NEW STRATUS ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 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 and six months ended June 30, 2024.

This MD&A is dated August 29, 2024, and should be read with the Company's consolidated financial statements for the three and six months ended June 30, 2024. Additional information, including the Company's previous MD&A, and audited consolidated financial statements for the years 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'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.

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

Additional information related to the 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 three to five 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 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., 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 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; and
- 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 Company 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).

During the three and six months ended June 30, 2024, seven well reactivations were carried out. The accumulated production at Vencupet for the three and six months ended June 30, 2024, is 43,816 barrels.

On May 23rd ,2024and 27th, 2024, the Company executed all the documentation to recognize the investment in GoldPillar, effective retroactively to January 1, 2024. 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 Suministros y Servicios Zenith 2077 C.A., the general contractor entity that will provide technical assistance services to Vencupet, and (ii) executed a financing, operating, and logistics agreement with this contractor.

As of June 30, 20224 the company has registered a $15.6 million (USD$ 11.4 million) investment, composed as follows:

1. original investment: $11,318,242 (US $: 8,500,000); and
2. equity pick-up on investments: $4,301,502 (US $: 3,142,765)

Contingent Resources

Based on the reactivation program described above, the Fields include the contingent resources outlined below. There is some uncertainty on whether 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 Company 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 of the following:

- the United States has re-imposed sanctions on Venezuela, therefore there is uncertainty on whether the production from the Fields can be marketed or commercialized;
- there is uncertainty on whether all the necessary geological and technical data for all the drilled and completed wells will be obtained. Without the exact data, it will be challenging to perform work-overs to reactivate these wells; and
- 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.

<u>Mexico:</u>

On May 14, 2024, NSE entered into definitive agreements (the “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 51% 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 "O&G Contract").

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 (the "Commitment") for an amount of US$15 million in year one, for which NSE has advanced subsequent to June 30, 2024 the amount of US$7 million, and US$30 million in year two; 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 from holding a 49% equity interest holder in OPS. This entitlement begins in advance of the closing of the first tranche. Closing of the first tranche, originally scheduled for July 29, 2024, has been rescheduled to end of September 30, 2024. The Company has already funded $9.6 million (US$7 million) toward its year-one capital commitment, with the remaining balance to be settled on closing.

The Commitment will be reimbursed by OPS using cashflow from operations and the maximum capital exposure of NSE under the 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 51% 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 has been operating the O&G Contract at the Soledad Block awarded by PEP since 2013. On May 1, 2024, and with an effective date of May 1, 2024, the O&G Contract was amended 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. Additionally, 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.

Ecuador:

On January 14, 2022, the Company acquired 100% of the shares of Petrolia Ecuador S.A. ("Petrolia") (previously Repsol Ecuador S.A.). Through Petrolia's branch in Ecuador (the "Branch"), the Company held a 35% operated working interest in the service contracts (the “Service Contracts”) for Blocks 16 and 67 (the “Blocks”). The Blocks are located in the Orellana Province in the Oriente Basin in Ecuador.

The Service Contracts were entered into between Petrolia and Ecuador’s Ministry of Energy and Mines and entitled Petrolia to collect a fixed service tariff for each barrel delivered.

On December 31, 2022, the Service Contracts expired. The termination of the Service Contracts resulted in the transfer of Blocks 16 and 67 to the Ministry of Energy and Mines, along with all the facilities and infrastructure, at no cost, in good operational condition and in accordance with hydrocarbon laws 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. Since this date, the Branch’s operating expenses are categorized as general and administrative expenses.

The Ministry of Energy and Mines in Ecuador has approved Petrolia as a qualified operator, allowing it to participate in bidding processes for development and exploration. Petrolia 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”) whereby the Company had the right to earn up to 100% interest in the Block VMM-18 exploration and production contract (the “Project”). The Project involved the exploration and production of hydrocarbons in Cuenca Valle Medio del Magdalena in Colombia. The Company fulfilled all of its commitments under the Agreement except for the drilling of an exploration well which was subject to the approval of an environmental license by the National Agency of Hydrocarbons of Colombia (“ANH”).

On August 24, 2022, NSE obtained the ANH’s approval for the environmental license but with strict limitations on the exploration area. These restrictions impacted the project’s feasibility, both financially and operationally. As a result, on September 26, 2022, the Company requested the termination of the Project and wrote off $2.2 million of capitalized exploration expenses.

On May 31, 2024, the ANH issued a formal termination of the Agreement relieving the Company of any further obligations of the Project.

Other Countries:

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

4. CORPORATE PERFORMANCE

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.

5. RESULTS OVERVIEW

Six months ended June 30,	**2024**	2023	Change
General and administrative	**$ (8,863,688)**	$ (6,388,637)	$ (2,475,051)
Financial cost, net	**(1,059,160)**	233,067	(1,292,227)
Income from investments in Joint venture	**4,301,502**	-	4,301,502
Foreign exchange gain (loss)	**207,793**	9,749	198,044
Other income	**613,207**	191,300	421,907
Net loss before income taxes	**(4,800,346)**	(5,954,521)	1,154,175
Income tax (expense)	**$ -**	(12,443)	12,443
Net loss	**$ (4,800,346)**	$ (5,966,964)	$ 1,166,618

Operational Highlights

Investment in GoldPillar (Venezuela)

The fiscalized (delivered) production for the six months period ended June 30, 2024 by Vencupet was 8,588 barrels, of which 6,842 corresponds to the three months ended June 30, 2024.

The following schedule provides a breakdown of the Company's results, accreted to the Company, on its Venezuelan operation, for the three and six months ended June 30, 2024:

Six months ended June 30, 2024	*Three months* Net NSE USD	Net NSE CAD	*Six months* Net NSE USD	Net NSE CAD
VENEZUELA				
Prodution Revenues	425,574	578,142	536,011	728,170
Royalties + extraction tax	(228,672)	(310,650)	(265,475)	(360,647)
Opex	(181,010)	(245,902)	(224,328)	(304,749)
Other Revenues **(1)**	2,572,980	3,495,393	3,073,752	4,175,692
Other Revenues from contractual activities **(1)**	(14,700)	(19,970)	781,550	1,061,736
ADJUSTED EBITDA	**2,574,172**	**3,497,013**	**3,901,510**	**5,300,202**
DD&A (*)	61,887	84,073	(24,374)	(33,112)
Exchange difference	11,621	15,787	70,775	96,148
Net Income	**2,647,680**	**3,596,874**	**3,947,911**	**5,363,238**
DD&A (*)	(61,887)	(84,073)	24,374	33,112
Acquisition Payments (**)	(2,215,332)	(3,032,125)	(6,626,905)	(9,070,245)
Cash calls	(536,901)	(734,857)	(4,233,065)	(5,793,797)
Cash flow	**(166,440)**	**(254,181)**	**(6,887,685)**	**(9,467,692)**

Note:

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

(*) Includes non-cash impairment for retirement costs and write-off on long tern accounts receivable.

(**) Includes funds advanced in 2023.

A reconciliation to the *Income from investment in joint venture*, as reported in the Financial Statements as for the three- and six-month periods ended June 30, 2024 is as follows:

Six months ended June 30, 2024	*Three months* Net NSE USD	Net NSE CAD	*Six months* Net NSE USD	Net NSE CAD
ADJUSTED EBITDA - Venezuela	**2,574,172**	**3,497,013**	**3,901,510**	**5,300,202**
DD&A	61,887	84,073	(24,374)	(33,112)
Exchange difference	11,621	15,787	70,775	96,148
	2,647,680	**3,596,874**	**3,947,911**	**5,363,238**
Other Revenues from contractual activities **(1)**	14,700	19,970	(781,550)	(1,061,736)
Other Exchange difference adjustments		4,889	-	-
Income from investments in Joint venture	**2,662,380**	**3,621,733**	**3,166,361**	**4,301,502**

Note:

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

Investment in OPS (Mexico)

As further described above in Section 3, *Corporate History and General Development - Mexico,* NSE entered into the Definite Agreements with OPS on May 14, 2024. Pursuant to the terms of the Definitive Agreements, effective May 1, 2024, NSE is entitled to the economic interests, including production and cash flows, from holding a 49% equity interest in OPS. This entitlement begins in advance of the closing of the first tranche. Closing of the first tranche, originally scheduled for July 29, 2024, has been rescheduled to end of September 30, 2024.

Under the Definitive Agreements, the Company is entitled to earnings from Soledad Block starting May 1, 2024. However, these rights will only become effective after the transaction closes on September 30, 2024. As of June 30, 2024, the Company has not recorded any of these accrued earnings. The unrecognized EBITDA for the mentioned period above is estimated at approximately $1.0 million (US$ 765,000).

	Six months		***Three months***	
Periods ended June 30, 2024	**Net NSE USD**	**Net NSE CAD**	**Net NSE USD**	**Net NSE CAD**
MEXICO				
Net average production (boepd) (since May 1st)	1,031	1,031	1,031	1,031
Net Income and Adjusted EBITDA	765,000	1,039,253	765,000	1,039,253

The following schedules reconcile the income from investment in joint ventures, as per financial statements to Adjusted EBITDA, a non-GAAP measure and to net income for the three and six months ended June 30, 2024:

Periods ended June 30, 2024	**Three months**	**Six months**
Income from investment in Joint Venture	$ 3,621,732	$ 4,301,502
Add (deduct):		
DD&A	(84,073)	33,112
Exchange difference	(20,676)	(96,148)
EBITDA	3,516,983	4,238,466
Revenue from contractual activities not recognized in financial statements:		
Venezuela (a)	(19,970)	1,061,736
Adjusted EBITDA - Venezuela	**3,497,013**	**5,300,202**
Mexico (b)	**1,039,253**	**1,039,253**
Adjusted EBITDA in joint ventures	**$ 4,536,266**	**$ 6,339,455**

(a) In addition to the production revenues, GoldPillar is entitled to revenues from procurement, technical assistance, financing and oil trading activities.
(b) Represents revenues generated by the Mexican operation during May and June 2024.

Periods ended June 30, 2024		**Three months**		**Six months**
Income from investment in Joint Venture	$	**3,621,733**	$	**4,301,502**
Other consolidated results, as per financial statements:				
General and administrative		(3,452,908)		(8,863,688)
Financial cost (net)		(721,899)		(1,059,160)
Foreign exchange gain		25,900		207,793
Other income		365,674		613,207
Net loss per financial statements	**$**	**(161,500)**	**$**	**(4,800,346)**

Please see section 11 "**NON-GAAP AND OTHER FINANCIAL MEASUREMENTS**" for Non-GAAP adjustment comments.

Reversion activities (Ecuador)

As further described above in Section 3, *Corporate History and General Development - Ecuador*, since January 1, 2023, the main activity of Petrolia focused on managing its operating expenses, completing all reversion activities related to the termination of the Service Contracts, completed the activities to sign the final minutes with the Minister of Energy and Mines, and evaluating development and exploration opportunities as a bidder approved by the Ministry of Energy and Mines.

Exploration activities: Colombia - Block VMM-18

As further described above in Section 3, *Corporate History and General Development - Colombia,* on November 27th., 2018, the Company entered into the Agreement with JM where the Company acquired the right to earn up to 100% in the Project. Under the Project, JM was entitled to a 5% royalty in the production of Block VMM-18.

The VMM 18 is an E&P Contract with the ANH it has a total area of 75,968 acres located in the Middle Magdalena Basin. The acquisition of the property required 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.

On May 31, 2024, the ANH issued a formal termination of the Agreement relieving the Company of any further obligations of the Project.

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

6. OTHER EXPENSES AND INCOME

Consolidated General and Administrative Expenses

The following schedule describe NSE´s general and administrative expenses for the six months ended June 30, 2024, and June 30, 2023:

Six months ended June 30,	**2024**	2023	Change
Insurances	**$ 90,217**	24,940	$ 65,277
Legal and accounting	**1,264,031**	191,538	1,072,493
Management fees	**3,386,327**	2,292,701	1,093,626
Professional fees	**3,412,980**	2,273,742	1,139,238
Office and administration	**437,964**	332,414	105,550
Shareholders information and investor relations	**64,966**	69,379	(4,413)
Other purchase and services		540,704	(540,704)
Amortization and depreciation	**207,203**	217,776	(10,573)
Taxes	**-**	445,443	(445,443)
	$ 8,863,688	$ 6,388,637	$ 2,475,051

The main elements explaining the increase in general and administrative expenses ("G&A") for the six months ended June 30, 2024, when compared to the six months ended June 30, 2023, relates to:

1. the increase in legal and accounting fees for approximately $1.1 million, principally related to expenses for to the Venezuelan project investment and other projects that the Company is currently evaluating;

2. the increase in Management fees reflects the increase in salaries and bonuses paid during the six months of fiscal 2024;

3. the increase in professional fees related to advisory fees associated with past acquisitions closed by NSE; and,

4. the following schedule segregates G&A expenses by division, for the six months ended June 30, 2024:

Six months ended June 30, 2024	Coporate	Colombia	Mexico	Ecuador	Total
Insurances	$ 90,217	$ -	$ -	$ -	$ 90,217
Legal and accounting	1,264,031	-	-	-	1,264,031
Management fees	2,047,176	963,444	-	375,707	3,386,327
Professional fees	3,149,191	-	-	263,789	3,412,980
Office and administration	524,583	283,932	43,893	(414,443)	437,964
Shareholders information and investor relations	64,966	-	-	-	64,966
Amortization and depreciation	127,132	80,071	-	-	207,203
	$7,267,296	**$1,327,447**	**$43,893**	**$225,052**	**$ 8,863,688**

As outlined before, all G&A expenses for Petrolia, for the six months ended June 30, 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.

7. ASSETS AND LIABILITIES

Balances as of,	June 30, 2024	December 31, 2023	Change
Cash and cash equivalents	**$ 15,488,163**	$ 33,624,812	$ (18,136,649)
Current Assets	**38,993,185**	48,022,015	(9,028,830)
Total Assets	**55,355,560**	48,658,378	6,697,182
Current Liabilities	**12,400,635**	3,936,045	8,464,590
Total Non-Current Liabilities	**24,858,494**	22,662,562	2,195,932
Total Liabilities	**37,259,129**	26,598,607	10,660,522
Working Capital	**$ 26,592,550**	$ 44,085,970	(17,493,420)

Cash and cash equivalents (including restricted cash) position as June 30, 2024, decreased to $15.5 million, from $33.6 million on December 31, 2023. See Section 9 below, *Liquidity and Capital Resources*, for a more detailed analysis of the Company's change in cash position.

The $9.0 million decrease in current assets was significantly generated by the decrease in cash for $18.1 million, mainly as a result of operating advances and acquisition costs on the Venezuelan joint venture, as well as capital expenditure advances for the Mexican joint venture and other related investments

Current liabilities increased by $8.5 million primarily due to increases in trade and other payables.

Non-current liabilities increased by $2.2 million due to the recognition of a portion of the accrued liability related to the Company´s investment in the Venezuelan joint venture and interest accrued on long term payables.

Working capital decreased by $17.5 million, principally as result cash consumption from general and administrative expenses, advances and investments in joint ventures and the recognition of a short-term liability for such investment.

8. 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.

Environmental

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

Following 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). As of June 30, 2024, 90% 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). The remaining 10% of issues, are still being addressed, including 3 points related to responses from the Ministry of the Environment and 4 points that Petrolia is required to address within the term.

As a result of the work of the commission, Petrolia committed to carrying out two field activities.

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. Currently, 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 the Blocks, to rule out the existence of possible sources of contamination. Petrolia has completed the monitoring activities, and all laboratory results have complied with legal regulations and permissible limits. This confirms that there is no environmental liability related with the operation of the Blocks 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 the Blocks as of December 31, 2022, the date which 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 second quarter of 2024, two additional audits were approved by the Ministry of Environment, and one more is pending approval and is being reviewed by the Ministry of Environment. It is expected to be processed and approved within 2024. At present, all Petrolia´s obligations with respect to environmental audits are up to date and, as mentioned, awaiting the approval by the authorities.

Social

The Blocks 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.

Additionally, three projects embodied in the Single Act were delivered to the communities, including the construction of a Health Centre in the Guiyero community (Waorani). The projects were delivered to the communities' complete satisfaction. The company has fulfilled all related commitments, and no further projects are required.

9. 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.
- merger and acquisition 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 six months ended June 30, 2024, cash used in operating activities was $16.7 million, compared to $27.5 million generated during the six months ended June 30, 2023.

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

Changes in operating component of working capital:

Six months ended June 30,	2024	2023	Change
Depletion and depreciation	$ 207,203	$ -	$ 207,203
Income from investment in Joint Venture	(4,301,502)	-	(4,301,502)
Payments of employee defined, benefit & retirmenet obligations	(388,162)	(1,162,334)	774,172
Payments of asset retirement obligation	(72,301)	-	(72,301)
Foreign currency exchange	207,793	30,964	176,829
Tax credit refund	6,358,586	19,399,222	(13,040,636)
Change in operating components of working capital	$ 2,011,617	$ 18,267,852	$ (16,256,235)

Net change in non-cash working capital items.

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

Six months ended June 30,	2024	2023	Change
Trade and other receivables	$ (111,775)	$ 9,312,861	$ (9,424,636)
Account receivable from related entities	(11,361,602)	6,892,209	(18,253,811)
Recoverable taxes	-	8,694,878	(8,694,878)
Advances to suppliers and others	(3,993,028)	(401,267)	(3,591,761)
Investments in joint venture	(8,512,800)	-	(8,512,800)
Other asset	(276,642)	(22)	(276,620)
Accounts payable and accrued liabilities	8,942,316	(6,761,388)	15,703,704
Taxes payables	(102,603)	(3,037,947)	2,935,344
Employee benefit obligation	396,708	563,037	(166,329)
DBO	(328,484)	-	(328,484)
Other liability	1,406,015	(7,523)	1,413,538
Decommissioning obligations	-	(310,738)	310,738
Total net change in non-cash working capital	$(13,941,895)	$ 14,944,100	$ (28,885,995)

Investing Activities

During the six months ended June 30, 2024, the Company disbursed $2.7 million in its Venezuela project.

Financing activities

For the six months ended June 30, 2024, New Stratus Energy generated $0.8 million cash from financing, primarily from warrants exercised, totaling $863,393, and from the Company´s share repurchase program, totaling $69,189. During the six months ended June 30, 2023, the Company did not generate or use cash in financing activities.

Available Sources of Liquidity

As at June 30, 2024, the Company has $15.5 million in cash and restricted cash, a decrease from $33.6 million on December 31, 2023.

As at June 30, 2024, the Company held $510,539 in restricted short-term investments, related to letters of credit associated with project warranties on Block VMM-18 in Colombia a total of $410,539 and corporate credit cards, a total of $100,000.

Capital Management

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

The Company´s primary objective with respect to its capital management is to ensure that it has sufficient cash resources to support 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 have been no change to the overall capital risk management strategy during the period ended June 30, 2024.

10. SHARE CAPITAL

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

As of June 30, 2024, the Company had 125,785,428 common shares issued and outstanding valued at $32,835,577.

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 six months ended June 30, 2024, 1,918,650 warrants were exercised at a price of $0.45 for proceeds of $863,393.

Subsequent to June 30, 2024, 7, 828,394 warrants were exercised at an exercise price of $0.45 for proceeds of $3,522,777,

All remaining 3,245,056 warrants exercisable at $0.45 are now expired. At the date of this report there were no warrants outstanding.

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 June 30, 2024, the Company granted no new options.

During the three months ended June 30, 2023, the Company did not grant any stock options.

As of June 30, 2024, and at the date of this report there are 11,535,000 stock options outstanding at an average exercise price of $0.51.

Fully diluted shares information:

As at June 30, 2024 there were:

Periods Ended June 30,	**2024**	2023
Common shares	**125,785,428**	122,913,523
Stock based compensation	**11,535,000**	11,790,000
Warrants	**12,992,100**	14,050,355
Fully diluted number of shares	**150,312,528**	148,753,878

Weighted average number of shares and dilutive effect:

	Three months		**Six months**	
Period ended June 30	**2024**	**2023**	**2024**	2023
Net income (loss)	**$ (161,500)**	$ (2,733,720)	**$ (4,800,346)**	$ (5,966,964)
Weighted-average common share adjustments:	**$ -**	$ -	**$ -**	$ -
Weighted-average common shares outstanding, basic	**$ 124,862,562**	$ 122,913,523	**$ 124,862,562**	$ 122,913,523
Effect of stock options & warrants	**$ -**	$ -	**$ -**	$ -
Weighted-average common shares outstanding, diluted	**124,862,562**	122,913,523	**124,615,954**	122,913,523
Basic loss per share	**$ (0.00)**	$ (0.02)	**$ (0.04)**	$ (0.05)
Fully diluted loss per share	**$ (0.00)**	$ (0.02)	**$ (0.04)**	$ (0.05)

For the three and six months ended June 2024 and 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.

11. 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 constructed 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,	**June 30, 2024**	December 31,2023
Current Assets	**$ 38,993,185**	$ 48,022,015
Current Liabilities	**12,400,635**	3,936,045
Working capital	**26,592,550**	44,085,970
Working capital ratio	**3.14**	12.20
Per share:		
Basic working capital per share	**0.21**	0.36

Adjusted Working Capital

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

Periods ended,	**June 30, 2024**	December 31,2023
Working capital	**$ 26,592,550**	$ 44,085,970
Value of exercisable warrants (2)	**4,928,603**	-
Value of exercisable options (3)	**1,585,400**	2,984,150
Adjusted working capital (1)	**$ 33,106,553**	$ 47,070,120
Adjusted Working Capital per share (4)	**$ 0.27**	$ 0.38

(1) Includes assumed proceeds on conversion of "in the money" options and warrants.
(2) Assumes the conversion of 11,073,450 warrants for 2024 and 12,992,100 for 2023, when market prices at periods ended June 30,2024 and December 31,2023 were $0.56 and $0.79 respectively
(3) Assumes conversion of 5,890,000 options for 2024 and 8,135,000 for 2023 when market prices at period ended June 30,2024 and December 31, 2023 were $0.56 and $0.79 respectively
(4) Adjusted working capital per share assumes all "in the money" options and warrants are exercised, hence there is no dilution effect.

Subsequent to the end of Q2, NSE was notified by the Government of Ecuador that it will be receiving a $6.8 million correction factor adjustment dating back to an application made in 2022, which payment is expected before the end of 2024. The addition of this amount will enhance our projected future short-term working capital to approximately $39.9 million.

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.

Six months ended June 30,		**2024**		2023
Cash provided (used) by operating activities		**($16,730,623)**	$	27,462,764
Add (deduct):				
Net change in non-cash working capital		**13,941,894**		(14,944,100)
Funds flow provided by operations	**$**	**(2,788,729)**	$	12,518,664
Funds flow provided by operations (per share basic)	**$**	**(0.02)**	$	0.10
Funds flow provided by operations (per share diluted)	**$**	**(0.02)**	$	0.10

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 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.

Six months ended June 30,		**2024**		**2023**
Property, plant and equipment expenditure	**$**	**(32,972)**	$	16,162
Purchase price consideration paid for business combination		**-**		(3,386,000)
Investments in Joint Venture		**(2,667,268)**		
Payment to Repsol		**-**		(10,525,042)
Total Capital Investment	**$**	**(2,700,240)**	$	(13,894,880)

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.

Six months ended June 30,	2024	2023
Cash provided by (used in) operating activities	**($16,730,623)**	$ 27,462,764
(Add) deduct:		
Net change in non-cash working capital	**13,941,894**	14,944,400
Funds flow provided by operations	**(2,788,729)**	12,518,364
Capital Investment	**(2,700,240)**	(13,894,880)
Free funds flow[1]	**$ (5,488,969)**	$ (1,376,516)

Adjusted EBITDA

"Adjusted EBITDA" (earnings before interest, taxes, depreciation and amortization) is used by management to analyze the Corporation's profitability based on the Corporation's principal business activities prior to how these activities are financed, how assets are depreciated, amortized and impaired, and how the results are taxed. Additionally, revenues that are not currently recorded in the reported period financial statements to ensure a conservative presentation approach, are added back. as the Corporation does not deem these to relate to the performance of its principal business. Adjusted EBITDA is not intended to represent net profit (or loss) as calculated in accordance with IFRS.

Please see section 5 **"Results Overview", "Operating Highlights"**, for additional non-GAAP disclosure.

12. 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	**June 30,**	**March 31,**	**December 31**	**September 30**
Revenue	$ -	$ -	$ -	$ -
Gross Profit	$ -	$ -		$ -
Net income / (loss)	$ (161,500)	$ (4,638,846)	$ (1,121,723)	$ (4,261,385)
Basic income / (Loss) per share	$ (0.00)	$ (0.04)	$ (0.01)	$ (0.03)
Basic number of shares	125,785,428	124,696,778	1,918,650	122,913,523
Total assets	$ 55,355,560	$ 53,530,572	$ 48,658,378	$ 54,252,705

	2023		2022	
Three month-periods ended	**June 30,**	**March 31,**	**December 31**	**September 30,**
Revenue	$ -	$ -	$ 30,586,045	$ 29,492,399
Gross Profit	$ -	$ -	$ 1,151,635	$ 4,415,835
Net income / (loss)	$ (2,733,720)	$ (3,233,244)	$ (7,896,009)	$ (3,756,711)
Basic income / (Loss) per share	$ (0.02)	$ (0.03)	$ (0.06)	$ (0.03)
Basic number of shares	122,913,523	122,913,523	122,904,436	119,439,730
Total assets	$ 57,835,534	$ 49,597,533	$ 68,926,882	$ 113,178,928

13. QUARTERLY RESULTS OVERVIEW

Financial and Operating Highlights

Three months ended June 30,	**2024**	2023	Change
General and administrative	**$ (3,452,908)**	$ (3,284,929)	$ (167,979)
Financial cost, net	**(721,899)**	233,067	(954,966)
Income from investments in Joint venture	**3,621,733**	-	3,621,733
Foreign exchange gain (loss)	**25,900**	370,743	(344,843)
Other income	**365,674**	(43,349)	409,023
Net loss before income taxes	**(161,500)**	(2,724,468)	2,562,968
Income tax (expense)	**-**	(9,252)	9,252
Net loss	**$ (161,500)**	$ (2,733,720)	$ 2,572,220

For the three months ended June 30, 2024 and 2023 New Stratus Energy did not generated any service revenues.

All expenses incurred by Petrolia are grouped as part of general and administrative expenses.

The following schedules disclose the consolidated general and administrative expenses for the three months ended June 30, 2024 and 2023, as well as a breakdown of such expenses by country for the same period:

Three months ended June 30,	**2024**	2023	Change
Insurances	**$ 38,987**	$ (75,809)	$ 114,796
Legal and accounting	**511,197**	149,373	361,824
Management fees and salaries	**1,286,263**	1,282,065	4,198
Professional fees	**1,544,812**	1,264,078	280,734
Office and administration	**(57,795)**	93,230	(151,025)
Shareholders information and investor relations	**31,439**	48,103	(16,664)
Other purchases and services	**-**	42,334	(42,334)
Taxes	**-**	372,971	(372,971)
Depreciation of computer equipment	**98,005**	108,584	(10,579)
	$ 3,452,908	$ 3,284,929	$ 167,979

Three months ended June 30, 2024	Coporate	Colombia	Mexico	Ecuador	Total
Insurances	$ 38,987	$ -	$ -	$ -	$ 38,987
Legal and accounting	511,197	-	-	-	511,197
Management fees	641,371	527,300	-	117,591	1,286,262
Professional fees	1,346,668	-	-	198,144	1,544,812
Office and administration	226,829	189,731	32,010	(506,362)	(57,792)
Shareholders information and investor relations	31,439	-	-	-	31,439
Amortization and depreciation	63,566	35,183	-	(745)	98,004
	$2,860,057	**$752,214**	**$32,010**	**$ (191,372)**	**$ 3,452,908**

As mentioned above, the overall increase in general and administrative expenses for the three and six months ended June 30, 2024, when compares to the three and six months ended June 30, 2023, relates to the reclassification of Petrolia's general and administrative expenses. Since January 1, 2023, Petrolia has not operated as an active operator, and its activities have been primarily focused on decommissioning and administrative tasks. Consequently, these activities are more administrative in nature rather than revenue-generating. The most significant expenses in this period include management fees and salaries, professional fees, other purchases and services, and taxes.

14. OUTLOOK

During the six months ended June 30, 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.

On the newly acquired interest in Mexico, the Company's technical team is in place and currently assessing existing production and exploring alternatives to increase production output. Revenues from May 1 to June 30, 2024 are estimated to be approximately $1.0 million.

As part of the Company's expansion objectives, the Company continues to evaluate different projects in the Sub-Andean Basins, including in Colombia, Ecuador, Brazil, Peru, Mexico, and Venezuela. These countries have a significant production history, extensive oil reserves and established infrastructure. They also have a presence of important service providers in hydrocarbon exploration, production, and transportation areas.

15. RISKS AND UNCERTAINTIES

The Company's business, which includes the exploration, evaluation, development and production of hydrocarbons is subject to certain risks. The risks described below are not exhaustive, other unknown risks may emerge or risks currently deemed immaterial may become material. There is no guarantee that other factors will not affect the Company in the future. Many of these risks are beyond the Company's control.

Investing in the Company's common shares involves several risks. In addition to the 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 described risks or uncertainties occur, they could adversely affect the Company's business, prospects, financial condition and operating results. In that event of a decline in the market price of the Company's common shares, investors could lose all or part of their investment. Additionally, unknown risks or risks not currently 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 in this MD&A and other information provided, prospective investors should carefully consider each risk factor and the cumulative effect of all 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. When considering any purchase of the Company's securities, an investor should consider 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 it´s 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 could dilute existing shareholder's holdings. The Company's articles of incorporation allow for the issuance of an unlimited number of common shares and an unlimited number of preferred shares, which can be issued in series. Shareholders will not have pre-emptive rights with respect to any future share issuances. The Company's directors have the discretion to determine the provisions attaching to any series of preferred shares and to determine 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

As part of Company's corporate strategy, the Company actively seeks to acquire exploration, development, and production assets in line with its acquisition and growth strategy. From time to time, the Company may also acquire securities or other interests in companies, potentially leading to further acquisitions or transactions. These transactions and acquisitions 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 of these factors or other risks could prevent the Company from realizing the anticipated benefits of an acquisition and may material adverse effect its financial condition.

Additionally, the Company may periodically dispose of non-core assets to focus its efforts and resources more efficiently. Depending on market conditions, these non-core assets may sell for less than their carrying value on the Company's financial statements.

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 Company'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 June 30, 2024 or December 31, 2023, 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:

	Three months		Six months	
Periods ended June 30,	**2024**	**2023**	**2024**	**2023**
Officers and management fees	**$ 579,393**	$ 387,616	**$ 1,884,491**	$ 837,299
Director Fees	**29,709**	23,440	**46,641**	40,056
Consulting fees paid to a director	**41,049**	40,304	**81,142**	80,813
	650,151	451,360	**2,012,274**	958,168

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 US$12,625. The departing officer will continue to act as an independent business development consultant for a monthly fee of US$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 4 for the six months ended June 30, 2024, wherein a more detailed discussion of accounting estimates is presented.

19. COMMITMENTS AND CONTINGENCIES

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 $3,390,000 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, 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. 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 recorded a provision for this matter.

Law 122: Ecuador Petroecuador EP is requesting the payment of $22,547,423 (US$16,610,743) to the consortium that operated Block 67 (Tivacuno) where the Company has a 35% interest. On August 14, 2023, a payment request was issued based on a unilateral liquidation performed by Ecuador Petroecuador EP under a service contract which ended in 2010. Ecuador Petroecuador EP stated that it has not withheld the entire tariff of the tax contemplated in a special tax law. 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. for 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 yet been admitted. 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. This amount has been fully reserved.

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) for the purchase and use of friction reducing chemical, of which $1,225,073 (US$902,514) corresponds to the Company. On November 23, 2006, Petrolia´s Branch, on behalf of the contractor 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

Investment in Operaciones Petroleras Soledad S. de R.L

As further described above in Section 3, *Corporate History and General Development - Mexico,* NSE announced that it entered into the Definite Agreements with OPS on May 14, 2024. Pursuant to the terms of the Definitive Agreements, effective May 1, 2024, NSE acquired a 49% equity interest in OPS with the exclusive right for NSE to negotiate the purchase up to an additional 41% of the equity interest in OPS. OPS is the third-party contractor and operator of the O&G Contract, a hydrocarbons production contract awarded by PEP on the Soledad Block 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 Commitment of US$15 million in year one, for which NSE has advanced subsequent to June 30, 2024 the amount of $7.0 million, and US$30 million in year two; 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, from holding a 49% equity interest in OPS. This entitlement begins in advance of the closing of the first tranche. Closing of the first tranche, originally scheduled for July 29, 2024, has been rescheduled to end of September 30, 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 OPS based on the results of operations on the field. NSE will have exclusivity, a right of first offer and a first right of refusal for three and six months after completion of the two-year Commitment, to negotiate the second tranche of the Acquisition, which will be subject to regulatory approval.

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
ABCA	Business Corporations Act
ANH	Colombian National Hydrocarbons Agency
Acquisition	NSE's acquisition of a 50% indirect interest in GoldPillar
boe/d	Barrel of oil equivalent per day
bbl/d	Barrel of oil per day
Blocks	Blocks 16 and Blocks 17 in the Orellana Province in the Oriente Basin in Ecuador
Commitment	The capital commitments and operational costs NSE has agreed to fund for the next two years of the O&G Contract
Company	New Stratus Energy Inc.
DD&A	Depreciation, depletion and amortization
Definitive Agreements	The definitive agreements entered into between NSE and OPS for the acquisition a 49% equity interest in OPS and the exclusive right for NSE to negotiate the purchase of an additional 51% equity interest in OPS
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
Fields	Anzoategui and Monagas States in Eastern Venezuela
GoldPillar	GoldPillar International Fund SPC Ltd.
JM	Montajes JM
MD&A	Management's Discussion and Analysis
New Stratus	New Stratus Energy Inc.
NSE	New Stratus Energy Inc.
O&G Contract	A hydrocarbons production contract awarded by PEP to OPS on the Soledad Block.
OPS	Operaciones Petroleras Soledad S. de R.L. de C.V.
PDVSA	Petroleos de Venezuela S.A.
PEP	Pemex Exploracion y Produccion, S.A. de C.V.
Petrolia	Petrolia Ecuador S.A.
Project	The Block VMM-18 exploration and production contract
Service Contracts	The service contracts for Blocks
Soledad Block	Soledad block located in the State of Veracruz in eastern Mexico
Vencupet	Petrolera Vencupet, S.A.
US$	United States Dollars