NEW STRATUS ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2024.

This Management's Discussion and Analysis (MD&A) is meant to help readers understand key operational and financial events that influenced the results of New Stratus Energy Inc. ("New Stratus", "NSE", "our", "we", or the "Company") for the three months ended March 31, 2024.

This MD&A is dated May 30, 2024, and should be read with the Company's consolidated financial statements for the three months ended March 31, 2024. Additional information, including the Company's previous MD&A, and audited consolidated financial statements for the year ended December 31, 2022, and December 31, 2023, are available on SEDAR+ at www.sedarplus.ca. Information contained in the annual MD&A is not discussed in this MD&A if it remains substantially unchanged.

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

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1. BUSINESS OVERVIEW

New Stratus Energy Inc. ("New Stratus", the "Company" or "NSE") is a Canadian publicly traded company domiciled in Canada which operations involve the acquisition, exploration, and development of oil and gas properties in Latin American countries and from January 14, 2022, to December 31, 2022, operated a production of oil and gas fields in Ecuador. The Company was incorporated on April 12, 2005, pursuant to the Business Corporations Act (Alberta) ("ABCA") and is a reporting issuer in Alberta, British Columbia, Ontario, and Saskatchewan. The common shares of the Company are listed on the TSX Venture Exchange under the trading symbol "NSE".

Effective in 2022, the fiscal year end of the Company was changed from March 31st. to December 31st. to align the Company's year-end with that of comparative companies and its subsidiaries, which operate on a calendar year basis.

The Company has subsidiaries in Ecuador, Spain, Colombia, and Mexico, though active operations are focused on Venezuela and Mexico.

The Company's registered office is 1500, 850 2nd Street S.W., Calgary, Alberta, Canada, and its mailing address is 372 Bay Street, Suite 3100, Toronto, Ontario, M5H 2W9.

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.sedarplus.ca

2. CORPORATE STRATEGY

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

NSE's strategy focuses mainly on Latin America and recently is evaluating additional opportunities in Ecuador, Colombia, Peru, Mexico, and Venezuela.

3. CORPORATE HISTORY AND GENERAL DEVELOPMENT

Venezuela:

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;
- 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.
- Fees from financial, operational and logistic support to contractor that provides technical assistance services to Vencupet.

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.

As of March 31, 20224 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.

The Fields are located onshore in the Eastern Venezuela Basin and have an aggregate area of 794.2 km2. Total capital expenditures for the project between 2024 and 2050 is US$ 700 million (US$ 126 million net to NSE), approximately. Facilities to be built or expanded include (i) oil pipelines (600km); (ii) flow (12) and unloading (3) stations; (iii) gas compression plants (2), and (iv) Water injection plants (3). Capital expenditures also include a plan to reactivate 299 wells as described below.

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.

The estimated total capital costs for the 90 well reactivation program is US$89.2 million (US$17.2 million net to NSE).

Contingent Resources

Based on the reactivation program described above, the Fields include the contingent resources outlined below. There is uncertainty that it will be commercially viable to produce any portion of the resources.

Contingent Resources (subclass: development pending) for the first 90 wells to be reactivated in 2024 and 2025

The contingent resources have been assigned to one zone per well for each of the 90 wells. These 90 wells were mostly drilled in the 1950s and 1960s, and there is well completion data for 46 of the 90 wells to be recompleted. The forecasted gross production for the 90 wells in the best estimate case is approximately 7,400 barrels of oil per day (1,480 boepd net to NSE) based on the historical production decline curves for each well. The following table sets forth the net volumes for these contingent resources:

Unrisked		**Oil Resources**		***Risked***		**Oil Resources**	
	100%	Royalties	Gross		100%	Royalties	Gross
Estimates	Mbbl	Mbbl	Mbbl	Estimates	Mbbl	Mbbl	Mbbl
Low	10,914	2,546	8,368	Low	9,277	2,164	7,112
Best	12,455	2,906	9,549	Best	10,587	2,470	8,117
High	13,812	3,222	10,590	High	11,740	2,739	9,001

Note:

Petrotech has estimated the chance of development to be 85% due to the following: the availability of well data from PDVSA has been normal but there may be delays in the future which could affect the work schedule for the recompletions; some of the well data may be missing or unclear and work-overs require exact well data information so the recompletions can be performed without delays; the supply chain of oil field materials and equipment may affect the work schedule; and most of the wells were drilled as early as the 1950s and some of the wells were drilled as early as the 1940s, and the well data from those eras was primitive which may provide challenges in the interpretation of reservoir qualities.

Contingent Resources (subclass: development unclarified) for the remaining 156 wells to be reactivated from 2026 onwards

Contingent resources have been assigned to the remaining 156 wells to be recompleted from 2026 onwards,

Resources Category	Unrisked Resources (100%) Mbbl	Risked Resources (75%) Mbbl
1C	20,635	15,477
2C	23,480	17,610
3C	26,410	19,807

Note:

Petrotech has estimated the chance of development to be 75% due to the following: potential delays in the acquisition and delivery of equipment due to supply chain interruptions; the need for the installation of oil and gas flow lines, oil storage tanks, and oil treating and processing facilities; and uncertainty of reservoir data in the wells to be reactivated.

Contingent Resources (subclass: development unclarified) for additional zones in 46 of the first 90 wells to be reactivated in 2024 and 2025

As described above, contingent resources have been assigned to one zone per well in the first 90 wells. As there are more zones to be recompleted, these contingent resources have been assigned based on the continuation of the reactivation program in other available zones in 46 of these wells after the first zone is depleted, as follows:

Resources Category	Unrisked Resources (100%) Mbbl	Risked Resources (50%) Mbbl
1C	16,484	8,242
2C	25,425	12,713
3C	36,688	18,344

Note:

Petrotech has estimated the chance of development to be 50% due to the following: level of commitment to develop these resources; availability of capital to fund the development of these resources; review of the cement in each well to assess the quality of the bond; and timing may occur after the expiry of the contract as there are more than two zones to be recompleted.

Total Contingent Resources (subclass: development unclarified)

Resources Category	Unrisked Resources, Mbbl	Risked Resources, Mbbl
1C	37,119	23,719
2C	48,905	30,323
3C	63,098	38,151

The significant positive and negative factors relevant to the estimates above are as follows: (i) 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; and, (ii) the geological and geophysical data (i.e. 2-D and 3-D seismic data) is limited because the Fields are old (with the first discovery dating back to the 1930s) and new seismic acquisition will be required to explore the remaining areas of the Fields.

The risks and level of uncertainty associated with the recovery of the contingent resources comprise the following:

- If the United States imposes sanctions on Venezuela again, there is no certainty the production from the Fields can be marketed or commercialized.

- There is uncertainty in obtaining all the necessary geological and technical data for all the drilled and completed wells. Without the exact data, it will be challenging to perform work-overs to reactivate these wells.
- In order to complete the reactivation program, GoldPillar will require experienced engineers, geologists, production and operating staff. If GoldPillar is unable to retain such personnel, then the start-up of shut-in oil and gas fields and the maintenance of production may prove challenging.

Mexico:

On May 14, 2024, NSE entered into a definitive agreements with an arm's-length 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 (the "Acquisition"). 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 Acquisition has been structured into two tranches. The first tranche involves the purchase by NSE of an initial 49% equity interest in OPS.

See also Subsequent Events below.

Ecuador:

On January 14, 2022, the Company acquired 100% of the shares of Petrolia Ecuador S.A. (previously Repsol Ecuador S.A.), which through its branch (the "Branch") the Company held an indirect 35% in service contracts (the "Service Contracts") for Blocks 16 and 67 in Ecuador (the "Blocks").

The Service Contracts signed between Petrolia Ecuador S.A. and the Ecuador Ministry of Energy is a Service Oil Contract ("SOC") where the Company was entitled to collect a fixed service tariff per each delivered barrel.

On December 31, 2022, due to expiration of the contractual term, the SOC was terminated, and the Company transferred to the Ministry of Energy and Mines, at no cost and in good operational condition, all the facilities and infrastructure of Blocks 16 & 67, in accordance with the Hydrocarbons Law and regulations.

After December 31, 2022, the Branch´s main objective is to manage the remaining administrative functions related to the Consortium reversion process obligations and its operating results are since this date disclosed as general and administrative expenses, together with the other corporate entities.

The Company has been approved as a qualified operator by the Ministry of Energy and Mines in Ecuador, allowing it to participate in bidding processes for development and exploration. The Company has evaluated these opportunities as an approved bidder.

Colombia:

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% owned 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 Colombia, NSE is awaiting the ANH decision (National Hydrocarbons Agency) related to the Company’s application to mutually terminate the Exploration and Production (E&P) contract at VMM-18.

Two other properties were evaluated in Colombia, one of them with two blocks located in Valle Medio del Magdalena and the other in the Catatumbo Basin in the vicinity of Venezuela which, after a careful assessment, the Company decided not to continue.

Other Countries:

NSE has expressed interest in other properties under PeruPetro (Peruvian National Agency) management and is awaiting their response. In addition, NSE was invited to a private process to evaluate two opportunities in northwestern Peru, near the border with Ecuador. The Company expects this process will take through the third quarter of 2024.

4. CORPORATE PERFORMANCE

The Company’s operations involve the acquisition, exploration, and development of oil and gas properties, as well as the operation and production of oil and gas deposits. These types of operations are subject to risks and challenges like 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.

Ecuador Blocks 16 and 67. Subsequent to Petrolia Ecuador S.A. termination of its service agreement on December 31, 2022, Petrolia continued its reversion process, as established in the agreement with the Government of Ecuador S.A.

The hydrocarbon regulations stipulate that a minute (the "Single Act") shall be executed between the Ministry of Energy and the Company, reflecting the actual transfer of the operation of the Blocks and the delivery of all the facilities on the service contract termination date. This document also addresses the reversion process that was led by the hydrocarbons authorities and summarizes the activities carried out by five (5) commissions that were designated for technical, social - environmental, assets, legal and economic issues. All individual commissions have already signed off and no significant concern remains unsolved. The final Act was signed by the Ministry of Energy and the Company on July 26th,2023.

Six environmental audits have been approved by the Ministry of Environment during 2023, and two more in the first quarter of 2024, with minor findings. The audits required for environmental purposes under the law and the service contracts, including a specific environmental reversion audit. None of these audits have indicated the existence of any environmental liability. The Company is working with the environmental authorities to conclude certain minor administrative matters. See also Section 9 below "Environmental, Social and Governance."

As part of the Service Agreement termination process, after December 31st., 2022, the Company will continue carrying the remaining decommissioning tasks that include environmental audits, and other closures requirements during 2024. The costs estimated for these remaining obligations have been fully reflected in the Company's assets retirement obligation provision.

5. QUARTERLY RESULTS OVERVIEW

For the three months ended March 31,	2024	2023
General and administrative	**$ (5,410,780)**	$ (3,103,708)
Financial cost, net	**(337,2610)**	-
Income from investments in Joint venture	**679,769**	-
Foreign exchange gain (loss)	**181,893**	(360,994)
Other income	**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	**$(0.04)**	$(0.03)
Diluted	**$(0.04)**	$(0.03)

Operational Highlights

Investment in GoldPillar (Venezuela)

During the first quarter of 2024, the following wells were intervened: in Limón field: LZ-621, NG-522, OS-91 and OG-27. In Oficina field OS-91 and OG-27 came into operation by the end of March. Well OS-91 is running as natural flow and the other three wells use conventional mechanical pumping.

Also, at the end of the quarter, well LZ-621 went into service due to a broken tubing diagnosis and is currently under repairs.

In addition:

- (i) the definitive electrical connecting facilities to wells NZ-211, NS-805, NS-803, NS-806 and LZ-621 were concluded;
- (ii) a 500-barrel tank was installed in the OS-95, OG-271, LZ-621, and NG-522 well facilities;
- (iii) permission was obtained from Venezuelan authorities (MINPET) to transport fluids by vacuum truck to NEF 10 from the Oficina field and in this way the fluids from the wells are being moved while the flow lines to collection stations are being built; and,
- (iv) repair of the surface pumping units necessary for the production of the wells was initiated.

The fiscalized (delivered) production at Vencupet was 3,587; 2,317 and 3,004 barrels for January, February and March, 2024 respectively.

		2024 Q1	
In US$ unless otherwise noted		**Vencupet (100%)**	**Net NSE**
Net average production	boepd	99	20
Well interventions		7	7
Prodution Revenues		563,452	110,437
Royalties + extraction tax		(187,773)	(36,803)
Opex		(221,012)	(43,318)
Other Revenues **(1)**			500,772
Other Revenues from contractual activities *** **(1)**			796,250
Adjusted EBITDA ***		**154,667**	**1,327,337**
DD&A (*)		(440,106)	(86,261)
Exchange difference		301,808	59,154
Net Income		**16,369**	**1,300,231**
DD&A *			86,261
Acquisition Payments **			(2,423,055)
Additional Investment			(1,988,518)
Cash calls and related accounts receivable			(3,696,164)
Cash flow			(6,721,246)

* Includes an impairment for retirement costs.

** Includes funds advanced in 2023.

*** Non-GAAP financial measure.

(1) In addition to the production revenues described above, GoldPillar is entitled to revenues from procurement, technical assistance, financing and oil trading activities.

After DD&A and foreign currency adjustments, NSE recorded a gain in investment of $679,769 (US$503,981) for the first quarter.

Reversion activities (Ecuador)

As mentioned above, the main activity of Petrolia Ecuador S.A. since January 1, 2023 had focused on completing all reversion activities related to the termination of the service contracts of blocks 16 and 67 and completed the activities to sign the final minutes with the Minister of Energy.

Exploration activities: Colombia - Block VMM-18

On November 27th., 2018, the Company entered into a Farm-in Agreement with Montajes JM ("JM") where NSE has the right to earn up to 100% in Block VMM-18 (the "Project") owned by Montajes JM, the vendor will receive a 5% overriding royalty in the production in the block.
The VMM 18 is an E&P Contract with the Colombian National Hydrocarbons Agency ("ANH") it has a total area of 75,968 acres located in the Middle Magdalena Basin.
The acquisition of the property requires the execution of an exploratory well, therefore an environmental study in the prospective area was required.

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 visits to the field to verify the routes of penetration to reach the site where the location would be built for the first well to be drilled in this large structure.

All activities that NSE committed were completed except for the drilling of the exploratory well.

As the exploration area granted to the Company limits materially the feasibility of the project, both financially and operational, on September 26th., 2022, the Company presented to ANH a request to enter into a mutual agreement among the parties to terminate the E&P Contract for Block VMM-18. Following this communication, the ANH has requested confirmation of restrictions imposed by ANLA, to which the Company provided detailed documentation on March 9th., 2023. The Company is currently awaiting a reply from the ANH on its application.

The Company has written-off all its previously capitalized expenditures on the property totaling $2.2 million.

During the first quarter of 2023, the Company promptly replied to the queries posed by the ANH regarding the activities executed in Block VMM-18. The company is still awaiting ANH´s reply.

6. GROSS PROFIT

Gross profit for the three months ended March 31, 2024, and March 31, 2023 was $Nil

7. OTHER EXPENSES AND INCOME

Consolidated General and Administrative Expenses

The following schedule describe New Stratus' general and administrative expenses for the three months ended March 31, 2024, and March 31, 2023:

Three months ended March 31,		2024		2023		Change
Insurances	$	**51,230**	$	100,749	$	(49,519)
Legal and accounting		**752,834**		42,165		710,669
Management fees		**2,100,064**		1,010,636		1,089,428
Professional fees		**1,868,168**		1,009,664		858,504
Office and administration		**495,759**		239,184		256,575
Shareholders information and investor relations		**33,527**		21,276		12,251
Other purchase and services		**-**		498,370		(498,370)
Amortization and depreciation		**109,198**		109,192		6
Provision of additional contribution (Wealth Tax 2016)		**-**		72,472		(72,472)
	$	**5,410,780**	$	3,103,708	$	2,307,072

The main elements explaining the increase in general and administrative expenses ("G&A") for the three months ended March 31, 2024, when compared to the three months ended March 31, 2023, relates to:

The increase in Management fees reflects the increase in salaries and bonuses paid during the first quarter of fiscal 2024.

The increase in professional fees related to legal and advisory fees associated with the later acquisitions closed by NSE.

The following schedule segregates G&A expenses by division, for the three months ended March 31, 2024:

Ended March 31, 2024		Corporate		Colombia		Mexico		Ecuador		Total
Insurances	$	51,230	$	-	$	-	$	-	$	**51,230**
Legal and accounting		752,834		-		-		-		**752,834**
Management fees		1,405,805		436,144		-		258,115		**2,100,064**
Professional fees		1,802,523		-		-		65,645		**1,868,168**
Office and administration		297,756		94,201		11,883		91,919		**495,759**
Shareholders information and IR		33,527		-		-		-		**33,527**
Amortization and depreciation		63,566		44,888		-		744		**109,198**
	$	4,407,241	$	575,233	$	11,883	$	416,423	$	**5,410,780**

As outlined before, all G&A expenses for Petrolia Ecuador, for the three months ended March 31, 2024, were related to administrative activities with the reversion process of the Blocks 16 & 67 to the Ecuadorian Ministry of Energy.

The Colombian G&A is mainly composed by management fees paid to local consultants, office and administration of the Bogota's office and depreciation charges of computer equipment.

8. ASSETS AND LIABILITIES

Balances as of,	March 31, 2024	December 31, 2023	Change
Cash and cash equivalents	$ **30,788,008**	$ 33,624,812	$ (2,836,804)
Current Assets	**38,354,211**	48,022,015	(9,667,804)
Total Assets	**53,530,572**	48,658,378	4,872,194
Current Liabilities	**11,781,093**	3,936,045	7,845,048
Total Non-Current Liabilities	**23,935,750**	22,662,562	1,273,188
Total Liabilities	**35,716,843**	26,598,607	9,118,236
Working Capital	$ **26,573,118**	$ 44,085,970	$ (17,512,852)

Cash and cash equivalents (including restricted cash) position as March 31, 2024, decreased to $30.8 million, from $33.6 million on December 31, 2023. See "Liquidity and Capital Resources" section 10 below for a more detailed analysis of the Company's change in cash position.

The decrease in current assets of $10.0 million was significantly originated by the collection of tax credits in Ecuador of $6.4 million.

The increase in total assets of $4.9 million is the net effect between the normal cash consumed for administrative expenses and the investment in Joint Venture (see Venezuela on Corporate History and General Development).

Current liabilities increased by $7.8 million principally as the result of increase in trade and other payables mainly originated in the investment in Joint Venture (see Venezuela on Corporate History and General Development).

Non-current liabilities increased by $1.3 million due to the recognition of a portion of the investment in Joint Venture as a long-term liability and to the financial update on previously recorded non-current liabilities.

Working capital decreased by $17.5 million, principally as result of normal cash consumption, new advances to Investment in Joint Venture and the recognition of a short-term liability for such investment.

9. ENVIRONMENT, SOCIAL AND GOVERNANCE

NSE's Environmental, Social and Governance (ESG) performance includes information of its operations in Ecuador and how it helped to mitigate potential non-financial risks emanating from the oil fields.
The report complements information on our operations and financial performance above, in order to provide a holistic overview of our performance and priorities to ensure we had sustainable operation.

Environmental

The operation of Blocks 16 and 67 took place in an area of great environmental sensitivity, which partially coincides with the Yasuní National Park, located in the Amazon jungle of Ecuador.

After the work carried out by the socio-environmental subcommittee, environmental component, as part of the reversion process carried out on December 31, 2022, a report and minutes of this subcommittee were formalized, where a total of 67 pending issues were identified (47 by the Ministry of the Environment and 20 by Petrolia within term). By the end of March 31, 2024, 82% of these points have been closed (mainly related to administrative aspects of compliance with the Environmental Management Plan and Environmental Events of the operating period). Work continues on 18% of pending issues, among which there are 6 points related to responses from the Ministry of the Environment and 6 points to be addressed by PETROLIA within term.

As a result of the work of the commission, the commitment of Petrolia to carry out two field activities was also established.

The first commitment is related to the completion of the environmental remediation of an event that occurred back in July 2021 and that was duly reported to the authorities and timely managed by Petrolia. This remediation was being executed until December 2022. Starting January 2023, after the reversion process and once a new operator in Blocks 16 and 67 was in place, work has been done to resume the indicated remediation process, meeting the requirements of the new operator and the competent authorities. At present, the execution of this activity restarted on October 12, 2023, after approvals of the current operator.

The second commitment relates to a request by the Ministry of the Environment to monitor a series of locations within blocks 16 and 67, to rule out the existence of possible sources of contamination. Petrolia has completed the monitoring activities and all laboratory results have proven to comply with legal regulations and permissible limits, confirming the non-existence of any environmental liability related with the operation of blocks 16 and 67 as of December 31, 2022.

In addition to these results, it should be noted that all the audits carried out in past years by independent companies and endorsed by the environmental regulator, concluded that there is no evidence of environmental liabilities (real or potential) in the operations of blocks 16 and 67 as of December 31, 2022, at which time the service contract ended.

During the year ended of 2023, Petrolia completed the reports of all pending audits from 2022 (second quarter July - December 2022), which were timely delivered to the regulatory entity for analysis and subsequent approval. These audits did not reveal significant deviations or non-compliances. Work has also been done to respond to the observations made by the Ministry of the Environment in recent months to other environmental audits of past periods (this is part of the normal review and approval process for this type of audits). During 2023, four environmental audits have been approved with no major findings or non-conformities.

During the first quarter of 2024, one additional audit was approved by the Ministry of Environment, and two more are still pending for approval and are being reviewed by the Ministry of Environment and are expected to be processed and approved within 2024. At present, all Petrolia´s obligations with respect to environmental audits is up to date and, as mentioned, awaiting the approval of the authorities.

Social

Blocks 16 and 67 (Tivacuno) are located in the Waorani and Kichwa indigenous communities. To balance the opportunities that the communities have for a better quality of life, prior operators signed a collaboration agreement with N.A.W.E (Nacionalidad Waorani del Ecuador) in the Waorani community. The agreement focuses on four broad clusters: health, education, support to N.A.W.E. management and community leaders and, support to the development of communities.

Besides, three projects with communities embodied in the Single Act were delivered to the communities at their complete satisfaction, being the construction of a Health Center in Guiyero community (Waorani) the most important one. The company has complied with all the commitments in this regard, and therefore no additional projects are needed to be implemented.

10. LIQUIDITY AND CAPITAL RESOURCES

The Company's principal liquidity and capital resource requirements include:

- Capital expenditures for exploration, production, and development, including growth plans.
- Costs and expenses relating to operations, commitments, and existing contingencies.
- M&A activities.

Liquidity

The Company funds its anticipated cash requirements and strategic objectives using current cash and working capital balances, cash flows from operations, and, if required, additional equity financing. In accordance with the Company's investment policy, available cash balances are held in current non-interest-bearing accounts and interest-bearing term deposits. The Company regularly reviews its capital structure and liquidity sources with a focus on ensuring that capital resources will be sufficient to meet operational needs and other obligations.

Operating Activities

For the three months ended March 31, 2024, cash used in operating activities was $1.2 million, compared to $6.2 million generated during the three months ended March 31, 2023.

The most significant changes in non-cash working capital items, are described in the table below.

Changes in operating component of working capital:

Three months ended March 31,		2024		2023	Change
Depletion and depreciation		**108,454**		109,192	(738)
Income from investment in Joint Venture		**(679,769)**		-	(679,769)
Payments of employee defined, benefit & retirement obligations		**(358,511)**		(1,162,334)	803,823
Payment of assets retirement obligations		**(35,979)**		-	(35,979)
Foreing currency exchange		**(181,893)**		360,994	(542,887)
Tax credit refund		**6,365,160**		-	6,365,160
Change in operating components of working capital	$	**5,253,441**	$	(692,148)	5,945,589

The most significant changes for the three months ended March 31, 2024, are:

- A decrease in payments to employees defined benefits and retirement obligations as all cumulative retirement obligations as December 31, 2022, were then discharged.
- An increase in revenues from joint venture resulting from the equity pick-up in the Venezuelan operation.
- A tax claim refund of $6.4 million relates to collection on 2022 income tax credits, granted by the Ecuadorian Tax Administration.

Net change in non-cash working capital items.

The most significant changes in non-cash working capital items, are described in the table below:

Three months ended March 31,		**2024**		**2023**		**Change**
Trade and other receivables	**$**	**(2,844,657)**	$	9,107,841	$	(11,952,498)
Accounts receivable from related entities		**(2,207,787)**		3,364,003		(5,571,790)
Recoverable taxes		**-**		3,356,490		(3,356,490)
Advances to suppliers and others		**5,518,284**		(20,482)		5,538,766
Investment in joint venture		**(11,160,710)**		-		(11,160,710)
Other asset		**564**		313		251
Accounts payable and acrrued liabilities		**8,015,579**		(2,933,489)		10,949,068
Taxes payables		**(106,288)**		(2,964,988)		2,858,700
Employee benefit obligations		**258,853**		186,211		72,642
DBO		**22,495**				22,495
Other liability		**676,896**		(272)		677,168
Decommissioning obligations		**-**		(8,935)		8,935
Total net change in non-cash working capital	**$**	**(1,804,276)**	$	10,086,692	$	(11,890,968)

Investing Activities

During the three months ended March 31, 2024, the Company invested $2.6 million in its Venezuela project.

Financing activities

For the three months ended March 31, 2024, New Stratus Energy generated $0.3 million cash from financing activities principally for warrants exercised. During the three months ended March 31, 2023, the Company did not generate cash from financing activities.

Available Sources of Liquidity

The Company's cash and cash equivalents position of $30.8 million compared to $33.1 million on December 31, 2023.

The Company held $510,539 in restricted cash as of March 31, 2024, and 2023, on letters of credit associated with project warranties and corporate credit cards.

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of issued capital stock, warrants, contributed surplus and deficit, in the definition of capital.

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

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended March 31st., 2024.

11. SHARE CAPITAL

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

As of March 31, 2024, New Stratus had 124,696,778 common shares issued and outstanding valued at $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 issuance of the warrant. TheCompany uses a Black-Scholes valuation methodology to value the warrants at the date of issuance for accounting purposes. The significant inputs into the model were share price of $0.32, exercise price of $0.45, volatility of 70%, dividend yield of 0%, an expected warrant life of two year and an annual risk-free interest rate of 0.45%. Volatility was estimated based on average volatility of a sample of peer companies with public pricing data available.

During the three months ended March 31, 2024, 695,000 warrants were exercised, and 200,000 subsequent to quarter end.

As at the date of this report there are 11,737,100 warrants outstanding at an average exercise price of $0.45.

Stock based compensation.

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

During the three months ended March 31, 2024, the Company granted no new options.
During the three months ended March 31, 2023, the Company did not grant any stock options.
As of March 31st., 2024, and the date of this report there are 11,535,000 stock options outstanding at an average exercise price of $0.41.

Fully diluted shares information:

As at March 31, 2024 there were:

Common shares	124,696,778
Stock based compensation	11,535,000
Warrants	12,297,100
Fully diluted number of shares	148,528,878

Weighted average number of shares and dilutive effect:

Period ended March 31		2024		2023
Net income (loss)	**$**	**(4,638,846)**	$	(3,233,244)
Weighted-average common share adjustments:				
Weighted-average common shares outstanding, basic		**124,615,954**		117,493,197
Effect of stock options & warrants		**-**		577,778
Weighted-average common shares outstanding, diluted		**124,615,954**		118,070,975
Basic loss per share	**$**	**(0.04)**	$	(0.03)
Fully diluted loss per share	**$**	**(0.04)**	$	(0.03)

For the three months ended March 31, 2024, and March 2023, stock options and warrants were anti-dilutive due to the net loss. The calculation of fully diluted earnings per share differs during a period when a loss is realized because all potential savings from conversions and all potential increases in the number of shares are anti-dilutive. This is because the loss per share is reduced when they are included.

12. NON-GAAP AND OTHER FINANCIAL MEASUREMENTS

This MD&A uses various "non-GAAP financial measures" and "non-GAAP ratios" (as defined in NI 52-112), which are described in further detail below. Such measures are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Investors are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP measures as indicators of New Stratus Energy's performance.

These measures facilitate management's comparisons to the Company's historical operating results in assessing its results and strategic and operational decision-making and may be used by financial analysts and others in the oil and gas industry to evaluate the Company's performance. Further, management believes that such financial measures are useful supplemental information to analyze operating performance and provide an indication of the results generated by the Company's principal business activities. Below is a description of each of these measures used in this MD&A.

Working Capital

Periods ended,		March 31, 2024		December 31, 2023
Current Assets	$	**38,354,211**	$	48,022,015
Current Liabilities	$	**11,781,093**	$	3,936,045
Working capital	$	**26,573,118**	$	44,085,970
Working capital ratio		**3.26**		12.20
Per share:				
Basic	$	**0.21**	$	0.36

Adjusted Working Capital

Adjusted working capital is a non-GAAP financial measure, where the Company includes as part of its current assets warrants and options exercisable at prices below the current market price.

ADJUSTED WORKING CAPITAL (1)

Periods ended,		March 31, 2024		December 31, 2023
Working capital (1)	$	**26,573,118**	$	44,085,970
Other assets		**6,493**		7,057
Value of exercisable warrants (2)		**5,533,695**		5,536,695
Value of exercisable options (3)		**2,984,150**		2,984,150
Adjusted working capital	$	**35,097,456**	$	52,613,872
Per share:				
Basic	$	**0.28**	$	0.43
Fully diluted (2)	$	**0.28**	$	0.40

(1) Includes assumed proceeds on conversion of options and warrants

(2) Assumes the conversion of 12,297,100 warrants for 2024 and 12,992,100 warrants for 2023, both exercisable at $0.45

(3) Assumes conversion of 8,085,000 options for 2023 exercisables at a weighted average price of $0.37 fro 2023 and 800,000 options at a price of $0.05 for 2022

(4) Adjusted working Capital is a non-GAAP measurement

In the calculations of working capital per share described below, we have ignored the anti-dilution assumption, normally incorporated in the calculation of earnings per share ("EPS"), as working capital per share does not involve the inclusion of the Company earnings but only current assets and liabilities. If the dilution effect would have been included, because of the loss realized during the three months ended March 31, 2024 would have been similar to the basic ($0.32) and adjusted working capital per share ($0.32).

Funds Flow Provided by Operations

Funds flow provided by operations is a non-GAAP financial measure. It is most comparable to cash from operating activities. Funds flow provided by operations is a measure of the Company's ability to finance its capital investment plans and meet its financial obligations. This measure is defined as cash from (used in) operating activities excluding settlement of asset retirement obligations and net change in non-cash working capital items.

Funds flow provided by operations is not a standardized financial measure under the reporting framework used to prepare our financial statements and may not be comparable to similar financial measures disclosed by other issuers.

Period ended March 31,		**2024**		2023
Cash provided (used) by operating activities	**$**	**(1,212,176)**	$	6,161,299
Add (deduct):				
Net change in non-cash working capital		**(1,804,276)**		10,086,691
Funds flow provided by operations	**$**	**(3,016,452)**	$	16,247,990
Funds flow provided by operations (per share basic)	**$**	**(0.02)**	$	0.14
Funds flow provided by operations (per share diluted)	**$**	**(0.02)**	$	0.14

Capital Investment

Capital investment is a non-GAAP financial measure which the Company uses to describe its total capital costs associated with exploration activities as well as the acquisition of other equipment. The measure includes expenditures for Property, Plant and Equipment ("PPE") and expenditures for exploration, production, and development, including organic growth plans and can be found on the Company's cash flow statement for the period.

Period ended March 31,		**2024**		2023
Property, plant and equipment expenditure	**$**	**-**	$	16,162
Purchase price consideration paid for business combination		**-**		**(3,386,000)**
Invstements done in Joint Venture		**(2,667,184)**		
Payment to Repsol		**-**		**(5,227,984)**
Total Capital Investment	**$**	**(2,667,184)**	$	(8,597,822)

(1) Capital Investment non-GAAP measure.

Free Funds Flow

Free Funds Flow is a non-GAAP financial measure. It is most comparable to cash from operating activities as reported in the primary financial statements. Free funds flow assists the Company in measuring its available funds after financing its capital programs. It is defined as operating activities excluding the settlement of asset retirement obligations and net change in non-cash working capital less capital investment. It demonstrates the Company's ability to fund its return of capital, such as dividend payments or a normal-course issuer bid without accessing outside funds.

Free funds flow is not a standardized financial measure under the reporting framework used to prepare our financial statements and may not be comparable to similar financial measures disclosed by other issuers.

Period ended March 31,		2024	2023
Cash provided by (used in) operating activities	**$**	**(1,212,176)**	$ 6,161,299
(Add) deduct:			
Settlement of Defined benefit obligations		**(35,979)**	-
Net change in non-cash working capital		**(1,804,276)**	10,086,691
Funds flow provided by operations[1]		**(3,052,431)**	16,247,990
Capital Investment		**(2,667,184)**	(8,597,822)
Free funds flow[1]	**$**	**(5,719,615)**	$ 7,650,168

(1) Funds flow provided by operations and Free funds flow are non-GAAP measures. Additional information regarding these non-GAAP measures are provided in the Non-GAAP and Other Measures section of this MD&A.

13. QUARTERLY INFORMATION

The schedule below highlights selected quarterly information for the Company's last eight fiscal quarters of operations.

	2024	2023		
Three month-periods ended	**March 31,**	**December 31**	**September 30**	**June 30**
Revenue	$ -	$ -	$ -	$ -
Gross Profit	$ -		$ -	$ -
Net income / (loss)	$ (4,638,846)	$ (1,121,723)	$ (4,261,385)	$ (2,733,720)
Basic income / (Loss) per share	$ (0.04)	$ (0.01)	$ (0.03)	$ (0.02)
Basic number of shares	$ 124,696,778	$ 124,001,778	$ 122,913,523	$ 122,913,523
Total assets	$ 53,530,572	$ 48,658,378	$ 54,252,705	$ 57,835,534

	2023	2022		
Three month-periods ended	**March 31,**	**December 31**	**September 30,**	**June 30,**
Revenue	$ -	$ 30,586,045	$ 29,492,399	$ 33,226,400
Gross Profit	$ -	$ 1,151,635	$ 4,415,835	$ 12,547,688
Net income / (loss)	$ (3,233,244)	$ (7,896,009)	$ (3,756,711)	$ 14,012,354
Basic income / (Loss) per share	$ (0.03)	$ (0.06)	$ (0.03)	$ 0.12
Basic number of shares	122,913,523	122,904,436	119,439,730	112,749,344
Total assets	$ 49,597,533	$ 68,926,882	$ 113,178,928	$ 113,386,768

14. OUTLOOK

During the three months ended March 31, 2024, the Company continued to execute in Ecuador the remaining activities derived from Asset Retirement Obligation and the Single Act and expect to have the majority of these activities by the end of the year.

New Stratus is aggressively focusing on initiating production in its Venezuelan projects and generate positive cash flows in the short run. Even though the operation first quarter revenues are modest, the Company expects these results to quickly improve.

On the newly acquired interest in Mexico, the Company's' technical team is now in process to assess current production and evaluating alternatives to ramp up production.

As part of his expansion objectives, New Stratus continues evaluating different projects in the Sub-Andean Basins and will continue with these evaluations, some of the areas where the Company continues evaluating alternatives are found in Colombia, Ecuador, Brazil, Peru, Mexico, and Venezuela. These countries have a significant production history, extensive oil reserves and established infrastructure, as well as the presence of important service provider companies in hydrocarbon exploration, production, and transportation areas.

15. RISKS AND UNCERTAINTIES

The Company's business consists of the exploration, evaluation, development and production of hydrocarbons 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 several risks. In addition to the other information contained in this MD&A, investors should consider 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 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 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 may 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 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 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.

16. OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements on December 31, 2022, or March 31, 2022, nor have any such arrangements been entered into by the Company as of the date of this MD&A.

17. TRANSACTIONS WITH RELATED PARTIES

The Company's key management personnel include its directors and officers. Key management personnel were compensated 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 normal course of operation and are measured at fair value, which is the price agreed to 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 1, 2022. As compensation for bridging the original agreement, NSE settled with the officer a departing payment totaling 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.

18. CRITICAL ACCOUNTING ESTIMATES

This MD&A should be read in conjunction with the Company's unaudited consolidated financial statements and related note 3 for the three months ended March 31st., 2023, wherein a more detailed discussion of accounting estimates is presented.

19. 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 must perform and drill an exploration well valued at $4,072,214 (US$3,000,000). The Company is awaiting a response from the ANH with respect to 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 (See also Note 10 - Exploration and Evaluation Assets) 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 in the amount of 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 up to $2,700,000 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 consolidated financial statements.

GoldPillar acquisition

As part of the GoldPillar transaction announced on January 2, 2024 (see Investment in Joint Venture — Note 9), the Company signed a shareholder's agreement on October 25, 2023 and additional agreements executed on May 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. 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. As of December 31, 2022, the balance of Prepaid and advances payments included $1.4 million for the security deposit issued as part of this lawsuit. 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 payment 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.

20. SUBSEQUENT EVENTS

On May 14, 2024, NSE entered into a definitive agreements with an arm's-length 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 (the "Acquisition"). 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 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. OPS OPS has been operating the O&G Contract at the Soledad Block awarded by PEP since 2013. The O&G Contract was amended on May 1, 2024, with an effective date of May 1, 2024, to, among other things, extend its term until 2039, with a possible additional 10-year extension, and to include a profit-sharing remuneration structure for OPS based on revenues minus royalties, special taxes and irreducible costs. Under current pricing and based on current royalty rates and tax rates, the profit participation for OPS under the O&G Contract is 88.23%. Gross current production for the Soledad Block is approximately 1,430 boe/d, and this amended O&G Contract provides economic incentive for additional investment in the Soledad Block which is expected to materially increase production. The new development plan approved by PEP calls for 42 workover wells, 12 deviated wells and 4 horizontal wells during the first two years, which will be funded through the Capex Commitment

21. ADVISORY ON FORWARD-LOOKING STATEMENTS

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve several 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.

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 extension of the term of the Blocks and entering into a production sharing contract with the Government of Ecuador in respect of the Blocks instead of the Service Operating Contracts; 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.

22. GLOSSARY

Term/Abbreviation	Definition
ANH	Colombian National Hydrocarbons Agency
ANLA	National Authority for Environmental Licenses
boe/d	Barrel of oil equivalent per day
bbl/d	Barrel of oil per day
DD&A	Depreciation, Depletion and Amortization
E&P	Exploration and production
Farm-in agreement	An agreement between two operators, one of which owns the interest in a piece of land where oil or gas has been discovered
OCP	The OCP crude oil pipeline is Ecuador's second largest pipeline
PSC	Production Sharing Contract
SOC	Service Contract
WTI	West Texas Intermediate
US$	United States Dollars