NEW STRATUS ENERGY INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

NEW STRATUS ENERGY INC.

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Independent Auditor's Report

To the Shareholders of New Stratus Energy Inc.

Opinion

We have audited the consolidated financial statements of New Stratus Energy Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2021 and 2020, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is David Langlois.

Deloitte LLP

Chartered Professional Accountants
Calgary, Alberta
July 29, 2021

NEW STRATUS ENERGY INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in Canadian dollars)

As at March 31,	Note	2021	2020
ASSETS			
Current assets			
Cash		**$867,392**	$252,865
Other receivables		**41,579**	24,969
Prepaid expenses		**4,794**	5,227
		913,765	283,061
Non-current assets			
Deposits		**1,150**	1,417
Exploration and evaluation assets	5	**1,140,788**	658,687
		1,141,938	660,104
Total assets		**$2,055,703**	$943,165
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	6	**721,367**	1,198,375
Short term loan	7	**-**	111,863
Due to related parties	13	**138,640**	-
Shareholders loan	8	**-**	594,753
		860,007	1,904,991
Total liabilities		**860,007**	1,904,991
Shareholders' equity (deficit)			
Share capital	9	**18,473,981**	16,220,361
Warrants	9	**1,635,594**	670,709
Contributed surplus		**684,920**	662,088
Cumulative translation adjustment		**(930)**	(8,103)
Deficit		**(19,597,869)**	(18,506,881)
Total equity (deficit)		**1,195,696**	(961,826)
Total liabilities and equity		**$2,055,703**	$943,165

Contingencies (Note 15)
Subsequent events (Note 17)

Approved by the Board of Directors:

(Signed) Marino Ostos
Marino Ostos, Director

(Signed) Jose Francisco Arata
Jose Francisco Arata, Director

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(in Canadian dollars)

For the years ended March 31,	Note	2021	2020
Expenses:			
General and administrative	10	**$ 1,140,409**	$ 1,203,760
Interest expense		**22,438**	189,680
Stock-based compensation	9	**22,832**	5,033
Foreign exchange loss (gain)		**(94,691)**	67,165
Gain on settlement of debt	9	**-**	(59,083)
Total expenses		**$ 1,090,988**	$ 1,406,555
Net loss		**$ 1,090,988**	$ 1,406,555
Other comprehensive loss:			
Translation reserve		**7,173**	(5,566)
Comprehensive loss		**$1,098,161**	$1,400,989
Net loss per share			
Basic and diluted	11	**$0.02**	$0.04

See accompanying notes to the consolidated financial statements.

NEW STRATUS ENERGY INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in Canadian dollars)

As at March 31,	2021	2020
Share capital		
Balance, beginning of the year	**$ 16,220,361**	$ 14,163,730
Compensation shares	**53,724**	53,856
Issued warrants	**(964,885)**	(272,444)
Shares issued for debt	**-**	137,861
Shares issued on private placement	**3,223,286**	2,191,214
Share issue cost	**(60,005)**	(53,856)
Warrants exercised	**1,500**	-
Balance, end of the year	**18,473,981**	16,220,361
Warrants		
Balance, beginning of the year	**670,709**	398,265
Warrants issued on private placement	**964,885**	272,444
Balance, end of the year	**1,635,594**	670,709
Contributed surplus		
Balance, beginning of the year	**662,088**	662,088
Share based compensation	**22,832**	-
Balance, end of the period	**684,920**	662,088
Cumulative translation adjustment		
Balance, beginning of the year	**(8,103)**	4,636
Translation reserve	**7,173**	(12,739)
Balance, end of the year	**(930)**	(8,103)
Accumulated deficit		
Balance, beginning of the year	**(18,506,881)**	(17,100,326)
Net loss for the period	**(1,090,988)**	(1,406,555)
Balance, end of the year	**(19,597,869)**	(18,506,881)
Total shareholders' equity	**$ 1,195,696**	$ (961,826)

See accompanying notes to the consolidated financial statements.

NEW STRATUS ENERGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in Canadian dollars)

Years ended March 31,	Note	2021	2020
Operating activities			
Net loss		**$ (1,090,988)**	($1,406,555)
Adjustments:			
Accounts payable and accrued liabilities		**(572,125)**	(71,039)
Compensation shares issued		**53,724**	53,856
Deposits and prepaid expenses		**700**	(4,344)
Gain on settlement of debt		**-**	(59,083)
Interest on shareholders and term loans		**22,438**	44,751
Issuance of shares on settlement of debt		**-**	196,944
Share issue cost	9	**(60,005)**	(53,856)
Stock based compensation		**22,832**	5,033
Payable to related parties		**138,640**	-
Trade and other receivable		**(16,610)**	4,250
		(1,501,394)	($1,290,043)
Investing activities			
Non-cash working capital in accounts payables related to exploration and evaluation activities		**95,117**	(244,913)
Investment in exploration and evaluation assets		**(482,101)**	(413,774)
		(386,984)	(658,687)
Financing activities			
Exercise of warrants		**1,500**	-
Issuance of common shares and warrants	9	**3,223,286**	2,191,214
Reduction in restricted cash account		**-**	400,867
Repayment of short term loan	7	**(120,364)**	(289,027)
Repayment of Shareholders' loans	8	**(608,690)**	(1,087,442)
Shareholders loan		**-**	860,011
		2,495,732	2,075,623
Net increase in cash		**607,354**	126,893
Impact of foreign exchange on foreign currency-denominated cash balances		**7,173**	96,543
Cash, beginning of the year		**252,865**	29,429
Cash, end of the year		**$ 867,392**	$ 252,865

See accompanying notes to the consolidated financial statements.

NOTE 1 – REPORTING ENTITY

New Stratus Energy Inc. ("**New Stratus**" or the "**Company**"), is a publicly traded company domiciled in Canada. The Company was incorporated on April 12, 2015, pursuant to the Business Corporations' Act (Alberta). The Company's principal assets are mineral properties located in Colombia. The address of the Company's registered office is 372 Bay Street, Suite 301, Toronto, Ontario, Canada.

The business of acquiring, exploring, and developing oil and gas properties involves a high degree of risk. New Stratus is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital; exploration, development and operational risks inherent in the oil and gas industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, New Stratus ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain.

There is no assurance that New Stratus' funding initiatives will continue to be successful. The underlying value of the oil and gas properties is dependent upon the existence and economic recovery of oil and gas reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material impairment of the carrying value of oil and gas properties and deferred exploration.

The Board of Directors approved these financial statements for issuance on July 29, 2021.

NOTE 2 - BASIS OF PREPARATION

The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS").

Basis of Measurement
These financial statements have been prepared on a historical cost basis except for where the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The financial statements consolidate the accounts of New Stratus Energy Inc. and its subsidiaries. Subsidiaries are those entities (including special purpose entities) which the Company controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by New Stratus and are de-consolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

The consolidated financial statements of the Company at March 31, 2021 include the Company and its subsidiaries, Petrolia SARL, New Stratus Minerals Inc. and New Stratus Power Inc. The Company is primarily in the business of acquiring, exploring, and developing oil and gas properties, for the purpose of producing oil and gas, principally in South America.

Functional and presentation currency:
These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Stock options and warrants:
The fair values of stock options and warrants are measured based on a Level 2 fair value measurement using a Black Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, forfeiture rate, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

Use of estimates and judgments:
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 4 - Determination of fair values;
- Note 5 - Exploration and evaluation assets;
- Note 9 - Share capital
- Note 16 - Income Taxes

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates, which may have the most significant effect on the amounts recognized in the financial statements.

Impairment indicators and calculation of impairment:
At each reporting date, the Company assesses whether or not there are circumstances that indicate a possibility that there are indicators of impairment in the exploration and evaluation assets. Such circumstances include incidents of physical damage, deterioration of commodity prices, changes in the regulatory environment, or increases in estimates of costs required to reach technical feasibility and related estimates of proved and probable reserves.

Stock-based Compensation:
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date they are granted. Estimating the fair value requires the determination of the most appropriate valuation model for a grant, which is dependent on the terms and conditions of the grant. This also requires the determination of the most appropriate inputs to the valuation model including the expected life of the option, risk free interest rates, volatility and dividend yield.

Contingencies:
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Novel coronavirus (COVID-19")
The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Company has been required to suspend its exploration activities in its VMM-18 Block in Colombia due to COVID-19 on March 2020 and resumed operations on September 2020, as well as during December 2020 to February 2021. The duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Company in future periods. It is management's assumption that the Company will continue to operate as a going concern.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company.

Non-derivative financial instruments:
Non-derivative financial instruments are comprised of cash, other receivables, prepaid expenses, trade and other payables, short-term loan, due to shareholders. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

Financial assets at fair value through profit or loss
An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has classified cash as fair value through profit or loss.

Other
Other non-derivative financial instruments, such as other receivables, prepaid expenses, trade and other payables, short term loan and due to shareholders are measured at amortized cost using the effective interest method, less any impairment losses. Due to the short-term nature of other receivables, prepaid expenses and accounts payable, their carrying values approximate fair value.

Derivative financial instruments:
The Company has not entered into any financial derivative contracts.

Share capital:
Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Exploration and evaluation assets:
Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the acquisition date fair value of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as exploration and evaluation (“E&E”) assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the consolidated statements of operations and comprehensive loss.

Acquisition costs, including general and administrative costs, are only capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Where the Company’s exploration commitments for an oil and gas property are performed under option agreements with a third party, the proceeds of option payments under such agreements are applied to the property to the extent costs are incurred. The excess, if any, is recorded to the statement of loss.

Impairment:
E&E assets are assessed for impairment only when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. Industry specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure on further E&E activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in the taxation and regulatory environment; and
- Adverse changes in variations in commodity prices and markets.

Once the technical feasibility and commercial viability of the extraction of mineral resources and oil and gas properties in an area of interest are demonstrable, E&E assets attributable to that area of interest are first tested for impairment and then reclassified to oil and gas property and development assets within property and equipment. To date, none of the Company’s oil and gas properties has demonstrated technical feasibility and commercial viability.

Recoverability of the carrying amount of any E&E assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Financial assets:
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between it carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the consolidated statements of operations and comprehensive loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the consolidated statements of operations and comprehensive loss.

Non-financial assets:
The carrying amounts of the Company's non-financial assets, other than E&E assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The Company does not have any other non-financial assets.

Stock based compensation:
As the fair value of the services rendered cannot be estimated reliably, the Black-Scholes option valuation model has been used to estimate the fair value of equity instruments granted. The grant date fair value of options granted to employees, warrants, and non-employees is recognized as compensation expense, within general and administrative expenses, with a corresponding increase in contributed surplus over the vesting period.

A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

Income tax:
Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Per share amounts
The Company presents basic and diluted earnings per share data for its common shares. Earnings per share are calculated by dividing the net earnings attributable to equity holders of the Company by the weighted average number of common shares outstanding.

Diluted earnings per share is determined by adjusting the net earnings attributable to equity holders of the Company and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. The calculation of diluted earnings per share assumes that outstanding options which are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share.

Segment reporting:
As at March 31, 2021, the Company operated in one reportable operating segment – the exploration and evaluation of oil and gas properties in Colombia.

New standards and interpretations not yet adopted:

Recent accounting pronouncements
During the year ended March 31, 2021, the Company adopted a number of amendments and improvements of existing standards. These included IAS 1 – *Presentation of Financial Statements*, and IAS 8 – Accounting Policies, Changes in Accounting

Estimates and Errors. The adoption of these new amendments did not have any material impact on the Company's financial statements.

Future accounting pronouncements
Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023. The Company is currently evaluating the impact of the amendments on its financial statements.

NOTE 4 – DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Company classifies the fair value of financial instruments measured at fair value according to the following hierarchy based on the number of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash, other receivables, deposits, trade and other payables, short term loans, due to related parties and shareholder loan:
The fair value of cash, other receivables, deposits, trade and other payables, short term loans, due to related parties and shareholders' loan approximated their carrying value due to their liquidity and relatively short terms to maturity, respectively.

Stock options and warrants:
The fair values of stock options and warrants are measured based on a Level 2 fair value measurement using a Black Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, forfeiture rate, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

NOTE 5 – EXPLORATION AND EVALUATION ASSETS

Block VMM-18:
On November 27, 2018 the Company entered into a farm-in agreement (the "Agreement") with Montajes JM ("JM") where NSE has the right to earn up to 100% interest in Montajes' 100% owe Block VMM-18 (the "Project"), located at Cuenca Valle Medio del Magdalena in Colombia. The Project encompasses the exploration and development of hydrocarbons in the above-mentioned area.

The Agreement contemplated the completion of Phase II by August 21, 2019, which was originally deferred due to the delay on the granting of the environmental license by the Agencia Nacional de Hidrocarburos ("ANH"), the Colombian National

(in Canadian dollars except as otherwise noted)

Hydrocarbons Association, until August 21, 2020. As a condition of the extension of the Agreement, NSE has committed to perform seismic reprocessing valued at USD $250,000, now in progress, and drill an exploration well valued at USD $3 Million by August 21, 2020 as a work commitment under the contract.

Phase II of the exploration program contemplates:

- The reprocessing of 963 kms. of two-dimensional seismic data;
- The reprocessing of 60 square kilometers of three-dimensional seismic data
- Drilling one exploratory well.

NSE has agreed as well to finance all decommissioning costs and payments due to the ANH.

The initiation of exploratory well work is subject to the ANH's approval of the environmental license. Once the license is received from the ANH, NSE will become the operator and would have earned-up a 100% interest in the Project.

As part of the Agreement, once production starts, NSE will pay to JM a 5% royalty on production revenue after deducting government royalties, adjusted at wellhead.

JM has the option to repossess its interest in the Project, if NSE does not comply with its payments or work obligations, 30 days after issuing a default notice.

On June 26, 2020, the Company requested from the ANH a one-year time extension for its work commitments invoking Article 2 issued on April 7, 2020, by the Colombian Government related to the state of emergency arising from the COVID 19 pandemic. On February 8, 2021, the Company received an extension from the ANH for Phase 2 of the exploration period of the E&P Contract of Block VMM-18 for 12 months. The extended deadline of completion of this phase is now August 21, 2021.

Due to delays in the municipal permits' procurement process, as well as other delays related to COVID 19, including the Colombian government instruction to suspend all activities during December 2020 and January and February 2021, the Company will apply for an additional 1-year extension permit to conclude the required Phase II exploration program. The extension application cannot be submitted before 3 months of the expiration date of the current program.

The Company has begun capitalizing costs that were directly attributable to the project effectively on April 1, 2019 and as of March 31, 2021, there are $1,140,788 (March 31, 2020 – $658,687) capitalized to the project.

Included in trade and other payable are $104,293 (Colombian Pesos ("CP") 304.1 million) (2020: $235,256 (CP 547.2 million) payable to the project operator as part of the funding obligation toward the VMM-18 program.

NOTE 6 – TRADE AND OTHER PAYABLES

Trade and other payables are composed by:

	2021	2020
Trade payables	$ 500,438	$ 895,046
Accrued liabilities	220,929	303,329
	$ 721,367	$ 1,198,375

NOTE 7 - SHORT TERM LOAN

On March 29, 2019 the Company secured a $400,890 (USD $300,000) loan from a non-arm's length lender. The loan carried an interest of 12% for the first 60 days, was due on April 29, 2019, and subject to accelerated maturity date to within 5 days of the release of funds to the Company from any private placement financing. In the event of non-payment of the principal and interest within the terms, the aggregate unpaid balance accrued interest of 3% per month.

(in Canadian dollars except as otherwise noted)

On January 30, 2020, NSE agreed to repay the original amount of USD $300,000 plus USD $30,378 of the USD $108,000 in interest accrued until then. The parties then entered into a new loan agreement (the "New Loan") where the balance of the New Loan, being USD $77,622, carries an interest rate of 12% per year and matures one year from the time it is granted.

On September 28, 2020, the Company paid the outstanding balance of the short-term loan in the amount of $ 111,863 (USD $83,519), including accrued interest as of $6,133 (USD $5,897).

NOTE 8 – SHAREHOLER'S LOAN

During the year ended March 31, 2019, short term loans totaling $668,150 (USD $500,000) were received from a company controlled by directors and shareholders of the Company, bearing an annual interest rate of 6% with USD $50,000 maturing on August 14, 2019 and USD $450,000 due on December 5, 2019.

On November 2019, directors of the Company advanced USD $450,000 to NSE to satisfy the above-mentioned loan. In addition to this advance, directors of the Company advanced to the Company funds to cover operating expenses while awaiting the closing of a private placement which took place on January 29, 2020. The advances carried an annual interest rate of 6% and had no terms of repayment.

During September 2020, the Company repaid the outstanding balances payable to its directors.

The following schedule summarizes the transactions between directors and the Company since March 31, 2019:

	CAD$	US$
Balance at March 31, 2019	$668,150	$50,000
Interest accrued	44,751	33,586
Other advances granted to the Corporation	860,011	707,516
Repayment of loan from a company controled by shareholders	($668,150)	($50,000)
Repayment of advances from directors	(419,292)	(321,523)
Foreign exchange	109,283	-
Balance at March 31, 2020	594,753	$419,579
Interest accrued	16,305	12,238
Repayment of advances from directors	(611,058)	(431,817)
Balance at March 31, 2021	**$ -**	**$ -**

NOTE 9 – SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares.

Issued and Outstanding

	Number	Amount
Balance at March 31, 2019	35,770,332	$14,163,730
Shares issued upon conversion of debt	984,718	137,861
Shares issued on private placement	10,956,069	2,191,214
Compensation shares issued	269,280	53,856
Value allocated to w arrants	-	(272,444)
Share issue cost	-	(53,856)
Balance at March 31, 2020	47,980,399	$16,220,361

(in Canadian dollars except as otherwise noted)

	Number	Amount
Balance at March 31, 2020	47,980,399	$16,220,361
Shares issued on private placement	12,841,428	3,223,286
Compensation shares issued	268,618	53,724
Stock based compensation exercised	15,000	1,500
Value allocated to warrants	-	(964,885)
Share issue cost	-	(60,005)
Balance at March 31, 2021	**61,105,445**	**$18,473,981**

Private Placement:
On January 29, 2020, the Company completed a non-brokered private placement of 10,956,069 units (“Units”) at a price of $0.20 per Unit for gross proceeds of $2,191,214 (the “Offering”). Each Unit issued pursuant to the Offering was comprised of one Common Share and one warrant, with each warrant entitling the holder to acquire one Common Share at a price of $0.30 per Common Share until January 29, 2022. Finders acting in connection with the Offering received finder’s fees in the aggregate amount of $53,856, which were paid in Common Shares at a price of $0.20 per Common Share for an aggregate of 269,280 Common Shares.

On September 21, 2020, the Company completed a non-brokered private placement of 9,566,428 units (“Units”) at a price of $0.20 per Unit for gross proceeds of $1,913,286 (the “Offering”). Each Unit issued pursuant to the Offering was comprised of one Common Share and one warrant, with each warrant entitling the holder to acquire one Common Share at a price of $0.30 per Common Share until September 21, 2022. Finders acting in connection with the Offering received finder’s fees in the aggregate amount of $53,724, which were paid in Common Shares at a price of $0.20 per Common Share for an aggregate of 268,618 Common Shares. The Company also incurred additional cash financial costs of $6,281 that were charged to the capital account.

On December 14, 2020, the Company completed a non-brokered private placement of 3,275,000 units (“Units”) at a price of $0.40 per Unit for gross proceeds of $1,310.000 (the “Offering”). Each Unit issued pursuant to the Offering was comprised of one Common Share and one-half warrant, with each warrant entitling the holder to acquire one Common Share at a price of $0.55 per Common Share until December 14, 2022.

Debt settlement agreements:
On February 18, 2020 the Company announced that it has entered into debt settlement agreements with certain creditors who have provided services to the Company. Pursuant to these agreements the Company issued an aggregate of 984,718 common shares (“Common Shares”) in the capital of the Company valued at $137,861 to settle $196,944 of outstanding debt (collectively, the “Shares for Debt Transactions”). Each of the creditors are arm’s length parties who have provided consulting services to the Company. The valuation was based on the fair value of the shares issued. As a result, the Company recorded a gain on settlement of debt of $59,083. All securities issued pursuant to the Shares for Debt Transactions were subject to a hold period of four months and one day from the date of issuance, in accordance with applicable securities legislation.

Warrants:
On April 22, 2020 the Company announced that it has applied to the TSX Venture Exchange (“TSXV”) for an extension of the expiry date of 10,000,000 common share purchase warrants (the “Warrants”) exercisable at $0.10 and issued on May 3, 2017. The application, which was approved on April 23, 2020 by the TSX-V, requested the extension of the expiry date from May 3, 2020 to May 3, 2022.

As part of the January 29, 2020, financing the Company issued 10,956,069 warrants valued at $272,444. Each warrant will entitle the holder to purchase one common share at an exercise price of $0.30 until the second anniversary of the issuance of the warrant. The Company uses a Black-Scholes valuation methodology to value the warrants at the date of issuance for accounting purposes. The significant inputs into the model were share price of $0.14, exercise price of $0.30, volatility of 70%, dividend yield of 0%, an expected warrant life of two year and an annual risk-free interest rate of 1.47%. Volatility was estimated based on average volatility of a sample of peer companies with public pricing data available.

As part of the September 21, 2020, financing the Company issued 9,566,428 warrants valued at $778,109. Each warrant will entitle the holder to purchase one common share at an exercise price of $0.30 until the second anniversary of the issuance of the warrant. The Company uses a Black-Scholes valuation methodology to value the warrants at the date of issuance for accounting purposes. The significant inputs into the model were share price of $0.16, exercise price of $0.30, volatility of 70%, dividend yield of 0%, an expected warrant life of two year and an annual risk-free interest rate of 0.26%. Volatility was estimated based on average volatility of a sample of peer companies with public pricing data available.

(in Canadian dollars except as otherwise noted)

As part of the December 14, 2020, financing the Company issued 1,637,500 warrants valued at $186,776. Each warrant will entitle the holder to purchase one common share at an exercise price of $0.55 until the second anniversary of the issuance of the warrant. The Company uses a Black-Scholes valuation methodology to value the warrants at the date of issuance for accounting purposes. The significant inputs into the model were share price of $0.40, exercise price of $0.55, volatility of 70%, dividend yield of 0%, an expected warrant life of two year and an annual risk-free interest rate of 0.25%. Volatility was estimated based on average volatility of a sample of peer companies with public pricing data available.

The following schedule describes the warrants transactions since March 31, 2019:

	Expiry date	Exercise price	Number of warrants	Amount
Balance at March 31, 2019	May 3, 2022	$ 0.10	10,000,000	$ 398,265
Issued on private placement	January 29, 2022	0.30	10,956,069	272,444
Balance at March 31, 2020		0.25	20,956,069	670,709
Issued on private placement	September 21, 2022	0.30	9,566,428	778,109
Issued on private placement	December 14, 2022	0.55	1,637,500	186,776
Balance at March 31, 2021		**$ 0.28**	**32,159,997**	**$ 1,635,594**

Stock based compensation:
The Company has a stock option plan for employees, officers, directors and consultants. The Company uses a Black-Scholes valuation methodology to value the stock options at the date of award for accounting purposes. The maximum number of stock options reserved for issuance under the plan may not exceed 10 percent of the number of common shares issued and outstanding.

On July 7, 2020 the Company granted an aggregate of 800,000 stock options to consultants of the Company, pursuant to the Company's Plan. The options vested on granting and are exercisable at $0.05 for a five-years period. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0%, expected volatility of 70%; risk-free interest rate of 0.43%; and an expected average life of 5 years. The fair value of all these options was estimated at $22,832.

On November 16, 2020 the Company granted an aggregate of 75,000 stock options to consultants of the Company, pursuant to the Company's Plan. The options vested over a period of 12 months, every three months, being the first vesting period 3 months after the granting date and are exercisable at $0.47 for a three-year period. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0%, expected volatility of 70%; risk-free interest rate of 0.19%; and an expected average life of 3 years. The fair value of all these options was estimated at $17,218.

On January 5, 2021, 15,000 stock options were exercised at a price of $0.10 each.

The following schedule describes de stock-based compensation transactions since March 31, 2019:

	Number of Stock Options	Exercise Price	Fair Value
Balance at March 31, 2019 & 2020	3,500,000	0.10	$ 161,356
Granted on July 7, 2020	800,000	0.05	22,832
Granted on November 16, 2020	75,000	0.47	17,218
Options exercised	(15,000)	0.10	(692)
Balance at March 31, 2021	**4,360,000**	**$ 0.10**	**$ 200,714**

(in Canadian dollars except as otherwise noted)

The following schedules describe the stock options available and their remaining contractual life at March 31, 2021 and 2020:

	Number of Stock Options	Remaining life (yrs.)	Exercise Price
Granted on June 7, 2017	3,485,000	1.19	0.10
Granted on July 7, 2020	800,000	4.27	0.05
Granted on November 16, 2020	75,000	2.54	0.47
Balance at March 31, 2021	**4,360,000**	**1.78**	**$ 0.10**

	Number of Stock Options	Remaining life (yrs.)	Exercise Price
Granted on June 7, 2017	3,500,000	2.19	0.10
Balance at March 31, 2020	**3,500,000**	**2.19**	**$ 0.10**

During the years ended March 31, 2021 and 2020, $22,832 and $5,033, respectively, were charged to income.

NOTE 10 – GENERAL AND ADMINISTRATION

The following schedule describes the general and administrative expenses incurred during the years ended March 31, 2021 and 2020:

Years ended March 31,	**2021**	**2020**
Insurances	**$ 9,234**	$ 9,338
Legal and accounting	**706,966**	424,642
Management fees	**217,716**	128,051
Professional fees	**-**	479,630
Office and administration	**47,586**	118,069
Shareholders information and investor relations	**158,907**	44,030
	$ 1,140,409	$ 1,203,760

NOTE 11 – NET LOSS PER SHARE

Basic and diluted net loss per share is calculated as follows:

For the years ended March 31,	**2021**	**2020**
Net loss	**$ 1,098,161**	$ 1,406,555
Weighted-average common share adjustments:		
Weighted-average common shares outstanding, basic	**54,090,519**	37,754,960
Effect of stock options	**-**	-
Weighted-average common shares outstanding, diluted	**54,090,519**	37,754,960
Basic and diluted loss per share	**$ 0.02**	$ 0.04

For the years ended March 31, 2021 and 2020, stock options and warrants were anti-dilutive due to the net loss.

NOTE 12 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value Measurement of Financial Instruments
The carrying values and respective fair values of cash, other receivables and trade and other payables approximate their fair values at March 31, 2021, given the short-term nature of these financial instruments.

The Company's financial instruments have been assessed on the fair value hierarchy described under Note 4. Cash is classified as Level 1. There has been no reclassification of financial instruments into or out of each fair value hierarchy during the years ended March 31, 2021 or 2020. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy level.

Market Risk
Market risk is the risk that changes in market factors, such as commodity prices and foreign exchange rates will affect the Company's cash flows, profit or loss, liquidity or the value of financial instruments. The objective of market risk management is to mitigate market risk exposures were considered appropriate and maximize returns.

(i) Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in commodity prices. Lower commodity prices can also impact the Company's ability to raise capital. Commodity prices for crude oil is impacted by world economic events that dictate the levels of supply and demand. From time to time the Company may attempt to mitigate commodity price risk through the use of financial derivatives. The Company had no commodity contracts in place during the year ended March 31, 2021.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates. The Company is exposed to foreign currency fluctuations as certain expenditures are denominated in Colombian pesos and US dollars. As at March 31, 2021, the Colombian peso to the Canadian dollar exchange rate was 2,833:1 (March 31, 2020 – 2,883:1) and the United States dollar to Canadian dollar exchange rate was 0.7957:1 (March 31, 2020 – 0.7054:1). Cash held in US dollars at March 31, 2021 was USD $532,967 and a change of 1% in the exchange rate would have impacted the Canadian dollar equivalent by +/- CAD $6,998. The Company had no forward exchange rate contracts in place as at or during the year ended March 31, 2021. Accounts payable balance as of March 31, 2021 was $592,235 and a change of 1% in the exchange rate would have impacted the Canadian dollar equivalent by +/- CAD $7,443.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, within reasonable means, sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions, without incurring unacceptable losses or jeopardizing the Company's business objectives.

NOTE 13 – RELATED PARTY TRANSACTIONS

In addition to the transactions with shareholders described under Note 7, the following transactions arise during the years ended March 31, 2021 and 2020 with directors and officers:

A company controlled by an officer of the Company provided CFO services to the Company. During the year ended March 31, 2021 and 2020, fees incurred for amounts services provided by this officer totaled $80,354 and $13,676, respectively. As of March 31, 2021 and 2020, there was $Nil outstanding in accounts payable.

A company controlled by a previous CFO and director of the Company provided CFO services to the Company during the year ended March 31, 2020. Fees incurred for services provided by this officer totaled $Nil during the year ended March 31, 2021 (2020 - $54,375). As at March 31, 2020, $Nil was outstanding in account payable.

A company controlled by the previous CEO and current director of the Company provided CEO services to the Company during the year ended March 31, 2020. Fees incurred for services provided by this officer totaled $Nil during the year ended March 31, 2021, (2020 - $90,000). As at March 31, 2020, $Nil was outstanding in account payable.

A company controlled by an officer and director of the Company provided CEO services to the Company during the year ended March 31, 2021. Fees incurred for services provided by this officer during the year ended March 31, 2021 totaled $49,058 (2020 - $Nil). As at March 31, 2021, $49,948 was outstanding in account payable.

(in Canadian dollars except as otherwise noted)

A company controlled by an executive director of the Company provided consulting services to the Company. During the year ended March 31, 2021, fees incurred for services provided by this officer totaled $49,058 (2020 - $Nil). As at March 31, 2021, $49,017 was outstanding in account payable.

A company controlled by an executive of the Company provided COO services to the Company. During the year ended March 31, 2021, (2020 - $Nil) fees incurred for services provided by this officer totaled $39,246. As of March 31, 2021, $39,263 was outstanding in accounts payable.

The Company's key management personnel include its directors and officers. Key management personnel were compensated as follows:

For the years ended March 31,	2021	2020
Management fees	**217,717**	114,375
Share based payments	**5,708**	-
Total	**$ 223,425**	$ 114,375

All of the above transactions are in the normal course of operations and are measured at fair value which is the price agreed to by the related parties.

NOTE 14 – CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued capital stock, warrants, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended March 31, 2021.

NOTE 15 – CONTINGENCIES

Pursuant to the terms of the agreement executed in respect of the VMM-18 E&P contract, New Stratus should fund an exploration commitment for the second phase of the VMM 18 E&P Contract. As per the contract and a recent extension by ANH, NSE has to perform seismic reprocessing valued at USD $250,000 and drill an exploration well valued at USD $3 Million by August 21, 2021 as a work commitment under the contract (see Note 5).

As part of Phase II of the Project, NSE has agreed to finance the exploratory, including all decommissioning costs and payments due to the Colombian National Hydrocarbons Association ("ANH").

The Novel Coronavirus ("COVID-19") pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.

(in Canadian dollars except as otherwise noted)

NOTE 16 – INCOME TAX

The estimated taxable loss for the year ended March 31, 2021 is $ 1,041,932 (2020: $1,406,555). The tax benefit of tax pools in excess of carrying values has not been recognized to the extent of the future tax renounced for the flow-through shares issued in fiscal 2006, fiscal 2008, fiscal 2009, fiscal 2010 and fiscal 2012. It cannot be reasonably estimated at this time, if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities.

Years ended March 31,	2021	2020
Loss before provision for current income taxes	**$1,090,988**	$1,406,555
Expected income tax recovery at Canadian statutory income tax rates - 27 % (2020 - 27 %)	**294,567**	379,770
Stock based compensation	**(6,165)**	(1,359)
Gain on debt settlement	**-**	(15,952)
Actual income tax recovery	**288,402**	362,459
Change in Unrecognized Deferred Income Tax Asset	**(288,402)**	(362,459)
Recovery of income taxes	**$ -**	$ -

Years ended March 31,	2021	2020
Non-capital losses	1,677,849	1,657,058
Equipment & Mineral and Oil and gas properties	753,793	883,960
Future income tax (liability) asset before valuation allow ance	2,485,498	2,594,875
Unrecognized Deferred Income Tax Asset	(2,485,498)	(2,594,875)
Net future income tax liability	$ -	$ -

Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by a valuation allowance. The estimated valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some portion of or all of the future tax assets or future tax liabilities will be realized

The following table reconciles the income tax recovery at the Canadian statutory income tax rate of 27% (2020 – 27%) to the amounts recognized in the statement of loss:

At March 31, 2021, the Company had non-capital losses in Canada of approximately $6,211,545 (2020 - $6,137,253) which are available under certain circumstances to reduce future taxable income. These losses expire between 2026 and 2039.

NOTE 17 - SUBSEQUENT EVENTS

Stock based compensation:

On April 13, 2021 the Company granted incentive stock options to acquire a total of 1,290,000 common shares of the Corporation to various directors, officers and consultants of the Corporation pursuant to the Corporation's stock option plan and subject to any regulatory approval. Each stock option, vests immediately and is exercisable at a price of $0.24 per share for a period of five years from the grant date.

Private placement:

On July 21, 2021, NSE announced that it has closed the first tranche of the previously announced brokered private placement led by Canaccord Genuity Corp. (the “Lead Agent”), as lead agent and sole bookrunner, on behalf of a syndicate of agents comprised of Echelon Wealth Partners Inc. and Paradigm Capital Inc. (together with the Lead Agent, the “Agents”). Upon closing of the first tranche, the Corporation issued 29,464,374 units (“Units”) of the Corporation at a price of $0.30 per Unit, for gross proceeds of $8.84 million (the “Offering”). Each Unit is comprised of one common share of the Corporation (a

"Common Share") and one-half of one Common Share purchase warrant (a "Warrant"). Each whole Warrant is exercisable for one Common Share at an exercise price of $0.45 for a period of 24 months from July 21, 2021. The Company paid a cash commission of $224,280 and issued 1,180,938 units to syndicate brokers, amount included in the 29,464,374 units announced.