NEXERA

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis (MD&A) should be read in conjunction with Nexera Energy Inc. (the "Company") audited consolidated financial statements for the fifteen month period ended March 31, 2024 and 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.sedarplus.ca. The Company is listed on the TSX Venture Exchange under the symbol "NGY". The MD&A is dated October 11, 2024.

BASIS OF PRESENTATION

The financial data presented below has been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts are reported in Canadian dollars unless otherwise indicated.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned United States subsidiaries: Emerald Bay Texas Inc. ("EBY"), Production Resources, Inc. ("PRI") and Cotulla Vacuum Services, Ltd ("CVS"). 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 material accounting policies adopted by the Company are disclosed in Note 3 to the annual consolidated financial statements for the fifteen month period ended March 31, 2024 and year ended December 31, 2022.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, 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 revisions are known and in any future periods affected.

Corporate Information and Going Concern

Nexera Energy Inc. was incorporated under the Business Corporations Act of Alberta on May 9, 1997 and is listed on the TSX Venture exchange under the symbol "NGY.V". 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's registered head office is located at #11411 – 54th Street South East, Calgary, Alberta, Canada T2C 5R9. On February 13, 2024, the Company announced a change in year end from December 31, 2023 to March 31, 2024. The Company's transition year is the 15-month period ending March 31, 2024 and the new financial year will be the 12-month period ending March 31, 2025.

As at March 31, 2024, the Company had not yet achieved profitable operations, had an accumulated deficit of $46,263,983 (December 31, 2022 - $41,631,187) and a working capital deficiency of $22,143,920 (December 31, 2022 – 20,311,563), 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 through additional debt or equity financings and generating profitable operations in the future. Management is committed to raising additional capital to meet its exploration and operating obligations; however, future debt or equity financings are subject to the availability of funding from the capital markets and the continued support of certain shareholders. The ability of the Company to obtain financing on favorable terms, or at all, is further impacted by global events, volatility in the financial markets and other geopolitical and social challenges faced by junior petroleum and natural gas companies. All of these factors indicate the existence of material uncertainties related to events or conditions that 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 adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses, and the statement of financial position classifications that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material to the consolidated financial statements.

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 obligations 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 primary focus remains to be on oil-based exploration, development and production programs in South Texas, USA.

HIGHLIGHTS OF THE YEAR AND EVENTS SUBSEQUENT TO THE YEAR END:

On August 22, 2024 the Company announced the closing of a Private Placement of Units

The Company closed a non-brokered private placement. Pursuant to this closing, an aggregate of 31,000,000 units ("**Units**") were issued at a price of $0.025 per Unit, for aggregate consideration of $775,000. Each Unit consisted of one (1) Common Share of the Company and one (1) share purchase warrant (the "**Warrant**") (each full Warrant shall entitle the holder thereof to purchase one (1) additional Common Share of the Company for a period of 24 months from the issuance of the Units at a price of $0.10) (the "**Offering**")

The Warrants are subject to an acceleration clause whereby if after four months and one day following the date the Warrants are issued, the closing price of the Common Shares of the Company on the principal market on which such shares trade is equal to or exceeds $0.15 for 30 consecutive trading days (with the 30^{th} such trading date hereafter referred to as the "**Eligible Acceleration Date**"), the Warrant expiry date shall accelerate to the date which is 30 calendar days following the date a press release is issued by the Company announcing the reduced warrant term, provided, no more than five business days following the Eligible Acceleration Date: (i) the press release is issued; and (ii) notices are sent to all warrant holders.

The net proceeds of the Offering will be utilized within the Company'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 Company 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 Company 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 Company believes there to be a high demand for in the area).

Specifically, the Company anticipates using 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.

On February, 2024 the Company announced that it was changing its year end

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 Company by changing the year-end financial reporting to a date that is not the same as the substantial majority of publicly-traded companies.

On November 28, 2023 the Company increased its Ownership in the MarPat Leases

The Company increased its ownership in the Marpat leases in the Somerset field of Bexar County, Texas, from 25% to 100%.

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 subsequently sold a 50% interest in THE 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

On April 20, 2023 the Company announced the closing of a Debenture/Royalty Interests Private Placement

> Pursuant to this closing, an aggregate of 1,000 of convertible unsecured debentures (the "**Debentures**") of the Company (the "**Offering**") were issued at $1,000 per Debenture (of which 300 Debentures aggregating $300,000 were 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 Company will continue to pursue a carefully designed well optimization program at the Company's La Vernia, Wooden Horse Kuhn, and MarPat oilfield locations.

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 statement of financial position. Our proven management and dedicated team of professionals are engaged and committed to developing our high-quality asset base.

SELECTED ANNUAL INFORMATION

	Fifteen months ended March 31, 2024	Year ended Dec 31, 2022	Year ended Dec 31, 2021
Revenue	**1,774,589**	2,157,235	1,473,166
Net loss	**4,632,796**	2,324,469	3,891,098
Per common share - basic	**(0.07)**	(0.05)	(0.07)
Per common share – diluted	**(0.07)**	(0.05)	(0.07)
Total assets	**3,553,698**	3,833,497	5,126,606
Total non-current financial liabilities	**6,228.662**	4,029,951	4,598,613
Cash dividends or distributions declared per common share	-	-	-

As at March 31, 2024

The net loss for the fifteen month period ended March 31, 2024 was $4,632,796 or $0.07 per share compared to $2,324,469 or $0.05 per share for the year ended December 31, 2022.

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 to $1,774,589 for the fifteen month period ended March 31, 2024 from revenue of $2,157,235 during the year ended December 31, 2022. Period over period, the Company's revenue has decreased 18%. There continues to be minimal production from the Canadian oil and gas assets. The Company will continue to focus on its exploration, development and production programs in Texas, USA.

Production expenses for the fifteen month period ended March 31, 2024 decreased to $671,611 from $900,073 for the year ended December 31, 2022 on an 18% decrease in revenues.

General and administrative expenses ("G&A") increased to $2,207,891 for the fifteen month period ended March 31, 2024 from $1,600,655 for the year ended December 31, 2022. The increase in the Company's G&A is consistent with the Company's efforts to optimize and grow the South Texas, USA asset base.

	General & Administrative Expenses	
	March 31, 2024 ($)	December 31, 2022 ($)
Net G&A expense	**2,207,891**	1,600,655

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 ($000 except per share and unit values)	**March 31 2024**	**Dec 31 2023**	**Sept 30 2023**	**June 30 2023**	**Mar 31 2023**	**Dec 31 2022**	**Sept 30 2022**	**June 30 2022**	**Mar 31 2022**
Petroleum and natural gas sales	235	348	368	338	467	487	435	496	557
Net (loss) income	555	(2,603)	(830)	(1,195)	(561)	(83)	(956)	(441)	(844)
Net loss per share									
Basic and diluted	0.00	(0.03)	(0.01)	(0.02)	(0.01)	(0.05)	(0.02)	(0.01)	(0.01)
Average daily sales									
Natural gas (MCF/d)	24	30	23	23	26	8	32	7	29
Oil/NGL (BBLs/d)	26	40	37	41	50	41	49	36	52
Barrels of oil equivalent (BOE/d)	30	45	41	45	55	49	54	37	57
Average sales prices									
Natural Gas ($/MCF)	6.96	9.40	11.31	9.18	12.70	15.15	9.95	7.37	15.93
Oil/NGL ($/BBL)	94.64	96.04	101.31	91.92	93.50	90.13	126.60	144.27	108.93
Sales price of oil equivalent ($/BOE)	87.87	92.27	99.01	88.84	92.01	94.64	124.22	140.94	108.05
Operating costs ($/BOE)	53.01	30.67	34.34	25.13	31.90	47.87	37.32	60.01	30.56
Royalty Expense ($/BOE)	21.78	23.70	25.16	23.35	22.96	23.33	30.25	36.27	26.82
Operating netback ($/BOE)	13.08	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 remained minimal in Canada, with little fluctuation. The Company's production assets are primarily based in South Texas, USA with ongoing production optimization in all fields spurred by strong commodity prices.

LIQUIDITY & CAPITAL RESOURCES

In order to resolve its working capital deficiency of $22,143,920 and to access additional capital, Nexera will continue to emphasize its well optimization and exploration program in Texas, USA. 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 Texas, USA.

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 recently completed the following Private Placements.

On August 22, 2024, the Company closed a non-brokered private placement. Pursuant to this closing, an aggregate of 31 million units were issued at a price of 2.5 cents per unit for aggregate consideration of $775,000. Each unit consists of one common share of the Company and one common share purchase warrant (each full warrant shall entitle the holder thereof to purchase one additional common share of the Company for a period of 24 months from the issuance of the units at a price of 10 cents).

On April 20, 2023 the Company announced the closing of a Debenture/Royalty Interests Private Placement_Pursuant to this closing, an aggregate of $1,000,000 of convertible unsecured debentures (the "**Debentures**") of the Company (the "**Offering**") were issued (of which $300,000 of Debentures were 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).

(i) The Debentures will mature on the date that is three (3) years from the date of issuance (if not otherwise converted or prepaid) (the "**Maturity Date**");

(ii) (ii) the Debentures will bear interest at a rate of 10% per annum, accrued quarterly and paid annually in arrears;

(iii) (iii) upon maturity or redemption of each Debenture, the Company will pay any outstanding principal and any accrued and unpaid interest in cash;

(iv) (iv) each Debenture may be redeemed early by the Company, at its option;

(v) (v) the Debentures shall be convertible (only the principal amount and not the interest) at the option of the subscriber (and subject to a forced conversion in certain circumstances) into units of the Company ("**Units**") at a conversion rate of $0.05 per Unit in the first year and $0.10 per Unit thereafter and prior to the Maturity Date or redemption by the Company. Each Unit consists of one Common Share of the Company and one half of one common share purchase warrant (each whole warrant, a "**Warrant**") of the Company. 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) (vi) the Debentures shall be subject to a forced conversion (only the principal amount and not the interest) whereby if, after four months and one day following the date the Debentures are issued, the volume weighted average price of the Common Shares of the Company on the principal market on which such shares trade is equal to or exceeds CDN$0.20 for 20 consecutive trading days, the Debentures shall automatically be converted into Units at a conversion rate of $0.05 per Unit in the first year and $0.10 per Unit thereafter. The Debentures are redeemable at the option of the Company, in whole or in part, at any time prior to the Maturity Date for cash (and any redemption for shares would be subject to further approval of the TSX Venture Exchange).

The details of the Royalty Interests are as follows:

(i) Every holder (except if the subscriber was an insider whereby no Royalty Interest was awarded) received a royalty (0.01% royalty for every CAD$10,000 subscribed for hereunder) on the Company's annual gross production revenue from the first six (6) re-entry wells drilled on the Austin Chalk formation assets (located in Stockdale, Texas) to still be acquired by the Company with the funds from the Offering (the "**Project**"); and

(ii) The Company shall deliver to the holder within 150 days after the end of each fiscal year, a copy of the internally prepared calculation of the annual gross production revenue (as actually received and collected) from the Project, along with the applicable royalty payment.

LOANS AND CREDIT FACILITIES

- **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”) in the amount of $150,000, of which $75,000 was repaid in 2019. The Demand Loan is due on the demand of the Lender and bears interest of 8.00% per annum, compounded monthly. The principal balance outstanding at March 31, 2024 is $62,010 (December 31, 2022 - $57,010) and has accrued interest of $15,527 (December 31, 2022 - $6,328) included in accounts payable and accrued liabilities. The Demand Loan is secured by a personal guarantee and collateral mortgage from an officer of the Company. The Company may repay the Demand Loan in full at any time prior to demand without notice or penalty.

- **Note Payable and Credit facility**

a) The Note payable is payable upon demand by the Lender, and is secured by a general security agreement over the US domiciled assets of the Company and an assignment of certain oil and gas production revenues.

   As at March 31, 2024 the total amount outstanding under the Loan is $5,785,406, (December 31, 2022 - $5,785,406), and during the fifteen month period ended March 31, 2024, the Company incurred interest expense of $833,002 (December 31, 2022 - $398,905). Total accrued interest included in accounts payable and accrued liabilities is $2,523,109 (December 31, 2022 - $1,690,107). As at March 31, 2024 and December 31, 2022, the Company was not in compliance with the requirement to make monthly payments of interest on the Note payable.

b) The credit facility is due to a significant shareholder of the Company. The credit facility may be drawn up to $4,600,000. As at March 31, 2024, the principal balance was $4,278,847 (December 31, 2022 - $4,277,107) and unpaid interest included in accounts payable and accrued liabilities is $3,360,459 (December 31, 2022 - $2,596,501). Interest of $759,796 (Year ended December 31, 2022 - $684,685) was expensed during the fifteen month period ended March 31, 2024. The credit facility bears interest at 9% per annum and repayment terms are at 35% of PRI gross revenues. The credit facility is secured by a Deed of Trust and financing statements. As at March 31, 2024 and December 31, 2022, the Company was not in compliance with repayment terms and as such, the credit facility has been classified as a current liability.

Convertible debentures

	Number of Convertible Debentures		Liability Component		Equity Component		Total
Balance, December 31, 2021 and 2022	-	$	-	$	-	$	-
Issuance	1,000		865,246		134,754		1,000,000
Accretion of debt discount	-		22,740		-		22,740
Conversion of debentures to common share units	(622.5)		(547,638)		(83,885)		(631,523)
Balance, March 31, 2024	**377.5**	**$**	**340,348**	**$**	**50,869**	**$**	**391,217**

On April 20, 2023, the Company issued 1,000 unsecured convertible debentures (the "Debentures") at a subscription price of $1,000 per Debenture, of which 300 Debentures ($300,000) were acquired by a director of the

Company. The Company received $287,500 in cash and settled $712,500 of accounts payable and accrued liabilities on issuance of the Debentures.

The details of the Debentures are as follows: (i) the Debentures will mature on the date that is three (3) 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 10% per annum, accrued quarterly and paid annually in arrears; (iii) upon maturity or redemption of each Debenture, the Company will pay any outstanding principal and any accrued and unpaid interest in cash; (iv) each Debenture may be redeemed early by the Company, at its option; (v) the Debentures shall be convertible (only the principal amount and not the interest) at the option of the subscriber (and subject to a forced conversion in certain circumstances) into units of the Company ("Units") at a conversion rate of $0.05 per Unit in the first year and $0.10 per Unit thereafter and prior to the Maturity Date or redemption by the Company. In addition, an aggregate 0.70% royalty interest of the Company was issued (0.01% Royalty Interest for every $10,000 subscribed for under the Offering by non-insiders). The royalty will be calculated and payable based on the annual gross production revenue from the first six (6) re-entry wells drilled on specific leases to still be acquired by the Company with the funds from the Offering.

Each Unit issued on conversion consists of one Common Share of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant") of the Company. 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) the Debentures shall be subject to a forced conversion (only the principal amount and not the interest) whereby if, after four months and one day following the date the Debentures are issued, the volume weighted average price of the common shares of the Company on the principal market on which such shares trade is equal to or exceeds $0.20 for 20 consecutive trading days, the Debentures shall automatically be converted into Units at a conversion rate of $0.05 per Unit in the first year and $0.10 per Unit thereafter. The Debentures are redeemable at the option of the Company, in whole or in part, at any time prior to the Maturity Date for cash (and any redemption for shares would be subject to further approval of the TSX Venture Exchange).

On September 5, 2023, an aggregate of $622,500 of Debentures were converted to 12,450,000 common share units of the Company consisting of 12,450,000 common shares and 6,225,000 common share purchase warrants.

The Debentures were recognized at fair value on initial recognition using 16% per annum as a market rate of interest. The borrowing rate used was determined based on a Level II input under IFRS 9. The difference between the market rate and rate of interest in the Debenture agreement will be recognized as finance expense over the term of the Debentures.

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 as they become due. 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 PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

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.

As at March 31, 2024, trade and other receivables includes $72,468 in outstanding advances to an officer of the Company that are unsecured and non-interest bearing (December 31, 2022 - $77,743).

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

(i) During the fifteen month period ended March 31, 2024, Interest on demand loan, note payable and credit facility of $1,601,997 (December 31, 2022 - $944,168) was charged by corporations, which are owned and controlled, either directly or indirectly, by a party who is a significant shareholder of the Company, and are included in finance expense. Included in accounts payable and accrued liabilities at March 31, 2024 was $5,899,096 (December 31, 2022 - $4,292,936) in accrued interest in relation to the demand loan, note payable and credit facility.

(ii) During the fifteen month period ended March 31, 2024, rent expense of $48,000 (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 are included in general and administrative expense.

(iii) During the fifteen month period ended March 31, 2024, salaries and wages of $239,500 (December 31, 2022 - $193,630) were paid to an officer of the Company.

(iv) During the fifteen month period ended March 31, 2024, consulting fees of $415,691 (December 31, 2022 - $255,674) were charged to the Company by officers and directors of the Company. Of this amount,

$356,218 (December 31, 2022 - $255,674) is included in general and administrative expense and $59,473 was capitalized to property and equipment (December 31, 2022 - $nil).

(v) Included in accounts payable and accrued liabilities at March 31, 2024 was $2,001,846 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).

(vi) Included in accounts receivable at March 31, 2024 was $41,526 owing from corporations which are owned and controlled by a party who is a significant shareholder of the Company (December 31, 2022 - $16,113).

(vii) Refer to Notes 8 and 9 of the consolidated financial statements for the fifteen month period ended March 31, 2024 for additional disclosure of related party liabilities.

Key management compensation

During the fifteen month period ended March 31, 2024, the Company incurred $655,191 (December 31, 2022 - $449,304) in management compensation, of which $595,718 (Year ended December 31, 2022 - $449,304) is included in general and administration expense and $59,473 (Year ended December 31, 2022 - $nil) has been capitalized to property and equipment.

Key management compensation includes all officers and directors of the Company.

Corporate Cease Trade Orders

Other than as set forth below, no director or proposed director of the Company 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

(viii) 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 Company as a result of the Company'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 Company 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 Company'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 Company 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 Company as a result of the Company'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.

On May 3, 2022, the Alberta Securities Commission issued a management cease trade order against the management of the Company in connection with the proposed delayed filing of its annual financial statements for the year ended December 31, 2021.

On May 18, 2022, the Company applied to the Alberta Securities Commission requesting a management cease trade order against the management of the Company in connection with the proposed delayed filings of its Q1 financial statements for the quarter ended March 31, 2022.

On July 30, 2024, the Alberta Securities Commission issued a management cease trade order against the management of the Company in connection with the proposed delayed filing of its annual financial statements for the fifteen month period ended March 31, 2024.

On July 30, 2024, the Alberta Securities Commission issued a management cease trade order against the management of the Company in connection with the proposed delayed filings of its Q1 financial statements for the quarter ended June 30, 2024.

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 AND CONTINGENCIES

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 in the amount of $291,628 at March 31, 2024 (December 31, 2022 - $291,628). 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 was 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 March 31, 2024 and December 31, 2022, the Company has not made payment in line with the agreed repayment schedule. Accordingly, the remaining balance of $103,496 (2022 - $103,496) is now considered as due on demand and is included in other liabilities. Given the Company’s failure to settle the obligation pursuant to the agreed upon terms with the third party, additional interest and collection charges may be awarded by the courts if pursued.

c) A former supplier to the Company submitted a claim against Nexera for USD$78,474 (CAD$106,332). The supplier is seeking compensation for breach of a written agreement for well pumping equipment and services on a well situated in Guadalupe County, Texas in September of 2014. During 2017, the Company made a counter claim against the supplier asserting no liability based upon defective equipment having been leased by the Plaintiff. As at March 31, 2024 and December 31, 2022, no provision has been recognized in accordance with IAS 37 as there is no probable outflow of resources and no reliable estimate of an obligation can be made.

d) The Company is subject to other claims from third parties aggregating USD $16,693 (CAD$22,611). The Company has filed a statement of defense related to these matters. As at March 31, 2024 and December 31, 2022, no provision has been recognized in accordance with IAS 37 as there is no probable outflow of resources and no reliable estimate of an obligation can be made.

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.

a) Fair values

The Company's financial instruments consist of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities, shareholder indemnity, note payable, credit facility, other liabilities, royalty obligation, convertible debenture and demand loan. All of the financial instruments are measured at fair value on initial recognition using Level I or Level II inputs and are subsequently measured at amortized cost.

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.

As at March 31, 2024 and December 31, 2022, the Company does not have any financial instruments that are measured using Level III inputs.

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.

The majority of the Company's trade 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.

As at March 31, 2024, the Company's trade and other receivables are aged as follows:

	March 31, 2024	December 31, 2022
Days outstanding	**$**	$
0-30 days	**109,331**	209,535
31-60 days	**21,621**	9,900
61-90 days	**30,823**	4,289
Greater than 90 days	**66,060**	132,735
Total	**227,835**	356,459

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

Amounts outstanding for more than 90 days are considered past due. During the period ended March 31, 2024, the Company recognized an impairment charge of $330,197 for trade and other receivables (December 31, 2022 – $526,013). As at March 31, 2024, there is an allowance for doubtful accounts of $900,099 (December 31, 2022 - $741,639).

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company's approach to managing liquidity is to ensure 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.

The Company attempts to align its payment cycles with collections of oil and natural gas revenue. As at March 31, 2024, the Company has a working capital deficiency of $22,143,920. Management intends to raise funds through debt or equity financings to address this deficiency, settle its obligations as they become due and continue to operate as a going concern.

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 profit or loss or the value of financial and non-financial assets and liabilities. 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 natural gas production is sold at spot rates exposing the Company to the risk of price movements.

(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 revenues and expenses are transacted in United States dollars. The Company does not hedge its exposure to fluctuations in the exchange rate. As the Company does not hold significant foreign currency balances within any entity within the Group, the risk of future changes in exchange rates having a material effect on the Company’s business including its intended capital plans, its financial condition and results of operations is low.

(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 March 31, 2024, the majority of the Company’s debt, including the demand loan, note payable and convertible debentures bear interest at fixed rates and accordingly, are not subject to market interest rate fluctuations. The credit facility is at a floating interest rate and is therefore subject to market interest rate fluctuations.

The Company has no interest rate swaps or financial contracts in place as at or during the fifteen month period ended March 31, 2024 or year ended December 31, 2022.

e) Capital management

The Company’s capital consists of shareholders’ deficiency, credit facility, note payable, demand loan, convertible debentures 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 periods presented.

SEGMENTED INFORMATION

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

Revenue disaggregation by product is as follows:

Revenue for the period ended	Oil	Natural Gas	NGL's	Royalty Income	Total
March 31, 2024 ($)	1,638,335	35,752	7,886	74,548	1,756,521
December 31, 2022 ($)	1,764,230	70,807	10,740	125,958	1,974,735

Geographical segmentation is as follows:

	15 months ended March 31, 2024 ($)		
	Canada	**United States**	**Total**
Petroleum and natural gas sales	130,420	1,626,101	1,756,521
Depletion, depreciation and impairment	109,813	1,337,107	1,446,920
Net loss	(2,308,282)	(2,324,514)	(4,632,796)
Property and equipment	54,567	2,892,582	2,947,149
Total liabilities	12,970,758	16,008,373	28,979,131

	December 31, 2022 ($)		
	Canada	**United States**	**Total**
Petroleum and natural gas sales	222,844	1,751,891	1,974,735
Depletion, depreciation, and impairment	17,213	283,879	301,092
Net loss	(972,740)	(1,351,729)	(2,324,469)
Property and equipment	2,418	2,640,840	2,643,258
Total liabilities	11,595,156	13,132,597	25,531,753

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:

	October 11, 2024	March 31, 2024
Common Shares	**105,884,121**	**74,884,121**
Warrants	6,225,000	6,225,000
Stock Options	Nil	Nil

Share capital

a) Authorized

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

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**
Shares issued on conversion of debenture (note 10)	12,450,000	622,500
Value of warrants attached to convertible debentures	-	(110,623)
Share issue costs	-	(22,578)
Balance, March 31, 2024	**74,884,121**	**18,025,938**

c) Warrants

Warrants to acquire common shares outstanding at March 31, 2024 are as follows:

	Number of warrants issued and outstanding	Amount $	Weighted average exercise price $	Weighted average Remaining life (years)
Balance, December 31, 2021	13,333,330	352,265	0.10	0.16
Expired	(13,333,330)	(352,265)	(0.10)	-
Balance, December 31, 2022	-	-	-	-
Issued (note 10)	**6,225,000**	**110,623**	**0.10**	**2.05**
Balance, March 31, 2024	**6,225,000**	**110,623**	**0.10**	**2.05**

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 equity. The weight average assumptions used in the calculation is noted below:

	Fifteen month period ended March 31, 2024
Risk-free rate	**4.66%**
Expected life	**2.62 years**
Expected volatility	**141.2%**
Fair value per warrant	**$0.02**

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 during the fifteen month period ended March 31, 2024 and year ended December 31, 2022.

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.

f) Contributed surplus

Contributed surplus consists of the fair value of unexercised stock options and contributions from owners of the Company. The composition of contributed surplus is as follows:

	As at March 31, 2024	As at December 31, 2022
	$	$
Fair value of expired stock options	**2,441,269**	2,441,269
Contributions from owners	**205,063**	-
	2,646,332	2,441,269

SUBSEQUENT EVENT

On August 22, 2024, the Company closed a non-brokered private placement. Pursuant to this closing, an aggregate 31 million units were issued at a price of 2.5 cents per unit for aggregate consideration of $775,000. Each unit consists of one common share of the Company and one common share purchase warrant (each full warrant shall entitle the holder thereof to purchase one additional common share of the Company for a period of 24 months from the issuance of the units at a price of 10 cents).