NEW STRATUS ENERGY INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2024, AND 2023

NEW STRATUS ENERGY INC.

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Management’s Responsibility for the Interim Condensed Consolidated Unaudited Financial Statements

The accompanying Condensed Consolidated Interim unaudited financial statements of New Stratus Energy Inc. Inc. (the "Company") are the responsibility of the Board of Directors.

These Condensed Consolidated Interim unaudited financial statements have been prepared by management on behalf of the Board of Directors based on the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for incomplete transactions at the end of the reporting period. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality. They are by International Financial Reporting Standards issued by the International Accounting Standards Board.

Management has established processes which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) financial statements do not contain any untrue statement of a material fact or omit to state a material fact required to be stated, or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the Condensed Consolidated Interim unaudited financial statements.

The Board of Directors is responsible for reviewing and approving the company's Condensed Consolidated Interim unaudited financial statements and other financial information and ensuring management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process, financial statements, and other company financial information. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the company's financial statements and other financial details for issuance to the shareholders.

Management recognizes its responsibility to conduct the Company’s affairs in compliance with established financial standards and applicable laws and regulations and to maintain proper standards of conduct for its activities.

(signed)	(signed)
Jose Francisco Arata	Mario A. Miranda
Chief Executive Officer	Chief Financial Officer

Toronto, Canada, May 30, 2024

Notice of Disclosure of Non-auditor Review of Condensed Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not reviewed the unaudited condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed them.

The accompanying unaudited condensed interim financial statements of the Company for the interim periods ended March 31, 2024, and 2023 have been prepared by International Financial Reporting Standards (“IFRS”) accounting principles and are the responsibility of the Company’s management.

The Company’s independent auditors, BDO, have not reviewed these condensed interim financial statements, following the standards established by the Chartered Professional Accountants of Canada for reviewing financial statements by an entity’s auditor.

NEW STRATUS ENERGY INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited: in Canadian dollars)

	Note	March 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		**$ 30,277,469**	$ 33,114,273
Restricted cash	5	**510,539**	510,539
Trade and other receivables	6	**2,865,288**	20,631
Accounts receivable from related entities	7	**2,207,787**	-
Recoverable taxes	8	**1,069,604**	7,434,764
Prepaid and advance payments	9	**1,423,524**	6,941,808
		38,354,211	48,022,015
Non-current assets			
Property, plant, and equipment	10	**524,030**	629,306
Investments in joint venture	11	**14,645,838**	-
Other assets		**6,493**	7,057
		15,176,361	636,363
Total assets		**$ 53,530,572**	$ 48,658,378
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	12	**$ 10,389,726**	$ 2,374,147
Taxes payable		**$14,861**	121,149
Employee benefit obligation	13	**$429,993**	483,446
Defined benefit obligations	14	**877,406**	854,911
Asset retirement obligation	15	**69,107**	102,392
		11,781,093	3,936,045
Non-current liabilities			
Other liabilities	16	**23,935,750**	22,662,562
		23,935,750	22,662,562
Total liabilities		**35,716,843**	26,598,607
Shareholders' equity			
Share capital	17	**32,218,119**	31,828,122
Warrants	17	**1,065,141**	1,142,388
Contributed surplus	17	**4,316,215**	4,316,215
Cumulative translation adjustment		**(97,354)**	(177,408)
Deficit		**(19,688,392)**	(15,049,546)
Total equity		**17,813,729**	22,059,771
Total liabilities and equity		**$ 53,530,572**	$ 48,658,378

Commitments and Contingencies (Note 25) and Subsequent Events (Note 17, Note 27)

Approved by the Board of Directors

See accompanying notes to the Condensed Consolidated Interim financial statements.

NEW STRATUS ENERGY INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)
(Unaudited: in Canadian dollars)

For the three months ended March 31,	Note	2024	2023
General and administrative	18	**$ (5,410,780)**	$ (3,103,708)
Financial cost, net		**(337,2610)**	-
Income from investments in Joint venture	11	**679,769**	-
Foreign exchange gain (loss)		**181,893**	(360,994)
Other income	19	**247,533**	234,649
Net loss before income taxes		**(4,638,846)**	(3,230,053)
Income tax (expense)		-	(3,191)
Net loss		**$ (4,638,846)**	$ (3,233,244)
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences in translation of the companies' subsidiaries.		**80,053**	(87,289)
Net loss and comprehensive loss		**$ (4,558,793)**	$ (3,320,533)
Net loss per share			
Basic	20	**$(0.04)**	$(0.03)
Diluted	20	**$(0.04)**	$(0.03)

See accompanying notes to the Condensed Consolidated Interim financial statements.

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

For the three months ended March 31,	Notes	2024	2023
Share capital			
Balance, beginning of the period		**$ 31,828,122**	$ 31,227,085
Warrants exercise	17	**389,997**	-
Balance, end of the period		**32,218,119**	31,227,085
Warrants			
Balance, beginning of the period		**1,142,388**	1,260,010
Fair value of warrants exercised	17	**(77,247)**	-
Balance, end of the period		**1,065,141**	1,260,010
Contributed surplus			
Balance, beginning of the period		**4,316,215**	4,316,215
Balance, end of the period		**4,316,215**	4,316,215
Cumulative translation adjustment			
Balance, beginning of the period		**(177,408)**	1,315,932
Translation reserve		**80,054**	(87,288)
Balance, end of the period		**(97,354)**	1,228,644
Accumulated deficit			
Balance, beginning of the period		**(15,049,546)**	(2,399,474)
Net loss for the period		**(4,638,846)**	(3,233,244)
Balance, end of the period		**(19,688,392)**	(5,632,718)
Total shareholders' equity		**$ 17,813,729**	$ 32,399,236

See accompanying notes to the Condensed Consolidated Interim financial statements.

NEW STRATUS ENERGY INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited: in Canadian dollars)

For the three months ended March 31,	Notes	2024	2023
Operating activities			
Net loss		**$ (4,638,846)**	$ (3,233,244)
Adjustment for non-cash items:			
Depletion and depreciation	10	**108,454**	109,192
Income from investment in Joint Venture	11	**(679,769)**	-
Foreign currency exchange		**(181,893)**	360,994
Payments of employee benefit obligations	13	**(322,532)**	(1,162,334)
Payments of asset retirement obligation	15	**(35,979)**	-
Tax credit refund	8	**6,365,160**	-
Net change in non-cash working capital items	24	**(1,826,771)**	10,086,691
		(1,212,176)	6,161,299
Investing activities			
Purchase price consideration paid for a Joint Venture	11	**(2,667,184)**	-
Purchase of property, plant, and equipment		**-**	16,162
Purchase price consideration paid for a business combination	12	**-**	(3,386,000)
Payments to Repsol	12	**-**	(5,227,984)
		(2,667,184)	(8,597,822)
Financing activities			
Warrants exercised	17	**312,750**	-
		312,750	-
Net change in cash and restricted cash		**(3,566,610)**	(2,436,523)
Impact of foreign exchange on foreign currency-denominated cash balance		**729,807**	(448,282)
Cash and restricted cash, the beginning of the period		**33,624,812**	21,160,711
Cash and restricted cash, end of the period		**$ 30,788,008**	$ 18,275,906

See accompanying notes to the Condensed Consolidated Interim financial statements.

NOTE 1 – REPORTING ENTITY

New Stratus Energy Inc. ("**New Stratus**" or the "**Company**" or the **"Corporation"**) is a publicly traded company domiciled in Canada. The Company was incorporated on April 12, 2015, under the Business Corporations Act (Alberta). The Company's registered office is 1500, 850 2nd Street S.W., Calgary, Alberta, Canada.

The Company's operations involve the acquisition, exploration, and development of oil and gas properties and, since January 14, 2022, the operation and production of oil and gas deposits. These operations are subject to risks and challenges like those of 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 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.

NOTE 2 - BASIS OF PREPARATION

These condensed consolidated interim financial statements, as approved by the Company's Board of Directors on May 29, 2024, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain disclosures required by IFRS have been condensed or omitted in the following note disclosures or are disclosed or have been disclosed on an annual basis only. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the years ended December 31, 2023, and 2022 ("annual financial statements"), which have been prepared in accordance with IFRS as issued by the IASB.

The financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value and are presented in U.S. dollars. They have been prepared on a going concern basis assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due for the foreseeable future.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES

Consolidation

The material accounting policies are the same as those applied in preparing the annual financial statements for the year ended December 31, 2023, except for the adoption of the IAS 28 – Investments in Associates and Joint Ventures, as noted below. These financial statements comprise the financial results of the Company and its subsidiaries. Details regarding the Company and its principal subsidiaries as of March 31, 2024, are as follows:

Entity	Property /function	Registered	Interest as at March 31, 2024	Functional currency
New Stratus Energy Inc.	Corporate	Canada		CA
Petrolia Ecuador S.A.(Spain)	Ecuador Operator Blok16 and Blok 67	Spain	100%	USD
New Stratus Latin America S.A.	Technical Assistance	Colombia	100%	USD
Operadora NSE Mexico S.A.	Soledad Project	Spain	100%	EUR

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been aligned, where necessary, to ensure consistency with the policies adopted by the Company.

Investment in Joint Venture

The Company conducts a portion of its business through investments in joint venture.

Joint Venture	Location	Ownership interest	Classification and accounting method	Property
Desarrolladora de Oriente Oil & Gas, Ltd.	British Virgin Island	49%	Joint Venture, equity method	Gold Pillar

In a joint arrangement, the parties are bound by contractual arrangements establishing joint control, and decisions about the activities that significantly affect the returns of the investee require unanimous consent. A joint arrangement is classified as either a joint operation or a joint venture, subject to the terms that govern each investor's rights and obligations in the arrangement.

(Unaudited: in Canadian dollars except as otherwise noted)

In a joint operation, the investor has rights and obligations to the separate assets and liabilities of the investee and in a joint venture, the investors have rights to the net assets of the joint arrangement. For a joint operation, the Company recognizes its share of the assets, liabilities, revenue, and expenses of the joint arrangement, while for a joint venture, the Company accounts for its investment in the joint arrangement using the equity method.

A Joint venture is an entity over which the Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies. The Company accounts for its investment in joint ventures using the equity method.

Under the equity method, the Company's investment in a joint venture or an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of net earnings and losses of the joint venture or associate, after any adjustments necessary to give effect to conform accounting policies, any other movement in the joint venture or associate's reserves, and for impairment losses after the initial recognition date. The Company's share of a joint venture or an associate's losses that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. The Company's share of earnings and losses of joint ventures and associates are recognized in net earnings during the period. Dividends and repayment of capital received from a joint venture or an associate are accounted for as a reduction in the carrying amount of the Company's investment. Unrealized gains and losses between the Company and its joint ventures and associates are recognized only to the extent of unrelated investors' interests in the joint ventures and associates. Intercompany balances and interest expense and income arising on loans and borrowings between the Company and its joint ventures and associates are not eliminated.

If the investment ceases to be an associate or joint venture, the Company shall discontinue the use of the equity method from the date the Company loses significant influence. Any items previously recognized in other comprehensive income are reclassified to profit and loss on discontinuation of the equity method.

As disclosed in Note 11, the Company accounts for its investments in Desarrolladora de Oriente Oil & Gas, Ltd. using the equity method.

New accounting standards issued but not effective.

IFRS 18 – Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18, Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1, Presentation of Financial Statements.

IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The extent of the impact of the adoption of this standard is currently under evaluation.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Judgments, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgments, estimates and assumptions made by management in applying the Company's accounting policies are the same as those that applied to the consolidated financial statements for the years ending December 31, 2023, and 2022 (annual financial statements).

NOTE 5 – RESTRICTED CASH

	March 31, 2024	December 31, 2023
GIC- USD term deposit	**$ 410,539**	$ 410,539
GIC - One year cashable	**100,000**	100,000
	$ 510,539	$510,539

NOTE 6 – TRADE AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023
Receivable from Franco Favilla (1)	**$ 2,809,386**	$ -
Other receivables	**55,902**	20,631
	$ 2,865,288	$ 20,631

(1) As of March 31, 2024, $2.8 million (USD$ 2.1 million) were reclassified from advance accounts to accounts receivable for the 51% share participation of Franco Favilla in the share purchase of Vencupet, advanced by the company during 2023.

(Unaudited: in Canadian dollars except as otherwise noted)

NOTE 7 – ACCOUNTS RECEIVABLE FROM RELATED ENTITIES

	March 31, 2024	December 31, 2023
Receivable from Gold Pillar	**$ 2,207,787**	$ -
	$ 2,207,787	$ -

NOTE 8 – RECOVERABLE TAXES

	March 31, 2024	December 31, 2023
Tax credits (1)	**$ 1,069,604**	$ 7,434,764
	$ 1,069,604	$ 7,434,764

(1) As of March 31, 2024, recoverable taxes include $0.8 million (USD$0.6 million) related to Income Tax Withheld by the Government of Ecuador (December 31, 2023, $7.4M of Ecuadorian VAT tax) and 0.2 million related to VAT tax credits. During the three months ended March 31, 2024, $6.4 million related to the Ecuadorian Withholding Income Tax for fiscal year 2021 were refunded.

NOTE 9 – PREPAID AND ADVANCE PAYMENTS

	March 31, 2024	December 31, 2023
Prepaid expenses	**$ 98,161**	$ 156,827
Advances and deposits (1)	**1,325,363**	6,784,981
	$ 1,423,524	$ 6,941,808

(1) As of March 31, 2024, the advances include $1.3million (US$ 1.0 million) corresponding to advance to Sucre Gas Iberoamerica ("Sucre"), as part of a gas supply agreement entered between Sucre and NSE, where, subject to the satisfaction of certain conditions, Sucre and Ypergas will supply natural gas to NSE for further liquification and export. (December 31, 2023, $1.3million /US$ 1.0 million).

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment includes the Company's Oil and Gas production investments such as machinery, processing facilities, equipment, vehicles, office equipment, and furnishings, among other things:

Cost	**Oil and gas production investments**	**Furniture fixtures & Other Equipment**	**Total property plant & equipment**
Balance on December 31, 2023	$ 29,423,598	$ 1,258,048	$ 30,681,646
Effect of change in exchange rates	-	14,466	14,466
Balance on March 31, 2024	**$ 29,423,598**	**$ 1,272,514**	**$ 30,696,112**
Accumulated depletion and depreciation			
Balance on December 31, 2023	$ (29,423,598)	$ (628,742)	$ (30,052,340)
Depletion and depreciation	-	(108,454)	(108,454)
Effect of change in exchange rates	-	(11,288)	(11,288)
Balance on March 31, 2024	**$ (29,423,598)**	**$ (748,485)**	**$ (30,172,083)**
Carrying amounts as at:			
December 31, 2023	$ -	$ 629,306	$ 629,306
March 31, 2024	**$ -**	**$ 524,030**	**$ 524,030**

(Unaudited: in Canadian dollars except as otherwise noted)

	Oil and gas production investments	Other Assets	Total
Cost			
Balance, December 31, 2022	$ 29,423,598	$ 1,158,689	$ 30,582,287
Additions	-	112,186	112,186
Effect of change in exchange rates	-	(12,827)	(12,827)
Balance, December 31, 2023	$ 29,423,598	$ 1,258,048	$ 30,681,646
Accumulated depletion and depreciation			
Balance, December 31, 2022	$ (29,423,598)	$ (133,833)	$ (29,557,431)
Depletion and depreciation	-	(504,352)	(504,352)
Effect of change in exchange rates	-	9,443	9,443
Balance, December 31, 2023	$ (29,423,598)	$ (628,742)	$ (30,052,340)
Net carrying amounts as at:			
December 31, 2022	$ -	$ 1,024,856	$ 1,024,856
December 31, 2023	$ -	$ 629,306	$ 629,306

As of December 31, 2022, when the Service Contract was terminated, all the oil and gas production investments were fully depleted and depreciated, except for Other Equipment representing information systems that remained with the Company. As a result, no depleted and depreciated assets are to be assessed for impairment on either March 31, 2024 or December 31, 2023.

NOTE 11 – INVESTMENT IN JOINT VENTURE

The following table summarizes the Company's investment in Desarrolladora de Oriente Oil & Gas Ltd:

Balances on December 31, 2023	$ -
Investment in shares	13,966,069
Company's share of the income from the joint venture	679,769
Balances on March 31, 2024	**$ 14,645,838**

On January 2, 2024, New Stratus announced the acquisition (the "Acquisition") of a 50% indirect interest in GoldPillar International Fund SPC Ltd. ("GoldPillar"), a private entity organized and existing under laws of the British Virgin Islands, which has acquired a 40% equity participation (the "Equity Subscription") in a joint venture company, Petrolera Vencupet, S.A. ("Vencupet"), which holds the oil production rights for the fields named "Adas," "Lido," "Limon," "Leona", "Oficina Norte" and "Oficina Central" all located onshore in the Anzoategui and Monagas States in Eastern Venezuela (the "Fields"). Petroleos de Venezuela S.A. ("PDVSA"), the Venezuelan national oil company, through its subsidiary Corporacion Venezolana de Petroleo S.A. ("CVP"), owns the remaining 60% of the share capital of Vencupet.

This investment will allow NSE to access to four revenue streams:

- Oil Production revenue from the 40% working interest in the Fields;
- Oil Trading fees from commercializing the production from the Fields;
- Fees from financial, operational and logistic support to contractor that provides technical assistance services to Vencupet
- Financing fees from providing the upfront capital to finance the capital expenditure requirements for the Fields. The funds are being made available by NSE to GoldPillar, which at the same time has in place a six-month €60 million revolving line of credit to Vencupet for a total period of four and a half years. Indirect maximum capital exposure of NSE under the facility at any point in time will be approximately US$25 million.

The Fields are located onshore in the Eastern Venezuela Basin and have an aggregate area of 794.2 km2. A reactivation program will be deployed for 246 wells, with 90 wells initially planned for reactivation in 2024 and 2025. Conventional workovers in each well will be executed with the goal of returning the wells to primary production. By reviewing the available technical and geological data, the Corporation expects there will be opportunities to recover shut-in and by-passed oil in the previously active Fields.

On May 23rd and 27th, 2024, the Company executed all the documentation to recognize, retroactively effective to January 1, 2024, the investment in GoldPillar. Pursuant to this documentation, the Company has modified its original 50% interest in GoldPillar down to 49%. At the same time, GoldPillar has (i) carved out its interest and capital share from the general contractor entity that will provide technical assistance services to Vencupet, and (ii) executed a financing, operating, and logistics agreement with this supplier.

(Unaudited: in Canadian dollars except as otherwise noted)

As of March 31, 2024 the company has registered a $13.9 million (USD$ 10.5 million) investment, as follows:

(1) Reclassification of $3.0 million (USD$ 2.4 million) from the Advances accounts for considerations and preoperational investment cost in share paid to Mr. Franco Favilla ("Favilla") during 2023. Franco Favilla was the beneficial owner of 100% of the share capital of GoldPillar
(2) Consideration paid to Favilla during the three-month ended March 31, 2024, of $2.7 million (USD$2.0 million); and,
(3) Recognizing a finder's fee payable to Favilla in the amount of $8.2 million (USD$6.0 million), payable in installments over 24 months from May 27, 2024.

During the three months ended March 31, 2024, seven reactivations were carried out. The accumulated production at Vencupet was 3,587, 2,317 and 3,004 barrels for January, February and March, respectively.

During the three months ended March 31, 2024, the company recognized an income of $679,769 in Income from investments in Joint venture. This amount relates to the equity pickup of the company's 49% share of the net income from Desarrolladora de Oriente. As of March 31, 2023, Desarrolladora de Oriente reported a net income of $1,028,532.

NOTE 12 – TRADE AND OTHER PAYABLES

Trade and other payable include the following:

	Trade Payable	Purchase price Obligations (1)(2)	Provisions (3)	Total
Balance, December 31, 2022	$ 9,975,475	$ 6,772,000	$ 7,489,898	$ 24,237,373
Increases	1,909,927	-	464,220	2,374,147
Payments	(9,975,475)	(6,772,000)	(7,474,835)	(24,222,310)
Effect of change in exchange rates	-	-	(15,063)	(15,063)
Balance, December 31, 2023	$ 1,909,927	$ -	$ 464,220	$ 2,374,147
Increases	1,592,414	8,248,845	8,612	9,849,871
Payments	(1,759,357)	-	(74,935)	(1,834,292)
Effect of change in exchange rates	-	-	-	-
Balance, March 31, 2024	**$ 1,742,984**	**$ 8,248,845**	**$ 397,897**	**$ 10,389,726**

(1) As of March 31, 2024 Purchase price Obligation includes a finder's fee payable to Favilla in the amount of $8.2 million (USD$6.0 million), payable in installments over 24 months from May 27, 2024. (See Note 11)
(2) As of December 31, 2023, the company satisfied its obligation as per an amendment to the agreement with REPSOL for the acquisition of Petrolia Ecuador S.A., executed on February 23, 2023 by paying the two installments of the purchase price totaling $6.7 million.
(3) Provisions as of December 31, 2022, included:
   a. $5,227,984 (US$3,860,000) related to some recoverable taxes in Ecuador
   b. $1,911,058 (US$1,411,000) related to taxes paid due to changes in tax laws during the execution of the Service Contracts in Ecuador, initially contingent payments to Repsol upon collection.

   The above provisions were originally contemplated as contingent payments to REPSOL upon collection by Petrolia. On February 23, 2023, the company agreed with REPSOL to settle certain matters and differences concerning the Purchase Agreement of Petrolia Ecuador S.A. During the year ended December 31, 2023, the company satisfied its obligation as per the Agreement by paying the total amount of $7.1 million.

NOTE 13 – EMPLOYEE BENEFIT OBLIGATION

Balance, December 31, 2022	$ 1,076,723
Increases	776,253
Payments	(1,358,194)
Effect of change in exchange rates	(11,336)
Balances on December 31, 2023	$ 483,446
Increases	258,853
Payments	(322,532)
Effect of change in exchange rates	10,226
Balances on March 31, 2024	**$ 429,993**

(Unaudited: in Canadian dollars except as otherwise noted)

As of March 31, 2024, the employee benefits include mainly obligations payable to employees for vacations, thirteenth and fourteenth salary, reserved funds, and variable bonuses for goal achievement.

NOTE 14 – DEFINED BENEFIT OBLIGATION

Balance, December 31, 2022	$	-
Increases		854,911
Balance, December 31, 2023	$	854,911
Effect of change in exchange rates		22,495
Balances, March 31, 2024	**$**	**877,406**

During 2023, Petrolia Ecuador S.A. hired some employees who had been employed by Petrolia as of December 31, 2022, and were terminated on that date. As required by government employment regulations, the termination and immediate rehiring of an employee require the continuance of the original employee's rights to pension, severance bonus, and compensation. Accordingly, as of March 31, 2024 the company has recorded a provision of $0.9 million under this concept.

NOTE 15 – ASSET RETIREMENT OBLIGATION

Balance, December 31, 2022	$	5,751,312
Change in estimate		(5,204,913)
Liabilities settled		(413,478)
Effect of change in exchange rates		(30,529)
Balances on December 31, 2023	$	102,392
Liabilities settled		(35,979)
Effect of change in exchange rates		2,694
Balances on March 31, 2024	**$**	**69,107**

During the year ended December 31, 2023, the Company reduced its estimated ARO provision. The 2023 change in estimate results from the execution of the Minute between the Company and the Ministry of Energy, which addresses and identifies the main activities to be carried out in the reversion process.

NOTE 16 – OTHER LIABILITIES

Balance, December 31, 2022 (1)	$	335,154
2007 Income Tax credit (2)		19,378,709
Interest accrued		1,190,700
Provision Solidarity Contribution Tax trial (3)		2,160,439
Payments		(335,154)
Effect of change in exchange rates		(67,286)
Balances on December 31, 2023		22,662,562
Interest accrued		676,895
Effect of change in exchange rates		596,292
Balances on March 31, 2024	**$**	**23,935,750**

(1) Correspond to advances received from Oil Consortium Block 16 and Oil Consortium Block Tivacuno partners.

(2) On July 12, 2023, the Company announced that Consortium Block 16 had been notified of a final and definitive ruling by the National Court of Justice of Ecuador regarding a previous year's tax claim, which granted the Consortium the right to obtain a tax credit for $19.4 million (US$14.6 million). As a result of agreements and covenants entered by the Company during past years related to this income tax credit, the Company recognized a reserve for contractual responsibilities in the same amount refunded. As of March 31, 2024, the balance of the provision related to this reserve is $ 19.4 million (US$14.6 million). During the three months ended March 31, 2024, Petrolia accrued interests associated with this provision recognized through a comprehensive loss of $0.7 million (US$0.5 million). The Company has announced a formal arbitration claim under the terms contemplated in the service contract agreements;

(Unaudited: in Canadian dollars except as otherwise noted)

however, the Company, during the period of negotiations with the Ministry of Energy, aims to reach an amicable settlement on all the outstanding issues derived from the service contracts, including this fiscal year refund.

(3) As of March 31, 2024, the Company has a provision of $2.2 million, related to the 2016 Solidarity Contribution Tax trial.

NOTE 17– SHARE CAPITAL

Authorized

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

Issued and Outstanding

	Number	Amount
Balance, December 31, 2022	122,913,523	$ 31,227,085
Stock-based compensation exercised	30,000	7,200
Warrants exercised	1,058,255	476,215
Warrants exercised FV allocation.	-	117,622
Balance, December 31, 2023	124,001,778	$ 31,828,122
Warrants exercised	695,000	312,750
Warrants exercised FV allocation.	-	77,247
Balance, March 31, 2024	**124,696,778**	**$ 32,218,119**

Warrants:

As part of the July 30, 2021, financing, the Company issued 16,095,376 warrants valued at $186,776. Each warrant will entitle the holder to purchase one common share at an exercise price of $0.45 until the second anniversary of the warrant issuance. For accounting purposes, the Company uses the Black-Scholes valuation methodology to value the warrants at the date of issuance. The significant inputs into the model were a share price of $0.32, an exercise price of $0.45, volatility of 70%, a dividend yield of 0%, an expected warrant life of two years and an annual risk-free interest rate of 0.45%. Volatility was estimated based on the average volatility of a sample of peer companies with available public pricing data.

	Exercise price	Number of warrants	Fair value
Balance, December 31, 2022	$ 0.45	14,050,355	$ 1,260,010
Warrants exercise	0.45	(1,058,255)	(117,622)
Balance, December 31, 2023	$ 0.45	12,992,100	$ 1,142,388
Warrants exercise	-	(695,000)	(77,247)
Balance, March 31, 2024	**-**	**12,297,100**	**$ 1,065,142**

On May 30, 2023, 14,050,355 warrants expiring on July 21, 2023, and exercisable at $0.45 were extended by an additional year to July 22, 2024. All other terms remain unchanged.

Subsequent to March 31, 2024, until the date of this report, 560,000 warrants were exercised at $0.45.

Stock-based compensation:

The Company has a stock option plan for employees, officers, directors and consultants (the "Plan"). The Company uses a Black- Scholes valuation methodology for accounting purposes to value the stock options at the award date. 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 April 28, 2022, the Company granted an aggregate of 2,340,000 stock options to employees of its subsidiaries under the Company's Plan. The options are vested on granting and are exercisable at $0.65 for five years. 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 2.66%, and an expected average life of 5 years. The fair value of all these options was estimated at $904,568.

(Unaudited: in Canadian dollars except as otherwise noted)

On October 4, 2022, the Company granted an aggregate of 3,550,000 stock options to employees of its subsidiaries under the Company's Plan. The options are exercisable at $0.85 for five years and fully vested on the issuance date. 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 3.38%, and an expected average life of 5 years. The fair value of all these options was estimated at $1,788,845.

The following schedule describes the stock-based compensation transactions as of March 31, 2024:

	Number of Stock Options	Exercise price	Fair value
Balance, March 31, 2023	11,790,000	$ 0.42	$ 3,519,716
Options cancelled	(225,000)	0.62	(92,806)
Options exercised	(30,000)	0.24	(4,149)
Balance, December 31, 2023	11,535,000	$ 0.41	$ 3,422,761
Balance, March 31, 2024	**11,535,000**	**0.41**	**$ 3,422,761**

The following schedules describe the stock options available and their remaining contractual life on March 31, 2024, and December 31, 2023:

	Number of Stock Options	Remaining life (yrs.)	Exercise Price
Granted on July 7, 2020	620,000	1.27	$ 0.05
Granted on April 13, 2021	1,290,000	2.03	0.24
Granted on October 1, 2021	3,500,000	2.50	0.30
Granted on December 6, 2021	50,000	2.68	0.56
Granted on January 13, 2022	330,000	2.79	0.50
Granted on April 28, 2022	2,195,000	3.08	0.65
Granted on October 4, 2022	3,550,000	3.51	0.50
Balance, March 31, 2024	**11,535,000**	**2.78**	**$ 0.42**

	Number of Stock Options	Remaining life (yrs.)	Exercise Price
Granted on July 7, 2020	800,000	1.52	$ 0.05
Granted on April 13, 2021	1,260,000	2.28	0.24
Granted on October 1, 2021	3,500,000	2.75	0.30
Granted on December 6, 2021	50,000	2.93	0.56
Granted on January 13, 2022	330,000	3.04	0.50
Granted on April 28, 2022	2,195,000	3.33	0.65
Granted on October 4, 2022	3,400,000	3.76	0.50
Balance, December 31, 2023	**11,535,000**	**3.03**	**0.51**

(Unaudited: in Canadian dollars except as otherwise noted)

NOTE 18 – GENERAL AND ADMINISTRATIVE

The following schedule describes the general and administrative expenses incurred during the three months ended March 31, 2024, and 2023:

	March 31, 2024	March 31, 2023
Insurances	**$ 51,230**	$ 100,749
Legal and Accounting	**752,834**	42,165
Management fees	**2,100,064**	1,010,636
Professional fees	**1,868,168**	1,009,664
Office and administration	**495,759**	239,184
Shareholders information and investor relations	**33,527**	21,276
Other purchases and services	**-**	498,370
Amortization and depreciation	**109,198**	109,192
Taxes	**-**	72,472
	$ 5,410,780	$ 3,103,708

NOTE 19 – OTHER INCOME, NET

The following schedule describes other income incurred during the three months ended March 31, 2024, and 2023:

	March 31, 2024	March 31, 2023
Trading operations (1)	**$ -**	$ (234,649)
Other income	**(247,533)**	-
	$ (247,533)	$ (234,649)

(1) Corresponds to additional revenue obtained from oil marketer (RTSA) on each barrel lifted.

NOTE 20 – NET INCOME (LOSS) PER SHARE

Basic and diluted net income per share is calculated as follows during the three months ended March 31, 2024, and 2023:

	March 31, 2024	March 31, 2023
Net loss	**$ (4,638,846)**	$ (3,233,244)
Weighted-average standard share adjustments:		
Weighted-average common shares outstanding, basic	**124,615,954**	122,913,523
Effect of stock options & warrants		1,001,148
Weighted-average common shares outstanding, diluted.	**124,615,954**	123,914,671
Basic and diluted income per share	**$ (0.04)**	$ (0.03)
Fully diluted income per share	**$ (0.04)**	$ (0.03)

Stock options and warrants were anti-dilutive due to the net loss for the three months ended March 31, 2024, and 2023.

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Given the short-term nature of these financial instruments, the carrying and respective fair values of cash, other receivables, trade, and other payables approximate their fair values on March 31, 2024 and December 31, 2023.

The Company’s financial instruments have been assessed on the fair value hierarchy.

No financial instruments were reclassified into or out of each fair value hierarchy during the three months ended March 31, 2024 and the year ended December 31, 2023. Assessing the significance of a particular input to the fair value measurement requires judgment and may affect its 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. Market risk management aims to mitigate appropriate market risk exposures and maximize returns.

a. Commodity Price Risk
Commodity price risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to changes in commodity prices. Lower commodity prices can also impact the Company's ability to raise capital. World economic events that dictate the supply and demand levels affect crude oil prices. From time to time, the Company may attempt to mitigate commodity price risk by using financial derivatives.

   The Company had no commodity contracts between March 31, 2024, and December 31, 2023. Since the termination of its service contract on December 31, 2022, the Company has not generated revenue for the three months ended March 31, 2024.

b. Foreign Currency Risk
Foreign currency risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to 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 of December 31, 2023, the United States dollar to Canadian dollar exchange rate was 0.7367:1 (December 31, 2023 – 0.7561:1). Cash held in US dollars on March 31, 2024, was USD 9.2 million and a change of 1% in the exchange rate would have impacted the Canadian dollar equivalent by +/- CAD 0.1 million The Company had no forward exchange rate contracts in place as at or during the year ended March 31, 2024. Accounts payable in USD balance as of March 31, 2024, was $6.5 million, and a change of 1% in the exchange rate would have impacted the Canadian dollar equivalent by +/- CAD 0.1 million

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.
As of March 31, 2024, the Company had $30.2 million in cash (excluding restricted cash) and taxes recoverable of approximately $1.0 million. Current liabilities at the same date amounted to $11.7 million.

NOTE 22 – RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2024, and 2023, the transactions paid for services provided to directors and officers were as follows:

	March 31, 2024	**March 31, 2023**
Officers and management fees	**$ 1,305,098**	$ 495,022
Director Fess	**16,932**	-
Consulting fees paid to a director	**40,093**	40,510
	$ 1.362,123	$ 535,532

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

On August 23, 2023, the Company and its Chief Midstream and Downstream officer agreed to terminate the original Officer's contract, signed on February 1st. 2022. As compensation for bridging the original agreement, the Company agreed to repay the departing officer US$151,500, payable in twelve equal quarterly installments of $12,625. The departing officer will continue to act as an independent business development consultant for a monthly fee of $4,500.

(Unaudited: in Canadian dollars except as otherwise noted)

NOTE 23 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to ensure that it has sufficient cash resources to maintain financial liquidity and flexibility, provide returns for shareholders and benefits for other stakeholders, and deploy capital to explore its properties further.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. To maintain or adjust its capital structure, the Company may, from time to time, issue new shares, issue new debt (secured, unsecured, convertible and other types of debt instruments), acquire or dispose of assets or adjust its capital spending to manage its ability to continue as a going concern.

The Company is not subject to externally imposed capital requirements, and the overall capital risk management strategy did not change during the three months ended March 31, 2024.

NOTE 24 – SUPLEMENTAL CASH FLOW INFORMATON

Changes in non-cash working capital are as follows:

	March 31, 2024	March 31, 2023
Trade and other receivables	**$ (2,844,657)**	$ 9,170,841
Accounts receivable from related parties	**(2,207,787)**	3,364,003
Recoverable taxes	-	3,356,490
Advances to suppliers and others	**5,518,284**	(20,482)
Investments in joint venture	**(11,160,710)**	-
Other assets	**564**	313
Trade and other payables	**8,015,579**	(2,933,489)
Taxes payables	**(106,288)**	(2,964,988)
Employee salaries and benefits	**258,853**	186,211
Defined Benefit Obligation	**22,495**	-
Other liability	**676,896**	(272)
Decommissioning obligation	-	(8,936)
Total net change in non-cash working capital	**$ (1,826,771)**	$ 10,086,691

NOTE 25 – COMMITMENTS AND CONTINGENCIES

COMMITMENTS

Block VMM-18

Under the terms of the agreement executed concerning the VMM-18 E&P contract, The Company 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, The Company must perform and drill an exploration well valued at $4,063,200 (US$3,000,000). The Company is awaiting a response from the ANH concerning the Company's request to enter into a mutual agreement among the parties to terminate the E&P Contract for Block VMM-18 as well as the reassessment by the ANH of the area restrictions imposed during the environmental assessment by the ANLA and avoid the potential liability related with the company's obligation to drill an exploration well.

Consulting agreements

The Company is obligated under a consulting agreement for US$5,000 per month until May 31, 2026.

Executive compensation

On July 1, 2021, the Company entered into employment agreements with its senior executives, which contain clauses requiring additional payments of up to $2,700,000 upon the occurrence of certain events, such as a change of control. As the triggering event has not occurred, these Condensed Consolidated Interim financial statements have not provided the contingent payment.

GoldPillar acquisition

As part of the GoldPillar transaction announced on January 2, 2024 (see Investment in Joint Venture —Note 11), the Company signed a shareholder's agreement on October 25, 2023 and additional agreements executed on 23rd and 27th, 2024 that stipulate the administrative and corporate structure of the venturers that participate in the agreement entered with Vencupet. Under these agreements the company assumes the obligation to fund the operational and capital expenditures required for the operation of Vencupet, including PDVSA´s 60% share. The funds will be provided by NSE to GoldPillar, which at the same time has in place a six-month €60 million revolving line of credit to Vencupet for a total period of four and a half years. The indirect maximum capital exposure of the company under the facility at any point in time will be approximately US$25 million. Repayment from PDVSA will be performed in crude oil.

CONTINGENCIES

State Oil Company of Ecuador Petroecuador EP

Shushufindi Agreement: As recommended by the Comptroller General's Office, within the special examination of the contracting process and development of the cooperation agreement with Petroproduccion to increase crude oil production and reserves in the Shushufindi field, EP Petroecuador issued invoices for $4,090,186 (US$3,013,240) and initiated an enforceable by law collection process, proceeding to seize the invoiced amount. The Branch has challenged the procedures initiated by Petroproducción. The Company has not recorded a provision for this matter.

Law 122: Petroecuador is requesting the payment of $22,547,423 (US$16,610,743) to Consortium Block 67 (Tivacuno) where the Company has a 35% interest. On august 14, 2023, a payment request was issued based on a unilateral liquidation perfomed by Petroecuador to the former Service Contract which ended in 2010, stating that Petroecuador has not withheld the entire tariff of the tax contemplated in Law 122. The Company has challenged such payment request before the Tax Court, stating that the statute of limitations to request such payment has been largely exceeded. The Company has not recorded any provision in the financial statements.

Auca Process, Yulebra, Culebra: EP Petroecuador claims payment of $1,387,307.59 (US$1,022,033) for information provided to Repsol YPF Ecuador S.A. within a failed bidding process called by EP Petroecuador. Repsol YPF Ecuador S.A. paid the cost of the bidding conditions, which included access to the "data room" and all the information available for this purpose. After several judicial resolutions (both from the Superior Court and the National Court of Justice), the process must be sent to the District Court of Administrative Disputes in the Metropolitan District of Quito for resolution. However, the request was denied. The Company has filed an extraordinary protection action before the Constitutional Court, which has not been admitted yet. The Company has not recorded any provision in the financial statements.

Special Examination Reports of the Comptroller General's Office

Friction Reduction Chemicals: On May 31, 2005, the Office of the Comptroller General of the State issued audit assessments against the Contractor of the Block 16 Participation Contract for $3,500,208 (US$2,578,612) ($1,225,073 (US$902,514) corresponds to the Company) for the purchase and use of friction reducing chemicals. On November 23, 2006, the Branch, on behalf of the Contractor of the Participation Contract of Block 16, filed a challenge before the Contentious Administrative Court.

Solidarity Contribution tax trial

On October 7, 2019, the Internal Revenue Service of Ecuador requested two additional payments on the denominated solidarity contribution on profits, created by the Organic Law of Solidarity and Citizen Co-responsibility. The Internal Revenue Service requested two additional payments totalizing $2,172,764 (US$1,600,681), including principal, interest and penalties. The Company has challenged such payment requests and currently the matter is being discussed at the Tax Court and at the National Court of Justice in Ecuador. The Company has recorded a provision for the above-mentioned matter.

NOTE 26 – SEGMENTED INFORMATION

The Company has three reportable operating segments: Ecuador, Colombia, and Canada. The Company, through its operating segments, is engaged primarily in oil exploration, development and production, and the acquisition of oil and gas properties. The Canadian segment is also considered the corporate segment. The following tables show information regarding the Company’s segments for the three months ended March 31, 2024, and the year ended December 31, 2023:

(Unaudited: in Canadian dollars except as otherwise noted)

Three months ended March 31, 2024	**Ecuador**	**Colombia**	**Canada**	**Total**
Net income (loss)	**$ (574,740)**	**$ (552,508)**	**$ (3,511,598)**	**$ (4,638,846)**
As of March 31, 2024				
Current asset	**$ 13,231,934**	**$ 498,791**	**$ 24,623,486**	**$ 38,354,211**
Non-current asset	**6,493**	**79,067**	**15,090,801**	**15,176,361**
Total assets	**$ 13,238,427**	**$ 577,858**	**$ 39,714,287**	**$ 53,530,572**
Current liabilities	**$ 2,559,367**	**$ 298,865**	**$ 8,922,861**	**$ 11,781,093**
Non-current liabilities	**23,935,750**	**-**	**-**	**23,935,750**
Total liabilities	**$ 26,495,117**	**$ 298,865**	**$ 8,922,861**	**$ 35,716,843**

Three months ended March 31, 2023	Ecuador	Colombia	Canada	Total
Net income (loss)	$ (983,324)	$ (644,789)	$ (1,605,131)	$ (3,233,244)
As of December 31, 2023				
Current asset	$ 39,454,840	$ 345,376	$ 8,221,799	$ 48,022,015
Non-current asset	7,057	120,777	508,529	636,363
Total assets	$ 39,461,897	$ 466,153	$ 8,730,328	$ 48,658,378
Current liabilities	$ 2,704,018	$ 246,238	$ 985,789	$ 3,936,045
Non-current liabilities	22,662,562	-	-	22,662,562
Total labilities	$ 25,366,580	$ 246,238	$ 985,789	$ 26,598,607

NOTE 27 - SUBSEQUENT EVENT

Investment in Operaciones Petroleras Soledad S. de R.L

On May 14, 2024, New Stratus Energy Inc announced that it has entered into definitive agreements (the "Definitive Agreements") with an arm's-length vendor (the "Vendor") for the acquisition of an initial 49% equity interest in Operaciones Petroleras Soledad S. de R.L. de C.V. ("OPS"), a private Mexican oil & gas company, with the exclusive right for NSE to negotiate the purchase up to an additional 41% of the equity interest in OPS, as described in further detail below. OPS is the third-party contractor and operator of a hydrocarbons production contract awarded by Pemex Exploracion y Produccion, S.A. de C.V. ("PEP"), a subsidiary of Petroleos Mexicanos the Mexican national oil company, on the Soledad block ("Soledad Block") located in the State of Veracruz in eastern Mexico (the "O&G Contract").

This acquisition has been structured into two tranches. The first tranche involves the purchase by NSE of an initial 49% equity interest in OPS. As consideration for the first tranche of the Acquisition, NSE will (i) pay the vendor a fixed amount of US$2 million at closing; (ii) fund the capital commitments and, in certain cases, operational costs of OPS for the next two years of the O&G Contract for an amount of US$15 million in year one and US$30 million in year two (the "Commitment"); and (iii) assume 49% of the abandonment obligations to be completed by the end of the O&G Contract in 2039, which are estimated at US$9.95 million net to NSE.

Pursuant to the terms of the Definitive Agreements, effective May 1, 2024, NSE is entitled to the economic interests, including production and cash flows therefrom, of being a 49% equity interest holder in OPS which entitlement begins in advance of the closing of the first tranche. Closing of the first tranche is expected to occur on or about July 29, 2024 and is conditional upon NSE funding the first US$15 million of the Commitment.

The Commitment will be reimbursed by OPS using cashflow from operations and the maximum capital exposure of NSE under the Capex Commitment is estimated at US$12.5 million. With the signing of the first tranche of the Acquisition, NSE has nominated one director to the board of directors of OPS, has filled a number of technical and managerial positions of OPS, and will nominate a member of OPS in the operating committee of the O&G Contract.

The second tranche involves the purchase by NSE of up to an additional 41% of the equity interest of OPS under terms to be negotiated among NSE and the Vendor based on the results of operations on the field. NSE will have exclusivity, a right of first offer and a first right of refusal ("ROFR") for six months after completion of the two-year Commitment, to negotiate the second tranche of the Acquisition, which will be subject to regulatory approval.