NEXERA ENERGY INC.

(Formerly, Emerald Bay Energy Inc.)

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis (MD&A) should be read in conjunction with Nexera Energy Inc. (formerly, Emerald Bay Energy Inc.) (the "Company") audited annual Consolidated Financial Statements for the year ended December 31, 2019. Certain information regarding the Company contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements.

Additional information relating to the Company is available on SEDAR at www.sedar.com. The Company is listed on the TSX Venture Exchange under the symbol "NGY". The MD&A is dated June 15, 2020

BASIS OF PRESENTATION

The financial data presented below has been prepared in accordance with International Financial Reporting Standards. All amounts are reported in Canadian dollars unless otherwise indicated.

Basis of consolidation

The consolidated financial statements referenced in this MD&A include the accounts of the Company and its United States Branch, as well as Production Resources, Inc. (PRI) where the Company owns 75% of the outstanding shares. Control exists when the Company has the power over the investee, exposure or rights to variable returns from its involvement and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries, including entities which the Company controls, are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances have been eliminated.

Application of Accounting Estimates

The significant accounting policies used by the Company are disclosed in Note 3 to the annual Consolidated Financial Statements for the year ended December 31, 2019. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a periodic basis. The emergence of new information and changed circumstance may result in actual results or changes to estimates that differ materially from current estimated amounts.

Non-IFRS and Non-GAAP Measures

This MD&A includes the following measures that are from time to time used by the Company, but do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies:

a) "Funds from operations" - should not be considered an alternative to, or more meaningful than "cash flow from operating activities" as determined in accordance with IFRS as an indicator of the Company's financial performance. Funds from operations is determined by adding non-cash expenses to the net income or loss for the period, deducting decommissioning liability expenditures and does not include the change in working capital applicable to operating activities. Management believes that in addition to cash flow from operating activities, funds from operations is a useful supplemental measure as it provides an indication of the results generated by the Company's principal business activities before the consideration of how such activities are financed.

b) "Operating netback" - Operating netbacks are calculated by deducting royalties and operating costs, including transportation costs, from revenues.

c) “Working capital” – working capital includes total current assets and total current liabilities. The working capital ratio is calculated by deducting total current liabilities.

Going Concern

At December 31, 2019, the Company had not yet achieved profitable operations, had an accumulated deficiency of $31,253,551 since its inception (December 31, 2018 - $25,805,078), had negative cash flows used in operations of $1,186,899 (December 31, 2018 – $421,375) and had a working capital deficiency of $17,222,883 (December 31, 2018 - $17,987,650) (defined as current assets less current liabilities), and expects to incur further losses in the development of its business. The ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing or generating profitable operations in the future. Management is committed to raising additional capital to meet its exploration and operating obligation, however, additional equity financing is subject to the global financial markets and economic conditions, which have recently been disrupted and are volatile, and the debt and equity markets, which are distressed, particularly for junior petroleum and natural gas companies. All of these factors, together with weak natural gas prices and the current unstable economic conditions, indicate the existence of material uncertainties related to events or conditions that may cast significant doubt as to whether the Company can continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications that would be necessary if the going concern assumption was not appropriate. Any adjustments necessary to the consolidated financial statements if the Company ceases to be a going concern could be material.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant wide-spread stock market declines and the movement of people and goods have been restricted, affecting supply, demand and pricing for many products. The mineral exploration sector is expected to be impacted significantly as many local and regional governments have issued public health orders in response to COVID-19, including restricting the movement of people, which could impact the Company’s ability to access its properties, complete exploration projects, and continue development or production programs in the coming year. The Company’s ability to fund the current level of operating costs in the face of an extended disruption may be affected, and the Company may be required to adjust operating levels or obtain additional financing which may be restricted. In order to minimize the loss from operations due to low crude oil price, the company has implemented staffing reductions in the field and during the past two months has continued to store oil until commodity prices rebound.

BOE Presentation

The term “barrels of oil equivalent” (BOE) may be misleading, particularly if used in isolation. A BOE conversion of six thousand cubic feet of natural gas to one barrel of oil (6:1) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers should be aware that historical results are not necessarily indicative of future performance.

FORWARD-LOOKING STATEMENTS

Certain statements contained within the Management’s Discussion and Analysis, and in certain documents incorporated by reference into this document, constitute forward looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements.

In particular, this MD&A may contain the following forward looking statements pertaining to, without limitation, the following:

The Company's future production volumes and the timing of when additional production volumes will come on stream; the Company's realized price of commodities in relation to reference prices; the Company's future commodity mix; future commodity prices; the Company's expectations regarding future royalty rates and the realization of royalty incentives; the Company's expectation of future operating costs on a per unit basis; future general and administrative expenses; future development and exploration activities and the timing thereof; the future tax liability of the Company; the expected rate of depletion, depreciation and accretion; the estimated future contractual obligations of the Company; the future liquidity and financial capacity of the Company; and, the Company's ability to fund its working capital and forecasted capital expenditures. In addition, statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future.

With respect to the forward looking statements contained in the MD&A, the Company has made assumptions regarding: future commodity prices; the impact of royalty regimes and certain royalty incentives; the timing and the amount of capital expenditures; production of new and existing wells and the timing of new wells coming on-stream; future proved finding and development costs; future operating expenses including processing and gathering fees; the performance characteristics of oil and natural gas properties; the size of oil and natural gas reserves; the ability to raise capital and to continually add to reserves through exploration and development; the continued availability of capital, undeveloped land and skilled personnel; the ability to obtain equipment in a timely manner to carry out exploration and development activities; the ability to obtain financing on acceptable terms; the ability to add production and reserves through exploration and development activities; and, the continuation of the current tax and regulation.

We believe the expectations reflected in forward looking statements contained herein are reasonable but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A or as of the date specified in the documents incorporated by reference into this Management's Discussion and Analysis, as the case may be. The actual results could differ materially from those anticipated in these forward looking statements as a result of the risk factors set forth below and elsewhere in this MD&A, which include volatility in market prices for oil and natural gas; counterparty credit risk; access to capital; changes or fluctuations in production levels; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; stock market volatility and market valuation of the Company's stock; geological, technical, drilling and processing problems; limitations on insurance; changes in environmental or legislation applicable to our operations, and our ability to comply with current and future environmental and other laws; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry, changes in the regulatory regimes under which the Company operates, changes in the political and social environment that may impact the Company and the other factors discussed under "Risk Factors" in the following annual MD&A. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward looking statements contained in this document speak only as of the date of this document and the Company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

OVERALL PERFORMANCE AND OUTLOOK

The Company's focus remains its oil based exploration program in South Texas.

HIGHLIGHTS OF THE THIRD & FOURTH QUARTERS OF 2019 & EVENTS SUBSEQUENT TO THE YEAR END:

On April 30, 2020 the Company provided the following update on oil production storage plans during Covid-19 Pandemic:

- In response to the low commodity prices brought about by the Covid-19 pandemic, the Company added additional storage tanks on certain leases and, on most leases, the Company has the ability to continue to produce and store oil for up to six months without having to shut wells in. Additionally, the Company has the resources in place to efficiently maintain operations, even in the unlikely scenario that the Company does not sell any oil in a given month.

On April 16, 2020 Hugo A. Gutierrez acquired 50% of Nexera's La Vernia assets.

- Hugo A. Gutierrez acquired a 50% interest in the La Vernia properties for USD $186,000. The La Vernia assets had been acquired from Advantagewon Oil Corp. on February 3, 2020.

On March 2, 2020 the Company announced the results of the Special Meeting of Shareholders.

- At the special meeting of the Company's shareholders held on February 28, 2020 the shareholders approved the following:
  - The consolidation of the issued and outstanding Common Shares of the Corporation on a "1 new for 15 old" basis; and
  - changing the Corporation's name to Nexera Energy Inc.
- The name change and consolidation took effect on March 13, 2020.
  - There were 354,103,367 Common Shares issued and outstanding pre-consolidation.
  - Post-consolidation there are 23,606,891 Common Shares issued and outstanding.

On February 3, 2020 the Company announced that it had acquired the La Vernia assets from Advantagewon Oil Corp.

- Comprising 30 oil and gas leases on approximately 3,550 acres, the Advantagewon Oil Corp. (AOC) assets are located in the LaVernia Field of Wilson and Guadalupe Counties, Texas.

- The purchase price paid to AOC for the assets is USD$350,000 paid via: (i) a cash payment of USD$50,000; and (ii) the issuance of 2,601,800 common shares (the "NGY Shares") of NGY (USD$300,000 USD being CDN$390,270 at $0.15/share), subject to final approval from the TSX Venture Exchange.

- The NGY Shares issued to AOC are held in escrow by Nexera until December 31, 2020. On or before December 31, 2020, Nexera (or its designee) may acquire the NGY Shares for an aggregate USD$300,000. Should NGY elect not to acquire the NGY Shares, the NGY Shares will be returned to NGY's treasury and the balance of the purchase price for the assets will be paid via an overriding royalty interest on the Acquired Leases being granted to AOC as follows: (i) a 5% overriding royalty interest on all the Acquired Leases with a net revenue interest of 75.0% or greater; (ii) a 2% overriding royalty interest on all the Acquired Leases with a net revenue interest of 72.0% up to, but not including, the Acquired Leases with a net revenue interest of 75.0% (note: no overriding royalty interest shall be assigned to AOC on all the Acquired Leases with a net revenue interest less than 72.0%). The overriding royalty interest shall be in place until such time as AOC has received an aggregate USD$400,000.00 at which point the royalty interest shall be terminated.

On October 29, 2019 the Company reported on Initial Production results at DCRC.

- Nexera Energy Inc.'s first two wells on the Duval County Ranch Company property have been equipped and put on production. The recently drilled No. 1HC well and the recompleted No. 15 well are flowing into the newly completed tank battery, and cumulative production from the two wells is approximately 55 barrels of oil per day. The additional three recently drilled wells, No. T4, No. 2HC and No. 3HC, are now being prepared for production and further information will be provided as it becomes available.

On September 4, 2019 the Company announced the Duval County Ranch Company (DCRC) project and provided the following update on South Texas operations.

- Nexera Energy Inc. has provided an update on recent acquisitions and operations in south Texas. These operations follow Nexera's overall strategy of consistent growth through acquisition of existing production, drilling and production optimization across multiple projects.
- Duval county –
    - The Duval County Ranch Company (DCRC) project is the latest acquisition the company has made with HugoCellR and CWS Energy Resources as partners. The project consists of five leases totalling 896 acres in the Piedre Lumbre and Petrox-Government Wells fields, first discovered by Humble Oil in Duval county in Texas. An oil major still owns the surface and deeper mineral rights on the lands, while the acquisition by Nexera and the partners pertains to the shallow depths just below the Mirando sand (approximately 2,600 feet) to the surface. Initial development will take place on the 320-acre E lease. In addition to the cash flow generated to Nexera for being the operator, it is estimated that this lease has the potential for up to 500 barrels of oil per day (bopd) be added (net 50 bopd to NGY after payout) in future drilling. The first four wells have been surveyed and staked, and a rig secured.
- Zavala county –
    - The previously announced Leona River project acquisition, with partner Cotulla Energy Resources Ltd., consists of five leases totalling 490 acres focusing on the Escondido and Olmos formations. Current production volume from the producing wells is approximately 100,000 cubic feet per day (15 barrels of oil equivalent per day (boepd)). In addition to the cash flow generated by being the operator and after the current optimization program is complete, the Company estimates the five wells have the potential to add up to one million cubic feet per day (net 37.5 boepd to NGY). Optimization operations are now under way.
- Guadalupe county (Wooden Horse)
    - With the recent electrical infrastructure upgrades complete, comparing the first seven months of 2019 with 2018, the company has increased production by 163 per cent. The Austin Chalk production comes from a water drive system with low decline rates. Current production rates over the past 90 days have averaged 25 bopd (net 12.5 to Nexera). With the company's 3-D seismic interpretation and well control, Nexera is poised to move to a development phase of drilling operations. This will begin with the drilling and completion of Huebinger E1. Nexera currently has identified up to seven vertical wells and the horizontal re-entry of Kuhn 1H for future development.
- Guadalupe county (Isabella)
    - The re-entry of Isabella No. 2 remains on the development schedule. While completion efforts in the Navarro were unsuccessful, the company and partners are optimistic they can achieve commercial success in either the Buda, Eagle Ford or Basal Austin Chalk formations.
- Guadalupe county (La Vernia)
    - The company is currently in the final stages of negotiation to acquire additional lands with existing production in the LaVernia field. Nexera and partner HugoCellR plan to expand their current land position and drilling inventory at LaVernia.
- Atascosa, Bexar and Medina counties (Somerset and Taylor-Ina fields)
    - Production optimization in the company's Production Resources Inc. (PRI) property has fuelled the growth in Somerset and Taylor-Ina. Nexera has increased its optimization efforts by dedicating service rig No. 1 to Taylor-Ina and rig No. 2 to Somerset for workovers. As a result of this effort, production volume during Q2

increased 17 per cent (year over year) to 53 bopd (40 bopd net to Nexera) and lease operating expenses decreased by 20 per cent.

On August 21, 2019 the Company acquired an interest in the Leona River Natural Gas wells.

- Nexera Energy Inc., in partnership with Cotulla Energy Resources Ltd., acquired five natural gas wells and the mineral rights to approximately 490 acres in Zavala County, Texas. The Leona River project currently has three wells which are intermittently producing approximately 105 thousand cubic feet per day. The Company is now implementing optimization processes on the three producing wells, and is working with Cotulla on plans to bring the additional two wells back on-line. Under terms of the of partnership agreement, Cotulla owns 75 per cent of the Leona River project, and Emerald Bay owns 25 per cent.

On August 15, 2019, the Company closed a $500,000 Private Placement.

- Nexera Energy Inc. closed its private placement in which 33,333,333 units were issued (of which 14,034,333 units were acquired by directors and officers of the corporation and 10,273,333 units were acquired by insiders of the corporation, Carlo Gutierrez and Clarence Wagenaar respectively) at a price of 1.5 cents per unit, for aggregate consideration of $500,000. Each unit comprises one common share of the corporation and one share purchase warrant (each full warrant shall entitle the holder thereof to purchase one additional common share of the corporation for a period of 12 months from the issuance of the units at a price of five cents).

On July 31, 2019, the Company provided the following update on the Kuhn wells.

- With the electrical upgrades now complete, the three Kuhn wells were on production for 26 days in July and produced 1,022 barrels of oil for an average production rate of 39.3 barrels of oil per day.

On July 9, 2019, the Company announced a new board member, Mr. Carlo Gutierrez

- Nexera Energy Inc. appointed Carlo Enrique Gutierrez to the corporation's board of directors. Mr. Gutierrez began his career in the summer of 2012 working at a frac-sand plant for Arepet Industries LLC as an assistant operations manager. In 2014, Mr. Gutierrez completed a bachelor of science degree in international studies from Texas A&M University. Following his graduation, Mr. Gutierrez worked for a small oil and gas company as a field operator, and then started his own trucking company, C.P. Hauling LLC, transporting frac sand. In 2016, Mr. Gutierrez transitioned into real estate and is licensed by the Texas Real Estate Commission, where he now works in land development and project management, and as a consultant for Vise Oaks 1 Ltd. Mr. Gutierrez has also served as a board member for the 211 public improvement district highway in San Antonio for the past two years. Mr. Gutierrez owns 24,140,200 common shares in the corporation.

HIGHLIGHTS OF THE FIRST & SECOND QUARTERS OF 2019:

On June 20, 2019, the Company provided the following update on the Isabella No. 2 re-entry well.

- Nexera Energy Inc. provided an update on operations at the Isabella No. 2 well in Gonzales county, Texas. Hydraulic fracturing of the Navarro formation has been completed, and the well has been swabbed for a total of 28 days to recover the frac fluids and measure inflow rates. In addition to the swabbing operations, the well has intermittently been shut in to monitor pressure builds. Approximately 75 per cent of the 2,132 barrels of fluids used to frac the well have been recovered during swabbing operations, but no measurable quantities of hydrocarbons from the Navarro formation have been observed to this point. The well has been shut in for the past nine days to allow time to monitor pressure builds.
- Pending results from this pressure test, the company and partner, Cotulla Energy Resources Ltd., will resume swabbing operations, or move forward with plans to resume testing the Buda formation and the primary target in the well, the Eagle Ford formation. While commercial quantities of hydrocarbons were observed in the initial test of the Buda, there was also a significant inflow of associated water. The company believes that the water is coming from the Austin Chalk formation, uphole from the Buda and Eagle Ford, and that a successful cement squeeze will isolate the Buda and Eagle Ford from the water, and increase the potential of successfully completing Isabella No. 2 in either formation. As noted in previous news releases, the Isabella No. 2 well is a re-entry well with multiple zones of interest, including the Buda, Eagle Ford, lower Austin Chalk and Navarro formations. To clarify, to date the company has tested commercial quantities of hydrocarbons in the initial test of the Buda formation and, due to certain opportunities in the area, the company and its partner Cotulla, decided to move uphole, bypassing the Eagle Ford and lower Austin Chalk for the time being, to test the Navarro formation.
- The Isabella prospect includes the company's acquisition of several mineral leases, totalling approximately 86 acres, and the Isabella No. 2 wellbore. The Isabella 2 well produced from the upper Austin Chalk formation in the past, but the previous operator did not drill to the deeper Eagle Ford and Buda formations. The Company has identified the Isabella 2 wellbore as a prime target to explore for a high-impact deep well on trend with Eagle Ford, Buda and lower Austin Chalk production in Gonzales county, Texas. The Company and Cotulla also identified the potential Navarro zone in the well, which is currently being tested.
- Under terms of the partnership agreement, Cotulla pays 100 per cent of the Isabella costs to earn a 75-per-cent interest. Nexera retains a 25-per-cent interest in the well and acreage at no cost to the company.

On April 25, 2019, the Company completed the electrical upgrades on the Kuhn lease at the company's Wooden Horse project in south Texas.

- The upgrades will allow the company to pump the Kuhn 4 and Kuhn A5 wells simultaneously, as well as the Kuhn 3 well when it is brought on production.

On April 23, 2019, the Company began the process of fracture stimulating approximately 25 feet of the Navarro formation in the Isabella No. 2 re-entry well at a depth of 6,100 feet, and completed electrical upgrades at Wooden Horse.

- The frac was completed, and the company began swabbing the well to recover the frac fluids used during the operation. At the time of this writing swabbing are ongoing will then continue to assess the inflow rates and commercial viability of the Narvarro formation.

On April 17, 2019, the Company completed the first phase of testing in the Isabella No. 2 re-entry well.

- The first phase included multiple cement squeezes to isolate fluids coming into the wellbore from the previous operator's completions. The company drilled to, and tested, the Buda formation at approximately 8,300 feet and found commercially viable results.

- Due to the partnership recently identifying additional opportunities in the area, the next step at Isabella was to isolate and test the Navarro formation at approximately 6,200 feet. The company scheduled a large, 200,000-pound frack to stimulate 25 feet of the Navarro.

On March 14th, the Company completed testing the Bauer wildcat well.

- The well was drilled to test the Edwards formation, and it was determined that the Edwards was not commercially viable in this well.
- Additionally, the company tested the Poth and Wilcox formations and determined that neither formation has commercial quantities of hydrocarbons.
- The Bauer lease wildcat well was drilled in partnership with Cotulla Energy Resources Ltd. Under terms of the agreement, 100 per cent of the costs to drill and test the well were paid by Cotulla. Nexera incurred no costs to drill and test the well.

On February 14th, the Company commenced the drilling of the wildcat test well at its Bauer prospect in south Texas.

- The Bauer wildcat test well is the first well drilled with the company's partner, Cotulla Energy Resources Ltd. Under terms of the agreement, Cotulla will pay 100 per cent of the costs of the well to earn a 75-per-cent interest. As managing partner and operator, Nexera earns a 25-per-cent interest in the well at no cost to the company.
- Furthermore, the company looks forward to integrating the experience and expertise of Cotulla in the drilling of the Bauer wildcat well as well as the Company's exploration strategy going forward.

On February 4th, the Company received final approval from the TSX Venture Exchange and settled all amounts owing in connection with two separate loan/credit arrangements previously provided to the corporation by Hillcrest Investments Ltd., a company controlled by Clarence Wagenaar (who currently controls, directly and indirectly, 10.43 per cent of the outstanding common shares of the corporation) through the issuance of an aggregate of 18,493,178 common shares of the corporation at a price of five cents per share.

- The aggregate debt amounts settled is equal to $924,658.90, being the aggregate balance of the principal amounts owing on the two separate loan/credit arrangements between the parties plus all applicable interest. Mr. Wagenaar controls, directly and indirectly, an aggregate 31,537,000 common shares of the corporation, or 10.43 per cent of the outstanding common shares of the corporation.
- All of the foregoing common shares are subject to a statutory four-month hold period in accordance with applicable securities laws.

On January 23rd, the Company closed a $500,000 private placement.

- Pursuant to this closing of the private placement, an aggregate of 25 million units were issued to nine subscribers (of which 2.5 million units were acquired by a director and officer of the corporation and eight million were acquired by an insider of the corporation) at a price of two cents per unit for aggregate consideration of $500,000. Each unit consisted of one common share of the corporation and one share purchase warrant (each full warrant shall entitle the holder thereof to purchase one additional common share of the corporation for a period of 12 months from the issuance of the units at a price of five cents).

Nexera will continue to pursue a carefully designed capital expenditure program at the Company's Wooden Horse Kuhn Wells, and Nash Creek properties, as well as opportunities similar to the HugoCellR, Cotulla, and MarPat partnerships. Additionally, the Company will pursue acquisitions and dispositions which would allow us to add production, reserves, and cash flow in a cost effective manner while maintaining a level of flexibility in our balance sheet. Our proven management and dedicated team of professionals are engaged and committed to developing our high-quality asset base.

SELECTED ANNUAL INFORMATION

	2019	2018	2017
Revenue	**1,096,356**	1,154,491	435,458
Net loss	**(5,767,913)**	(3,088,885)	(3,734,601)
Per common share - basic	**(0.02)**	(0.01)	(0.02)
Per common share – diluted	**(0.02)**	(0.01)	(0.02)
Total assets	**5,860,273**	10,343,711	10,497,281
Total non-current financial liabilities	**1,247,866**	1,063,942	1,309,010
Cash dividends or distributions declared per common share	-	-	-

Year ended December 31, 2019

The net loss for the year ended December 31, 2019 was $5,767,913 or $0.02 per share compared to $3,088,885 or $0.01 per share in the previous year.

Revenue from the sale of petroleum and natural gas is recorded on a gross basis when title passes to an external party and is recognized based on volumes delivered to customers at contractual delivery points and rates. The costs associated with the delivery, including production, transportation and production-based royalty expenses are recognized in the same period in which the related revenue is earned and recorded.

Revenue decreased slightly to $1,096,356 for the year ended December 31, 2019 from revenue of $1,154,491 during the year ended December 31, 2018. Year over year, the Company's revenue has decreased 5%. Commodity prices fluctuated significantly in 2019 with a range of $69.40 to $103.73 per barrel. There continues to be minimal production from the Canadian oil and gas assets as the majority of these assets were disposed prior to 2016. The Company will continue to focus on its exploration program in Texas.

Production expenses for the year ended December 31, 2019 decreased significantly to $684,554 from $910,281 for the year ended December 31, 2018 on similar revenues.

General and administrative expenses ("G&A") decreased to $941,290 during the year ended December 31, 2019 from $1,057,647 for the same period during 2018. The small decrease in the Company's G&A is consistent of the Company's efforts to grow the South Texas asset base.

	General & Administrative Expenses	
	December 31, 2019 ($)	December 31, 2018 ($)
Net G&A expense	941,290	1,057,647

Fourth Quarter Fiscal 2018

The net loss for the quarter ended December 31, 2019 was $3,769,159 or $0.01 per share compared to $1,902,611 or $0.00 per share in the previous year.

Revenue Increased to $366,326 for the quarter ended December 31, 2019 from revenue of $263,658 during the quarter ended December 31, 2018.

QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected quarterly information that has been derived from the Consolidated Financial Statements of the Company. This summary should be read in conjunction with the Consolidated Financial Statements of the Company as contained in the public record.

Quarterly Financial Information ($000 except per share and unit values)	Dec 31 2019	Sept 30 2019	June 30 2019	Mar 31 2019	Dec 31 2018	Sept 30 2018	June 30 2018	Mar 31 2018
Petroleum and natural gas sales	366	200	302	230	264	308	316	265
Net loss	(3,856)	(491)	(607)	(900)	(1,643)	(345)	(383)	(402)
Net loss per share								
Basic and diluted	(0.02)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Average daily sales								
Natural gas (MCF/d)	17	65	54	32	88	90	18	18
Oil/NGL (BBLs/d)	40	32	42	39	40	39	43	37
Barrels of oil equivalent (BOE/d)	43	43	51	46	53	54	49	40
Average sales prices								
Natural Gas ($/MCF)	5.80	.36	1.67	2.09	2.16	.52	2.92	2.66
Oil/NGL ($/BBL)	73.26	75.24	77.55	66.45	89.47	84.94	80.64	75.58
Sales price of oil equivalent ($/BOE)	75.80	58.79	63.65	63.35	67.95	62.21	75.88	73.88
Operating costs ($/BOE)	25.13	32.11	40.92	32.74	34.44	21.27	35.51	39.29
Royalty Expense ($/BOE)	3.41	2.67	1.98	2.25	2.22	2.98	2.65	.67
Operating netback ($/BOE)	47.26	24.01	20.75	28.36	31.29	37.97	37.72	33.92

Explanation of Quarterly Variances

On a quarter by quarter basis, production volumes, and accordingly petroleum and natural gas sales, have remained minimal in Canada, with little fluctuation. The Company's growth has been primarily reflected in the acquisition of additional shares of the PRI asset in South Texas and the recent production in the Wooden Horse Kuhn wells.

LIQUIDITY & CAPITAL RESOURCES

In order to resolve its working capital deficiency of $17,222,883, and to access additional share equity, Nexera will continue to emphasize its exploration program in Texas. The Company's Texas prospects should produce better returns due to higher oil prices compared with natural gas, as well as greater drilling potential and more drilling locations.

Given the Company's recurring operating losses it is critical that the Company focus on areas with the potential for growth, positive cash flow and income, which are considered to exist in the Texas.

Also, to resolve its working capital deficiency, the Company continues to work with its lenders and trade partners to mitigate ongoing costs and to continue as a going concern.

During the first quarter of 2019, the Company arranged to settle $924,659 of debt to a lender of the Company through the issuance of shares at $0.05/share. Total shares issued were 18,493,178.

In 2017, the Company closed a loan agreement (the "Loan Agreement") with a private company (the "Lender"), whereby the Lender issued to the Company a credit facility with the ability to borrow up to $6,225,000 (the "Credit Facility"). The Credit Facility had an interest free period until October 1, 2017, at which point the Credit Facility now bears interest at a rate equal to Prime Rate plus 1.5% per annum. The Credit Facility is payable upon demand by the Lender, and is secured over all of the assets of the Company. The Credit Facility was used to repay the Loan, and a portion of the Short-term debt, with the balance being used for acquisitions of oil and gas interests in South Texas and Alberta.

Additionally, although the Company was under a cease trade order for almost a year, the Company has moved forward and the cease trade order was revoked on April 20, 2017. Shares of the Company resumed trading on the TSX-Venture Exchange and the Company resumed the process of pursuing private placement participants to help resolve the working capital deficiency and continue development of the Company's assets.

The Company has a long history of successful private placements and anticipates that it will be able to complete private placements in the future. The Company completed the following Private Placements in 2019.

On January 23, 2019, the Company was able to close the following private placement for proceeds of $500,000:

Number of units: 25 million common share units (Each unit consists of one common share and one common share purchase warrant, exercisable for 12 months at a price of five cents.)

Purchase price: $0.02 per unit

On August 15, 2019, the Company was able to close the following private placement for proceeds of $500,000:

Number of units: 33.33 million common share units (Each unit consists of one common share and one common share purchase warrant, exercisable for 12 months at a price of five cents.)

Purchase price: $0.015 per unit

All of the Common Shares and Warrants issued pursuant to the private placements were/are subject to a 4-month hold period. The terms of these private placements are according to the TSX Venture Exchange Discretionary Waivers of $0.05 Minimum Pricing Requirement Bulletin dated April 7, 2014 and are subject to the final approval of the TSX Venture Exchange.

LOANS AND CREDIT FACILITIES

- **Convertible debt**

  On January 1, 2012, the Company entered into a loan agreement (the "Loan Agreement") with a corporation owned and controlled by a party who is also a significant shareholder of the Company (the "Lender") whereby the Company received a $150,000 USD ($204,750 CAD) loan with a maturity date of one year (the "Original Loan"). Pursuant to the Loan Agreement, if it is mutually agreed upon by both parties, the maturity date can be extended by an additional year. During the years ended December 31, 2015 and 2014, the Lender advanced an additional loan amount of $75,000 and $100,000 (the "Advances"), respectively, to the Company under the same terms as the Original Loan. At each maturity date, the Company and the Lender mutually agreed to extend the Original Loan and the Loan advances by an additional year. Interest on the Loan is 12% per annum, payable monthly, on the outstanding principal amount. Security for the loan consists of a $150,000 promissory note issued to the Lender and monthly production from certain Texas assets equivalent to the principal portion of the loan and any unpaid interest.

At the option of the Lender, and subject to regulatory approval, the entire principal amount of the Original Loan, or any portion outstanding, may have been converted to shares in the Company with a discount of 25% to the market trading price at the time of conversion, at any time during the term.

During the year ended December 31, 2019, the Company incurred interest of nil (December 31, 2018 - $31,601) and the carrying amount of the Advances are nil (2018 - $379,750).

On May 31, 2018, the Company entered into an agreement to settle the convertible debt and short-term loan (Note 13(a)). The convertible debt and the short-term loan had aggregate accrued interest of $301,686 recorded in accounts payables and accrued liabilities. On February 4, 2019, the Company received regulatory approval and settled all amounts owing via the issuance of 15,493,178 common shares of the Company at a price of $0.05 per share for a total of $924,659 (Note 15(a)). The Company's share price was trading at $0.02 per common share on this date and $554,795 was recorded to contributed surplus to record the difference in share price at the date of settlement as it was determined that the shareholder creditor was acting in its capacity as a shareholder. The related party controlled directly and indirectly 31,537,000 common shares of the Company on February 10, 2019, the date the shares were issued. The shareholder creditor waived all additional interest from May 31, 2018, the date of the settlement agreement.

- Demand loan

On May 12, 2015, the Company entered into a loan agreement (the "Demand Loan") with a corporation owned and controlled by a party who is also a significant shareholder of the Company (the "Lender") for up to an amount of $150,000. The Demand Loan is due on the demand of the Lender and bears interest of 8.00% per annum, compounded monthly. At December 31, 2019, the Company paid down the loan to $75,000 (December 31, 2018 - $105,500) and has accrued interest of $3,178 (December 31, 2018 - $49,344). The Company may repay the Demand Loan in full at any time prior to demand without notice or penalty.

- Short-term loan

a) During the year ended December 31, 2016, the Company received a short-term loan (the "Short-term Loan") from the Lenders associated with the Convertible debt (note 11), collectively, the Lenders (the "Lenders") in the maximum available amount of $350,000. A set-up fee of $6,000 was charged by the Lenders, and was included in general and administrative expenses. Interest on the Short-term Loan is 10% per annum, compounded monthly. The Short-term Loan matured December 1, 2016. The Company may re-pay some or all of the outstanding balance of Short-term Loan without notice or penalty.

As security for the total Short-term Loan, if the Short-term Loan is not repaid by the maturity date (December 1, 2016), at the option of the Lenders (the "Option"), the Lenders may acquire the 10% equity investment in PRI for an amount equal to the amounts owing by the Company to the Lenders at that time. If the option is exercised by the Lenders, the Lenders have granted the Company the ability to re-acquire the 10% equity investment in PRI for a period of 9 months from Option exercise date insofar as the Short-term Loan is fully repaid.

At December 31, 2019, the total amount outstanding under the Short-term Loan is nil (December 31, 2018 - $200,000), and during the year ended December 31, 2019 incurred interest of nil (December 31, 2018 - $43,193). The Short-term loan and accrued interest was settled for common shares on February 4, 2019 (Note 11).

The following table summarizes the accounting of the Loan:

	$
Balance, December 31, 2017	**225,000**
Repayment of loan	(25,000)
Balance, December 31, 2018	**200,000**
Settled through issuance of common shares	(200,000)
Balance, December 31, 2019	-

b) The loans are due to a significant shareholder in the Company. Under the terms of a loan agreement the maturity date was September 15, 2015 and is now due on demand. These loans are unsecured and non-interest bearing. At December 31, 2019 $519,520 (December 31, 2018 - $546,000) was outstanding.

- Note Payable and Credit facility

a) The Company closed a loan agreement (the "Loan Agreement") with a private company (the "Lender"), whereby the Lender issued to the Company a Note payable with the ability to borrow up to $6,250,000 (the "Note payable"). The Lender is a significant shareholder of the Company. The Note Payable will have an interest free period until October 1, 2017, at which point the Note payable will bear interest at a rate equal to Prime Rate plus 1.5% per annum. The Note payable is payable upon demand by the Lender, and is secured over all of the assets of the Company.

During the year ended December 31, 2018, the company transferred their units in the Partnership to a related party (Note 7). The transfer of the units resulted in a draw down on the related party loan for $407,677.

At December 31, 2019, the total amount outstanding under the Loan is $5,785,406, (December 31, 2018 - $5,785,406), and during the year ended December 31, 2019, the Company incurred interest of $438,615 (December 31, 2018 - $291,207). Total accrued interest is $729,822.

As part of the PRI acquisition, the Company acquired a credit facility. The credit facility is due to a significant shareholder in the Company. The Credit facility may be drawn up to $4,600,000. At December 31, 2019 the principal balance was $4,127,311 (2018 - $4,330,856) and unpaid interest is $859,001. Interest of $314,636 (December 31, 2018 - $309,549) was expensed in the statement of comprehensive loss. The Credit facility bears interest at 9% and repayment terms are at 35% of PRI gross revenues. The credit facility is secured by Deed of Trust and financing statements. At year end, the Company was not in compliance with repayment terms and as such, this credit facility has been classified as a current liability.

While the measures to address the Company's working capital deficiency outlined in the paragraphs above will help, it is noted that these measures alone will not resolve the working capital deficiency in its entirety and as such the Company will carry a working capital deficiency for the foreseeable future. As such there is the risk that the Company many not be able to meet all of its financial obligations. In the long term it will be necessary for the Company to establish sufficient cash flows from operations to completely resolve the working capital deficiency.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not party to any arrangements that would be excluded from the balance sheet.

RELATED PARTIES

Related party transactions not disclosed elsewhere in these consolidated financial statements are as follows:

a) The following amounts are due from related parties:

During the year ended December 31, 1999, a promissory note was issued by an officer of the Company bearing interest at 3% per annum with no fixed maturity date, unless the officer's employment is terminated or he is petitioned into bankruptcy wherein the note and accrued interest becomes immediately payable. During the year ended December 31, 2014, the Company revised the terms of the loan (the "Revised Promissory Note"), including fixed repayment terms and removing the term securing the note with 393,000 common shares of the Company. Historically the aggregate decline in the fair value of these common shares since the inception of the promissory note would offset the amount receivable (December 31, 2013 – fair value allowance $240,789). Under the Revised Promissory Note, a balance of $247,970, including the principal of $218,500 and accrued interest, is payable by the officer to the Company. The payments were to commence on December 31, 2015, and be paid annually in $50,000 tranches until December 31, 2018, with the final payment of $47,970 due on December 31, 2022. Interest is accruing at 1% per annum, and is payable annually commencing December 31, 2015, concurrently with each principal payment. The officer may repay the principal amount in whole or in part at any time. As of December 31, 2019, the officer had not yet paid the initial instalment, and the payment term has been extended to begin on December 31, 2019. The terms of the loan agreement do not provide the Company with recourse to ensure repayment. Thus, the share purchase loan has been presented as a deduction from equity.

b) Additional related party transactions not disclosed elsewhere in these consolidated financial statements are as follows:

(i) Aggregate fees of $Nil (December 31, 2018 - $Nil) were charged by directors of the Company all of which was recorded in the consolidated statement of comprehensive loss.

(ii) Aggregate fees of $82,500 (December 31, 2018 - $82,500) were charged by corporations, which are owned and controlled by other equity investors in PRI, and were all recorded as general and administrative costs.

(iii) Included in accounts payable at December 31, 2019 was $536,852 owing to officers of the Company (December 31, 2018 - $437,042).

Key management compensation

During the year ended December 31, 2019, $573,886 (December 31, 2018 - $508,888) in management compensation was incurred. Of which, $413,109 was recognized to the consolidated statement of comprehensive loss (December 31, 2018 – $387,515) and $160,777 was capitalized to property and equipment in the consolidated statement of financial position (December 31, 2018 - $105,678).

Corporate Cease Trade Orders

Other than as set forth below, no director or proposed director of the Corporation is, or has been within the past ten years, a director or officer of any other company that, while such person was acting in that capacity:

(i) was the subject of a cease trade or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days;

(ii) was subject to an event that resulted, after that individual ceased to be a director or officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days; or

(iii) within a year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On May 5, 2016, the Alberta Securities Commission issued a cease trade order against the Corporation as a result of the Corporation's failure to file its annual audited financial statements, annual management's discussion and analysis, and certification of annual filings for the year ended December 31, 2015 (the "**2015 Unfiled Documents**"). The Corporation was also the subject of cease trade orders issued by the Ontario Securities Commission on May 10, 2016 and the British Columbia Securities Commission on May 12, 2016 for failure to file its 2015 Unfilled Documents. On May 6, 2016 the TSXV suspended trading in the Corporation's securities as a result of the cease trade order issued by the Alberta Securities Commission. The 2015 Unfiled Documents were ultimately filed on August 2, 2016. The cease trade order was revoked by the Alberta Securities Commission on April 20, 2017 (and was automatically revoked in the other jurisdictions). All of the proposed directors of the Corporation were directors at the time such cease trade orders were issued.

On May 8, 2017, the Alberta Securities Commission issued a cease trade order against the Corporation as a result of the Corporation's failure to file its annual audited financial statements, annual management's discussion and analysis, and certification of annual filings for the year ended December 31, 2016 (the "**2016 Unfiled Documents**").

On May 25, 2017, further to the TSX Venture Exchange bulletin dated May 5, 2016, the cease trade orders issued by the Alberta Securities Commission dated May 5, 2016, and May 8, 2017, were revoked. At the opening, Friday, May 26, 2017, trading was reinstated in the securities of the company**.**

In 2010, Budget Waste Inc. filed for CCAA proceedings. Kendall Dilling was a director of Budget Waste Inc at that time. Mr. Dilling currently serves as a director of Nexera.

COMMITMENTS

a) The Company raised capital through the issuance of flow-through shares in 2009, 2010 and 2011 which provided indemnity to the subscriber for additional taxes payable if the Company was unable to, or failed to, renounce the qualifying expenditures as agreed. The Company was not able to spend $824,338 of the flow-through funds raised. The Company is exposed to costs for the indemnification of the subscribers. The Company has estimated a potential liability on the amount of $291,628 at December 31, 2019 (December 31, 2018 - $290,567). The Company has also estimated a potential liability for penalties and taxes in the amounts of $16,399, (December 31, 2018 - $16,399) and is included in accounts payable and accrued liabilities. The accrued amount is subject to measurement uncertainty due to the tax filing positions of the subscribers, their tax rates and the amount of personal taxes that may be payable and the interpretation of the indemnity agreement, which will not be known until potentially affected subscribers are reassessed for their tax positions by the Canada Revenue Agency and these amounts become known to the Company.

b) During the year ended December 31, 2015, the Company settled a contingent liability totaling $145,512 with a third party who performed oil field services for the Company. The obligation is secured by a take in kind revenue arrangement from one of its gas wells to and in favor of the third party in case of default. The settlement was fair valued at $107,912 using Level II valuation techniques with a discount rate of 25%. The Company is required to make 35 monthly payments of $4,300 starting July 1, 2015 to May 1, 2018 and final installment of $3,800 to be paid on June 1, 2018. As of December 31, 2019, the Company has not made payment in line with the agreed repayment schedule). Accordingly, the remaining balance of $87,315 (2018 - $87,773) is now considered as due on demand.

c) A former supplier of the Company submitted a claim against Nexera for $78,474 USD ($98,446 CAD) of the amount the supplier is seeking for breach of written agreement for well pumping equipment and services on a well situated in Guadalupe County, Texas in September of 2014. The Company made a counter claim against the supplier asserting no liability based upon defective equipment having been leased by the Plaintiff. As at December 31, 2019 the lawsuit was still in pending status with no expected date of settlement.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions that have not been disclosed at this time.

FINANCIAL RISK MANAGEMENT

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Fair values

The Company's financial instruments consist of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities, the shareholder indemnity, the note payable, the convertible debt, the short-term loan, credit facility, other liabilities and the demand loan.

Financial instrument	Classification	Carrying value $	Fair value $
Cash	Amortized cost	99,013	99,013
Short-term investments	Amortized cost	349,226	349,226
Trade and other receivables	Amortized cost	385,823	385,823
Accounts payable and accrued liabilities	Amortized cost	7,122,891	7,122,891
Shareholder indemnity	Amortized cost	291,628	291,628
Demand loan	Amortized cost	75,000	75,000
Short term loan	Amortized cost	519,520	519,520
Credit facility	Amortized cost	4,127,311	4,127,311
Note payable	Amortized cost	5,785,406	5,785,406
Other liabilities	Amortized cost	111,496	111,496
Lease liability	Amortized cost	103,544	103,544

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level I are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level II include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level III valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

At December 31, 2019, the Company's cash and short-term investments have been subject to amortized cost valuation. The investment in the Partnership is level II. The current financial assets and liabilities approximate their fair value due to their current nature.

b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint interest partners and oil and natural gas marketers.

Virtually all of the Company's trade and other receivables are from companies in the oil and gas industry and are subject to normal industry credit risks. Credit risks arise principally from the amounts owing to the Company from oil and natural gas marketers and joint interest partners. Management does not believe that any significant concentration of trade and other receivables exists that will result in any loss to the Company based on clients' past history of default and forward looking estimates. Receivables from oil and natural gas marketers are normally collected on the 25th day of the month following production. The Company's policy to mitigate credit risk associated with these balances is to establish relationships with large marketers. However, the receivables are from participants in the petroleum and natural gas sector and collection of the outstanding balances is dependent on industry factors such as commodity price fluctuations and escalating costs. The Company does not typically obtain collateral from oil and natural gas marketers or others in the event of non-payment.

At December 31, 2019, the Company's trade and other receivables have been aged as follows:

	December 31, 2019	December 31, 2018
Days outstanding	**$**	$
0-30 days	**22,569**	82,763
31-60 days	**5,181**	8,083
61-90 days	**-**	5,873
Greater than 90 days	**37,707**	45,459
Total	**65,457**	142,178

Cash consists of cash bank balances held in both interest and non-interest bearing accounts. The Company manages credit exposure of cash by selecting financial institutions with high credit ratings.

Amounts outstanding for more than 90 days are considered past due. During the year ended December 31, 2019, the Company wrote off $nil of trade and other receivables (December 31, 2018 –$161,060). As at December 31, 2019, a provision for doubtful accounts of $187,341

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity through operations, debt financing, or raising equity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. The Company also attempts to match its payment cycle with collection of oil and natural gas revenue.

d) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's loss or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing returns.

(i) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted by not only the relationship between the Canadian and United States dollar but also world economic events that dictate the levels of supply and demand. All of the Company's oil and gas production is sold at spot rates exposing the Company to the risk of price movements.

The Company had no commodity call options outstanding as at December 31, 2019 (2018 – none).

(ii) Currency risk:

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and the United States and a portion of its expenses are incurred in United States dollars. The Company does not hedge its exposure to fluctuations in the exchange rate. Future changes in exchange rates could have a material effect on the Company's business including its intended capital plans, its financial condition and results of operations.

Certain of the Company's financial instruments are exposed to fluctuations in the United States dollar, including cash, trade and other receivables and accounts payable and accrued liabilities. As at December 31, 2019, an increase or decrease of 10% to the foreign exchange rate between the United States dollar and the Canadian dollar applied to the average level of United States denominated cash would have had approximately a $29,790 (December 31, 2018 - $42,481) impact on the Company's comprehensive loss for the year.

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at December 31, 2019, all of the Company's debt, including the loan, the convertible debt, the demand loan and the short-term loan, bears fixed interest rates and accordingly, is not subject to market interest rate fluctuations.

The Company has no interest rate swaps or financial contracts in place as at or during the year ended December 31, 2019 or 2018.

e) Capital management

The Company's capital consists of shareholders' deficiency, the credit facility, the note payable, the loan, the convertible debt and working capital. The Company will adjust its capital structure to manage its current and future debt, drilling programs and potential corporate acquisitions through the issuance of shares, sourcing additional debt financing and adjustments to capital spending. The Company's objective for managing capital is to maximize long-term shareholder value by ensuring adequate capital to achieve the Company's objectives. The Company is not subject to any external capital requirements.

Management reviews its capital management approach on an ongoing basis and believes its current approach is reasonable. There has been no change in management's approach to capital management during the year.

SEGMENTED INFORMATION

The Company's primary operations are limited to a single industry being the acquisition, exploration for and development of petroleum and natural gas.

Product segmentation is as follows:

Revenue	Oil	Natural Gas	NGL's	Total
December 31, 2019 ($)	1,064,488	24,124	7,744	1,096,356
December 31, 2018 ($)	1,115,132	21,048	18,311	1,154,491

Geographical segmentation is as follows:

			December 31, 2019 ($)
	Canada	United States	Total
Petroleum and natural gas sales	55,508	1,040,848	1,096,356
Depletion, depreciation and impairment	59,504	4,253,482	4,312,986
Net loss	(1,238,404)	(4,529,509)	(5,767,913)
Property and equipment	-	5,009,276	5,009,276
Total liabilities	11,413,746	7,907,950	19,321,696

			December 31, 2018 ($)
	Canada	United States	Total
Petroleum and natural gas sales	50,403	1,104,088	1,154,491
Depletion, depreciation and impairment	449,466	946,496	1,395,962
Net loss	(1,519,361)	(1,569,524)	(3,088,885)
Property and equipment	52,241	6,265,403	6,317,644
Exploration and evaluation assets	-	2,881,857	2,881,857
Total liabilities	10,226,475	9,969,327	20,195,802

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable in series. As of the date hereof, the Company's issued share capital and the outstanding securities that are convertible into or exercisable or exchangeable for any voting or equity securities of the Company is as follows:

	June 15,2020	December 31, 2019
Common Shares	*23,606,891	354,103,367
Warrants	2,222,222	58,333,333
Stock Options	Nil	Nil

*Subsequent the year end, the Company consolidated the issued and outstanding common shares of the Company on a “1 new share for 15 old” basis.

Share capital

a) Authorized

Unlimited number of common shares with voting rights
Unlimited number of preferred shares, issuable in series

Issued

	Number of Common Shares	Amount $
Balance, December 31, 2017	**247,276,856**	**12,767,569**
Private placement (i)	10,000,000	150,000
Value of warrants pursuant to private placement (i)		(145,237)
Share issue costs (i)		(1,900)
Private placement (ii)	20,000,000	500,000
Value of warrant pursuant to private placement (ii)		(470,529)
Share issue costs (ii)		(6,154)
Expiry of warrants		561,395
Share issuance costs for expired warrants		(5,006)
Balance, December 31, 2018	**277,276,856**	**13,350,142**
Private placement (iii)	25,000,000	500,000
Value of warrants pursuant to private placement (iii)		(388,928)
Share issue costs (iii)		(15,479)
Shares for Debt (Note 11 and 13(a))	18,493,178	369,864
Private placement (iv)	33,333,333	500,000
Value of warrants pursuant to private placement (iv)		(445,320)
Share issuance costs (iv)		(8,704)
Expiry of warrants (i and ii)		615,762
Share issuance costs for expired warrants (i and ii)		(8,054)
Balance, December 31, 2019	**354,103,367**	**14,469,283**

(i) On January 3, 2018, the Company completed a private placement (the “Private Placement”), issuing 10,000,000 units (the “Unit”). Each Unit was issued at $0.015 for total proceeds of $150,000, and consists of one common share of the Company and one share purchase warrant (the “Warrant”). Each Warrant entitled the holder to purchase one additional common share of the Company at $0.05 per share, exercisable for 1 year from the original issue date. The Company allocated $145,237 of the unit value to warrants (note 15(b)). Pursuant to the Private Placement, the Company incurred $1,900 in cash share issue costs, which was allocated to the warrants.

(ii) On April 27, 2018, the Company completed a private placement (the “Private Placement”), issuing 20,000,000 units (the “Unit”). Each Unit was issued at $0.025 for total proceeds of $500,000, and consists of one common share of the Company and one share purchase warrant (the "Warrant"). Each Warrant entitled the holder to purchase one additional common share of the Company at $0.05 per share, exercisable for 1 year from the original issue date. The Company allocated $470,529 of the unit value to warrants (note 15(b)). Pursuant to the Private Placement, the Company incurred $6,154 in cash share issue costs, which was allocated to the warrants.

(iii) On January 23, 2019, the Company completed a private placement (the "Private Placement"), issuing 25,000,000 units (the "Unit"). Each Unit was issued at $0.02 for total proceeds of $500,000, and consists of one common share of the Company and one share purchase warrant (the "Warrant"). Each Warrant entitled the holder to purchase one additional common share of the Company at $0.05 per share, exercisable for 1 year from the original issue date. The Company allocated $388,928 of the unit value to warrants (note 15(b)). Pursuant to the Private Placement, the Company incurred $15,479 in cash share issue costs, which was allocated to the shares. The warrants have expired subsequent to year-end.

(iv) On August 15, 2019, the Company completed a private placement (the "Private Placement"), issuing 33,333,333 units (the "Unit"). Each Unit was issued at $0.015 for total proceeds of $500,000, and consists of one common share of the Company and one share purchase warrant (the "Warrant"). Each Warrant entitled the holder to purchase one additional common share of the Company at $0.05 per share, exercisable for 1 year from the original issue date. The Company allocated $445,320 of the unit value to warrants (note 15(b)). Pursuant to the Private Placement, the Company incurred $8,704 in cash share issue costs, which was allocated to the shares.

b) Warrants

Warrants to acquire common shares outstanding at December 31, 2019 are as follows:

	Number of warrants issued and exercisable	Amount $	Weighted average exercise price $	Weighted average Remaining life (years)
Balance, December 31, 2017	**48,666,667**	**556,389**	**0.05**	**1.0**
Expiry of share purchase warrants	(48,666,667)	(561,395)	-	-
Share issuance costs for expired warrants	-	5,006	-	-
Share issue costs	-	(8,058)	-	-
Share purchase warrants issued (note 15(b)(i))	10,000,000	145,237	0.05	1.0
Share purchase warrant issued (note 15(b)(ii))	20,000,000	470,529	0.05	1.0
Balance, December 31, 2018	**30,000,000**	**607,708**	**0.05**	**1.0**
Expiry of share purchase warrants	(30,000,000)	(615,762)	-	-
Share issuance costs for expired warrants	-	8,054	-	-
Share purchase warrant issued (note 15(b)(iii))	25,000,000	388,929	0.05	1.0
Share purchase warrant issued (note 15(b)(iv))	33,333,333	445,320	0.05	1.0
Balance, December 31, 2019	**58,333,333**	**834,249**	**0.05**	**1.0**

25,000,000 warrants (note 15(b)(iii)) have expired subsequent to year-end.

The fair value of the share purchase warrants granted during the year are estimated at the grant date using the Black-Scholes option pricing model and have been credited to warrants within shareholders' deficiency. A weighted average of the assumptions used in the calculation is noted below:

	2019	2018
Risk-free rate	**1.58%**	1.79 %

Expected life	**1 year**	1 year
Expected volatility	**337%**	428%
Fair value per warrant	**$0.014**	$0.021

Volatility was determined based on the Company's historical share prices.

d) Stock options

The Company established a share option plan (the "Plan") for the benefit of officers, directors, employees and consultants of the Company. Under the Plan, the number of common shares to be reserved and authorized for issuance pursuant to options granted under the Plan cannot exceed 10% of the total number of issued and outstanding shares of the Company. The term, the vesting period and the exercise price are determined at the discretion of the Board of Directors. However, the maximum option term shall not exceed five years.

The following table summarizes information about the Company's stock options outstanding at December 31, 2019 and 2018:

	December 31, 2019		December 31, 2018	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Stock options, beginning of year	**6,700,000**	**0.05**	6,700,000	0.05
Expired	**(6,700,000)**	**-**	-	-
Stock options outstanding, end of year	**-**	**-**	6,700,000	0.05

The total stock options outstanding at December 31, 2018 are as follows:

Exercise price ($)	Options outstanding	Weighted average remaining term (years)	Weighted average exercise price ($)
0.05	6,700,000	0.80	0.05

As at December 31, 2019, all stock options have expired.

During the year ended December 31, 2019 and 2018, the Company did not recognized any share-based payment expense.

e) Per share data

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share. Under this method, it is assumed that proceeds from the exercise of dilutive securities are used by the Company to repurchase Company shares at the average price during the year.

All warrants, finder's options and stock options have been excluded from the calculation of diluted shares outstanding as they would be anti-dilutive due to the loss position of the Company.

SUBSEQUENT EVENTS

On February 3, 2020, the Company acquired 30 oil and gas leases from Advantagewon Oil Corp. in the LaVernia field of Wilson and Guadalupe Counties, Texas. The purchase price paid is USD$350,000 paid by: (i) USD$50,000 cash payment, and (ii) issuance of common shares of the Company subject to acquisition of the shares by the Company or its designee for USD$300,000.

On February 28, 2020, the Company held a special meeting of the shareholders whereby the shareholders approved a consolidation of the issued and outstanding shares of the Company on a “1 new for 15 old” basis and change the name of the Company from Emerald Bay Energy Inc. to Nexera Energy Inc. (formerly “Emerald Bay Energy Inc.”) The Company’s new stock symbol for trading on the TSX Venture Exchange will be “NGY”.

On April 15, 2020, the Company sold 50 % of its interest in the oil & gas leases acquired from Advantagewon above to Hagco Energy Inc. The purchase price is $186,000.00 USD.