



## **NEW STRATUS ENERGY INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2025.**

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, 2025.

This MD&A is dated May 5, 2026 and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2025, including the restated comparative financial information for the years ended December 31, 2024 and 2023, as described in Note 32 – Restatement of the Financial Statements. Additional information and other continuous disclosure documents are available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

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 whose 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, 2015, 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 31<sup>st</sup> to December 31<sup>st</sup> 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 Spain, Colombia, Ecuador, Brazil and Mexico. Active operations were carried out in Mexico during 2025, prior to the disposal of the OPS project in November 2025.

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](http://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 Brazil, Guyana, Colombia, Venezuela, Peru and Ecuador.

## **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.

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 (“PEMEX”) the Mexican national oil company, on the Soledad block (“Soledad Block”) located in the State of Veracruz in eastern Mexico (the “O&G Contract”). 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.

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 funded as of September 30, 2025) and US\$30 million for the next year (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 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 contemplated the potential acquisition by NSE of up to an additional 41% equity interest in OPS, with the specific terms to be negotiated between New Stratus and OPS based on the results of operations in the field.

On November 18, 2025, the Company executed a settlement agreement (the “Termination Agreement”) to exit its investment in OPS, resulting in the recognition of a loss on disposal of discontinued operations (see Note 13a of the Audited Financial Statements).

While the OPS investment initially represented the Company’s primary platform in 2025, the Termination Agreement executed on November 18, 2025 marked a strategic shift, resulting in the exit from this investment and the elimination of related financial obligations.

#### 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 km<sup>2</sup>. 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.

The termination resulted in the elimination of future obligations but also contributed to losses from discontinued operations.

#### 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.

#### Brazil

NSE has executed definitive farm-out agreement (“FOA”) in respect of the previously announced memorandum of understanding with Vultur Oil (“Vultur”), to develop the Concession Contracts (as defined below) located in the State of Bahia, Brazil. However, a Joint Operating Agreement is still under discussions and the process of assignment of the Concession Contracts is still pending for approval.

#### Concession Contracts

The Blocks comprise two (2) concession contracts for the exploration, development and production of oil and gas, being: (i) N° 48610.010812/2015-04 issued by the National Agency of Petroleum, Natural Gas and Biofuels of Brazil (“ANP”) dated December 23, 2015, over a block known as REC-T-108 (the “108 Contract”); and (ii) N° 48610.005425/2013-86 issued by the ANP dated August 30, 2013, over a block known as REC-T-107 (the “107 Contract” and together with the 108 Contract, the “Concession Contracts” or “Blocks”).

Vultur holds a 100% working interest in the Concession Contracts.

The Concession Contracts are located in the Reconcavo Basin, located onshore, in the State of Bahia in eastern Brazil. The Blocks are adjacent to the Araças field which is owned and operated by Petróleo Brasileiro S.A. (“Petrobras”), the state-owned oil company of Brazil. The three main reservoirs in the basin are the Candeias, the Agua Grande and the Sergi. Since 2012, Petrobras has produced over 5.9 million barrels of oil equivalent (boe) (3.6 million barrels of oil and over 375 million cubic meters of natural gas) from the Araças field.

#### FOA Terms

In accordance with the terms of the FOA, NSE and Vultur (the “Joint Partners”) have executed a definitive agreement providing for, among other things, the assignment and transfer to NSE of up to a thirty-two point five percent (32.5%) working interest in the Concession Contracts (the “NSE Working Interest”); and will finalize a joint operating agreement (the “JOA”) for the development of the Concession Contracts. Vultur will submit the assignment approval application to the Brazilian National Petroleum Agency (“ANP”) to permit the investment by NSE. With approval, which is expected during the third quarter of 2026, closing of the deal will occur (the “Closing”) and the initial fifteen percent (15%) working interest will be transferred to NSE. New Stratus has incorporated its subsidiary in Brazil (Petrolia Brazil Ltda.), which has been qualified as a Non-Operator C by the ANP.

The remaining seventeen point five percent (17.5%) working interest being transferred on completion of the Second Stage Investment (as defined below). Upon earning its working interest in the Blocks, NSE will participate in proportion to its working interest in any net proceeds from any operations and other income related thereto. Direct capital investments and operational costs are to be borne by the Joint Partners in proportion to their respective working interest in the Concession Contracts. As exclusive and final consideration for the transactions contemplated by the FOA, NSE will be responsible for the following, as described in more detail below under the heading “Historical Operations”:

1. At Closing, funding of five million US Dollars (US\$5,000,000), which will be used to develop a horizontal re-entry well in the existing GOP well and/or a step-out of the current discovery well at GREN (the “First Stage Investment”). The completion of such well or intervention is estimated within 180 days from Closing (the “First Stage Activities”); and,
2. Within 180 days from completion of the First Stage Activities, funding an additional amount of five million US Dollars (US\$5,000,000), which will be used for drilling of new lateral wells out of either the GREN or GOP wells (the “Second Stage Investment”).

#### Reserves

At Closing, the reserves estimates<sup>1</sup> attributable to New Stratus’ 15% working interest in the Blocks are as follows:

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<sup>1</sup> Oil and Gas Advisory This news release includes reserves information attributable to the Blocks effective as of August 1, 2025 prepared by an internal qualified reserves evaluator of Vultur. The reserves estimate is based on the procedures and standards contained in the Petroleum Resources Management System (“PRMS”) of the Society of Petroleum Engineers, which is the reserves estimation methodology used by Vultur. The use of PRMS differs from the reserves estimation requirements under Canadian securities laws. The reserves estimate provided herein is for informational purposes only and therefore should not be unduly relied upon. The information was not prepared in accordance with the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. References in this news release to reserves information are not indicative of long term performance or of ultimate recovery. Statements relating to reserves are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated. The reserve estimates described herein are estimates only. The actual reserves may be greater or less than those calculated. It should not be assumed that the estimates of future net revenues presented herein represent the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future net revenues attributed to such reserves. References in this news release to initial production rates, test production rates, other short-term production rates or initial performance measures relating to new wells are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter, and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating production for the Corporation. Accordingly, the Corporation cautions that the test results should be considered to be preliminary. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 thousand cubic feet (Mcf) per 1 barrel (bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equiva

- Gross Proved Reserves are estimated at 1.42 million barrels of oil equivalent (“BOE”) having a before-tax net present value of future net revenue at a 10% discount rate (“NPV10”) of US\$15.2 million.
- Gross Proved plus Probable Reserves are estimated at 2.30 million BOE having a NPV10 of US\$24.0 million.

Assuming the completion of the Second Stage Investment, the reserves estimates attributable to New Stratus’ anticipated 32.5% working interest in the Blocks are as follows:

- Gross Proved Reserves are estimated at 3.07 million BOE having a NPV10 of US\$32.83 million.
- Gross Proved plus Probable Reserves are estimated at 4.98 million BOE having a NPV10 of US\$52.0 million.

The reserves information attributable to the Blocks is effective as of August 1, 2025 and based on the procedures and standards contained in the Petroleum Resources Management System (“PRMS”) of the Society of Petroleum Engineers. The use of PRMS differs from the reserve information requirements under Canadian Securities laws. See note “Oil and Gas Advisory” below.

#### Historical Operations

In April of 2025, Vultur successfully re-entered and hydraulically stimulated the Candeias formation in the GREN well (originally drilled in 2019), located in the northern portion of Block REC-T-108. Following the recompletion with an electronic submersible pump (“ESP”) artificial lift, the well went into a long term test. That test has now been completed and is awaiting commerciality approval. Prior to the test completion, the well had produced in excess of 100,000 barrels of 36° API light oil, and on May 30, 2025 prior to the chemical stimulation, production was approximately 1,000 barrels of oil per day.

Prior to GREN, the previous owner drilled the GOP exploration well in REC-T-107 in 2017. The well reached a total vertical depth of 3,300 meters, confirming the presence of hydrocarbons in both the Agua Grande and Sergi primary target formations. The well was completed and tested in the Sergi and between February 2018 and September 2019 the well demonstrated commercial quantities of light oil. Modern horizontal drilling and multistage fracking techniques are expected to substantially increase rates and recovery factors. In 2021, the previous owner commenced a unitization process with Petrobras seeking recognition of certain production from the adjacent Araças field that was being drained from areas within the Concession Contracts. Vultur remains involved in the claim and upon earning of NSE’s working interest, net proceeds (if any and after legal costs) from unitization or equalization shall be distributed equitably according to the working interests.

Finally, in 1956, Petrobras drilled an exploratory well in the lower portion of the concession at a location called Progresso encountering natural gas. As Petrobras was not prioritizing natural gas development at the time, the well remain undeveloped, however over 42 billion cubic feet of natural gas has been produced in the same formations at the offsetting Biriba Concession.

#### 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 2026.

On October 23, 2025, the Board of Directors of New Stratus Energy Inc. approved the Company's participation in a joint application to the Government of Guyana for a petroleum exploration licence covering the Berbice onshore block, and authorized the execution of a joint venture agreement with Equity Partners Guyana Inc. and Refinería Dominicana de Petróleo, S.A. In connection with this initiative, the Board authorized the Company's directors and officers to negotiate, finalize, and execute the joint venture agreement.

#### **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.

## *Selected Annual Information*

<b>Years ended December 31</b>	<b>2025</b>	<b>2024 (Restated) (1)</b>	<b>2023 (Restated) (1)</b>
Total Revenue	\$ -	\$ -	\$ -
Company's share of the income from joint venture	\$ <b>1,564,360</b>	6,143,721	-
Net loss from continuing operations	\$ <b>(15,025,015)</b>	(11,516,361)	(11,350,072)
Basic and diluted loss per share-continuing operations	\$ <b>(0.11)</b>	(0.09)	(0.09)
Net loss from discontinued operations	\$ <b>(12,689,238)</b>	(20,960,984)	-
Basic and diluted loss per share from discontinued operations	\$ <b>(0.10)</b>	(0.16)	-
Net loss	\$ <b>(27,714,253)</b>	(32,477,345)	(11,350,072)
Basic and diluted loss per share	\$ <b>(0.21)</b>	(0.25)	(0.09)
Total assets	\$ <b>7,707,222</b>	70,536,181	48,658,378
Total non- current liabilities	\$ <b>2,279,989</b>	-	-
Dividends declared per share	\$ -	-	-

(1) The financial information for the year ended December 31, 2024 has been restated as described in Note 32 – Restatement of the Financial Statements. Comparative balance sheet information for 2023 includes restated opening balances as at January 1, 2024.

During 2024 and 2025, the Company participated in joint venture investments in Venezuela and Mexico, both of which generated positive operating results prior to their respective terminations.

In Venezuela, through its indirect interest in Vencupet, the Company recognized approximately \$4.6 million of equity income during 2024. However, the investment was terminated in December 2024, resulting in the derecognition of the investment and a net loss on disposal of approximately \$14.7 million.

In Mexico, the Company acquired a 49% interest in Operaciones Petroleras Soledad S. de R.L. de C.V. (“OPS”) in 2024. OPS generated net income of approximately \$1.5 million in 2024 and \$1.6 million for the period from January 1, 2025 to November 18, 2025. Despite positive operating performance, the Company entered into a termination agreement in November 2025, exiting the investment and associated financing arrangements. This resulted in a loss on disposal of approximately \$11.0 million and a total net loss from discontinued operations of approximately \$13 million for the year ended December 31, 2025.

Overall, while both joint ventures generated positive operating results, the Company’s exit from these investments resulted in significant losses, primarily driven by the derecognition of the related investments and associated financing commitments.

## **5. RESULTS OVERVIEW**

The Company’s 2025 results were significantly impacted by the termination of its investment in OPS, which resulted in the derecognition of related assets and liabilities and the recognition of a loss from discontinued operations. The Company’s audited financial statements for the year ended December 31, 2025 include the restatement of comparative information for 2024, as described in Note 32 – Restatement of the Financial Statements.

Years ended December 31,	2025	2024 (Restated)	Change
General and administrative	\$ (8,862,148)	\$ (14,290,140)	\$ 5,427,992
Stock-based compensation	-	(494,185)	494,185
Foreign exchange gain (loss)	(226,616)	1,143,597	(1,370,213)
Write-off of receivables	(1,289,639)	(1,325,150)	35,511
Other income	771,096	7,697,351	(6,926,255)
<b>Operating loss from continuing operations</b>	<b>(9,607,307)</b>	<b>(7,268,527)</b>	<b>(2,338,780)</b>
Financial cost, net	(3,123,229)	(2,675,275)	(447,954)
<b>Net loss before income tax from continuing operations</b>	<b>(12,730,536)</b>	<b>(9,943,802)</b>	<b>(2,786,734)</b>
Current Income tax	(14,490)	(1,572,559)	1,558,069
Deferred Income tax	(2,279,989)	-	(2,279,989)
<b>Net loss from continuing operations</b>	<b>\$ (15,025,015)</b>	<b>\$ (11,516,361)</b>	<b>\$ (3,508,654)</b>
<b>Discontinued operations</b>			
Loss on disposal of discontinued operations	\$ (11,020,531)	(14,707,266)	3,686,735
Foreign exchange expenses	\$ 1,460,956	(2,017,976)	3,478,932
Accretion loss on the loan commitment of discontinued	\$ (3,129,663)	(4,235,742)	1,106,079
<b>Net loss from discontinued operations</b>	<b>\$ (12,689,238)</b>	<b>\$ (20,960,984)</b>	<b>\$ 8,271,746</b>
<b>Net loss</b>	<b>\$ (27,714,253)</b>	<b>\$ (32,477,345)</b>	<b>\$ 4,763,092</b>
<b>Other comprehensive loss:</b>	<b>(350,413)</b>	47,171	(397,584)
<b>Net income and comprehensive (loss) income</b>	<b>\$ (28,064,666)</b>	<b>\$ (32,430,174)</b>	<b>\$ 4,365,508</b>

## Operational Highlights

### *Investment in Joint Venture (OPS (Mexico))*

As further described above in Section 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”).

As at December 31, 2024, the Company’s total investment and loan commitment related to OPS amounted to \$61.6 million (US\$48.2 million), consisting of the following components:

- \$21.6 million (US\$15.0 million) advanced to fund capital and operational expenditures under the O&G Contract for OPS.
- \$2.9 million (US\$2.0 million) paid as consideration for the acquisition of the Company’s initial 49% equity interest in OPS.
- \$1.6 million (US\$1.2 million) representing the Company’s share of income from the joint venture for the year ended December 31, 2024.
- \$35.6 million (US\$30.0 million) representing the remaining loan commitment under the O&G Contract.

For the period from January 1, 2025 to November 18, 2025, the Company recognized \$1,404,797 (US\$1,004,072) in income from its investment in the joint venture. (For the period between May 1<sup>st</sup> and December 31, 2024, the Company recognized \$1,504,416 (US\$1,110,711)). These amounts represent the Company’s 49% share of the net income of OPS, recognized using the equity method of accounting.

On November 18, 2025, following execution of a settlement agreement (“Termination Agreement”) executed on November 18, 2025, the Company derecognized its investment in OPS accounted for under the equity method and recognized a loss on disposal of discontinued operations (see Note 13a to the Financial Statements).

The following tables summarize the financial information of **Operaciones Petroleras Soledad S. de R.L. de C.V.** at 100% expressed in United States dollar (“US\$”)

	<b>December 31, 2024</b>
Current assets	\$ 54,702,919
Non-current assets	27,062,083
<b>Total</b>	<b>81,765,002</b>
Current liabilities	57,460,798
<b>Total liabilities</b>	<b>57,460,798</b>
Total equity	24,304,204
<b>Total liabilities and equity</b>	<b>\$ 81,765,002</b>

	<b>For the period from Jan 1, 2025 to November 18, 2025</b>	For the period from May 1, 2024 to December 31, 2024 <b>(Restated – Note 32)</b>
Revenue	\$ 15,041,882	\$ 13,332,108
Cost of goods sold	(1,256,013)	(8,954,305)
Gross profit	13,785,869	4,377,803
Operating expenses	(8,982,335)	(4,590)
General and administrative	(2,677,501)	(2,209,428)
Other expenses	(76,907)	325,335
<b>Net income</b>	<b>\$ 2,049,127</b>	<b>\$ 2,489,119</b>
<b>Equity pick up at 49%</b>	<b>\$ 1,004,072</b>	<b>\$ 1,219,668</b>
<b>Equity pick up at 49% (CAD) As previously stated</b>	<b>\$ 1,404,797</b>	<b>\$ 1,663,979</b>
<b>Adjustment to reflect previously unrecorded accruals</b>	<b>159,563</b>	<b>(159,563)</b>
<b>Equity pick up at 49% (CAD) restated</b>	<b>\$ 1,564,360</b>	<b>\$ 1,504,416</b>

### ***Other Income***

The following schedule describes other income incurred during the years ended December 31, 2025, and 2024:

<b>For the years ended December 31,</b>	<b>2025</b>	<b>2024 (Restated)</b>
Operator’s fee income (1)	\$ (464,068)	\$ (456,677)
Other income	(307,028)	(429,733)
Correction Factor (2)	-	(6,810,941)
	<b>\$ (771,096)</b>	<b>\$ (7,697,351)</b>

- (1) Pursuant to the Joint Operating Agreement and the Consortium Agreement, Petrolia Ecuador is entitled to recover from non-operating partners overhead and service fees related to activities performed in its capacity as operator, including accounting, tax, and financial reporting services for Consortium Block 16 and Consortium Block 67.
- (2) In 2024, the Government of Ecuador recognized compensation in favor of the Company in the amount of \$6.8 million (US\$4.7 million) in connection with a claim under the tax stabilization clause included in the Service Contracts, commonly referred to as the “Correction Factor” which protects the Company from the adverse economic impact of tax and regulatory changes enacted during the contract term, which ended on December 31, 2022. Following the introduction of such measures, the Company filed for compensation, which was formally recognized in 2024. As of December 31, 2025, the amount remains outstanding. Under the terms of the arrangement, settlement will be made in kind through crude oil. The number of barrels to be received will be determined based on the monetary value of the receivable and will therefore vary depending on prevailing market prices at the time of settlement. The receivable remains subject to administrative processes and the timing of lifting arrangements. As of year December 31, 2025, settlement remains outstanding and subject to administrative processes and the timing of lifting arrangements. Due to delays in collection, the receivable has been reclassified as non-current. In addition, the Company has recognized a provision of approximately 22% of the outstanding balance to reflect the estimated collectability risk associated with this item. Any potential interest related to delayed settlement has not been recognized.

### ***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.

Following the prior approval of seven environmental compliance audits—five related to operational activities and two associated with self-generation of electricity—MAATE formally approved the Reversion Environmental Audit for Blocks 16 and 67, pursuant to official communication MAATE-SCA-2025-0917-O dated April 15, 2025.

The results of these environmental audits confirm the absence of any environmental liabilities.

### ***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, 2025, and 2024:

<b>Years ended December 31,</b>	<b>2025</b>	<b>2024 (Restated)</b>	<b>Change</b>
Insurances	\$ 62,847	\$ 121,855	\$ (59,008)
Legal and accounting	1,359,720	2,596,384	(1,236,664)
Management fees	3,413,078	6,135,242	(2,722,164)
Professional fees	1,123,042	4,147,032	(3,023,990)
Office and administration	1,133,305	1,660,627	(527,322)
Shareholders information and investor relations	65,823	96,500	(30,677)
Amortization and depreciation	277,051	402,764	(125,713)
Impairment loss on receivables	1,427,282	-	1,427,282
	<b>\$ 8,862,148</b>	<b>\$ 15,160,404</b>	<b>\$ (6,298,256)</b>
(-) Reclassification of legal expenses to discontinued operations	\$ -	\$ (870,264)	\$ 870,264
	<b>\$ 8,862,148</b>	<b>\$ 14,290,140</b>	<b>\$ (5,427,992)</b>

The main elements explaining the decrease in general and administrative expenses (“G&A”) for the year ended December 31, 2025, when compared to the same period of fiscal 2024 (restated) have been segregated by country as follows:

<b>December 31, 2025</b>	<b>Corporate</b>	<b>Colombia</b>	<b>Mexico</b>	<b>Ecuador</b>	<b>Brasil</b>	<b>Total</b>
Insurances	\$ 62,847	\$ -	\$ -	\$ -	\$ -	\$ 62,847
Legal and accounting	1,359,720	-	-	-	-	1,359,720
Management fees	2,456,953	616,636	-	339,489	-	3,413,078
Professional fees	894,131	(512,445)	-	719,028	22,328	1,123,042
Office and administration	492,927	260,805	36,808	339,457	3,308	1,133,305
Shareholders information and investor relations	65,823	-	-	-	-	65,823
Amortization and depreciation	254,264	4,083	-	18,704	-	277,051
Impairment loss on receivables	-	-	-	1,427,282	-	1,427,282
	<b>\$ 5,586,665</b>	<b>\$ 369,079</b>	<b>\$ 36,808</b>	<b>\$ 2,843,960</b>	<b>\$ 25,636</b>	<b>\$ 8,862,148</b>

  

<b>December 31, 2024 (Restated)</b>	<b>Corporate</b>	<b>Colombia</b>	<b>Mexico</b>	<b>Ecuador</b>	<b>Brasil</b>	<b>Total</b>
Insurances	\$ 121,855	\$ -	\$ -	\$ -	\$ -	\$ 121,855
Legal and accounting	2,596,384	-	-	-	-	2,596,384
Management fees	4,441,081	1,015,270	-	678,891	-	6,135,242
Professional fees	3,493,717	-	-	653,315	-	4,147,032
Office and administration	947,622	536,225	55,697	121,083	-	1,660,627
Shareholders information and investor relations	96,500	-	-	-	-	96,500
Amortization and depreciation	254,264	138,349	-	10,151	-	402,764
	<b>\$ 11,951,423</b>	<b>\$ 1,689,844</b>	<b>\$ 55,697</b>	<b>\$ 1,463,440</b>	<b>\$ -</b>	<b>\$ 15,160,404</b>
(-) Reclassification of legal expenses to discontinued operations	<b>\$ (870,264)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(870,264)</b>
	<b>\$ 11,081,159</b>	<b>\$ 1,689,844</b>	<b>\$ 55,697</b>	<b>\$ 1,463,440</b>	<b>\$ -</b>	<b>\$ 14,290,140</b>

General and administrative expenses (“G&A”) decreased by approximately \$6.3 million for the year ended December 31, 2025, compared to the same period in 2024. This decrease is primarily attributable to the following factors by geographic segment:

***Corporate offices Canada:***

Management fees decreased by approximately \$2.0 million, primarily due to lower employee compensation. Professional fees decreased by approximately \$2.6 million, reflecting reduced activity related to the evaluation and negotiation of new projects during 2025. Legal and accounting fees declined by approximately \$1.3 million, while office and administrative expenses decreased by approximately \$0.5 million, consistent with the Company’s overall cost optimization initiatives.

***Colombia:***

G&A expenses in Colombia decreased primarily due to lower professional fees, driven by the centralization of technical support services at the corporate level, as well as the implementation of cost reduction measures related to project personnel.

***Ecuador:***

G&A expenses in Ecuador increased by approximately \$1.4 million, primarily due to costs related with the reserve of the Correction Factor.

Overall, the decrease in G&A is consistent with reduced corporate activity levels and the Company's ongoing efforts to manage costs in line with its current operational focus.

## 7. ASSETS AND LIABILITIES

The following table summarizes the Company's financial position as at December 31, 2025 and 2024. Overall, the Company's financial position reflects a significant reduction in both assets and liabilities during 2025, primarily driven by the derecognition of its investment in OPS following the execution of the Termination Agreement, as well as the corresponding settlement and reduction of related obligations.

Periods ended,	December 31, 2024		
	December 31, 2025	(Restated)	Change
Cash and cash equivalents	\$ 1,042,017	\$ 150,598	\$ 891,419
Current Assets	1,715,724	8,414,454	(6,698,730)
Total Assets	7,707,222	70,536,181	(62,828,959)
Current Liabilities	39,160,757	76,209,839	(37,049,082)
Total Non-Current Liabilities	2,279,989	-	2,279,989
Total Liabilities	41,440,746	76,209,839	(34,769,093)
Working Capital	\$ (37,445,033)	\$ (67,795,385)	30,350,352

### *Assets:*

Cash and cash equivalents increased by approximately \$0.9 million, reflecting improved cash management and reduced cash outflows during the period. In addition, the \$7.3 million partial repayment of the Capex Loan in connection with the OPS termination agreement contributed to strengthening the Company's liquidity position and reducing outstanding short-term liabilities. Current assets decreased by \$6.7 million, primarily due to the reclassification of the Correction Factor receivable in Ecuador to long-term receivables, reflecting delays in collection.

Total assets decreased significantly by approximately \$62.8 million, primarily as a result of the derecognition of the Company's investment in Operaciones Petroleras Soledad S. de R.L. de C.V. ("OPS"), which had previously been accounted for under the equity method, as well as the reduction of other related balances following the Company's exit from this investment.

### *Liabilities:*

Current liabilities decreased substantially by approximately \$37 million, mainly driven by the settlement and derecognition of obligations associated with the OPS termination agreement, including trade payables and short-term obligations such as the Loan Commitment previously recognized in connection with the joint venture.

Comparative figures have been restated to reflect the reclassification of certain provisions from non-current to current, as described in Note 32 – Restatement of the Financial Statements. These provisions are subject to uncertainty inherent to their nature and timing, consistent with the characteristics of provisions; however, based on the facts and circumstances existing at the reporting date, management determined that they should be presented as current.

Total non-current liabilities increased by approximately \$2.3 million, primarily reflecting the recognition of a deferred tax liability.

As a result, total liabilities decreased by approximately \$34.8 million compared to the prior year.

***Working Capital deficit:***

The Company reported negative working capital of \$37.4 million as at December 31, 2025, compared to a deficit of \$67.8 million in 2024 (restated). This improvement of \$30.4 million is primarily attributable to the significant reduction in current liabilities following the termination of the OPS arrangement and the settlement and derecognition of related obligations.

The comparative figures have been restated to reflect the reclassification of certain provision from non-current to current, as described in Note 32 – Restatement of the Financial Statements. While working capital improved during the year, it remains negative.

Periods ended,	December 31, 2025	December 31, 2024 (Restated)	Change
Current Assets	\$ 1,715,724	\$ 8,414,454	(6,698,730)
Current Liabilities	39,160,757	76,209,839	(37,049,082)
Working capital	(37,445,033)	(67,795,385)	30,350,352

**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**

Following the prior approval of seven environmental compliance audits—five related to operational activities and two associated with self-generation of electricity—MAATE formally approved the Reversion Environmental Audit for Blocks 16 and 67, pursuant to official communication MAATE-SCA-2025-0917-O dated April 15, 2025.

The results of these environmental audits confirm the absence of any environmental liabilities. Finally, it is important to note that Petrolia Ecuador S.A. is the only operator in the Ecuadorian hydrocarbon sector to have obtained approval of all its environmental audits, with only minor findings and no identified environmental liabilities.

**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**

The Company’s consolidated financial statements for the year ended December 31, 2025, have been prepared on a going concern basis, which assumes that the Company has adequate resources to continue in operational existence for the foreseeable future.

For the year ended December 31, 2025, the Company reported a net loss from continuing operations of \$15.0 million (December 31, 2024-\$11.5 million), a net loss of \$27.7 million and a working capital deficiency of \$37.4 million (December 31, 2024- \$32.5 million and \$67.8 million, respectively). As of that date, the Company had cash and restricted cash of \$1.5 million (December 31, 2024-\$0.9 million), a deficit of \$75.2 million (December 31, 2024-\$47.5 million), and a total shareholders’ equity deficit of \$33.7 million (December 31, 2024-\$5.7 million). Total liabilities amounted to \$41.4 million (December 31, 2024-\$76.2 million), including \$39.1 million in current liabilities (December 31, 2024-\$76.2 million) primarily driven by trade and other payables of \$6.2 million and other liabilities of \$31.6 million (December 31, 2024- \$5.6 million and \$28.9 million, respectively).

During the years ended December 31, 2025 and 2024, the Company recognized losses from discontinued operations of \$12.7 million and \$20.9 million, respectively, related to its investments in Operaciones Petroleras Soledad and Desarrolladora de Oriente Oil & Gas, Ltd.

These losses arose as a result of the respective Termination Agreements entered into during each period, which waived all future obligations and participation rights under the related ventures (Note 13). The recognition of these losses contributed significantly to the Company’s reported net loss and reflects the operational and strategic risks associated with the Company’s international investment portfolio.

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 issuances, debt arrangements, or asset sales, and to identify and develop new business opportunities or investments that can generate future cash flows. While management is actively pursuing financing arrangements and evaluating strategic alternatives to

establish new operations, and has taken measures to preserve liquidity, there can be no assurance that these efforts will be successful or sufficient to meet the Company's short-term obligations.

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, 2025, cash used in operating activities was \$6.7 million, compared to \$9.0 million generated during the year ended December 31, 2024.

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

<i>Net change in non-cash working capital items.</i>				
<b>Periods ended,</b>		<b>December 31, 2025</b>	<b>December 31, 2024 (Restated)</b>	<b>Change</b>
Trade and other receivables	\$	(44,668)	\$ (6,838,193)	\$ 6,793,525
Recoverable taxes		(55,340)	-	(55,340)
Advances to suppliers and others		(10,530)	205,110	(215,640)
Investments in joint venture		-	-	-
Other asset		-	7,057	(7,057)
Accounts payable and accrued liabilities		686,164	2,310,914	(1,624,750)
Taxes payables		(14,490)	959,750	(974,240)
Employee benefit obligation		-	405,119	(405,119)
DBO		-	(58,480)	58,480
Other liability		4,078,688	4,166,991	(88,303)
<b>Total net change in non-cash working capital</b>	<b>\$</b>	<b>4,639,824</b>	<b>\$ 1,158,268</b>	<b>\$ 3,481,556</b>

## Investing Activities

During the year ended December 31, 2025, the Company didn't make new investments in joint ventures.

## Financing activities

For the year ended December 31, 2025, New Stratus Energy obtained \$0.35 million in cash from financing, primarily from shareholders loans.

### *Available Sources of Liquidity*

As at December 31, 2025, the Company held \$496,119 restricted short-term investments, related to a letter of credit associated with a guarantee on corporate credit cards and to support certain tax trials.

### **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, 2025.

## **10. SHARE CAPITAL**

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

As of May 05, 2026, the Company had 135,431,833 common shares issued and outstanding.

### **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. The Company 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.

No warrants were exercised during the year ended December 31, 2025 (2024: 9,490,378 warrants exercised at a price of \$0.45 for total 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, 2025, A total of 680,000 stock options were exercised by option holders.

- 660,000 options were exercised at an exercise price of \$0.05 on a non-cash basis. The volume-weighted average trading price (“VWAP”) for the five trading days immediately preceding the exercise date was \$0.321. This VWAP was used to estimate the cost associated with the exercised options and was deducted from the number of shares issued. As a result, 557,194 common shares were issued in connection with this non-cash exercise.
- An additional 20,000 options were exercised at an exercise price of \$0.24 on a cash basis. Cash proceeds received from this exercise totaled \$4,800, and 20,000 common shares were issued.

As of December 31, 2025, there are 11,595,000 stock options outstanding at an average exercise price of \$0.54.

**Fully diluted shares information:**

Periods ended,	December 31, 2025	December 31, 2024 (Restated)
Common shares	134,223,467	133,646,273
Stock based compensation	11,595,000	12,275,000
Fully diluted number of shares	145,818,467	145,921,273

**Weighted average number of shares and dilutive effect:**

For the yeras ended December31,	2025	2024 (Restated)
Net loss	\$ (28,064,666)	\$ (32,430,174)
Net Loss from continuig operations	(15,025,015)	(11,516,361)
Net Loss from discontinued operations	(12,689,238)	(20,960,984)
<i>Weighted-average common share adjustments:</i>		
Weighted-average common shares outstanding, basic	133,945,901	128,765,626
Weighted-average common shares outstanding, diluted	133,945,901	128,765,626
Basic and diluted loss per share from continuing operations	(0.11)	(0.09)
Basic and diluted loss per share from discontinued operations	(0.09)	(0.16)
<b>Total Basic and diluted loss per share</b>	<b>\$ (0.21)</b>	<b>\$ (0.25)</b>
<b>Fully diluted loss per share</b>	<b>\$ (0.21)</b>	<b>\$ (0.25)</b>

For the years ended December 31, 2025 and 2024, 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.

<b>Years ended December 31,</b>	<b>2025</b>	<b>2024 (Restated)</b>	<b>Change</b>
<b>Net loss</b>	<b>\$ (27,714,253)</b>	<b>\$ (32,477,345)</b>	<b>\$ 4,763,092</b>
Depreciation & depletion	277,051	402,764	(125,713)
Financial cost, net	3,123,229	2,675,275	447,954
Income taxes	2,294,479	1,572,559	721,920
Other income	(771,096)	(7,697,351)	6,926,255
<b>Adjusted EBITDA</b>	<b>\$ (22,790,590)</b>	<b>\$ (35,524,098)</b>	<b>\$ 12,733,508</b>

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.

	December 31, 2025	December 31, 2024 (Restated)
Current assets	\$ 1,715,724	\$ 8,414,454
Current liabilities	(39,160,757)	(76,209,839)
Value of exercisable options (1)	1,562,400	2,252,800
OPS Soledad / Mexico cash delivery deferral (2)	-	40,003,230
<b>Adjusted working capital</b>	<b>\$ (35,882,633)</b>	<b>\$ (25,539,355)</b>
<b>Adjusted working capital per share (3)</b>	<b>\$ (0.26)</b>	<b>\$ (0.17)</b>

- (1) Assumes the conversion of 4,340,000 options for 2025 and 5,120,000 for 2024 when market prices at December 31, 2025 and 2024 were \$0.43 and \$0.44 respectively.
- (2) OPS obligations. During 2025 the Company executed the termination agreement and this obligation no longer exists.
- (3) Adjusted working capital per share assumes all "in the money" options and warrants are exercised, hence there is no dilution effect.

Current liabilities as at December 31, 2025 include provisions that were previously classified as non-current and have been reclassified as part of the restatement of prior period financial statements, as described in Note 32 – Restatement of the Financial Statements. These provisions relate to obligations of an uncertain nature and timing. Notwithstanding such uncertainty, based on the facts and circumstances existing at the reporting date, management determined that the obligation should be presented as current. The reclassification affects the presentation of current liabilities and, accordingly, the calculation of working capital and adjusted working capital, but does not impact the measurement of the underlying liability.

### ***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.

<b>Years ended December 31</b>		<b>2025</b>	<b>2024</b>
Purchase of property, plant and equipment	\$	-	(342,099)
<b>Net cash flows (used) in investing activities from continuing operations</b>	<b>\$</b>	<b>-</b>	<b>\$ (342,099)</b>
<b>Cash flow from discontinued operations</b>			
Cash provided in investing activities-discontinued operations	\$	7,022,760	\$ -
Cash used in investing activities-discontinued operations			(28,573,204)
<b>Total cash flow provided by (used) in from discontinued operations</b>	<b>\$</b>	<b>7,022,760</b>	<b>\$ (28,573,204)</b>

## 12. QUARTERLY INFORMATION

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

<b>Three months ended</b>	<b>2025</b>			
	<b>December 31</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>
Net income / (loss)	(18,616,357)	(2,419,176)	(1,927,224)	(4,751,496)
Basic income / (Loss) per share	(0.05)	(0.02)	(0.01)	0.04
Basic number of shares	134,223,467	134,223,467	133,646,273	133,646,273
Total assets	7,707,222	70,486,567	\$70,124,364	71,438,551
<b>Three months ended</b>	<b>2024</b>			
	<b>December 31 (Restated)</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>
Net income / (loss)	(25,559,964)	(2,117,035)	(161,500)	(4,638,846)
Basic income / (Loss) per share	0.02	(0.02)	(0.00)	(0.04)
Basic number of shares	133,646,273	133,301,656	125,785,428	124,696,778
Total assets	70,536,181	96,265,698	55,355,560	53,530,572

## 13. QUARTERLY RESULTS OVERVIEW

### Financial and Operating Highlights

Three months ended	December 31, 2025	December 31, 2024 (Restated)	Change
General and administrative	\$ (3,262,015)	\$ (2,232,962)	\$ (1,029,053)
Stock-based compensation	-	-	-
Foreign exchange gain (loss)	(562,360)	1,333,077	(1,895,437)
Write-off of receivables	(1,289,639)	(1,325,150)	35,511
Other income	451,071	6,877,596	(6,426,525)
<b>Operating loss from continuing operations</b>	<b>(4,662,943)</b>	<b>4,652,561</b>	<b>(9,315,504)</b>
Financial cost, net	(999,516)	(863,893)	(135,623)
<b>Net loss before income tax from continuing operations</b>	<b>(5,662,459)</b>	<b>3,788,668</b>	<b>(9,451,127)</b>
Current Income tax	(7,388)	(1,572,559)	1,565,171
Deferred Income tax	(2,279,989)	-	(2,279,989)
<b>Net loss from continuing operations</b>	<b>\$ (7,949,836)</b>	<b>\$ 2,216,109</b>	<b>\$ (10,165,945)</b>
<b>Discontinued operations</b>			
Loss on disposal of discontinued operations	(12,127,477)	(20,319,495)	8,192,018
Foreign exchange expenses	1,460,956	(2,017,976)	3,478,932
Accretion loss on the loan commitment of discontinued	-	(5,438,602)	5,438,602
<b>Net loss from discontinued operations</b>	<b>\$ (10,666,521)</b>	<b>\$ (27,776,073)</b>	<b>\$ 17,109,552</b>
<b>Net loss</b>	<b>\$ (18,616,357)</b>	<b>\$ (25,559,964)</b>	<b>\$ 6,943,607</b>
<b>Other comprehensive loss:</b>	<b>(1,387,602)</b>	<b>(310,064)</b>	<b>(1,077,538)</b>
<b>Net income and comprehensive (loss) income</b>	<b>\$ (20,003,959)</b>	<b>\$ (25,870,028)</b>	<b>\$ 5,866,069</b>

The following schedules disclose the consolidated general and administrative expenses for the years ended December 31, 2025, and 2024, as well as a breakdown of such expenses by country for the same periods:

Years ended December 31,	2025	2024 (Restated)	Change
Insurances	\$ 62,847	\$ 121,855	\$ (59,008)
Legal and accounting	1,359,720	2,596,384	(1,236,664)
Management fees	3,413,078	6,135,242	(2,722,164)
Professional fees	1,123,042	4,147,032	(3,023,990)
Office and administration	1,133,305	1,660,627	(527,322)
Shareholders information and investor relations	65,823	96,500	(30,677)
Amortization and depreciation	277,051	402,764	(125,713)
Impairment loss on receivables	1,427,282	-	1,427,282
	<b>\$ 8,862,148</b>	<b>\$ 15,160,404</b>	<b>\$ (6,298,256)</b>
(-) Reclassification of legal expenses to discontinued operations	\$ -	\$ (870,264)	\$ 870,264
	<b>\$ 8,862,148</b>	<b>\$ 14,290,140</b>	<b>\$ (5,427,992)</b>

<b>Three months ended</b>	<b>2025</b>		<b>2024 (Restated)</b>		<b>Change</b>
Insurances	\$	12,000	\$	17,138	\$ (5,138)
Legal and accounting		74,653		960,415	(885,762)
Management fees		583,001		1,193,203	(610,202)
Professional fees		574,072		(465,691)	1,039,763
Office and administration		594,203		1,284,033	(689,830)
Shareholders information and investor relations		11,637		10,556	1,081
Amortization and depreciation		(14,833)		103,572	(118,405)
Impairment loss on receivables		1,427,282		-	1,427,282
	\$	3,262,015	\$	3,103,226	\$ 158,789
(-) Reclassification of legal expenses to discontinued operations		-		(870,264)	870,264
	\$	3,262,015	\$	2,232,962	\$ 1,029,053

<b>Three months ended December 31, 2025</b>	<b>Corporate</b>	<b>Colombia</b>	<b>Mexico</b>	<b>Ecuador</b>	<b>Brasil</b>	<b>Total</b>
Insurances	\$ 12,000	\$ -	\$ -	\$ -	\$ -	12,000
Legal and accounting	74,653	-	-	-	-	74,653
Management fees	569,354	1,658	-	11,989	-	583,001
Professional fees	549,742	366	-	1,636	22,328	574,072
Office and administration	258,115	147,937	(59,147)	243,990	3,308	594,203
Shareholders information and investor relations	11,637	-	-	-	-	11,637
Amortization and depreciation	63,566	(83,366)	-	4,967	-	(14,833)
Impairment loss on receivables	-	-	-	1,427,282	-	1,427,282
	\$ 1,539,067	\$ 66,595	\$ (59,147)	\$ 1,689,864	\$ 25,636	\$ 3,262,015

<b>Three months ended December 31, 2024 (Restated)</b>	<b>Corporate</b>	<b>Colombia</b>	<b>Mexico</b>	<b>Ecuador</b>	<b>Total</b>
Insurances	\$ 17,138	\$ -	\$ -	\$ -	17,138
Legal and accounting	960,415	-	-	-	960,415
Management fees	1,549,274	(515,972)	-	159,901	1,193,203
Professional fees	(726,827)	-	-	261,136	(465,691)
Office and administration	178,629	274,820	6,110	824,474	1,284,033
Shareholders information and investor relations	10,556	-	-	-	10,556
Amortization and depreciation	63,566	29,855	-	10,151	103,572
	\$ 2,052,751	\$ (211,297)	\$ 6,110	\$ 1,255,662	\$ 3,103,226
(-) Reclassification of legal expenses to discontinued ope	(870,264)	-	-	-	(870,264)
	\$ 1,182,487	\$ (211,297)	\$ 6,110	\$ 1,255,662	\$ 2,232,962

General and administrative expenses for the three months ended December 31, 2025 increased by approximately \$1.0 million compared to the same period in 2024, primarily driven by higher costs incurred in Ecuador and at the corporate level.

The increase at the corporate level of approximately \$0.4 million was mainly attributable to higher management fees and professional fees.

In Colombia, the reduction in management fees is primarily related to reimbursements received for technical services subcontracted to joint ventures.

In Ecuador, expenses increased significantly, mainly driven by the recognition of an impairment loss on receivables of approximately \$1.4 million during the period. This increase was partially offset by a reduction in professional fees following contract renegotiations.

## **14. OUTLOOK**

During the year ended December 31, 2025, 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 in the environmental side and expects to expedite pending activities during 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 its 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 preemptive 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, 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:

<b>For the years ended December 31,</b>	<b>2025</b>	<b>2024</b>
Officers and management fees	<b>2,387,647</b>	\$ 3,059,752
Consulting fees paid to a director	<b>234,615</b>	79,734
Share-based payments	-	164,011
	<b>\$ 2,622,262</b>	\$ 3,303,497

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\$10,000.

## 18. CRITICAL ACCOUNTING ESTIMATES

This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related Note 4 *Significant Accounting Judgements, Estimates and Assumptions for the three and twelve months ended December 31, 2025*, wherein a more detailed discussion of accounting estimates is presented.

## 19. COMMITMENTS AND CONTINGENCIES

### Commitments

#### Block VMM-18

Under the terms of the agreement executed concerning the VMM-18 E&P contract, The Company was required to fund an exploration commitment for the second phase of the VMM-18 E&P Contract. As per the contract and a recent extension by ANH, The Company was required to perform and drill an exploration well valued at \$4,063,200 (US\$3,000,000). All activities that NSE committed 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 imposed on the exploration area. 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.

### **Block 192 Peru**

New Stratus, Altamesa Energy Canada Inc., and the shareholders and right-holders of Altamesa Energy Canada Capital Inc., entered 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 December 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 for US\$10,000 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 US\$3,390,000 upon the occurrence of certain events,

such as a change of control. As these triggering events have not occurred, the Financial Statements have not provided contingent payment.

## **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\$3,013,420) and initiated an enforceable by law collection

Law 122: Ecuador Petroecuador EP ("Petroecuador") 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, 2024, a payment request was issued based on a unilateral liquidation performed by Petroecuador 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 initiated a coercive procedure to collect this contingency with interest. On October 4, 2024 Petroecuador, based on the information provided by Petrolia Ecuador S.A., cancelled the coercive procedure. In March 2026, Petroecuador initiated a new coercive procedure in relation to this matter, prompting the Company to file a claim before the Administrative Court to challenge the payment requests and the precautionary measures imposed. Such measures include orders to financial institutions and public entities to withhold any amounts payable to Petrolia Ecuador S.A. Petroecuador, through this coercive procedure, is requesting US\$ 21.3 million (US\$ 7.5 million net to NSE). 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 within a failed bidding process called by EP Petroecuador. REPSOL paid the cost of the bidding conditions, which included access to the "data room" and all the information available for this purpose. After several judicial resolutions (both from the Superior Court and the National Court of Justice), the process must be sent to the District Court of Administrative Disputes in the Metropolitan District of Quito for resolution. However, the request was denied. The Company has filed an extraordinary protection action before the Constitutional Court, which has not been admitted yet. During the year ended December 31, 2022, a prepaid balance of \$1.4 million was written off. The Company has not recorded any provision in the financial statements.

### ***Special Examination Reports of the Comptroller General's Office***

Friction Reduction Chemicals: On May 31, 2005, the Office of the Comptroller General of the State issued audit assessments against the contractor of the Block 16 participation contract for \$3,500,208 (US\$2,578,612) 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 totaling \$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, one of the additional payment requests was resolved favorably for the Company. Therefore, a reversal on the provision was recorded for \$0.19 million (US\$0.14 million) in 2024. As at December 31, 2025, the reserve for this contingency is \$2.1 million (US\$1.6 million).

## 20. RESTATEMENT

During the preparation of the December 31, 2025 financial statements, the Company identified certain prior period errors related to the classification and recognition of balances in accordance with IFRS requirements. In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Company recognized these adjustments in the appropriate periods to which they relate. The nature of the adjustments is summarized below:

Reclassification of a restricted guarantee deposit held with Produbanco from cash and cash equivalents to restricted cash of \$598,582;

Reclassification of provision tax settlement arrangements and other balances from non-current liabilities to current, as the Company did not have the right at the reporting date to defer settlement for at least twelve months after the reporting period. This reclassification totaled \$28,981,443 for 2024 and \$22,662,562 for 2023;

Reclassification of corporate credit card balances from prepaid assets to liabilities, as the amounts were determined to represent obligations upon receipt and processing of expense reports, totaling \$100,912;

Adjustment to reflect previously unrecorded accruals within Operaciones Petroleras Soledad (“OPS”), impacting the Company’s share of income recognized under the equity method, totaling \$159,563; and

Recognition of accruals not recorded at year-end related to legal and professional services incurred in prior periods, totaling \$650,162.

The effects of these adjustments on the consolidated financial statements are summarized below. There was no impact on the Company’s net cash flows; however, certain presentation and reconciliation line items within the consolidated statement of cash flows have been revised accordingly

<b>Consolidated Statement of Financial Position</b>			
<b>As at January 01, 2024</b>	<b>As previously stated</b>	<b>Adjustment</b>	<b>Restated</b>
Cash and cash equivalents	\$ 33,114,273	\$ (462,778)	\$ 32,651,495

Restricted cash	510,539	462,778	973,317
<b>Total assets</b>	<b>48,658,378</b>	<b>-</b>	<b>48,658,378</b>
Other short-term liabilities	-	22,662,562	22,662,562
<b>Total current liability</b>	<b>3,936,045</b>	<b>22,662,562</b>	<b>26,598,607</b>
Other short-term liabilities	22,662,562	(22,662,562)	-
<b>Total non-current liability</b>	<b>22,662,562</b>	<b>(22,662,562)</b>	<b>-</b>
<b>Total Liability</b>	<b>26,598,607</b>	<b>-</b>	<b>26,598,607</b>

<b>As at December 31, 2024</b>	<b>As previously stated</b>	<b>Adjustment</b>	<b>Restated</b>
Cash and equivalent	\$ 749,180	\$ (598,582)	\$ 150,598
Restricted Cash	100,000	598,582	698,582
Prepaid and advances payments	\$ 21,478	\$ 100,912	\$ 122,390
<b>Total current assets</b>	<b>8,313,542</b>	<b>100,912</b>	<b>8,414,454</b>
Investments in joint venture and loan commitment	61,706,854	(159,563)	61,547,291
<b>Total non- current assets</b>	<b>62,281,290</b>	<b>(159,563)</b>	<b>62,121,727</b>
<b>Total assets</b>	<b>70,594,832</b>	<b>(58,651)</b>	<b>70,536,181</b>

Trade and other payables	4,801,609	753,716	5,555,325
Other liability	-	28,981,443	28,981,443
<b>Total current liabilities</b>	<b>46,474,680</b>	<b>29,735,159</b>	<b>76,209,839</b>
Other liability	28,981,443	(28,981,443)	-
<b>Total non-current liability</b>	<b>28,981,443</b>	<b>(28,981,443)</b>	<b>-</b>
<b>Total liabilities</b>	<b>75,456,123</b>	<b>753,716</b>	<b>76,209,839</b>
Deficit	(46,714,524)	(812,367)	(47,526,891)
<b>Total equity</b>	<b>(4,861,291)</b>	<b>(812,367)</b>	<b>(5,673,658)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 70,594,832</b>	<b>\$ (58,651)</b>	<b>\$ 70,536,181</b>

#### Consolidated Statement of Operations and Comprehensive Loss

<b>For the year ended December 31, 2024</b>	<b>As previously stated</b>	<b>Adjustment</b>	<b>Restated</b>
General and administrative	\$ (14,507,600)	\$ (652,804)	\$ (15,160,404)
Income from investment in joint venture	1,663,979	(159,563)	1,504,416
<b>Operating loss from continuing operations</b>	<b>(7,839,984)</b>	<b>(812,367)</b>	<b>(8,652,351)</b>
<b>Net loss from continuing operations</b>	<b>(16,323,560)</b>	<b>(812,367)</b>	<b>(17,135,927)</b>
<b>Net loss from discontinued operations</b>	<b>(15,341,418)</b>	<b>-</b>	<b>(15,341,418)</b>
<b>Net loss</b>	<b>(31,664,978)</b>	<b>(812,367)</b>	<b>(32,477,345)</b>
Basic and diluted loss from continuing operations	(0.09)		(0.09)
Basic and diluted loss from discontinued operations	(0.16)		(0.16)
<b>Basic and diluted loss per share</b>	<b>(0.25)</b>		<b>(0.25)</b>

**Consolidated Statement of changes in (Deficit) Equity**

<b>As at December 31, 2024</b>	<b>As previously stated</b>	<b>Adjustment</b>	<b>Restated</b>
Net loss for the year	\$ (31,664,978)	\$ (812,367)	\$ (32,477,345)
<b>Deficit</b>	<b>(46,714,524)</b>	<b>(812,367)</b>	<b>(47,526,891)</b>
<b>Total equity</b>	<b>(4,861,291)</b>	<b>(812,367)</b>	<b>(5,673,658)</b>

**Consolidated Statement of Cash Flows**

<b>For the year ended December 31, 2024</b>	<b>As previously stated</b>	<b>Adjustment</b>	<b>Restated</b>
<b>Operating activities</b>			
Net loss for the year	\$ (31,664,978)	\$ (812,367)	\$ (32,477,345)
Income from investments in joint venture	(1,663,979)	159,563	(1,504,416)
Net change in non-cash working capital items	1,375,728	652,804	2,028,532
<b>Cash (used) in provided by operating activities- continuing operations</b>	<b>(9,031,824)</b>	<b>-</b>	<b>(9,031,824)</b>

## 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 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. AUDIT FEES**

The Company has an engagement for audit services in connection with the audit of its annual consolidated financial statements for the year ended December 31, 2025 for \$130,000 (2024 \$ 110,000).

## 23. GLOSSARY

<b>Term/Abbreviation</b>	<b>Definition</b>
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