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 June 30, 2024, and the audited annual Consolidated Financial Statements for the year ended March 31, 2024. 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 18, 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.

Statement of compliance and authorization:

These consolidated interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" using the same accounting policies as those set out in Note 3 of the audited consolidated financial statements for the fifteen months ended March 31, 2024. Certain disclosures, which are normally required to be included in the notes to the audited annual consolidated financial statements, have been condensed or omitted. The condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the fifteen months ended March 31, 2024. In the opinion of management, these condensed interim consolidated financial statements contain all adjustments necessary to present fairly the Company's financial position as at June 30, 2024 and the results of its operations and cash flows for the three months then ended.

The consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on October 18, 2024.

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. On February 13, 2024 the Company announced a change in year end from December 31, 2023 to June 30, 2024. The Company's transition year is the 15-month period ending June 30, 2024 and the new financial year will be the 12-month period ending March 31, 2025.

At June 30, 2024, the Company had not yet achieved profitable operations, had an accumulated deficiency of $46,697,356 since its inception and had a working capital deficiency of $22,459,405 (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. The highlights below outlined the Company's year to date progress through October 18, 2024.

HIGHLIGHTS OF THE FIRST QUARTER OF 2024 AND EVENTS SUBSEQUENT TO QUARTER 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.

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 YEAR TO DATE FINANCIAL INFORMATION

	Three months ended June 30	
	2024	2023
FINANCIAL		
Gross revenue	**354,819**	338,085
Total assets	**3,673,333**	3,806,069
Cash flows provided by (used in) operations	**3,471**	342,794
Net comprehensive loss	**(502,260)**	(1,194,532)
Per share – basic and diluted	**(0.01)**	(0.02)
Exploration and evaluation expenditures	**-**	-
OPERATIONS		
Production sales		
Oil (BBLs/d)	**51**	41
Natural gas (MCF/d)	**25**	23
NGL (BBLs/d)	**-**	-
Total (BOE/d @ 6 MCF: 1 BBL)	**56**	45
Average pricing		
Natural gas ($/mcf)	**7.70**	9.18
Oil/NGL's combined ($/bbl)	**71.19**	91.92
Combined ($/boe)	**69.59**	88.84
Expenses		
Production expense & transportation ($/BOE)	**10.32**	25.13
Royalty expense ($/BOE)	**18.14**	23.35
Net Back Combined ($/BOE)	**41.13**	40.37

Financial and Operations Results

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.

Consolidated petroleum and natural gas revenue was $354,819 for the three months ended June 30, 2024, from consolidated revenue of $338,085 for the three months ended June 30, 2023 as commodity prices were lower, while daily production increased from 45 boe/day in 2023 to 56 boe/day during the same period in 2024.

OPERATING RESULTS

	Average Daily Volumes		Average Prices	
Sales – Three months ended	**June 30, 2024**	June 30, 2023	**June 30, 2024**	June 30, 2023
Natural Gas (mcf)	**25**	23	**7.70**	9.18
Oil (bbls)	**51**	41	**71.19**	91.92
NGL (bbls)	-	-	-	-
Barrels of Oil Equivalent (boe)	**56**	45	**69.59**	88.84

For the three months ended June 30, 2024 natural gas sales were 25 MCF/d compared to 23 MCF/d during the same period in 2032, and natural gas prices were slightly lower at $7.70/MCF during the three months ended June 30, 2024 compared to $9.18/MCF during the same period in 2023.

Oil sales were 51 bbl/day for the period ended June 30, 2024 from 41 bbl/day for the same period in 2023. Oil prices were lower at $71.19/bbl during the period compared to $91.92/bbl during the three months ended June 30, 2023.

During the three months ended June 30, 2024, the average sales volume on a BOE/d basis increased to 56 BOE/day compared to 45 BOE/day for the three months ended June 30, 2023.

GENERAL & ADMINISTRATIVE EXPENSES

After recoveries, general and administrative expenses ("G&A") were $102,754 during the three months ended June 30, 2024 from $865,248 for the same period during 2023.

	General & Administrative Expenses	
	June 30, 2024 ($)	June 30, 2023 ($)
Net G&A expense	**102,754**	865,248

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 increased to $5,721,302 as at June 30, 2024 from $3,722,567 as at June 30, 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	
	June 30, 2024 ($)	June 30, 2023 ($)
Depletion and depreciation	**127,233**	26,143

During the three months ended June 30, 2024, depletion and depreciation expenses were $127,233, compared to $26,143 during the same period in 2023.

CAPITAL EXPENDITURES

	Three months ended March 31,	
	2024 ($)	2023 ($)
Exploration and evaluation expenditure	**-**	-
Capital expenditures	**35,536**	(85,741)

Capital expenditures on petroleum and natural gas property and equipment were reflective of foreign exchange translation during the period.

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 ($000 except per share and unit values)	**June 30 2024**	**March 31 2024**	**Dec 31 2023**	**Sept 30 2023**	**June 30 2023**	**Mar 31 2023**	**Dec 31 2022**	**Sept 30 2022**
Petroleum and natural gas sales	354	235	348	368	338	467	487	435
Net loss	(502)	555	(2,603)	(830)	(1,195)	(561)	(83)	(956)
Net loss per share								
Basic and diluted	(0.01)	0.00	(0.03)	(0.01)	(0.02)	(0.01)	(0.05)	(0.02)
Average daily sales								
Natural gas (MCF/d)	25	24	30	23	23	26	8	32
Oil/NGL (BBLs/d)	51	26	40	37	41	50	41	49
Barrels of oil equivalent (BOE/d)	56	30	45	41	45	55	49	54
Average sales prices								
Natural Gas ($/MCF)	7.70	6.96	9.40	11.31	9.18	12.70	15.15	9.95
Oil/NGL ($/BBL)	71.19	94.64	96.04	101.31	91.92	93.50	90.13	126.60
Sales price of oil equivalent ($/BOE)	69.59	87.87	92.27	99.01	88.84	92.01	94.64	124.22
Operating costs ($/BOE)	10.32	53.01	30.67	34.34	25.13	31.90	47.87	37.32
Royalty Expense ($/BOE)	18.14	21.78	23.70	25.16	23.35	22.96	23.33	30.25
Operating netback ($/BOE)	41.13	13.08	37.90	39.51	40.37	37.14	23.44	56.35

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 $22,459,405 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.

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”) for up to an amount of $150,000. This balance was paid down to $75,000 in 2019. The Demand Loan is due on the demand of the Lender and bears interest of 8.00% per annum, compounded monthly. The balance outstanding at June 30, 2024 is $62,010 (15 months ended March 31, 2024 - $62,010) and has accrued interest of $17,164 (15 months ended March 31, 2024 - $15,527) included in accounts payable and accrued liabilities. The Company may repay the Demand Loan in full at any time prior to demand without notice or penalty.

5. Note Payable and Credit facility

a) The Company closed a loan agreement (the "Loan Agreement") with a private company (the "Lender"), whereby the Lender issued to the Company a note payable with the ability to borrow up to $6,250,000 (the "Note payable"). The Lender is a significant shareholder of the Company. The Note Payable will have an interest free period until January 1, 2018, at which point the Note payable will bear interest at a rate equal to Prime Rate plus 1.5% per annum. The Note payable is payable upon demand by the Lender, and is secured over all of the assets of the Company.

At June 30, 2024 the total amount outstanding under the Loan is $5,785,406, (15 months ended March 31, 2024 - $5,785,406), and during the period ended June 30, 2024, the Company incurred interest of $157,402 (June 30, 2023 - $308,346). Total accrued interest included in accounts payable and accrued liabilities is $2,680,511 (June 31, 2023 - $1,998,453).

b) The credit facility is due to a significant shareholder in the Company. The Credit facility may be drawn up to $4,600,000. At June 30, 2024 the principal balance was $4,322,065 (Fifteen months ended March 31, 2024 - $4,278,847) and unpaid interest included in accounts payable and accrued liabilities is $3,559,160 (June 30, 2023 - $2,826,246). Interest of $123,022 (June 30, 2023 - $229,745) was expensed during the the period ended June 30, 2024. The Credit facility bears interest at 9% and repayment terms are at 35% of PRI gross revenues. The credit facility is secured by Deed of Trust and financing statements. At year end, the Company was not in compliance with repayment terms and as such, this credit facility has been classified as a current liability.

6. Convertible Debentures

	Number of Convertible Debentures	Liability Component	Equity Component	Total
Balance, December 31, 2021 and 2022	-	$ -	$ -	$ -
Issuance of convertible debentures	1,000	865,246	134,754	1,000,000
Accretion of discount	-	22,740	-	22,740
Conversion of debenture to common shares	(622.5)	(547,638)	(83,885)	(631,523)
Balance, March 31, 2024	377.50	$ 340,348	$ 50,869	$ 391,217
Accretion of discount		5,711	-	5,711
Balance, June 30, 2024	377.50	$ 346,059	$ 50,869	$ 396,928

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 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 Placements in 2023, and to date in 2024.

EQUITY FINANCINGS

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.

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 15 months ended March 31, 2024. 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 June 30, 2024 trade and other receivable includes $72,468 in outstanding advances to an officer of the Company that are unsecured and non-interest bearing (March 31, 2024 - $72,468).

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

i. During the period ended June 30, 2024, Interest on demand loan, note payable and credit facility of $351,135 (March 31, 2024 - $1,601,997) 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 June 30, 2024 was $5,950,912 (March 31, 2024 - $5,899,096) in accrued interest in relation to these financial instruments.

ii. During the period ended June 30, 2024, rent expense of $9,000 (June 30, 2023 - $9,000) 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 period ended June 30, 2024, salaries and wages of $6,141 (March 31, 2024 - $239,500) were paid to an officer of the Company.

iv. During the period ended June 30, 2024, consulting fees of $16,849 (March 31, 2024 - $415,691) were charged to the Company by officers and directors of the Company.

v. Included in accounts payable and accrued liabilities at June 30, 2024 was $1,884,563 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 (June 30, 2023 - $1,600,869).

vi. Included in accounts receivable at June 30, 2024 was $111,633 owing from corporations which are owned and controlled by a party who is a significant shareholder of the Company (March 31, 2022 - $41,526).

vii. Refer to Notes 7 and 8 for additional disclosure of related party liabilities.

Key management compensation

During the period ended June 30, 2024, the Company incurred $76,271 (June 30, 2023 - $86,057) in management compensation. Key management compensation includes all officers and directors of the Company.

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:

Significant judgments

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.

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, 2022	**62,434,121**	**17,536,639**
Shares issued on conversion of debentures (note 10)	12,450,000	622,500
Value of warrants issued on conversion of debentures	-	(110,623)
Share issue costs		(22,578)
Balance, March 31, 2024 & June 30, 2024	**74,884,121**	**18,025,938**

c) Warrants

Warrants to acquire common shares outstanding at June 30, 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 9)	**6,225,000**	**110,623**	**0.10**	**2.05**
Balance, March 31, 2024 & June 30, 2024	**6,225,000**	**110,623**	**0.10**	**2.05**

SUBSEQUENT EVENTS

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).