NEXERA

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis (MD&A) should be read in conjunction with Nexera Energy Inc. (the "Company") interim Consolidated Financial Statements for the three months ended December 31, 2023 and the audited annual Consolidated Financial Statements for the year ended December 31, 2022. 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 March 4, 2024.

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.

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, 2022. 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

Nexera Energy Inc. (the "Company") was incorporated under the Business Corporations Act of Alberta on May 9, 1997 and is listed on the TSX Venture exchange. The Company is engaged in the exploration for and development of petroleum and natural gas properties, principally in Alberta, Canada and Texas, USA. The Company is listed on the TSX Venture exchange under the symbol "NGY.V". The Company's registered head office is located at #3A, 4015 – 1 Street South East, Calgary, Alberta, Canada T2G 4X7.

At December 31, 2023, the Company had not yet achieved profitable operations, had an accumulated deficiency of $44,632,712 since its inception and had a working capital deficiency of $24,198,097 (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 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.

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 Q4 2023 AND SUBSEQUENT:

<u>On February 15, 2024 the Company announced a Private Placement of Debentures to establish a Commerial Well Plugging Business Unit</u>

The details of the Debentures are as follows: (i) the Debentures will mature on the date that is two (2) years from the date of issuance (if not otherwise converted or prepaid) (the "**Maturity Date**"); (ii) the Debentures will bear interest at a rate of 12% per annum, calculated and paid quarterly in arrears; (iii) upon maturity or redemption of each Debenture, the Corporation will pay any outstanding principal and any accrued and unpaid interest in cash; (iv) each Debenture may be redeemed early by the Corporation, at its option; (v) the Debentures shall be convertible (only the principal amount and not the interest) at the option of the subscriber into units of the Corporation ("**Units**") at a conversion rate of $0.025 per Unit in the first year and $0.10 per Unit thereafter and prior to the Maturity Date or redemption by the Corporation. Each Unit consists of one Common Share of the Corporation and one common share purchase warrant (each whole warrant, a "**Warrant**") of the Corporation. Each whole Warrant shall entitle the holder thereof to acquire one additional Common Share at a price of $0.10 per Common Share on or prior to the Maturity Date; and (vi) If the holder proposes to convert the outstanding principal into Units (which is triggered at the option of the holder or redemption by the Corporation, both prior to the Maturity Date), the Corporation shall have the option to: (a) issue the Units at the conversion price to the holder; or (b) return the principal amount and accrued interest in cash to the holder plus an amount equal to 10% of the principal amount.

100% of the net proceeds of the Offering will be utilized within the Corporation's wholly owned subsidiary, Production Resources Inc. ("**PRI**"), to pursue a growing oil and gas services opportunity. PRI is proposing to take advantage of its already owned equipment, along with using net proceeds from the Offering to acquire additional equipment and labour to pursue a cement services branch within PRI. This branch of business would pursue the plugging and abandonment of some of PRI's own wells, along with wells owned by other operators in the South Texas region. This diversified services approach benefits both the Corporation on its own wells owned (through PRI) by not having to pay an external third party to assist with the plugging and abandoning our own wells (saving the Corporation up to $12,000 per well) while at the same time allowing for additional revenues to be potentially generated by assisting other operators in the area with the plugging and abandonment of their wells (of which management of the Corporation believes there to be a high demand for in the area).

Specifically, the Corporation anticipates using 100% of the net proceeds as follows: (i) equipment purchases - $170,000; (ii) equipment refurbishing - $110,000; (iii) field testing - $120,000; (iv) permitting and commercialization - $85,000; (v) labour - $100,000; and (vi) any balance leftover would go to working capital purposes. No amounts/0% of the net proceeds shall be paid to: (i) Non-Arm's Length Parties of Nexera; and (ii) Persons conducting Investor Relations Activities, as defined in the TSX Venture Exchange policies.

All of the securities issued pursuant to the private placement are subject to a four-month hold period. The Debentures and the Warrants will not be listed on any stock exchange. Completion of this Offering remains subject to the final approval of the TSX Venture Exchange.

<u>On February, 2024 the Company announced that it was changing its year end</u>

The Company has changed its year-end to December 31st from March 31st. Nexera's transition year will be the fifteen-month period ending March 31, 2024. The new financial year will be the 12-month period ending March 31, 2025. This will provide cost savings to the Corporation's by changing the year-end financial reporting to a date that is not the same as the substantial majority of publicly traded companies.).

<u>On November 28, 2023 the Company increased its Ownership in the MarPat Leases</u>

The Company increased its ownership in the Marpat leases in the Somerset field of Bexar County, Texas, from 25% to 100% for approximately USD $160,000.

At the time of the acquisition the Marpat properties consisted of four leases, with four oil wells per lease. The leases were consolidated into one lease, with 17 wells, and the Company has sold a 50% interest in Marpat lease for CDN $300,000. The Company will use the funds from the sale to bring all Marpat wells on production as well as optimizing other wells that the Company owns in the Somerset field.

Shelby Beattie, CEO of Nexera commented, "We are thrilled to have reached these agreements as we take advantage of high oil prices. Acquisitions such as these are a key part of Nexera's strategy to grow daily production using our Company's unique ability to operate shallow oil wells efficiently and cost effectively

The Company will continue to pursue a carefully designed capital expenditure program at the Company's Stockdale Prospect, La Vernia assets, the Wooden Horse Kuhn Wells, 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 YEAR TO DATE FINANCIAL INFORMATION

	Three months ended December 31		**Twelve months ended December 31**	
	2023	2022	**2023**	2022
FINANCIAL				
Gross revenue	**347,746**	486,300	**1,519,623**	1,974,735
Total assets	**2,452,686**	3,833,497	**2,452,686**	3,833,497
Cash flows used in operations	**(9,414)**	281,179	**(465,724)**	151,269
Net comprehensive income (loss)	**(2,602,588)**	(673,464)	**(5,187,309)**	(2,913,889)
Per share – basic and diluted	**0.03**	0.01	**0.05**	0.04
OPERATIONS				
Production sales				
Oil (BBLs/d)	**40**	41	**42**	46
Natural gas (MCF/d)	**30**	32	**25**	30
NGL (BBLs/d)	**0**	0	**0**	0
Total (BOE/d @ 6 MCF: 1 BBL)	**45**	49	**47**	51
Average pricing				
Natural gas ($/MCF)	**9.40**	15.15	**10.9**	11.04
Oil and NGL's($/BBL)	**96.04**	90.13	**94.99**	126.60
Combined ($/BOE)	**92.97**	94.64	**92.31**	124.22
Expenses				
Production expense & transportation ($/BOE)	**30.67**	47.87	**30.38**	37.62
Royalty expense ($/BOE)	**23.70**	23.33	**23.67**	30.25
Net Back Combined ($/BOE)	**37.90**	23.44	**38.26**	56.35

GENERAL & ADMINISTRATIVE EXPENSES

After recoveries, general and administrative expenses ("G&A") were $356,209 and $1,814,089, respectively, during the three and twelve months ended December 31, 2023 from $498,762 and $1,600,656, respectively, for the same period during 2022. The Company's G&A is reflective of the Company's efforts to escalate optimizing existing wells in the current pricing environment for oil.

	General & Administrative Expenses			
	Three months ended December 31		**Twelve months ended December 31**	
	2023 ($)	2022 ($)	**2023 ($)**	2022 ($)
Net G&A expense	**356,209**	498,762	**1,814,089**	1,600,656

DECOMMISSIONING LIABILITIES

Decommissioning liabilities are the present value of management's estimate of future costs to be incurred to properly abandon and reclaim the properties held by the Company. Accretion expense is the increase in the decommissioning liability resulting from the passage of time. Decommissioning liabilities decreased from $3,829,742 as at December 31, 2022 to $2,907,526 as at December 31, 2023.

DEPLETION& DEPRECIATION

Depletion and depreciation expense, an accounting measure of our finding and on-stream costs, is calculated using the ratio of capital costs to proven reserves. Capital costs include the net book value of historical costs incurred and estimated future expenditures to develop proved reserves.

	Depletion and Depreciation			
	Three months ended Dec 31		**Twelve months ended Dec 31**	
	2023 ($)	2022 ($)	**2023 ($)**	2022 ($)
Depletion and depreciation	**(20,259)**	8,869	**182,989**	301,092

Depletion and depreciation expense, an accounting measure of our finding and on-stream costs, is calculated using the ratio of capital costs to proven reserves. Capital costs include the net book value of historical costs incurred and estimated future expenditures to develop proved reserves.

CAPITAL EXPENDITURES

	Twelve months ended September 30,	
	2023 ($)	2022 ($)
Exploration and evaluation expenditure	**-**	-
Capital expenditures	**(61,075)**	(94,295)

The exploration and evaluation expenditures related to the Company's exploration program in Texas decreased period over period as the Company began its next phase in the optimization development and production of the exploration assets which have targeted the Austin Chalk and other formations.

QUARTERLY FINANCIAL INFORMATION

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

Quarterly Financial Information	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
($000 except per share and unit values)	**2023**	**2023**	**2023**	**2023**	**2022**	**2022**	**2022**	**2022**
Petroleum and natural gas sales	348	368	338	467	487	435	496	557
Net loss	(2,602)	(830)	(1,189)	(561)	283	(956)	(441)	(844)
Net loss per share								
Basic and diluted	(0.03)	(0.01)	(0.02)	(0.01)	(0.05)	(0.02)	(0.01)	(0.01)
Average daily sales								
Natural gas (MCF/d)	30	23	23	26	8	32	7	29
Oil/NGL (BBLs/d)	40	37	41	50	41	49	36	52
Barrels of oil equivalent (BOE/d)	45	41	45	55	49	54	37	57
Average sales prices								
Natural Gas ($/MCF)	9.40	11.31	9.18	12.70	15.15	9.95	7.37	15.93
Oil/NGL ($/BBL)	96.04	101.31	91.92	93.50	90.13	126.60	144.27	108.93
Sales price of oil equivalent ($/BOE)	92.27	99.01	88.84	92.01	94.64	124.22	140.94	108.05
Operating costs ($/BOE)	30.67	34.34	25.13	31.90	47.87	37.32	60.01	30.56
Royalty Expense ($/BOE)	23.70	25.16	23.35	22.96	23.33	30.25	36.27	26.82
Operating netback ($/BOE)	37.90	39.51	40.37	37.14	23.44	56.35	29.89	(2.71)

Explanation of Quarterly Variances

On a quarter by quarter basis, production volumes, and accordingly petroleum and natural gas sales, have increased with the consolidation of Emerald Bays financial with PRI. Canadian production remained minimal, with little fluctuation. The Company continues to focus on the exploration and development of its South Texas assets.

LIQUIDITY & CAPITAL RESOURCES

In order to resolve its working capital deficiency of 24,198,097, and to access additional share equity, the Company will continue to emphasize its exploration program in Texas.

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.

The Company has a long history of successful private placements and anticipates that it will be able to complete private placements in the future. At the time of this writing the Company has completed the following Private Placement in 2023 and proposed an additional Private Placement subsequent.

EQUITY FINANCINGS

(i) On April 20, 2023, the Company reported that it has closed its previously announced non-brokered private placement. Pursuant to this closing, an aggregate $1,000,000 of convertible unsecured debentures (the "**Debentures**") of the Company (the "**Offering**") were issued (of which $300,000 was acquired by a director of the Company). In addition to the Debentures, an aggregate 0.70% of royalty interests ("**Royalty Interests**") of the Company were also issued (0.01% Royalty Interest for every $10,000 subscribed for under the Offering by non-insiders). The cash proceeds from the offering aggregate $287,500 and the remainder represents the settlement of debt.

(ii) On February 15, 2024, Nexera Energy Inc. proposed a non-brokered private placement offering of up to $650,000 of convertible unsecured debentures of the corporation.

The details of the Debentures are as follows: (i) the Debentures will mature on the date that is two (2) years from the date of issuance (if not otherwise converted or prepaid) (the "Maturity Date"); (ii) the Debentures will bear interest at a rate of 12% per annum, calculated and paid quarterly in arrears; (iii) upon maturity or redemption of each Debenture, the Corporation will pay any outstanding principal and any accrued and unpaid interest in cash; (iv) each Debenture may be redeemed early by the Corporation, at its option; (v) the Debentures shall be convertible (only the principal amount and not the interest) at the option of the subscriber into units of the Corporation ("Units") at a conversion rate of $0.025 per Unit in the first year and $0.10 per Unit thereafter and prior to the Maturity Date or redemption by the Corporation. Each Unit consists of one Common Share of the Corporation and one common share purchase warrant (each whole warrant, a "Warrant") of the Corporation. Each whole Warrant shall entitle the holder thereof to acquire one additional Common Share at a price of $0.10 per Common Share on or prior to the Maturity Date; and (vi) If the holder proposes to convert the outstanding principal into Units (which is triggered at the option of the holder or redemption by the Corporation, both prior to the Maturity Date), the Corporation shall have the option to: (a) issue the Units at the conversion price to the holder; or (b) return the principal amount and accrued interest in cash to the holder plus an amount equal to 10% of the principal amount.

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 may 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 for $218,500 was issued by an officer of the Company to purchase shares 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, 2019. 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, 2020, the officer had not yet paid the initial instalment, and the payment term has been extended to begin on December 31, 2023 with final payment due December 31, 2025. The officer has not yet paid the initial instalment due on December 31, 2022. 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.

During the year ended December 31, 2020, an officer was advanced a total of $255,470. During the year ended December 31, 2020, the officer repaid $140,000 of this amount. The remaining balance of $115,471 was repaid during the year ended December 31, 2021. During the year ended December 31, 2022, an officer was advanced a total of $77,743. This balance is included in trade and other receivables at December 31, 2022. During the twelve months ended December 31, 2023, an officer was advanced a total of $21,000. During the twelve months ended December 31, 2023, the office repaid $4,600 of this amount. The remaining balance is included in trade and other receivables at December 31, 2023.

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

(i) Aggregate fees of $Nil (December 31, 2022 - $Nil) were charged by directors of the Company all of which was recorded in the consolidated statement of comprehensive loss.

(ii) During the period ended December 31, 2023, rent expense of $39,000 (December 31, 2022 - $36,000) was charged by corporations, which are owned and controlled by a party who is also a significant shareholder of the Company, and were all recorded as general and administrative costs.

(iii) Included in accounts payable at December 31, 2023 was $1,877,521 owing to officers and directors of the Company and to corporations which are owned and controlled by a party who is a significant shareholder of the Company (December 31, 2022 - $2,166,417).

Key management compensation

During the period ended December 31, 2023, $453,137 (December 31, 2022 - $449,304) in management compensation was incurred.

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 Emerald Bay.

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. By their nature, these estimates are subject to measurement uncertainty and the effect on the Consolidated Financial Statements of changes in such estimates in future periods could be significant.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Specific amounts and disclosures affected by estimates and assumptions are:

<u>Significant judgments</u>

Determination of cash-generating units ("CGU")

Property and equipment are aggregated into CGUs based on their ability to generate largely independent cash flows and are used for impairment testing. The determination of the Company's CGUs is subject to management's judgment.

Significant estimates and assumptions

Reserves

Oil and gas development and production properties are depleted on a unit of production basis at a rate calculated by reference to proved reserves determined in accordance with the Society of Petroleum Engineers rules and incorporating the estimated future cost of developing and extracting those reserves. Oil and gas reserves are also used to evaluate impairment of developed property and equipment ("PP&E properties").Commercial reserves are determined using estimates of oil and natural gas in place, recovery factors, discount rates and forward future prices. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. There are numerous uncertainties inherent in estimating oil and gas reserves. Estimating reserves is very complex, requiring many judgments based on geological, geophysical, engineering and economic data. These estimates may change, having either a positive or negative impact on the statement of comprehensive loss as further information becomes available and as the economic environment changes.

Decommissioning liabilities

The Company estimates the decommissioning obligations for oil and natural gas wells and their associated production facilities and pipelines. In most instances, removal of assets and remediation occurs many years into the future. Amounts recorded for the decommissioning obligations and related accretion expense require estimates regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating costs, future removal technologies in determining the removal costs, and discount rates to determine the present value of these cash flows.

Exploration and evaluation ("E&E") assets

The accounting policy for E&E assets is described in note 3. The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances as to whether economic quantities of reserves will been found.

Share-based compensation

The fair value of stock options and warrants granted is recognized using the Black-Scholes option pricing model. Measurement inputs include the Company's share price on the measurement date, the exercise price of the option, the expected volatility of the Company's shares, the expected life of the options, expected dividends and the risk-free rate of return. The Company estimates volatility based on the historical share price in the publicly traded markets. The expected life of the options is based on historical experience and estimates of the holder's behavior. Dividends are not factored in as the Company does not expect to pay dividends in the foreseeable future. Management also makes an estimate of the number of options that will be forfeited and the rate is adjusted to reflect the actual number of options that vest.

Recoverability of assets

The Company assesses impairment on its assets that are subject to amortization when it has determined that a potential indicator of impairment exists. Impairment exists when the carrying value of a non-financial asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The Company used the calculation of fair value less costs to sell to determine the fair value of its CGUs. In determining the fair value less costs to sell, the amount is most sensitive to the future commodity prices, discount rates, and estimates of proved and probable reserves, to determine an implied fair value of the CGU being tested.

Provision for doubtful accounts

The provision for doubtful accounts is reviewed by management on a monthly basis. Trade receivables are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. Management makes these assessments after taking into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Company's historical bad debt expenses have not been significant and are usually limited to specific customer circumstances. However, given the cyclical nature of the oil and natural gas industry along with the current economic operating environment, a customer's ability to fulfill its payment obligations can change suddenly and without notice.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by "IASB" or International Financial Reporting Interpretation Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2017 or later periods.

The following new accounting standards, amendments to accounting standards and interpretations, have not been early adopted in these consolidated financial statements. The Company is currently assessing the impact, if any, of this new guidance on the Company's future results and financial position:

IFRS 9, "Financial Instruments": In July 2014, the IASB completed the final phase of its project to replace IAS 39, the current standard on the recognition and measurement of financial instruments. IFRS 9 is now the new standard which sets out the recognition and measurement requirements for financial instruments and some contracts to buy or sell non-financial items. IFRS 9 provides a single model of classifying and measuring financial assets and liabilities and provides for only two classification categories: amortized cost and fair value. Hedge accounting requirements have also been updated in the new standard and are now more aligned with the risk management activities of an entity. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted; however, if an entity elects to apply this standard early, it must disclose that fact and apply all of the requirements in this standard at the same time. It is anticipated that the adoption of IFRS 9 will not have a material impact on the Company's consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers:" IFRS 15 was issued in May 2014 and applies to contracts with customers, excluding, most notably, insurance and leasing contracts. IFRS 15 prescribes a framework in accounting for revenues from contracts within its scope, including (a) identifying the contract, (b) identify separate performance obligations in the contract, (c) determine the transaction price of the contract, (d) allocate the transaction price to the performance obligations and (e) recognize revenues when each performance obligation is satisfied. This standard comes into effect January 1, 2018 and is applied retrospectively. IFRS 15 also prescribes additional financial statement presentations and disclosures. The Company's evaluation of IFRS 15 is ongoing and not complete. The IASB has issued and may issue in the future, interpretative guidance, which may cause its evaluation to change. The Company does not currently believe IFRS 15 will have a material effect on its consolidated financial statements.

IFRS 16, "Leases": In January 2016, the IASB issued the standard to replace IAS 17 "Leases". For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company does not currently believe IFRS 16 will have a material effect on its consolidated financial statements.

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:

a) Authorized

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

The Company underwent a 15-to-1 share consolidation in 2020 that has been retrospectively applied throughout these financial statements.

b) Issued

	Number of Common Shares	Amount $
Balance, December 31, 2021	**62,434,121**	**17,184,374**
Expiry of warrants	-	352,265
Balance, December 31, 2022	**62,434,121**	**17,536,639**
Financing fee related to convertible debenture	-	(5,000)
Value of warrants attached to convertible debenture	-	(23,291)
Shares issued on conversion of debenture	12,450,000	622,500
Balance, December 31, 2023	**74,884,121**	**18,130,848**

c) Warrants

Warrants to acquire common shares outstanding at December 31, 2023 are as follows:

	Number of warrants issued and exercisable	Amount $	Weighted average exercise price $	Weighted average Remaining life (years)
Balance, December 31, 2020	**21,704,600**	**765,898**	**0.05**	**1.0**
Share purchase warrant issued (note 11(b)	13,333,330	352,265	0.10	0.16
Expiry of share purchase warrants	(21,704,600)	(765,898)	(0.05)	-
Balance, December 31, 2021	**13,333,330**	**352,265**	**0.10**	**0.16**
Expiry of share purchase warrants	(13,333,330)	(352,265)	(0.10)	-
Balance, December 31, 2022	**-**	**-**	**-**	**-**
Share purchase warrant issued (note 10)	500,000	23,291	0.10	2.3
Balance, December 31, 2023	**500,000**	**23,291**	**0.10**	**2.3**

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

	2023
Risk-free rate	3.48%
Expected life	3 year
Expected volatility	225%
Fair value per warrant	$0.047

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.

There were no options outstanding as at and for the years ended December 31, 2023 and December 31, 2022.

During the period ended December 31, 2023 and December 31, 2022, the Company did not recognize 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 dilutive equity instruments 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 13, 2024, the Company announced that it had changed its year-end to March 31 from December 31. Nexera's transition year will be the 15-month period ending March 31, 2024. The new financial year will be the 12-month period ending March 31, 2025. This will provide cost savings to the corporation's by changing the year-end financial reporting to a date that is not the same as the substantial majority of publicly trade companies.

On February 15, 2024, Nexera Energy Inc. proposed a non-brokered private placement offering of up to $650,000 of convertible unsecured debentures of the corporation.

The details of the Debentures are as follows: (i) the Debentures will mature on the date that is two (2) years from the date of issuance (if not otherwise converted or prepaid) (the "Maturity Date"); (ii) the Debentures will bear interest at a rate of 12% per annum, calculated and paid quarterly in arrears; (iii) upon maturity or redemption of each Debenture, the Corporation will pay any outstanding principal and any accrued and unpaid interest in cash; (iv) each Debenture may be redeemed early by the Corporation, at its option; (v) the Debentures shall be convertible (only the principal amount and not the interest) at the option of the subscriber into units of the Corporation ("Units") at a conversion rate of $0.025 per Unit in the first year and $0.10 per Unit thereafter and prior to the Maturity Date or redemption by the Corporation. Each Unit consists of one Common Share of the Corporation and one common share purchase warrant (each whole warrant, a "Warrant") of the Corporation. Each whole Warrant shall entitle the holder thereof to acquire one additional Common Share at a price of $0.10 per Common Share on or prior to the Maturity Date; and (vi) If the holder proposes to convert the outstanding principal into Units (which is triggered at the option of the holder or redemption by the Corporation, both prior to the Maturity Date), the Corporation shall have the option to: (a) issue the Units at the conversion price to the holder; or (b) return the principal amount and accrued interest in cash to the holder plus an amount equal to 10% of the principal amount.

100% of the net proceeds of the Offering will be utilized within the Corporation's wholly owned subsidiary, Production Resources Inc. ("PRI"), to pursue a growing oil and gas services opportunity. PRI is proposing to take advantage of its already owned equipment, along with using net proceeds from the Offering to acquire additional equipment and labour to pursue a cement services branch within PRI. This branch of business would pursue the plugging and abandonment of some of PRI's own wells, along with wells owned by other operators in the South Texas region. This diversified services approach benefits both the Corporation on its own wells owned (through PRI) by not having to pay an external third party to assist with the plugging and abandoning our own wells (saving the Corporation up to $12,000 per well) while at the same time allowing for additional revenues to be potentially generated by assisting other operators in the area with the plugging and abandonment of their wells (of which management of the Corporation believes there to be a high demand for in the area).

Specifically, the Corporation anticipates using 100% of the net proceeds as follows: (i) equipment purchases - $170,000; (ii) equipment refurbishing - $110,000; (iii) field testing - $120,000; (iv) permitting and commercialization - $85,000; (v) labour - $100,000; and (vi) any balance leftover would go to working capital purposes. No amounts/0% of the net proceeds shall be paid to: (i) Non-Arm's Length Parties of Nexera; and (ii) Persons conducting Investor Relations Activities, as defined in the TSX Venture Exchange policies.