback

Operating netback expanded 230% to $56.36/boe (2026 - $17.06/boe). The improvement was primary contributing an increase of 87% in oil production and controlling operating costs related to workovers and regular maintenance programs comparing quarter ended in 2026.

Higher netbacks and volumes lifted funds from operations 918% to $962,351 (2025 – $104,800) and cash flow from operating activities 244% to $695,749 (2025 - $201,966).

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

| | Three months ended June 30 | | |
|---|---|---|---|
| | 2026 | 2025 | % Change |
| DD&A | 307,224 | 198,722 | |
| Total | 307,224 | 198,722 | 55 |
| DD&A ($/boe) | $ 16.15 | $ 17.00 | |

The DD&A costs increased by 55% in period ended 2027 to $307,224 from $198,722 same period 2026. Most of the change is attributed to increase in production and capital requirements changing for probable reserves from the depletable base reserves.

### Reserves

The Company's reserves were independently evaluated by McDaniel & Associates Consultants Ltd. effective March 31, 2026 using forecast prices and costs. Proved developed producing reserves increased to 264.8 MBOE (2025 – 259.9 MBOE), approximately 107% of the year's production, as the Provost well converted approximately 108 MBOE from proved undeveloped to producing. Total proved reserves were 396.8 MBOE and proved plus probable reserves were 497.5 MBOE; on a total basis reserves declined modestly as annual production exceeded new bookings. Reserves are reported in accordance with NI 51-101.

### 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 June 30, 2026, the Company did not identify indicators of impairment or reversal of previous impairments.

**FUNDS FROM OPERATIONS**

| | Three months ended June 30 | | |
|---|---|---|---|
| ($ except per share amount) | 2026 | 2025 | % Change |
| Cash flow from (used in) operating activities | 695,749 | 201,966 | 244 |
| Changes in non-cash working capital | 266,602 | (97,166) | (374) |
| Funds from operations | 962,351 | 104,800 | 818 |
| Per share - basic / diluted | $ 0.02 | $ 0.00 | |

Cash flow from operating activities increased by 244% to 695,749 in Q1/27, compared to $201,966 in Q1/26 attributed to increase in production from the Provost 15-27-38-3.

Funds from operations increased to $962,351 in the period ended June 30, 2026 (2025 – $104,800), driven by higher production from the new well and lower operating costs per boe.

**CAPITAL EXPENDITURES**

| | Three months ended June 30 | | |
|---|---|---|---|
| | 2026 | 2025 | % Change |
| Land and seismic | 63,774 | - | |
| Drilling and completions | - | - | |
| Facilities, pipelines and well equipment | - | 14,749 | |
| Total capital expenditures | 63,774 | 14,749 | 332 |

The total expenditures increase 332% in Q1/27 to 63,774 from $14,749 in Q1/26 attributed to purchase leases and seismics in area of Provost.

**DECOMMISSIONING LIABILITIES**

| | June 30 | March 31 |
|---|---|---|
| ($) | 2026 | 2026 |
| Balance, beginning of the year | 1,939,802 | 2,044,646 |
| Accretion | 16,529 | 67,428 |
| Change in estimates | - | (172,272) |
| Balance, end of year | 1,956,331 | 1,939,802 |
| Less: current portion | 162,632 | 162,632 |
| Long-term portion | 1,793,699 | 1,777,170 |

During the quarter ended June 30, 2026, the total carrying amount of decommissioning increased to $1,956,331 from $1,939,802 same period due to increases in the risk-free rate.

**LONG-TERM DEBT**

As at June 30, 2026, total long-term debt was $Nil.

**OUTSTANDING SHARE DATA**

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. At June 30, 2026 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 | **45,147,958** |
| Stock Options | **2,250,000** |
| Warrants | **Nil** |

**RELATED PARTY TRANSACTIONS AND BALANCES**

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

Related party transactions and balances entered into during the quarter ended June 30, 2026 and 2025 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:

| | June 30, 2026 | March 31, 2026 |
|---|---|---|
| | $ | $ |
| Stock-Based Compensation | - | 52,770 |
| Consulting Fees | 37,800 | 145,075 |
| **Total** | 37,800 | 197,845 |

During the year ended March 31, 2026 the Company issued 1,000,000 stock options (2025 – 3,000,000) to directors and senior officers. Accordingly, the Company recorded an amount of $52,770 (2025 - $169,872) as stock-based compensation for the year ended March 31, 2026.

**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.

| | June 30, 2026 | March 31, 2026 |
|---|---|---|
| | $ | $ |
| Related party payable for services | - | - |

**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's commitments and current obligations, the Company will require additional equity financing(s) during the next twelve months. At June 30, 2026, the Company's working capital deficiency was $829,637 (March 31, 2026 - $1,341,723).

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 June 30, 2026, the Company has notes payable in the amount of $3,277,092 including accrued interest. These loans are due on demand and bear interest between 7% and 9% per annum and are unsecured.

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

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

This document contains the terms "operating costs", "operating netback" and "operating field netback", which are

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

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

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

**SUMMARY OF QUARTERLY INFORMATION**

| | 2027 | 2026 | | | 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| **Quarters ended** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** |
| **OPERATING** | | | | | | | | |
| Average daily production | | | | | | | | |
| Oil - 76% light/med 24% heavy (BBL/D | 176 | 180 | 192 | 112 | 94 | 103 | 119 | 129 |
| Natural Gas Liquids (BBL/D) | 4 | 4 | 6 | 5 | 5 | 5 | 4 | 5 |
| Conventional Natural gas ((MCF/D) | 175 | 166 | 163 | 63 | 148 | 140 | 129 | 149 |
| Total BOE (BOE/D) | 209 | 211 | 225 | 128 | 123 | 131 | 144 | 159 |
| Average sales price | | | | | | | | |
| Oil & NGL ($/BBL) | 121.24 | 85.06 | 71.17 | 73.87 | 73.21 | 86.04 | 83.30 | 86.61 |
| Natural gas ($/MCF) | 1.16 | 1.60 | 1.87 | 0.35 | 1.25 | 1.60 | 0.97 | 0.23 |
| Total ($/BOE) | 105.33 | 75.18 | 63.91 | 68.00 | 60.08 | 72.41 | 71.79 | 73.31 |
| Operating netback ($/BOE) | | | | | | | | |
| Oil & gas sales | 105.33 | 75.18 | 63.91 | 68.00 | 60.08 | 72.41 | 71.79 | 73.31 |
| Royalty expense | 17.00 | 13.39 | 8.82 | 9.19 | 7.13 | 8.28 | 9.00 | 9.97 |
| Operating expense | 31.97 | 29.18 | 26.87 | 39.65 | 35.89 | 55.32 | 50.89 | 51.89 |
| Netback | 56.36 | 32.61 | 28.22 | 19.16 | 17.06 | 8.81 | 11.90 | 11.45 |
| FINANCIAL | | | | | | | | |
| Oil & gas sales | 2,003,238 | 1,444,082 | 1,323,001 | 790,371 | 674,605 | 861,093 | 953,175 | 1,062,373 |
| Funds from operations | 962,351 | 495,020 | 492,548 | 138,809 | 104,800 | 250,820 | 70,752 | 35,766 |
| Per share - Basic/Diluted | 0.02 | 0.01 | 0.01 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 |
| Cash flow from (used in) | 695,749 | 779,456 | 253,356 | (170,725) | 201,966 | 370,506 | 110,727 | (163,410) |
| Per share – Basic/Diluted | 0.02 | 0.02 | 0.01 | (0.00) | 0.00 | 0.01 | 0.00 | (0.00) |
| Net Income (loss) | 568,279 | (118,017) | 9,067 | (192,681) | (151,015) | (293,599) | (215,262) | (135,453) |
| Per share – Basic/Diluted | 0.01 | (0.00) | 0.00 | (0.00) | (0.00) | (0.01) | (0.00) | (0.00) |
| Capital expenditures | 63,774 | 1,696,563 | 1,542,513 | 1,524,964 | 14,749 | - | - | 74,013 |
| Total Assets | 6,730,081 | 6,595,187 | 6,861,177 | 7,191,179 | 5,641,189 | 5,843,417 | 5,689,488 | 5,969,036 |
| Working capital (deficiency) | (829,637) | (1,341,723) | (1,263,009) | (1,339,139) | (1,021,038) | (981,640) | (2,379,694) | (2,387,249) |
| Shareholders' Equity | 1,496,658 | 896,879 | 997,309 | 970,652 | 1,145,743 | 1,296,758 | 1,403,498 | 1,618,761 |
| Shares Outstanding | 45,147,958 | 44,622,958 | 44,622,958 | 44,622,958 | 44,622,958 | 44,622,958 | 44,622,958 | 44,622,958 |

The most important trend over the last eight quarters has been the increase in the price of oil from a low of $71.71 /BBL on Q3 of 2026 to a high of $121.24/BBL in Q1 of 2027. The price of natural gas from a high of $1.60/MCF in Q4 of 2026 decreased to $0.23/MCF in Q2 of 2025. Netbacks per BOE up to $56.36/BOE in Q1 of

2027 from $8.81/BOE in Q4 of 2025 were primarily due to a combination of higher commodity prices and low 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 amounts of oil and gas assets. WesCan cautions users of this information that the process of estimating crude oil and natural gas reserves is subject to a level of uncertainty. The reserves are based on current and forecast economic and operating conditions, therefore, changes can be made to future assessments as a result of a number of factors, which can include commodity prices, new technology, changing economic conditions and future

reservoir performance and forecast development activity.

**Recoverability of Asset Carrying Values**

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

**Recoverability of Exploration and Evaluation Assets**

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

**DECOMMISSIONING PROVISION**

Decommissioning liabilities are the present value of management's estimate of future costs to be incurred to properly abandon and reclaim the Company's properties. Accretion expense is the increase in the decommissioning liabilities resulting from the passage of time. Decommissioning liabilities decreased to $1,956,331 as at June 30, 2026 from $1,939,802 as at March 31, 2026.

**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 June 30, 2026 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 $3,277,092 in accounts payable and notes payable at June 30, 2026 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***

Fiscal 2026 established a repeatable, oil-weighted development play at Provost. Building on the multilateral horizontal well brought on production during the year — which converted approximately 108 MBOE from proved undeveloped to producing — WesCan intends to advance its de-risked development inventory, supported by a newly acquired 3D seismic trade license and an additional half section (approximately 320 acres) of acreage. Management has identified one follow-up multilateral locations and is finalizing its fiscal 2027 program.

For fiscal 2027, the Company is targeting average production of 325 boe/d and a capital budget of approximately $1.7M, focused on one development well. WesCan will continue to prioritize field-level cost control, the re-activation of shut-in wells, and strengthening its financial position, while remaining disciplined on capital allocation given commodity-price and financing conditions. Certain statements in this section are forward-looking; see “Forward-Looking Statements.”

***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.