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 17, 2026 for the twelve months ended March 31, 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.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	FY-2026	FY-2025	FY-2024
Financial ($ except per share amount)			
Petroleum and natural gas revenue	4,232,059	4,034,886	2,784,458
Cash flow (deficiency) from operatons	1,064,053	587,164	(270,543)
Cash flow per share - basic and diluted	0.02	0.01	(0.01)
Net income (loss) for the year	(452,649)	(799,969)	233,911
Net income (loss) per share - basic and diluted	(0.01)	(0.02)	0.01
Working capital deficit	(1,341,720)	(981,640)	(2,622,323)
Total assets	6,595,187	5,843,417	6,055,273
Total shares outstanding at year end	44,622,958	44,622,958	41,472,958

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 March 31			Year ended March 31		
	2026	2025	% Change	2026	2025	% Change
Total BOE						
Oil - 76% light/med 24% heavy (BBL/D)	180	103	75	144	120	20
Natural Gas Liquids (BBL/D)	4	5	(20)	5	5	-
Conventional Natural Gas (MCF/D)	166	140	19	135	129	5
Total (BOE/D)	212	131	61	172	147	17
Oil & NGL % of Production	87%	82%		87%	85%	

Average production increased 61% to 212 boe/d in Q4/26 (Q4/25 – 131 boe/d), reflecting the new Provost well brought on production during the year. For the year ended March 31, 2026, average production was 172 boe/d, an increase of approximately 17% from 146 boe/d in 2025.

PRICES

	Three months ended March 31			Year ended March 31		
	2026	2025	% Change	2026	2025	% Change
Average Benchmark Prices:						
WTI crude oil (US$/BBL)	63.56	71.55	(11)	63.68	74.09	(14)
US$/CDN$ exchange rate	0.73	0.69	6	0.72	0.72	-
Bow River crude oil (CDN$/BBL)	63.99	86.30	(26)	68.25	84.82	(20)
AECO daily spot ($/GJ)	2.15	2.57	(16)	1.64	1.46	12
Average Realized Prices:						
Light and medium oil ($/BBL)	85.79	87.53	(2)	77.38	88.81	(13)
Natural gas ($/MCF)	1.60	1.60	-	1.44	0.93	55
Average price ($/BOE)	75.18	72.41	4	67.43	75.48	(11)

WTI crude traded down 14% from an average price of $74.09 (US$/BBL) during 2025 to an average price of $63.68 ($US/BBL) in 2026. Bow River crude traded down 20% from an average price of $84.82 ($CDN/BBL) in 2025 to an average price of $68.25 ($CDN/BBL) during 2026. The average daily spot price for AECO natural gas increased 12% from $1.46/MCF in 2025 to an average price of $1.64/MCF in 2026.

REVENUE

	Three months ended March 31			Year ended March 31		
($)	2026	2025	% Change	2026	2025	% Change
Oil & NGL	1,420,007	840,714	69	4,160,920	3,991,335	4
Natural Gas	24,075	20,379	18	71,139	43,551	63
Total revenue	1,444,082	861,093	68	4,232,059	4,034,886	5

Revenue

Petroleum and natural gas revenue increased 5% to $4,232,059 (2025 – $4,034,886) as a 17% increase in production from the Provost 15-27-38-3 well more than offset a 14% decline in benchmark WTI prices — approximately a $702,000 volume gain partly offset by a $505,000 price reduction.

The Company's 29° API medium-gravity crude is trucked to market to capture WTI-based pricing; realized oil prices averaged $77.38/bbl (2025 – $88.81/bbl), and production remained approximately 87% weighted to oil and liquids.

ROYALTIES

	Three months ended March 31			Year ended March 31		
	2026	2025	% Change	2026	2025	% Change
Crown Royalties	24,141	31,424	(23)	115,284	210,298	(45)
Freehold Royalties	233,051	67,054	248	511,394	273,323	87
Royalty Expense	257,192	98,478	161	626,678	483,621	30
Royalty Expense as a % of Sales	18%	11%		15%	12%	
Royalty Expense per BOE	$ 13.00	$ 8.00		$ 10.00	$ 9.00	

Royalties

Total royalties increased 30% to $626,678 (2025 – $483,621), rising to 14.8% of revenue (2025 – 12.0%), reflecting a shift in production mix toward the Provost 15-27-38-3 well, which is located on freehold lands (a small portion of which is subject to a gross overriding royalty).

Freehold royalties increased 87% to $511,394 (2025 – $273,323) as the new well brought on freehold production, while Crown royalties decreased 45% to $115,284 (2025 – $210,298) as a larger share of production came from freehold lands; no Crown royalty incentive or holiday applied. [CONFIRM whether any prior-period Crown royalty adjustments or gas cost allowance affected the Crown line.] Royalties were $9.99/boe (2025 – $9.05/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 March 31			Year ended March 31		
	2026	2025	% Change	2026	2025	% Change
Operating expense	551,792	657,818	(16)	1,893,250	2,351,891	(20)
Workover expenses	8,743	-	100	87,279	274,203	(68)
Total operating costs	560,535	657,818	(15)	1,980,529	2,626,094	(25)
Operating costs as a % of Revenue	39%	76%		47%	65%	
Operating costs per BOE	$ 29.00	$ 55.00		$ 32.00	$ 49.00	

Operating Costs

Operating costs decreased 25% to $1,980,529 (2025 – $2,626,094) and fell 36% per boe to $31.56/boe (2025 – $49.12/boe) — the largest contributor to the year's netback expansion. The improvement reflected fixed-cost absorption, as incremental production from the Provost well spread largely fixed field costs over a 17% larger base, and the non-recurrence of a one-time fiscal 2025 workover and repair program (workovers were $87,279 versus $274,203 in 2025).

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 March 31			Year ended March 31		
	2026	2025	% Change	2026	2025	% Change
Gross G&A	131,335	128,180	2	393,675	399,971	(2)
Net G&A expense per BOE	$ 6.84	$ 10.78		$ 6.27	$ 7.48	

An increase in 2% in Q4/26 to $131,335 from $128,180 Q4/25. G&A expenses decreased by 2% to $393,675 for the year ended 2026 compared to $399,971 for the same year ended 2025 due cost controls implemented. The Company does not capitalize any G&A expenses.

INTEREST AND FINANCE EXPENSE

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

FINANCE EXPENSE

	Three months ended March 31			Year ended March 31		
	2026	2025	% Change	2026	2025	% Change
Interest expense	98,106	64,916	-	348,670	248,206	
Total finance expense	98,106	64,916	51	348,670	248,206	40
Total ($/boe)	$ 5.11	$ 5.46		$ 5.56	$ 4.64	

Total finance expense increased to $348,670 for the year ended March 31, 2026 (2025 – $248,206), reflecting higher average borrowings under the Company's notes payable, which bear interest of 7% to 9% per annum.

NETBACKS

($ / BOE)	Three months ended March 31 2026	2025	% Change	Year ended March 31 2026	2025	% Change
Oil and Natural Gas Sales	75.18	72.41	4	67.43	75.48	(11)
Royalties	(13.39)	(8.28)	62	(9.98)	(9.05)	10
Operating costs	(29.18)	(55.32)	(47)	(31.56)	(49.12)	(36)
Operating Netback [(1)] ($/boe)	32.61	8.81	270	25.89	17.31	50

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 50% to $25.89/boe (2025 – $17.31/boe), and fourth-quarter netback rose 270% to $32.61/boe (Q4/2025 – $8.81/boe). The expansion was achieved despite a lower realized price and was driven principally by a $17.56/boe reduction in operating cost per boe (fixed-cost absorption plus the roll-off of the prior-year one-time workover program), partly offset by an $8.05/boe lower realized price and a $0.94/boe increase in royalties per boe.

Higher netbacks and volumes lifted funds from operations 134% to $1,231,177 (2025 – $525,200) and cash flow from operating activities 81% to $1,064,053 (2025 – $587,164), reversing a $(270,543) operating cash flow deficiency reported in fiscal 2024.

DEPLETION, DEPRECIATION AND ACCRETION ("DD&A)

	Three months ended March 31 2026	2025	% Change	Year ended March 31 2026	2025	% Change
DD&A	497,341	215,267		1,282,383	916,284	
Total	497,341	215,267	131	1,282,383	916,284	40
DD&A ($/boe)	$ 25.89	$ 18.10		$ 20.43	$ 17.14	

The DD&A costs increased by 40% in year ended 2026 to $1,282,383 from $916,284 same year 2025. Most of the change is attributed to increase in 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 March 31, 2026, the Company did not identify indicators of impairment or reversal of previous impairments.

FUNDS FROM OPERATIONS

	Three months ended March 31			Year ended March 31		
($ except per share amount)	2026	2025	% Change	2026	2025	% Change
Cash flow from (used in) operating activities	779,456	370,506	110	1,064,053	587,164	81
Changes in non-cash working capital	(284,436)	(119,686)	138	167,124	(61,964)	(370)
Funds from operations	495,020	250,820	97	1,231,177	525,200	134
Per share - basic / diluted	0.01	0.01		0.03	0.01	

Cash flow from operating activities increased by 97% to 495,020 in Q4/26, compared to $250,820 in Q4/25 attributed to finishing drilling and workovers programs.

Funds from operations increased to $1,231,177 in the year ended March 31, 2026 (2025 – $525,200), driven by higher production from the new well and lower operating costs per boe.

CAPITAL EXPENDITURES

	Three months ended March 31			Year ended March 31		
	2026	2025	% Change	2026	2025	% Change
Land and seismic	154,050	-		154,050	74,013	
Drilling and completions	-	-		1,371,397	-	
Facilities, pipelines and well equipment	-	-		171,116	76,676	
Total capital expenditures	154,050	-	100	1,696,563	150,689	1,026

The total expenditures decrease 100% in Q4/25 to nil from $154,050 in Q4/26. The total expenditures had increased 1,026% in year ended 2026 to $1,696,563 from $150,689 the same year ended 2025 attributed to new drilling program in Provost.

DECOMMISSIONING LIABILITIES

($)	March 31 2026	March 31 2025
Balance, beginning of the year	2,044,646	1,537,128
Accretion	67,428	60,372
Change in estimates	(172,272)	447,146
Balance, end of year	1,939,802	2,044,646
Less: current portion	162,632	162,632
Long-term portion	1,777,170	1,882,014

During the year ended March 31, 2026, the total carrying amount of decommissioning decreased to $1,939,802 from $2,044,646 at March 31, 2025 due to increases in the risk-free rate.

LONG-TERM DEBT

As at March 31, 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 March 31, 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	**44,622,958**
Stock Options	**4,325,000**
Warrants	**Nil**

RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party transactions and balances entered into during the years ended March 31, 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:

	March 31, 2026 $	March 31, 2025 $
Management salaries	-	-
Stock-Based Compensation	52,770	169,872
Consulting Fees	145,075	80,925
Total	197,845	250,797

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.

	March 31, 2026	March 31, 2025
	$	$
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 March 31, 2026, the Company's working capital deficiency was $1,341,720 (March 31, 2025 – $981,640).

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, 2026, the Company has notes payable in the amount of $3,018,538 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

	2026				2025			
Quarters ended	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	Q3	Q2	Q1
OPERATING								
Average daily production								
Oil - 76% light/med 24% heavy (BBL/D)	180	192	112	94	103	119	129	131
Natural Gas Liquids (BBL/D)	4	6	5	5	5	4	5	4
Conventional Natural gas ((MCF/D)	166	163	63	148	140	129	149	98
Total BOE (BOE/D)	211	225	128	123	131	144	159	152
Average sales price								
Oil & NGL ($/BBL)	85.06	71.17	73.87	73.21	86.04	83.30	86.61	93.41
Natural gas ($/MCF)	1.60	1.87	0.35	1.25	1.60	0.97	0.23	0.96
Total ($/BOE)	75.18	63.91	68.00	60.08	72.41	71.79	73.31	83.94
Operating netback ($/BOE)								
Oil & gas sales	75.18	63.91	68.00	60.08	72.41	71.79	73.31	83.94
Royalty expense	13.39	8.82	9.19	7.13	8.28	9.00	9.97	8.78
Operating expense	29.18	26.87	39.65	35.89	55.32	50.89	51.89	59.05
Netback	32.61	28.22	19.16	17.06	8.81	11.90	11.45	16.11
FINANCIAL								
Oil & gas sales	1,444,082	1,323,001	790,371	674,605	861,093	953,175	1,062,373	1,158,245
Funds from operations	495,020	492,548	138,809	104,800	250,820	70,752	35,766	167,862
Per share - Basic/Diluted	0.01	0.01	0.00	0.00	0.01	0.00	0.00	0.00
Cash flow from (used in)	779,456	253,356	(170,725)	201,966	370,506	110,727	(163,410)	256,980
Per share – Basic/Diluted	0.02	0.01	(0.00)	0.00	0.01	0.00	(0.00)	0.01
Net Income (loss)	(118,017)	9,067	(192,681)	(151,015)	(293,599)	(215,262)	(135,453)	(155,655)
Per share – Basic/Diluted	(0.00)	0.00	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Capital expenditures	1,696,563	1,542,513	1,524,964	14,749	-	-	74,013	76,676
Total Assets	6,595,187	6,861,177	7,191,179	5,641,189	5,843,417	5,689,488	5,969,036	6,325,560
Working capital (deficiency)	(1,341,723)	(1,263,009)	(1,339,139)	(1,021,038)	(981,640)	(2,379,694)	(2,387,249)	(2,632,390)
Shareholders' Equity	896,879	997,309	970,652	1,145,743	1,296,758	1,403,498	1,618,761	1,521,089
Shares Outstanding	44,622,958	44,622,958	44,622,958	44,622,958	44,622,958	44,622,958	44,622,958	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 $93.41 /BBL on Q1 of 2025 to a low of $71.17/BBL in Q3 of 2025. The price of natural gas from a high of $1.87/MCF in Q3 of 2025 decreased to $0.23/MCF in Q2 of 2025. Netbacks per BOE up to $32.61/BOE in Q4 of 2026 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 amount of oil and gas assets. WesCan cautions users of this information that the process of estimating crude oil and natural gas reserves is subject to a level of uncertainty. The reserves are based on current and forecast economic and operating conditions, therefore, changes can be made to future assessments as a result of a number of factors, which can include commodity prices, new technology, changing economic conditions and future reservoir performance and forecast development activity.

Recoverability of Asset Carrying Values

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

Recoverability of Exploration and Evaluation Assets

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

DECOMMISSIONING PROVISION

Decommissioning liabilities are the present value of management's estimate of future costs to be incurred to properly abandon and reclaim the Company's properties. Accretion expense is the increase in the decommissioning liabilities resulting from the passage of time. Decommissioning liabilities decreased to $1,939,802 as at March 31, 2026 from $2,044,646 as at March 31, 2025.

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, 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 $3,758,503 in accounts payable and notes payable at March 31, 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.

For fiscal 2027, the Company's planned program at Provost comprises **one multilateral horizontal well and one well re-entry**, both targeting the same oil-weighted reservoirs de-risked by the fiscal 2026 well. The re-entry is expected to utilize existing wellbore infrastructure. Beyond this program, Management has identified **potential follow-up development locations** on the Company's Provost acreage, which it continues to evaluate with the benefit of its newly acquired 3D seismic and which remain subject to further technical evaluation, regulatory approval and available financing. 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.