NEW STRATUS ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

The following management discussion and analysis ("**MD&A**") of the financial position of New Stratus Energy Inc. (the "**Company**" or "**New Stratus**") should be read in conjunction with the Company's unaudited financial statements for the nine months ended December 31, 2021.

This MD&A is effective as of March 1, 2022.

All dollar figures in this MD&A, unless otherwise stated, are expressed in Canadian dollars.

FORWARD-LOOKING INFORMATION

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results and achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are also advised to consider such forward-looking statements while considering the risks set forth below.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to future acquisitions; the potential of the Company's properties; the future of commodity prices; success of exploration activities; cost and timing of future exploration and development; requirements for additional capital; and other statements relating to the financial and business prospects of the Company.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: the timing and progress of oil and gas exploration; future acquisitions; the government regulation of operations; permits and authorizations; expectations regarding the Company's ability to raise capital; expenditures to be made by the Company to meet certain work commitments; environmental risks; and potential title disputes or claims and limitations on insurance coverage.

In addition, the Company has also made certain assumptions that the Company believes are reasonable. These assumptions include, but are not limited to the legislative and regulatory environment; the impact of increasing competition; the success and timely completion of planned exploration and development projects; that general business and economic conditions will not change in a materially adverse manner; anticipated results of exploration, development and production activities; and the Company's ability to obtain additional financing on satisfactory terms.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, other factors could also cause materially different results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

NEW STRATUS BUSINESS

The Company's sole business to date has been to identify, evaluate and acquire mineral and oil and gas properties and to conduct exploration and development operations on such properties. The Company has no commercial production, and accordingly has realized no material revenues to date. See "Outlook".

Additional information related to Company and factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website at www.sedar.com.

CORPORATE HISTORY, BACKGROUND AND GENERAL DEVELOPMENT

The Company was incorporated as "Alex Lee Syndicate Inc." under the *Business Corporations Act* (Alberta) ("**ABCA**") on April 12, 2005. On November 18, 2005, the Company changed its name to "Red Rock Energy Inc." and on August 15, 2017, the Company changed its name to "New Stratus Energy Inc."

The Company's head office is located at 2400 - 333 7th. AVE s w, Calgary, Alberta and its mailing address is 372 – Bay Street, Toronto, Ontario.

The Company is a reporting issuer in Alberta, British Columbia, Ontario and Saskatchewan. The common shares of the Company are listed on the TSX-V under the trading symbol "NSE".

On October 3, 2017, the Company acquired 100% of the common shares of Petrolia SARL for USD $1.00. The Subsidiary is a Luxembourg company incorporated on February 22, 2016.

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.

In May 2020, the Company incorporated two new subsidiaries, New Stratus Minerals Inc. and New Stratus Power Inc. Both subsidiaries remain inactive.

On October 20, 2020, New Stratus Energy Inc. announced that it has entered into a letter of intent with certain affiliates of Repsol S.A. to potentially acquire certain upstream and midstream assets in Ecuador. As the proposed transaction was not approved by Ecuadorian authorities, NSE and Repsol S.A. are currently revising their proposal to comply with the Ecuadorian requirements.

On January 14, 2022, the Company finalized the transfer of the shares of Repsol Ecuador S.A. to New Stratus (the "Transaction"). The Corporation now holds an indirect 35% operated working interest in service contracts (the "Service Contracts") for Blocks 16 and 67 in Ecuador (the "Blocks") and Repsol Ecuador S.A. will remain the operator of the Blocks. Gross production in October 2021 on the Blocks was 15,617 barrels of oil per day (5,466 net to the sellers).

OVERALL PERFORMANCE

Colombia - Block VMM-18:

On November 27, 2018, the Company entered into a Farm-in 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 VMM 18 E&P Contract is highly prospective for light and medium gravity oil and is located in the Middle Magdalena Basin of Colombia covering a total area of 75,968 acres. Management of the Company has identified a number of prospects and leads based on the existing 2D and 3D seismic coverage on the block. Analogous nearby discoveries (Guaduas, Puli, Rio Seco, Toqui-Toqui) some of them in similar play-type, decreases the risk of the prospects in the VMM-18 block. The block is located with nearby access to pipelines with extra capacity as well as a road transportation network to the export terminal.

Pursuant to the terms of the agreement executed in respect of this acquisition, New Stratus acquired a 100% working interest in the VMM 18 E&P Contract in consideration for agreeing to fund the vendor's exploration commitments for the second phase of the VMM 18 E&P contract, including all decommissioning costs and payments due to the Colombian National Hydrocarbons Association ("ANH"). The Vendor will receive a 5% overriding royalty in the production of the VMM 18 E&P Contract.

The acquisition of the property requires the execution of an exploratory well, which requires beforehand an environmental study that is to be approved by the National Agency of Environmental licences) ("ANLA").

The environmental study required to obtain the environmental license has already been completed and delivered to ANLA, who has already confirmed NSE the completeness of all the information provided by the Company and ready for ANL to initiate its field evaluation. The Company estimates that the field study and related evaluations should take approximately three month and the license issued around June 2022.

During the three months ended December 31, 2021, the Company completed a 2D and 3D seismic reinterpretation, and validated the correlation with surface maps available so to corroborate the data obtained.

As part of these activities, the cartography of a large perforable structure was achieved, which is divided by side ramps into four compartments of NE-SW orientation (Northeast-Southwest). The company already placed on the maps the structure to be drilled in the first place, made the prognosis of the drilling of the same and made the visit to the field to verify the routes of penetration to reach the site where the location will be built for this first well to be drilled in this large structure.

As part of Phase II of the exploration program NSE should cover 100% of the following activities:

- The reprocessing of 963 kms. of two-dimensional seismic data;
- The reprocessing of 60 square kilometers of three-dimensional seismic data
- The seismic inversion of the 2D and 3D on top of the exploratory prospects
- Drilling one exploratory well.

All activities committed by NSE are now completed except for the drilling of the exploratory well, which is subject only to the approval of the Environmental License outlined above.

As highlighted above, the impact of the COVID-19 pandemic has triggered event and instabilities in the supply side of the oil industry and has affected NSE ability to continue with its work commitments within the originally established timelines as many of its tasks have been delayed. Accordingly, the Company's operator applied on June 26, 2020, for 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. Subsequently, 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 February 21, 2022, after giving effect to a six-months extension granted by the ANH in July 2021. The Company is waiting for a reply on an additional extension segment requested.

Current activities:

NSE is awaiting the approval of the Environmental License by the ANLA, designing the location of the well to be drilled and its route of penetration, as well as the design of the well.

As of December 31, 2021, the Company has incurred $2,342,887 in exploration expenditures out of which, approximately $2,230,000 had been already funded.

The following schedule describes the principal accumulated exploration expenditures incurred in Phase II, as well as other acquisition costs associated with Blocks 16 and 67 in Ecuador, accumulated as of March 31, 2021, December 31, 2021, and incurred during the nine months ended December 31, 2021:

As at:	December 31, 2021	March 31, 2021	Nine months ended Dec.31.2021
Acquisition costs	**$ 395,495**	$ -	$ 395,495
Environmental assessment	**549,755**	150,542	399,213
Financial charges	**48,143**	48,143	0
General and administration	**309,087**	288,513	20,574
Permits and licenses	**204,851**	201,843	3,008
Professional fees	**653,826**	359,360	294,466
Seismic data processing	**181,730**	92,387	89,343
	$ 2,342,887	**$ 1,140,788**	**$1,202,099**

Ecuador – Blocks 16- Bock 67:

On November 18 and 19, 2021, the Company announced the approvals by the Ministry of Energy and Non-Renewable Natural Resources of Ecuador and the Ecuadorian Antitrust Authority (*Superintendencia de Control del Poder de Mercado*) for the transfer of the shares ("**Shares**") of Repsol Ecuador S.A. to New Stratus (the "**Transaction**").

The Transaction closed on January 14, 2022. The Company now hold an indirect 35% operated working interest in service contracts for Blocks 16 and 67 in Ecuador. Gross production in October 2021 on the Blocks was 15,617 barrels of oil per day (5,466 net to the sellers).

The aggregate consideration for the Transaction is structured as a guaranteed cash payment of US$5 Million (subject to customary adjustments) to be paid in two (2) equal installments, and the actual collection of the "carry forward" and other items generated under the Service Contracts and the operations of Repsol Ecuador S.A. before closing.

New Stratus, through Repsol Ecuador S.A. as operator, intends to invest approximately US$200 million in 2022 and 2023 to drill development wells on the Blocks following the completion of the Transaction and the completion of negotiations with the Government of Ecuador to extend rights to the Blocks through a production sharing contract. In keeping with its minimum carbon footprint policy, New Stratus will drill these wells from existing, environmentally licensed, well pads. This capital expenditure program will be financed primarily by cash flow and a debt facility being finalized with the Corporation's financial partners.

The transfer of the Shares does not imply any change in the legal entity of Repsol Ecuador S.A., other than the beneficial ownership of the Shares. Furthermore, the Transaction does not alter or affect any of the labor rights of the employees of Repsol Ecuador S.A. who will continue working for the Company with no change to their rights. New Stratus is committed to maintaining stability for all employees of Repsol Ecuador S.A. in accordance with the contractual commitments it will assume once the Transaction is completed.

Additionally, New Stratus is committed to continue supporting the communities in the area of influence of the Blocks and will continue complying with all the commitments that Repsol Ecuador S.A. has made to the neighboring communities, as established by Ecuadorian law and in agreement with the Waorani Nation of Ecuador.

Finally, New Stratus will continue to rigorously adhere to and comply with all environmental regulations and commitments related to the operation of the Blocks.

OUTLOOK

During the nine months ended December 31, 2021, the Company continued the evaluation of the VMM 18 block in Colombia, concluding its seismic data reprocessing, as well as environmental preliminary work including community and social program discussions.

New Stratus has been evaluating different projects in the Sub-Andean Basins and will continue with these evaluations during the current year 2021, as well as initiate the evaluation of opportunities in Brazil.

Among the countries in which the sub-Andean basins are found, NSE primary targets are in Colombia, Ecuador and Brazil which have very attractive contractual conditions in the region, noting that Ecuador is migrating from a legislation which establishes contracts with the government based on service contracts, to a new form where the old contracts are being migrated to a profit-sharing partnership scheme; the conditions now being very similar for the three countries mentioned.

These three countries have a significant production history, extensive oil reserves and established infrastructure, as well as the presence of important service companies for the management of hydrocarbon exploration, production and transportation operations.

Under this approach, NSE continues with the evaluation of projects with 2P reserves (proven and probable), as well as with an exploratory upside, in order to maximize the investments to be made by the Company and the return to its shareholders.

In addition to the proposed activities to be conducted by the Company in its VMM-18 block in Colombia, the following is the overall strategy currently being implemented by New Stratus:

Overall Strategy:

Management objective is to increase production to approximately 50,000 boe/d within 3 to 5 years. This strategy involves the acquisition of production up to 15,000 boe/d and the utilization of management expertise to improve and grow organically acquired production.

The following are specific targets that management has for the above-mentioned countries:

Colombia:

- Acquire production operators/assets
- Farm-in
- Bidding rounds
- Direct negotiations with national producers and regulators (Ecopetrol and ANH)

Ecuador:

- Fee/bbl contracts
- Negotiating PSC’s contracts
- Farm-in and joint ventures
- Acquire production operators/assets
- Participate in the Intracampos II bid round and the Petro Ecuador round where it would look for partnership in over 20 blocks at the west basin

See also Subsequent Events note referring to New Stratus transaction on Blocks 16 and 67.

Brazil

- Current government has continued the liberalization of the Brazilian economy in general, and of the O&G industry.
- Acquisition of existing operators with upside potential and environmental permits
- Farm-in on existing ready to drill or producing blocks
- Participate in bid rounds from the ANP.

RESULTS OF OPERATIONS

During the nine months ended December 31, 2021, New Stratus incurred a loss and comprehensive loss of $3,278,509, compared to a loss and comprehensive loss of $590,919 for the comparative period.

As the Company capitalises it exploration expenditures, the loss mainly relates to general and administrative expenses and other non-cash items such as stock-based compensation and foreign exchange.

The most significant expenses incurred during the three- and nine-months period ended December 31, 2021, were general and administrative expenses and stock-based compensation for $2,568,512 and $632,231, respectively, incurred during the six months period, and $1,309,383 and $311,432, respectively, incurred during the three months period.

The increase in stock-based compensation relates to the granting on April 13, 2021, of 1,290,000 options, exercisable before April 12, 2026, at $0.24 per share. The fair value of these options was estimated at $178,427 when granted, as well as 3,500,000 options granted on October 1,2021, exercisable at $0.30, with a fair value of $551,532 as well as 50,000 options with an exercise price of $0.56 granted on December 6, 2021, and with a fair value of $16,278.

The following schedule details the general and administrative expenses incurred during the three and nine months ended December 31, 2021 and 2020 and the detailed changes for the period:

Nine months ended December 31,	2021	2020	Change
Insurances	**$ 13,556**	$ 7,033	$ 6,523
Legal and accounting	**740,624**	436,180	304,444
Management fees	**946,586**	61,357	885,229
Professional fees	**635,144**	-	635,144
Office and administration	**136,455**	30,514	105,941
Shareholders information and investor relations	**96,147**	97,147	(1,000)
	$ 2,568,512	$ 632,231	$ 1,936,281

- The increase in management fees of $885,229 is due to the recruiting of a new executive as well as the increase of compensation to senior executives that received no compensation during the nine-month ended December 31, 2020.

- The increase in professional fees of $635,144 is mainly the result of new signed contracts associated with the Company several new initiatives in Latin-America and include new contracts in the area of business developments;

- The increase in office and administration charges of $105,941 relates principally to travel expenses incurred by management within Latin-America, developing current and other future business opportunities;

The following schedule details the general and administrative expenses incurred during the three months ended December 31, 2021, and 2020 and the detailed changes for the period:

Three months ended December 31,	**2021**	**2020**	Change
Insurances	**$ 7,289**	$ 2,766	$ 4,523
Legal and accounting	**576,831**	358,927	217,904
Management fees	**419,912**	19,957	399,955
Professional fees	**223,002**	(163,703)	386,705
Office and administration	**74,763**	20,053	54,710
Shareholders information and investor relations	**7,588**	73,432	(65,844)
	$ 1,309,385	$ 311,432	$ 997,953

- The increase in legal and accounting fees for $217,904 is mainly the result of legal expenses associated with negotiations and assessments of the newly acquired production contracts in Blocks 16 and 67 in Ecuador;

- The increase in management fees of $399,955 is due to the recruiting of a new executive as well as the increase of compensation to other senior executives that did not receive compensation during the three-month ended December 31, 2020.

- The increase in professional fees of $386,705 is mainly the result of new signed contracts associated with the Company several new initiatives in Latin-America, particularly in Ecuador, and includes new contracts in the area of business developments. Also, during the third quarter of fiscal 2021, the Company reclassified $285,966 incurred in professional fees related to technical work realized on Block VMM-18, under Exploration and Evaluation assets, generating a negative value for the three months ended December 31, 2020.

SELECTED QUARTERLY INFORMATION

The schedules below highlight selected quarterly information for the Company's last eight fiscal quarters of operations ended:

	Fiscal 2022			Fiscal 2021				Fiscal 2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net loss	(1,848,213)	(514,293)	(514,293)	(500,069)	(316,479)	(249,180)	(25,260)	(467,090)
General & administrative expenses	1,309,383	344,410	344,410	508,178	311,432	257,228	63,571	414,673
Exploration and evaluation balance	2,342,887	1,380,344	1,380,344	1,140,788	1,088,278	658,687	658,687	658,687
Loss per share (basic and fully diluted)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)
Total assets	7,902,532	9,216,244	1,700,380	2,055,703	2,661,500	$1,479,922	$767,044	$943,165
Working capital (deficit)	5,264,645	7,153,407	(521,239)	53,758	597,664	34,474	(1,645,773)	(1,621,930)

The Company capitalized exploration and evaluation costs of $1,202,099, during the nine months ended December 31, 2021. Exploration expenditures have been limited as a result of constraints associated with operational mobility caused by the Covid-19 pandemic. The Company has concluded its seismic data (2D and 3D) reprocessing and is now in the process of reinterpreting such data. New Stratus has also concluded its environmental assessment work.

LIQUIDITY AND CAPITAL RESOURCE

The Company is in the development stage and therefore had no regular cash flow until after January 14, 2022, date in which it acquired Repsol Ecuador. As of December 31, 2021, the Company had a working capital of $5,264,645.

Operating activities:

During the nine months ended December 31, 2021, NSE, as part of its operating activities, reduced its accounts payable by $439,031. The Company also charged to income $731,074 for stock-based compensations, a non-cash item, and reduced payables to related parties by $123,559.

Investing Activities:

During the nine months ended December 31, 2021, the company disbursed $1,227,236 in payments related to exploration and paid its suppliers.

Financing activities:

On September 21, 2020, the Corporation 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.

On December 14, 2020, NSE completed an additional non-brokered private placement of 3,275,000 units at a price of $0.40 per Unit for gross proceeds of $1,310.000, where 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.

On July 30, 2021, NSE announced the closing of a brokered private placement announced on June 3, 2021. The Company issued a total of 30,953,053 units at $0.30 for gross proceeds of $9,285,916. Each unit is composed by one common share of the Company and half a warrant. Each warrant is exercisable for a period of 24 month at a price of $0.45. The Company incurred $785,405 in costs associated with this financing, including 1,237,698 commission units, valued at $371,309.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements as at December 31, 2021, nor have any such arrangements been entered into by the Company as of the date of this MD&A.

TRANSACTIONS WITH RELATED PARTIES

The following transactions arise during the nine months ended December 31, 2021 and 2020 with directors and officers:

- New Stratus paid to its CEO professional fees during the nine months ended December 31, 2021 and 2020 in the amount of $204,490 and $Nil, respectively.

- A company controlled by an officer of the Company provided CFO services to the Company. During the nine months ended December 31, 2021 and 2020, fees incurred for CFO services provided by this officer totaled $18,565 and $62,247, respectively.

- New Stratus paid to its COO professional fees during the nine months ended December 31, 2021 and 2020 in the amount of $151,068 and $Nil, respectively.

- New Stratus paid to its executive director professional fees during the nine months ended December 31, 2021 and 2020 in the amount of $204,490 and $Nil, respectively.

- New Stratus paid to a non-executive directors professional and director fee during the nine months ended December 31, 2021 and 2020 in the amount of $211,049 and $Nil, respectively.

Included as well in payables to related parties are $3,037 payable to officers of the company related to expense refunds and $12,044 in accrued director fees.

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

	Three months		Nine months	
Periods ended December 31,	**2021**	2020	**2021**	**2020**
Management fees	**$209,682**	$19,597	**509,086**	62,247
Salaries	**118,041**	-	**235,206**	-
Non-executive directors	**37,300**	-	**141,521**	-
Share based payments	**433,346**	-	**509,411**	5,708
Total	**$798,369**	$19,597	**$ 1,395,224**	$ 67,955

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.

SHARE DATA

Private placements:

The authorized capital of the Company consists of an unlimited number of Common Shares.

On September 21, 2020, the Corporation completed a non-brokered private placement of 9,566,428 units at a price of $0.20 per Unit for gross proceeds of $1,913,286. 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.

On December 14, 2020, NSE completed a non-brokered private placement of 3,275,000 units at a price of $0.40 per Unit for gross proceeds of $1,310.000, where 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.

On July 30, 2021, NSE announced the closing of a brokered private placement where a total of 30,953,053 units at $0.30 for gross proceeds of $9,285,916 were raised.

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, approved by the TSXV, extended the expiry date from May 3, 2020, to May 3, 2022.

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.

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.

As part of the private placement closed on July 30, 2021, the Company issued 15,476,527 warrants. Each warrant will entitle the holder to purchase one common share at an exercise price of $0.45 until the second anniversary of the issuance of the warrant. In addition, the Company issued 618,849 broker warrants with the same features as the regular warrants issued.

During January 2022, 9,583,000 warrants were exercised for net proceeds of $2,874,900.

At the date of this report there were 37,099,304, warrants outstanding.

Stock based compensation:

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 October 15, 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-years period.

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

On April 13, 2021, the Company granted incentive stock options to acquire a total of 1,290,000 common shares of the Corporation, valued at $178,427, to various directors, officers and consultants of the Corporation pursuant to the Corporation's stock option plan. 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.

On August 11, 2021, 200,000 options exercisable at $0.10 and expiring June 7, 2022 were exercised and 60,000 options of this same denomination were cancelled.

On October 1st., 2021 the Company granted an aggregate of 3,500,000 stock options to consultants of the Company, pursuant to the Company's Plan. The options vested on granting and are exercisable at $0.30 for a five-years period.

On December 6, 2021, the Company granted an aggregate of 50,000 stock options to a consultant of the Company, pursuant to the Company's Plan. The options are vested over a year from the grant date and are exercisable at $0.56 for a five-years period.

As at the date of this report there were 9,390,000 stock options outstanding.

Fully diluted shares information:

As at the date of this report there were:

Common shares	103,342,265
Warrants	37,099,304
Stock based compensation	9,390,000
Fully diluted number of shares	149,831,569

CRITICAL ACCOUNTING ESTIMATES

This MD&A should be read in conjunction with the Company's unaudited condensed financial statements and related notes for the nine months ended December 31, 2021, wherein a more detailed discussion of accounting estimates is presented.

COMMITMENTS AND CONTINGENCIES

Block VMM-18

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, date which in July 2021 was extended for a period of additional six months as part of the overall requested extension. The Company is waiting for a reply on the additional extension segment requested. (See also Note 5 - Exploration and Evaluation Assets).

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").

Consulting agreements

The Company is obligated under a consulting agreement in the amount of US$ 5,000 per months until May 31, 2026.

Executive compensation

On July 1st. 2021, the Company entered into employment agreements with its senior executives which contain clauses requiring additional payments up to $2,415,000 to be made upon the occurrence of certain events such as change of control. As the triggering event has not occurred, the contingent payment has not been provided for in these unaudited condensed interim financial statements.

Novel Coronavirus

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.

SUBSEQUENT EVENTS

On January 14, 2022, the Company announced that further to its news release dated October 20, 2020, it has closed the previously disclosed transaction with affiliates of Repsol S.A. (the "Sellers") for the transfer of the shares ("Shares") of Repsol Ecuador S.A. to New Stratus (the "Transaction"). The Corporation now holds an indirect 35% operated working interest in service contracts (the "Service Contracts") for Blocks 16 and 67 in Ecuador (the "Blocks") and Repsol Ecuador S.A., now a wholly-owned subsidiary of New Stratus, remains the operator of the Blocks.

The aggregate consideration for the Transaction is structured as a guaranteed cash payment of US$5 Million (subject to customary adjustments) to be paid in two (2) equal installments, and the actual collection of the "carry forward" and other items generated under the Service Contracts and the operations of Repsol Ecuador S.A. before closing.

During January 2022, 9,583,000 warrants were exercised for net proceeds of $2,874,900.

RISKS AND UNCERTAINTIES

The Company's business consists of the exploration, evaluation and development of its properties and is subject to certain risks. The risks described below are not the only risks facing the Company and other risks now unknown to the Company may arise or risks now thought to be immaterial may become material. No guarantee is provided that other factors will not affect the Company in the future. Many of these risks are beyond the control of the Company.

An investment in the Common Shares involves a number of risks. In addition to the other information contained in this MD&A, investors should give careful consideration to the following, factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. If any of the following events described as risks or uncertainties actually occurs, the business, prospects, financial condition and operating results of the Company would likely suffer, possibly materially. In that event, the market price of the Common Shares could decline and investors could lose all or part of their investment. Additional risks and uncertainties presently unknown, or that are not believed to be material at this time, may also impair or have a material adverse effect on the Company's operations. In addition to the risks described elsewhere and the other information contained in this MD&A, prospective investors should carefully consider each of and the cumulative effect of all of the following risk factors. References in the below Risk Factors to "we", "our" or "us" refer to the management of the Company.

Limited History of Operations

The Company has had a limited operating history upon which an evaluation of the Company, its current business and its prospects can be based. An investor should consider any purchase of the Company's securities considering the risks, expenses and problems frequently encountered by all companies in the early stages of their corporate development.

Future Financing Requirements

The Company will need additional financing to continue in business and there can be no assurance that such financing will be available or, if available, will be on reasonable terms. To the extent financing is not available, business opportunities and potential acquisitions could be lost for the Company.

Dilution and Future Sales of Common Shares

The Company is in the exploration stage of its corporate development; it owns no producing properties and, consequently has no current operating income or cash flow from the properties it holds, nor has it had any income from operations in the past three financial years. As a consequence, operations of the Company are primarily funded by equity subscriptions. The Company may issue additional shares in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and an unlimited number of Preferred Shares issuable in series and shareholders will have no pre-emptive rights in connection with further issuances. The directors of the Company have the discretion to determine the provisions attaching to any series of Preferred Shares and the price and terms of further issuances of Common Shares, subject to compliance with applicable corporate and securities laws and stock exchange regulations.

Risks Inherent in Acquisitions and Dispositions

It is part of the Company's corporate strategy to actively pursue the acquisition of exploration, development and production assets consistent with its acquisition and growth strategy. From time to time, the Company may also acquire securities of or other interests in companies with respect to which it may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including but not limited to:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of the Company's key employees or key employees of any business acquired;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired properties, companies or securities.

Any one or more of these factors or other risks could cause the Company not to realize the anticipated benefits of an acquisition of properties or companies and could have a material adverse effect on its financial condition.

In addition, non-core assets may be periodically disposed of so the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Company may realize less on disposition than their carrying value on the financial statements of the Company.

Exploration and Development of Oil and Gas Properties

New Stratus is engaged in oil and natural gas exploration, which is a high-risk venture with uncertain prospects for success and for which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that expenditures made on future exploration or development activities by New Stratus will result in discoveries of oil or natural gas that are commercially or economically possible. It is difficult to project the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling. Even if commercial quantities of petroleum or natural gas are discovered, there is no assurance that production therefrom or development thereof will occur or be profitable. Natural resource prices fluctuate widely and are affected by numerous factors such as inflation, interest rates, demand, global or regional political and economic crisis and production costs in major producing regions. The aggregate affect of these factors, all of which are beyond New Stratus' control, is impossible to predict. No assurance can be given that commercial accumulations of oil and natural gas will be discovered as a result of the efforts of New Stratus and prospective investors must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of the management of New Stratus.

The future value of New Stratus is dependent on the success or otherwise of New Stratus' activities which are directed toward the exploration, appraisal and development of its assets. Exploration, appraisal and development of oil and gas reserves are speculative and involves a significant degree of risk. There is no guarantee that exploration or appraisal of the properties in which New Stratus holds rights will lead to a commercial discovery or, if there is commercial discovery, that New Stratus will be able to realize such reserves as intended. Few properties that are explored are ultimately developed into new reserves. If at any stage New Stratus is precluded from pursuing the exploration or development of its assets, New Stratus' business, financial condition and/or results of operations and, accordingly, the trading price of the Common Shares, is likely to be materially adversely affected.

Management of Growth

Any expansion of the Company's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Company will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Company will be able to manage growth successfully. An inability of the Company to manage growth successfully could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may expand its operations through the acquisition of additional assets, businesses, products or technologies that it believes will complement its current or future business. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional assets or businesses or successfully integrate any acquired assets, businesses, products or technologies into the Company without substantial expenses, delays or other operational or financial problems. If a strategy of growth through acquisition is pursued, the failure of the Company to manage this strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

Uninsured Risks Exist and May Affect Certain Values

The Company maintains insurance to cover normal business risks. In the course of exploration and development of its properties, certain risks, and in particular, unexpected or unusual geological operating conditions may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Common Shares.

Key-Man and Liability Insurance Factors Should be Considered

The success of the Company will be largely dependent upon the performance of its key officers. The Company has not, as yet, purchased any "key-man" insurance with respect to any of its directors, officers, key employees and has no current plans to do so.

Although the Company may obtain liability insurance in an amount which management considers adequate, the nature of the risks for mining companies is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Ability to Attract and Retain Qualified Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of its properties is limited and competition for such persons is intense. As the Company's business activity grows, they will require additional key financial, administrative and operations personnel. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Factors Beyond Company's Control

The exploration and development of the Corporation's assets will be affected by numerous factors beyond the control of the Company. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and processing facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

Government Regulation

The oil and gas business is subject to regulation and intervention by governments in such matters as the awarding of exploration and production interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields (including restrictions on production) and possible expropriation or cancellation of contract rights, as well as with respect to prices, taxes, export quotas, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and gas industry could reduce demand for oil and natural gas, increase the Company's costs and have a material adverse effect on the Company.

Environmental Risks and Hazards

The Company's activities are subject to extensive national, provincial, and local laws and regulations governing environmental protection and employee health and safety. The Company is required to obtain governmental permits and provide bonding requirements under environmental laws. All phases of the Company's operations are subject to environmental regulation. These regulations include limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner, which will require stricter standards and enforcement, increased fines and penalties for non-compliance, and more stringent environmental assessments of proposed projects. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Environmental laws and regulations are complex and have tended to become more stringent over time. These laws are continuously evolving. The Company is not able to predict the impact of any future changes in environmental laws and regulations on its future financial position due to the uncertainty surrounding the ultimate form such changes may take.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted.

Share Price Fluctuations

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance or the underlying asset values of prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Price Volatility of Publicly Traded Securities

Securities of natural resource companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in commodity prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the Company's shares include the following:

- the extent of analyst coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow its securities;
- limited trading volumes and general market interest in the Company's securities may affect an investor's ability to trade the Company's shares; and

- the relatively small number of publicly held shares may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these factors, the market price of the Company's shares at any given point in time may not accurately reflect the Company's long-term value.

Conflicts of Interest

There are potential conflicts of interest which the directors and officers of the Company may be subject in connection with the operations of the Company. Some of the directors and officers of the Company may be, or may become, engaged in the oil and gas industry, and situations may arise where directors, officers and promoters will be in direct conflict with the Company. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under, the ABCA and the applicable statutes of the jurisdictions of in Company of the Company's subsidiaries.