NEW STRATUS ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 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 year ended December 31, 2024.

This MD&A is dated April 30, 2025, and should be read with the Company's Audited Financial Statements for the years ended December 31, 2024 and 2023. Additional information, including the Company's previous MD&A, and audited consolidated financial statements for the years ended December 31, 2023, and December 31, 2022, 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 Company changed its fiscal year end from March 31st. to December 31st. to align with the year-end 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,

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

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

3. CORPORATE HISTORY AND GENERAL DEVELOPMENT

Mexico:

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 New Stratus to negotiate the purchase of 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 "O&G Contract").

The acquisition of OPS has been structured into two tranches.

The first tranche, which closed on September 27, 2024, involved the purchase by New Stratus of an initial 49% equity interest in OPS. As consideration for this tranche, New Stratus (i) paid the vendor a fixed amount of US$2 million at closing; (ii) committed to fund capital and, in certain cases, operational expenditures for OPS over the next two years under the O&G Contract, totaling US$15 million for the first year (fully advanced as of December 31, 2024) and US$30 million for the next wo years (the "Commitment"); and assumed 49% of the abandonment obligations to be fulfilled by the end of the O&G Contract in 2039, with an estimated net obligation to New Stratus of US$9.95 million. The Commitment will be reimbursed by OPS using cashflow from operations.

According to the terms of the Definitive Agreements, effective May 1, 2024, New Stratus is entitled to the economic benefits, including production revenues and cash flows, associated with holding a 49% equity interest in OPS, with these entitlements accruing in advance of the first tranche closing. 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 New Stratus and OPS based on the results of operations on the field. For six months after completion of the two-year Commitment, New Stratus will have the right of exclusivity, a right of first offer and a first right of refusal, subject to regulatory approval, to negotiate the second tranche of the Acquisition.

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 2,365 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 Commitment.

Venezuela:

On January 2, 2024, New Stratus announced the acquisition, through its wholly owned subsidiary Desarrolladora de Oriente Oil & Gas, Ltd ("DOOG"), 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 allowed NSE to access to four revenue streams:

- oil production revenue from the 40% working interest in the Fields;
- oil trading fees from commercializing the production from the Fields;
- fees from financial, operational and logistic support to contractor that provides technical assistance services to Vencupet; and,
- financing fees from providing the upfront capital to finance the capital expenditure requirements for the Fields.

The Fields are located onshore in the Eastern Venezuela Basin and have an aggregate area of 794.2 km2. A reactivation program was approved for 246 wells, with 90 wells initially planned for reactivation in 2024 and 2025 and the remaining 156 wells planned for reactivation in 2026 and beyond.

On May 23, 2024 and May 27, 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 the Zenith, the general contractor entity that will provide technical assistance services to Vencupet, and (ii) executed a financing, operating, and logistics agreement with this contractor.

On March 3, 2025, the Company announced that, effective December 19, 2024, it has entered into a termination agreement pursuant to which it has officially terminated the Shareholders Agreement and all other agreements related to the Venezuela project. Following the termination of its joint venture, NSE has relinquished its entire equity stake in DOOG at no cost. Additionally, all shareholder loans extended by NSE to DOOG have been forgiven, and all counterparty agreements and consideration arrangements have been terminated, without any further obligation or liability to NSE, except for specific compensation to GP's principal shareholder, in the event that certain anticipated project costs cannot be recovered from PDVSA within fourteen months of the termination date. For two years from the termination, NSE will be allowed to negotiate the terms to reacquire its shareholding in DOOG and in the Vencupet project, in terms to be agreed between the Parties.

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 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 company to execute exploration and exploitation contracts in Ecuador, allowing it to participate in various bidding processes. Petrolia has evaluated these opportunities as an approved bidder, both as operator and non-operator.

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 fiscal 2025.

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 permits; challenges in profitable production New Stratus' ability to dispose of its interest on an advantageous basis; and global economic and commodity price volatility; all of which are uncertain.

5. RESULTS OVERVIEW

Years ended December 31,		**2024**	2023
General and administrative	**$**	**(14,507,600)**	$ (17,108,396)
Income from investments in Joint venture		**1,663,979**	-
Stock-based compensation		**(494,185)**	-
Foreign exchange gain (loss)		**(874,379)**	152,374
Write off receivable and deposits		**(1,325,150)**	(670,005)
Other income		**7,697,351**	7,006,965
Operating loss		**(7,839,984)**	(10,619,062)
Gain (loss) on Financial liability at FVPL		**(4,235,742)**	-
Financial cost, net		**(2,675,275)**	(727,127)
Net loss before income tax		**(14,751,001)**	(11,346,189)
Income tax (expense)		**(1,572,559)**	(3,883)
Net loss from continuing operations		**(16,323,560)**	(11,350,072)
Income from discontinued operations		**4,639,305**	-
Loss on disposal of discontinued operations		**(19,980,723)**	-
Net loss from discontinued operations		**(15,341,418)**	**(11,350,072)**
Net loss	**$**	**(31,664,978)**	$ (11,350,072)

Operational Highlights

Investment in Joint Ventures

The following schedule describes the Company's investments in joint ventures during the year:

	Desarrollador a de Oriente Oil & Gas Ltd.	Operaciones Petroleras Soledad	**Total Investment**
Balances on December 31, 2023	$ -	$ -	**$ -**
Investment in shares	16,707,518	24,461,300	**41,168,818**
Cash call advances	6,658,567	-	**6,658,567**
Finder fees	(8,024,666)	-	**(8,024,666)**
Company's share of the income from the joint venture	4,639,305	1,663,979	**6,303,284**
Impairement loss on invetments associate	(19,980,723)	-	**(19,980,723)**
Balances December 31, 2024	**$ -**	$ 26,125,278	**$26,125,279**

a) Operaciones Petroleras Soledad (OPS) (México)

As further described above in Section 3, *Corporate History and General Development - Mexico,* NSE entered into the Definitive Agreements 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, was concluded on September 27, 2024.

As of December 31, 2024, the Company has recorded an investment of $26.1 million, including an equity pick-up of $1.7 million, in OPS, allocated as follows:

- $21.6 million (US$ 15.0 million) advanced as at September 30, 2024 to fund capital and operational expenditures under the Commitment,
- $2.9 million (US$ 2.0 million) as consideration paid for the acquisition of an initial 49% equity interest in OPS; and,

The $35.6 million (US$ 30.0 million) remaining commitment under the O&G Contract has been registered as prepaid capital expenditure commitment (Prepaid CAPEX Commitment in joint venture).

Under the Definitive Agreements, the Company is entitled to earnings from Soledad Block starting May 1, 2024. These rights became effective after the transaction closed on September 27, 2024.

During the year ended December 31, 2024, the Company recognized an income of $1,663,979 (US$ 1,219,668), in income from investments in OPS Joint venture. This amount relates to the equity pickup of the Company's 49% share of the net income from OPS. For the period May 1 through December 31, 2024, OPS reported a net income of US$2,489,119.

The accumulated fiscalized (delivered) production (100%) at OPS for the period between May 1 and December 31, 2024 is 508,379 boe (2,084 boe per day, on average).

b) Desarrolladora de Oriente Oil & Gas Ltd.

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.

The Acquisition was done through Desarrolladora de Oriente Oil & Gas Ltd. ("DOOG"), a British Virgin Islands company.

This investment allowed New Stratus to access four revenue streams:

- oil production revenue from the 40% working interest in the Fields;
- oil trading fees from commercializing the production from the Fields;

- fees from financial, operational and logistic support to contractor that provides technical assistance services to Vencupet and financing fees from providing the upfront capital to finance the capital expenditure requirements for the Fields. The funds were made available by NSE to GoldPillar, which at the same time had in place a six-month €60 million revolving line of credit to Vencupet for a total period of four and a half years.

On May 23 and May 27, 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 Zenith, 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 December 31, 2024 the company has registered a $16.7 million (USD$ 12.5 million) investment, as follows:

(1) $0.5 million (USD$ 0.4 million) reclassification from the Advances accounts for considerations 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) $10.8 million (USD$8.0 million) recognizing a finder's fee payable to Favilla, payable in installments over 24 months from May 27, 2024. (Note11(2)) and,
(3) $5.4 million (USD$4.1 million) consideration paid as 40% equity participation in Vencupet.

During the year ended December 31, 2024, the company recognized an income of $4,639,305 in Income from investments in Joint venture. This amount related to the equity pickup of the company's 49% share of the net income from DOOG.

Loss from discontinued operations **(Desarrolladora de Oriente Oil & Gas Ltd.)**

On December 19, 2024, New Stratus Energy Inc. ("NSE" or the "Company") entered into a Termination Agreement with Franco Favilla and related parties, effectively cancelling its indirect participation in Petrolera Vencupet, S.A. ("Vencupet") and permanently waiving all associated rights and claims related to the Venezuelan joint venture operations.

The decision to terminate the Company's participation and recognize a full impairment was driven by a combination of operational, financial, and strategic considerations, including:

- The inability to recover invested capital under the original contractual arrangements;
- The absence of future economic benefits from the Venezuelan operations;
- The deterioration of the investment climate for foreign investors in Venezuela; and
- The availability of alternative investment opportunities deemed more viable and strategically aligned with the Company's objectives.

In December 2024, management concluded that the continuation of operations in Venezuela was no longer feasible. Accordingly, the Termination Agreement provided for the following:

Actions by NSE:

- Transfer of its 49% interest in the share capital of Desarrolladora de Oriente Oil & Gas ("DOOG") to Franco Favilla for nominal consideration of USD 1.00.
- Irrevocable waiver of all rights to receive repayment from DOOG, Favilla, Zenith, Seasif, or Goldpillar related to prior cash disbursements.

Actions by Favilla:

- Irrevocable waiver of any rights to request further disbursements from NSE, whether pending or future.
- Assumption of full responsibility for all outstanding expenses and amounts owed to third parties.

As December 31, 2024, as a result of the Termination Agreement, the company has recognized a $19.9 million loss from discontinued operations, as follows:

	CA$	US$
Investment in shares	(16,707,518)	(12,558,200)
Company's share of the income from the joint venture	(4,639,305)	(3,418,279)
Advance (cash call provided by New Stratus)	(6,658,567)	(4,889,470)
Accounts payable to Favilla. (Finder Fees)	8,024,666	5,576,945
Total loss	(19,980,723)	(15,289,004)

Other Income

In 2024 the Government of Ecuador recognized a $6.8 million (US$4.7 million) compensation. This amount pertains to a claim recognized in favor of the Company in connection with tax changes enacted during the term of the Service Contracts, which concluded on December 31, 2022. Pursuant to the tax stabilization clause included in the Service Contracts, the Company is protected against the adverse economic impact of new taxes or regulatory changes introduced during the contract period. Following the introduction of new tax measures by the Government of Ecuador during the execution of these contracts, the Company filed for compensation, which was formally recognized in 2024. Under the terms of the compensation agreement, settlement will be made through payment in kind, specifically in the form of crude oil.

The Company also received $0.5 million as compensation for operating the remaining activities of the Service Contracts. Finally, a $0.4 million was registered as other income, originated on the change in estimate of the asset retirement obligation in Ecuador.

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.

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 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 year 2024, two additional audits were approved by the Ministry of Environment, and one is pending approval by the Ministry of Environment. At present, this pending audit was approved in April 2025, and all Petrolia´s obligations concerning environmental audits are up to date and, as mentioned, awaiting approval by the authorities.

The results of these environmental audits confirm the absence of any environmental liabilities, which, in addition, was officially confirmed by the Ministry of the Environment following the sampling work carried out as part of the process of reverting the blocks to the Ecuadorian State during 2023 and 2024.

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 Block VMM-18 is an exploration and production contract with the ANH, covering a total area of 75,968 acres in the Middle Magdalena Basin. Acquiring 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. The structure is divided into four compartments of NE-SW orientation (Northeast-Southwest), separated by side ramps. The Company has marked the first drilling locations on the maps, developed a drilling prognosis, and conducted field visits to assess the penetration routes for reaching the site where the first well will be drilled. All of these activities were completed except for the drilling of the exploratory well.

Due to significant financial and operational constraints imposed by the exploration area granted to the Company, on September 26, 2022, the Company submitted a request to the ANH to mutually agree to terminate the exploration and production contract for Block VMM-18. In response, the ANH asked for confirmation of the restrictions set by the Colombian National Environmental Agency. The Company provided the requested documentation on March 9, 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 describes NSE´s general and administrative expenses for the years ended December 31, 2024, and 2023:

Years ended December 31,		**2024**		2023		Change
Insurances	**$**	**121,855**	$	58,358	$	63,497
Legal and accounting		**2,108,768**		1,394,038		714,730
Management fees		**6,135,242**		4,799,738		1,335,504
Professional fees		**3,994,482**		4,007,666		(13,184)
Office and administration		**1,647,989**		3,990,478		(2,342,489)
Shareholders information and investor relations		**96,500**		193,327		(96,827)
Amortization and depreciation		**402,764**		504,352		(101,588)
Provision for Solidarity contribution tax trial (2016)		-		2,160,439.46		(2,160,439)
	$	**14,507,600**	$	17,108,396	$	(2,600,796)

The main elements explaining the decrease in general and administrative expenses ("G&A") for the year ended December 31, 2024, when compared to the same period of fiscal 2023 have been segregated by country as follows:

Years ended December 31,		**Coporate**		**Colombia**		**Mexico**		**Ecuador**		**Total**
Insurances	$	121,855	$	-	$	-	$	-	$	121,855
Legal and accounting		2,108,768		-		-		-		2,108,768
Management fees		3,350,580		1,015,270		-		678,891		5,044,741
Professional fees		4,431,668				-		653,315		5,084,983
Office and administration		934,984		536,225		55,697		121,083		1,647,989
Shareholders information and investor relations		96,500		-		-		-		96,500
Amortization and depreciation		254,264		138,349		-		10,151		402,764
	$	**11,298,619**	**$**	**1,689,844**	**$**	**55,697**	**$**	**1,463,440**	**$**	**14,507,600**

Year ended December 31, 2023		**Corporate**		**Colombia**		**Mexico**		**Ecuador**		**Total**
Insurances	$	58,358	$	-	$	-	$	-	$	58,358
Legal and accounting		1,394,038		-		-		-		1,394,038
Management fees		2,001,895		1,455,664		-		1,342,179		4,799,738
Professional fees		2,619,174		-		-		1,388,492		4,007,666
Office and administration		1,357,367		397,350		12,420		2,223,341		3,990,478
Shareholders information and investor relations		193,327		-		-		-		193,327
Depletion and depreciation		254,264		250,088		-		-		504,352
Provision for Solidarity contribution tax trial (2016)		-		-		-		2,160,439		2,160,439
	$	**7,878,423**	**$**	**2,103,102**	**$**	**12,420**	**$**	**7,114,451**	**$**	**17,108,396**

The G&A for the year ended December 31,2024, decreased by $2.6 million when compared to the same period of fiscal 2023. The most significant items explaining the variations are:

Corporate offices - Canada:
Management fees at the corporate office increase by approximately $1.3 million principally due to increases in employee's compensation. Increase in professional fees for approximately $1.8 million is related with the increasing activity the Company had during 2024 in assessing and negotiating new projects. Legal and accounting fees at the corporate office increased by $0.7 million while office and administration expenses decreased by $0.4 million.

Colombia:
The most significant item at the Colombian operation was a decrease in professional fees, as a result of the relocation of technical support payments was centralized at the corporate office.

Ecuador:
The Ecuadorian operation, now mainly in the process of winding-down the Block 16 and 17 operations discontinued on December 31, 2024, resulting in a reasonable decrease in general and administrative expenses.

7. ASSETS AND LIABILITIES

Years ended December 31,	**2024**	2023	Change
Cash and cash equivalents	**$ 849,180**	$ 33,624,812	$ (32,775,632)
Current Assets	**8,313,542**	48,022,015	(39,708,473)
Total Assets	**70,594,832**	48,658,378	21,936,454
Current Liabilities	**46,474,680**	3,936,045	42,538,635
Total Non-Current Liabilities	**28,981,443**	22,662,562	6,318,881
Total Liabilities	**75,456,123**	26,598,607	48,857,516
Working Capital	**$ (38,161,138)**	$ 44,085,970	(82,247,108)

The significant change in the Company's cash position is mainly explained by the investments during 2024 in its Mexican (OPS) and Venezuelan (DOOG) joint ventures with cash outlays of approximately $23.2 million and $10.5 million, respectively, also impacting the decrease of approximately $40.3 million in the Company's current assets position.

Current liabilities increased by $45.7 million mainly due to the assumption of an obligation to deliver in 2025 $43.2 million (US$ 30 million) for capital expenditure commitments on the OPS operations. Due to delays in completing the planned activities for 2024, OPS proposed a deferral of these activities to 2025 to PEMEX, with the remaining planned activities postponed to subsequent years. Since NSE has fully funded the original 2024 program with US$15 million, and the related activities are not expected to take place before 2026, the Company is working with the entity from which it acquired the 41% equity interest in OPS to extend the delivery of US$ 30 million in a later date, consistent with the new capital expenditure program to be agreed with PEMEX.

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.

1. Environmental

The operation of the Blocks (16 & 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.

The operation of Blocks16 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.

Following the work of the socio-environmental subcommittee during the reversion process, on December 31, 2022 a report and meeting minutes were produced. These documents identified a total of 67 outstanding items to be addressed (47 from the Ministry of the Environment and 20 from Petrolia). As of April 30, 2025, 98% of these items have been formally resolved, mainly related to administrative aspects of compliance with the Environmental Management Plan and closure of Environmental Events during the operational period. The remaining 2% is still being addressed, to administratively close an environmental event occurred in July 2021. The remediation activity was fully completed in December 2024 by PETROLIA. In January 2025, the final report on this event was sent to the Environmental Authority for approval. It is estimated that a pronouncement will be available by June 2025.

On April 15, 2025, the Environmental Authority approved the Reversion Audit. With this approval, all 9 environmental audits have now been approved. PETROLIA is the first and only operator in Ecuador to have achieved the approval of all its auditing obligation with the Environmental Authority. To fully close the environmental auditing process, the implementation of audit action plans also need to be approved by the Environmental Authority. On this respect, the action plans of 6 audits have already been approved, while 1 action plan is still waiting approval, and 2 action plans are in process of presenting the final reports to the Environmental Authority. Approval of all processes with the Environmental Authority is expected to be obtained by September 2025.

The result of all the audits and the work conducted during the reversion process with the Environmental Authority, formally confirm that no environmental liability resides in Block 16/67 as a consequence of past operations of Petrolia.

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 the communities.

Additionally, three projects embodied in the Single Act (the hydrocarbon regulations that stipulate that the 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), 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; and
- merger and acquisition activities.

Going Concern

For the year ended December 31, 2024, the Company reported a net loss of $31.7 million and a working capital deficiency of $38.2 million. As of that date, the Company had cash and restricted cash of $0.74 million, a deficit of $46.7 million, and a total shareholders' equity deficit of $4.9 million. Total liabilities amounted to $75.5 million, including $46.5 million in current liabilities primarily driven by trade and other payables of $44.8 million, of which $40.0 million relates to short-term commitments under the OPS transaction.

The ability of the Company to continue as a going concern is dependent on management's ability to secure additional sources of funding through equity issuance, debt arrangements, or asset sales and to generate sufficient cash flow from its current investments. While management is actively pursuing such financing arrangements and has taken measures to preserve liquidity, there can be no assurance these efforts will be successful or sufficient to meet the Company's short-term obligations and capital commitments.

These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. The consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption were inappropriate, such as the realization of assets and settlement of liabilities in amounts other than those reported. Such adjustments could be material.

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 year ended December 31, 2024, cash used in operating activities was $9.0 million, compared to $27.5 million generated during the year ended December 31, 2023.

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

For the years ended December 31,	2024	2023
Other receivables	**$ (6,838,193)**	$ 7,341,816
Accounts receivable from consortium partners	**-**	6,892,209
Recoverable taxes	**-**	2,825,060
Advances to suppliers and others	**306,022**	(5,199,150)
Other assets	**7,057**	407,893
Trade and other payables	**2,427,462**	(7,952,184)
Taxes payables	**959,750**	(2,985,403)
Employee benefit obligation	**405,119**	776,253
Defined benefit obligation	**(58,480)**	854,911
Other liability	**4,166,991**	22,394,694
	$ 1,375,728	$ 25,356,099

Investing Activities

During the year ended December 31, 2024, the Company made investments in joint ventures for approximately $23.2 million and acquired capital assets for approximately $0.3 millions. Cash used in investing activities from discontinued operations was approximately $5.4 million.

Financing activities

For the year ended December 31, 2024, New Stratus Energy generated $4.2 million in cash from financing, primarily from the exercise of warrants for approximately $4.3 million, the exercise of options for $31,000 less $0.1 million related to the Company´s share repurchase program.

Available Sources of Liquidity

As at December 31, 2024, the Company held $100,000 restricted short-term investments, related to a letter of credit associated with a guarantee on corporate credit cards.

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 acquisitions, property exploration and to discharge its obligations related to the Ecuadorian operations. 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 to the overall capital risk management strategy during the year ended December 31, 2024.

Financings

On March 31, 2025, the Company announced that it has priced and increased the size of its previously announced brokered private placement offering of:

(i) subscription receipts (the “Subscription Receipts” and the “Subscription Receipt Offering”) and (ii) common shares (the “Common Shares” and the “Common Share Offering”, and together with the Subscription Receipt Offering, the “Concurrent Offerings”). The Concurrent Offerings are being co-led by Ventum Financial Corp. (“Ventum”) and Cormark Securities Inc. (“Cormark” and together with Ventum, the “Lead Agents”) on their own behalf, and in respect of the Subscription Receipt Offering, on behalf of a syndicate of agents (the “Agents”). Pursuant to the Concurrent Offerings, New Stratus intends to issue (i) 572,000,000 Subscription Receipts at a price of C$0.30 per Subscription Receipt (the “Offering Price”) for gross proceeds of up to approximately US$120.0 million (C$171.6 million); and (ii) 33,385,400 Common Shares at the Offering Price per Common Share for gross proceeds of up to approximately US$7.0 million (C$10.0 million). As a result of the upsized Concurrent Offerings, New Stratus does not expect to require any additional subordinate or convertible debt financing. The Concurrent Offerings are expected to close on or about April 10, 2025, subject to TSXV approval and other customary closing conditions.

10. SHARE CAPITAL

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

As of December 31, 2024, the Company had 133,301,656 common shares issued and outstanding with a nominal value of $36,932,501

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 year ended December 31, 2024, 9,490,378 warrants were exercised at a price of $0.45 for proceeds of $4,270,670.

All 3,397,105 unexercised warrants expiring July 30, 2024, 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 year ended December 31, 2024, the Company issued 1,800,000 options exercisable at $ 0.46 by September 4, 2029. The options were fully vested on granting.

As of December 31, 2024, there are 12,275,000 stock options outstanding at an average exercise price of $0.50.

Fully diluted shares information:

Years ended December 31,	2024	2023
Common shares	**133,646,273**	122,913,523
Stock based compensation	**12,275,000**	11,790,000
Warrants	**-**	14,050,355
Fully diluted number of shares	**145,921,273**	148,753,878

Weighted average number of shares and dilutive effect:

For the years ended December 31,	2024	2023
Net loss	**$ (31,664,978)**	$ (11,350,072)
Net loss from continuing operations	(16,323,560)	(11,350,072)
Net loss from discontinued operations	(15,341,418)	-
Weighted-average common share adjustments:		
Weighted-average common shares outstanding, basic	**128,765,626**	122,995,414
Weighted-average common shares outstanding, diluted	**128,765,626**	122,995,414
Basic and diluted loss per share from continuing operations	(0.13)	(0.09)
Basic and diluted loss per share from discontinued operations	(0.12)	-
Total Basic and diluted loss per share	**$ (0.25)**	$ (0.09)
Fully diluted loss per share	**$ (0.25)**	$ (0.09)

For the years ended December 31, 2024 and 2023, stock options and warrants were anti-dilutive due to the net loss. The calculation of fully diluted earnings per share becomes anti-dilutive when a loss is realized during the reporting period because the loss per share would be reduced when the loss is 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.

Adjusted EBITDA

"Adjusted EBITDA" (earnings before interest, taxes, depreciation and amortization) is used by management to analyze the Company's profitability based on the Company's principal business activities prior to how these activities are financed, how assets are depreciated, amortized and impaired, and how the results are taxed. The Company's 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.

The following schedule reconciles the net loss as per audited financial statements to the Adjusted EBITDA.

Years ended December 31,	**2024**	2023	Change
Net loss	**$ (31,664,978)**	$ (11,350,072)	$ (20,314,906)
Depreciation & depletion	402,764	504,352	(101,588)
Loss on Financial liability at FVPL	4,235,742		4,235,742
Financial cost, net	2,675,275	727,127	1,948,148
Income taxes	1,572,559	3,883	1,568,676
Foreign exchange gain (loss)	874,379	(152,374)	1,026,753
Loss on disposal of discontinued operations	19,980,723		19,980,723
Adjusted EBITDA	**$ (1,923,536)**	$ (10,267,084)	$ 8,343,548

Please see Section 4 **"Results Overview",** for additional information.

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.

Years ended December 31,		**2024**		2023
Current assets	**$**	**8,313,542**	$	48,022,015
Current liabilities		**(46,474,680)**		(3,936,045)
Value of exercisable warrants (2)		**-**		5,846,445
Value of exercisable options (3)		**2,252,800**		2,984,150
OPS Soledad / Mexico Loan Commitment cash delivery deferral (4)		**40,003,230**		-
Adjusted working capital (1)	**$**	**4,094,892**	$	52,916,565
Adjusted working capital per share (5)	**$**	**0.03**	$	2.50

(1) Includes assumed proceeds on conversion of "in the money" options and warrants.
(2) Assumes the conversion of 12,992,100 for 2023, when market price at year end was $0.79.
(3) Assumes the conversion of 5,120,000 options for 2024 and 8,135,000 for 2023 when market prices at December 31, 2024 and 2023 were $0.44 and $0.79 respectively.
(4) The Company is working with its partner in OPS to formalize the deferral of this cash delivery obligation.
(5) Adjusted working capital per share assumes all "in the money" options and warrants are exercised, hence there is no dilution effect.

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.

Years ended December 31,		**2024**		**2023**
Property, plant and equipment expenditure	**$**	**(342,099)**	$	(112,186)
Purchase price consideration paid for business combination		**-**		(6,772,000)
Investments in Joint Venture		**(23,160,249)**		**-**
Payment to Repsol		**-**		(7,139,042)
Total Capital Investment	**$**	**(23,502,348)**	$	(14,023,228)

12. QUARTERLY INFORMATION

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

	2024			
Three months ended	**December 31**	**September 30**	**June 30,**	**March 31,**
Net income / (loss)	(23,544,737)	(2,117,035)	(1,364,360)	(4,638,846)
Basic income / (Loss) per share	(0.19)	(0.02)	(0.00)	(0.04)
Basic number of shares	133,646,273	133,301,656	125,785,428	124,696,778
Total assets	69,081,832	96,265,698	55,355,560	53,530,572
	2023			
Three months ended	**December 31**	**September 30**	**June 30,**	**March 31,**
Net income / (loss)	(1,121,723)	(4,261,385)	(2,733,720)	(3,233,244)
Basic income / (Loss) per share	(0.09)	(0.03)	(0.02)	(0.03)
Basic number of shares	124,001,778	122,913,523	122,913,523	122,913,523
Total assets	48,658,378	54,252,705	57,835,534	49,597,533

13. QUARTERLY RESULTS OVERVIEW

Financial and Operating Highlights

Three months ended December 31,	**2024**	2023	Change
General and administrative	**$ (2,450,422)**	$ (6,129,048)	$ 3,678,626
Income from investments in Joint venture	**(3,948,250)**	-	(3,948,250)
Foreign exchange gain (loss)	**(684,899)**	411,712	(1,096,611)
Write off receivable and deposits	**(1,325,150)**	(670,005)	(655,145)
Other income	**6,877,596**	5,785,210	1,092,386
Operating loss	**(1,531,125)**	(602,131)	(928,994)
Gain (loss) on Financial liability at FVPL	**(4,235,742)**	-	(4,235,742)
Financial cost, net	**(863,893)**	(524,520)	(339,373)
Net loss before income tax	**(6,630,760)**	(1,126,651)	(5,504,109)
Income tax (expense)	**(1,572,559)**	4,928	(1,577,487)
Net loss from continuing operations	**(8,203,319)**	(1,121,723)	(7,081,596)
Income from discontinued operations	**4,639,305**	-	4,639,305
Loss on disposal of discontinued operations	**(19,980,723)**	-	(19,980,723)
Net loss from discontinued operations	**(15,341,418)**	-	(15,341,418)
Net loss	**$ (23,544,737)**	$ (1,121,723)	(22,423,014)

The following schedules disclose the consolidated general and administrative expenses for the years ended December 31, 2024, and 2023, as well as a breakdown of such expenses by country for the same periods:

Three months ended December 31,		2024		2023		Change
Insurances	**$**	**17,138**	$	9,397	$	7,741
Legal and accounting		**472,799**		960,627		(487,828)
Management fees		**1,193,203**		1,464,282		(271,079)
Professional fees		**(618,241)**		423,276		(1,041,517)
Office and administration		**1,271,395**		2,100,901		(829,506)
Shareholders information and investor relations		**10,556**		104,195		(93,639)
Other purchase and services		**-**		(650,410)		650,410
Amortization and depreciation		**103,572**		62,398		41,174
Taxes		**-**		(506,056)		506,056
Accrual for Solidarity contribution tax trial(2016)		**-**		2,160,439		(2,160,439)
	$	**2,450,422**	$	6,129,049	$	(3,678,627)

Three months ended December 31, 2024	Coporate	Colombia	Mexico	Ecuador	Total
Insurances	$ 17,138	$ -	$ -	$ -	$ 17,138
Legal and accounting	472,799	-	-	-	472,799
Management fees	458,773	(515,972)	-	159,901	102,702
Professional fees	211,124	-	-	261,136	472,260
Office and administration	165,991	274,820	6,110	824,474	1,271,395
Shareholders information and investor relations	10,556	-	-	-	10,556
Amortization and depreciation	63,566	29,855	-	10,151	103,572
	$ 1,399,947	**$ (211,297)**	**$ 6,110**	**$ 1,255,662**	**$ 2,450,422**

Three months ended December 31, 2023	Corporate	Colombia	Mexico	Ecuador	Total
Insurances	$ 9,397	$ -	$ -	$ -	$ 9,397
Legal and accounting	960,627	-	-	-	960,627
Management fees	628,753	313,203	-	522,326	1,464,282
Professional fees	237,543	-	-	185,733	423,276
Office and administration	85,873	407,874	12,420	1,594,735	2,100,902
Shareholders information and investor relations	104,195	-	-	-	104,195
Other purchases and services	-	(155,660)	-	(494,751)	(650,411)
Depletion and depreciation	64,088	(670)	-	(1,020)	62,398
Accrual for Solidarity contribution tax trial	-	-	-	1,654,383	1,654,383
	$ 2,090,476	**$ 564,747**	**$ 12,420**	**$ 3,461,406**	**$ 6,129,049**

General and administrative expenses for the three months ended December 31, 2024, when compared to the same period of fiscal 2023, decreased by approximately $3.7 million, with the most significant reduction occurring in Ecuador. The later reduction relates to the accrued Solidarity contribution included during 2023 for $1.7 million and non-recurring during 2024.

The reduction in Colombian management fees relates to reimbursements received on technical services subcontracted to joint ventures.

Corporate office cost reductions of $0.7 million were related to management fee and legal and accounting fees with reductions of for $0.5 million and $0.2 million respectively.

14. OUTLOOK

During the year ended December 31, 2024, the Company continued to execute the remaining activities derived from the asset retirement obligation and the Single Act in Ecuador. The Company has completed important milestones and expects to expedite pending activities during 2025.

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. The Company is also working with its equity partner to formalize an agreement that will enable the deferral of the cash delivery obligation for 2026.
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 have a material adverse effect on 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 December 31, 2023 or 2024, 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:

For the years ended December 31,	**2024**	**2023**
Officers and management fees	**$ 3,059,752**	$ 1,769,123
Consulting fees paid to a director	**79,734**	173,106
Share-based payments	**164,011**	160,317
	$ 3,303,497	$ 2,102,546

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 audited consolidated financial statements and related *Note 2 Basic of Preparation for the year ended December 31, 2024*, wherein a more detailed discussion of accounting estimates is presented.

19. COMMITMENTS AND CONTINGENCIES

Block 192 Peru

New Stratus, Altamesa Energy Canada Inc., and the shareholders and right-holders of Altamesa Energy Canada Capital Inc., entered into a Memorandum of Understanding on November 15, 2024, aimed to, under certain conditions, acquire 85% of the outstanding share capital of Altamesa Energy Canada Capital Inc. Altamesa Energy Canada Capital Inc. holds 61% undivided interest in a license for the production of hydrocarbons in Block 192 in the northeastern of Perú. Altamesa Energy Canada Capital Inc. has 99.99% of the share capital of Altamesa Energy Perú S.A.C.

New Stratus in its capacity as guarantor, and Banco BTG Pactual S.A. – Cayman Branch (“BTG”) entered into an irrevocable corporate guarantee dated December 2, 2024 (the "Guarantee Agreement") pursuant to which New Stratus agreed to guarantee to BTG the punctual payment and discharge of all Obligations from time to time incurred by Altamesa Energy Peru S.A.C , under or in connection with the a bond issued up to US$940,930.27. As per the Guarantee Agreement, upon the bond becoming due, BTG shall first require payment to Altamesa Energy Peru S.A.C. Only if full payment is not made within three (3) business days of such requirement, BTG may proceed against and enforce any other rights or security or claim payment from New Stratus under the Guarantee Agreement. On December 20, 2024 the bond became due, and on January 29, 2025 BTG required payment of all pending obligations under the bond to Altamesa Energy Peru S.A.C. As of the March 31, 2025, BTG has not received any payments from Altamesa Energy Peru S.A.C pursuant to the bond. New Stratus and BTG are currently discussing the payment terms of this commitment.

Consulting agreements

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

Executive compensation

On July 1, 2021, the Company entered into employment agreements with its senior executives which contain clauses requiring additional payments of up to $3,390,000 to be made upon the occurrence of certain events such as change of control. As such triggering events have not occurred, contingent payment has not been provided for in these consolidated financial statements.

CONTINGENCIES

State Oil Company of Ecuador Petroecuador EP

<u>Shushufindi Agreement:</u> 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, 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. On September 19, 2024, Petroecuador intitated a coercive procedure to collect this contingency, plus interest. On October 4th, Petroecuador, based on the information provided by Petrolia, cancelled the coercive procedure. 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 was 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. During the year ended December 31, 2022, a prepaid balance of $1.4 million was written off. The Company has not recorded any provision for this 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) 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 payments totalizing $2,172,764 (US$1,653,441), 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.

Based on a final and definitive ruling from the National Court of Justice issued, one of the additional payment requests was resolved favorably to the Company. Therefore, a reversal on the provision was recorded for $0.19 million (US$0.14 million). As at September 30, the reserve for this contingency is $2.0 million (US$1.5 million).

20. 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 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.

21. GLOSSARY

Term/Abbreviation	Definition
ABCA	Business Corporations Act
Adjusted EBITDA	Earnings before interest, taxes, depreciation and amortization
Agreement	The Farm-in-agreement between JM and the Company whereby the Company had the right to earn up to 100% interest in the Project
ANH	National Agency of Hydrocarbons of Colombia
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 41% equity interest in OPS
ESG	Environmental, Social and Governance
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
Favilla	Mr. Franco Favilla
Fields	Anzoategui and Monagas States in Eastern Venezuela
G&A	General and administrative expenses
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