

Nexera Energy Inc.

Condensed Interim Consolidated Financial Statements
(unaudited)

For the six months ended September 30, 2024
(expressed in Canadian dollars)

Notice to Reader

The September 30, 2024 Condensed Consolidated Interim Financial Statements have been prepared by and are the responsibility of management. These financial statements have not been reviewed by the Company's independent external auditors.

NEXERA ENERGY INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Unaudited, expressed in Canadian Dollars)</i>	September 30, 2024	March 31, 2024
Assets		
Current assets		
Cash	224,614	21,757
Short-term investments	353,524	355,248
Trade and other receivables (notes 12(a) and 16(b))	454,899	227,835
Prepaid expenses and deposits	1,706	1,709
Total current assets	1,034,744	606,549
Non-current assets		
Property and equipment (note 5)	2,722,050	2,947,149
Total assets	3,756,794	3,553,698
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	12,926,619	12,216,429
Shareholder indemnity (note 14(a))	291,628	291,628
Demand loan (note 7)	62,010	62,010
Credit facility (note 8(b))	4,262,673	4,278,847
Note payable (note 8(a))	5,785,406	5,785,406
Other liabilities (note 14(b))	103,496	103,496
Lease liability – short-term (note 13)	12,653	12,653
Total current liabilities	23,444,485	22,750,469
Non-current liabilities		
Lease liability (note 13)	61,326	39,314
Decommissioning obligations (note 6)	5,883,749	5,651,702
Royalty obligation (note 5)	196,201	197,298
Convertible Debentures (note 9)	350,366	340,348
Total liabilities	29,936,126	28,979,131
Shareholders' deficiency		
Share capital (note 11(b))	18,474,232	18,025,938
Equity component of convertible debenture	50,869	50,869
Warrants (note 11(c))	110,623	110,623
Contributed surplus	2,646,332	2,646,332
Share purchase loan (note 12(a))	(247,970)	(247,970)
Deficiency	(47,525,272)	(46,263,983)
Accumulated other comprehensive income	311,853	252,758
Total shareholders' deficiency	(26,179,333)	(25,425,433)
Total liabilities and shareholders' deficiency	3,756,794	3,553,698
Reporting entity and going concern (note 1)		
Subsequent events (note 18)		
Approved on behalf of the Board of Directors		
<i>Signed "Shelby D. Beattie"</i>	<i>Signed "Kendall Dilling"</i>	
Director	Director	

NEXERA ENERGY INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME(LOSS) AND COMPREHENSIVE INCOME(LOSS)

	Three months ended September 30		Six months ended September 30	
<i>(Unaudited, expressed in Canadian Dollars)</i>	2024	2023	2024	2023
Revenue				
Petroleum and natural gas revenue	354,819	338,085	518,975	804,681
Other revenue	22,005	28,181	51,275	45,917
Royalties	(91,408)	(94,700)	(134,060)	(207,181)
	285,415	271,566	436,190	643,416
Operating expenses				
Production and operating expenses	53,334	122,969	122,476	292,714
Depletion and depreciation (note 5)	127,233	26,143	304,492	110,003
General and administrative (note 12(b))	102,754	865,248	373,117	1,206,726
Bad debt	-	-	944	-
Gain on sale of assets	-	-	(6,526)	-
	283,321	1,014,360	794,503	1,609,443
Results from operating activities	2,094	(742,794)	(358,314)	(966,026)
Finance expense				
Interest expense (note 10)	(360,541)	(326,539)	(707,317)	(624,623)
Interest on lease liability	(2,741)	(1,978)	(3,805)	(3,955)
Accretion of decommissioning obligations and convertible debentures (note 6 and 9)	(72,185)	(72,185)	(191,851)	(85,713)
	(435,467)	(367,919)	(902,974)	(714,291)
Net loss	(433,372)	(1,110,713)	(1,261,288)	(1,680,317)
Other comprehensive income (loss): Foreign currency translation adjustment	(68,887)	(83,820)	59,094	(74,729)
Total comprehensive loss	(502,260)	(1,194,533)	(1,202,194)	(1,755,046)
Basic and fully diluted loss per share (note 11(e))	(0.01)	(0.02)	(0.02)	(0.03)
Weighted average number of common shares outstanding	74,884,122	62,434,121	78,762,811	64,434,121

NEXERA ENERGY INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

	Share Capital	Warrants	Contributed Surplus	Share purchase loan	Deficiency	Equity Component of Convertible Debentures	Accumulated other comprehensive loss	Total deficiency
<i>(Unaudited, expressed in Canadian Dollars)</i>	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Balance - December 31, 2022	\$ 17,536,639	\$ -	\$ 2,441,269	\$ (247,970)	\$(41,631,187)	\$ -	\$ 202,993	\$ (21,698,256)
Issue of convertible dentures						134,754		134,754
Capital contribution on disposition of assets			205,063					205,063
Issue of shares on conversion of debentures, net of issue costs	599,922					(83,885)		516,037
Warrants issued on conversion of debentures	(110,623)	110,623						-
Loss for the year					(4,632,796)			(4,632,796)
Foreign exchange translation adjustment							49,765	49,765
Balance - March 31, 2024	\$ 18,025,938	\$ 110,623	\$ 2,646,332	\$ (247,970)	\$(46,263,983)	\$ 50,869	\$ 252,758	\$ (25,425,433)
Loss for the period					(1,261,288)			(1,261,288)
Private placement, net of issue costs (Note 11(b))	448,294							448,294
Foreign exchange translation adjustment							59,095	59,095
Balance - September 30, 2024	\$ 18,474,232	\$ 110,623	\$ 2,646,332	\$ (247,970)	\$(47,525,272)	\$ 50,869	\$ 311,853	\$ (26,179,333)

The notes are an integral part of these condensed interim consolidated financial statements.

NEXERA ENERGY INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(Unaudited, expressed in Canadian Dollars)</i>	Three months ended Sept 30		Six months ended Sept 30	
	2024	2023	2024	2023
Cash (used in) provided by:				
Operating activities				
Net loss for the year	(433,372)	(1,110,713)	(1,261,288)	(1,755,046)
Adjustments for:				
Depletion and depreciation	127,233	26,143	304,492	110,003
Bad debt expense	-	-	944	-
Accretion of decommissioning obligation	72,185	39,402	181,834	85,713
Accretion of convertible debenture	15,117	-	10,018	-
Interest on lease liability	2,741	1,978	3,805	3,955
Gain on participation agreement	-	(726,222)	-	-
Loss(gain) on disposition of property and equipment	-	105,768	(6,526)	-
Unrealized foreign exchange loss(gain)	(88,603)	(83,820)	68,996	(74,729)
	(304,701)	(1,747,463)	(697,724)	(1,630,105)
Change in trade and other receivables	(204,541)	363,127	(227,064)	(647,355)
Change in prepaid expenses and deposits	(10)	(21)	4	(22)
Change in accounts payable and accrued liabilities	505,782	940,174	710,189	2,913,062
	(3,471)	(444,183)	(214,597)	635,581
Investing activities				
Property and equipment expenditures	35,536	(293,485)	(25,040)	(85,741)
	35,536	(293,485)	(25,040)	(85,741)
Financing activities				
Lease liability payments	(5,799)	(2,859)	(5,799)	(5,719)
Proceeds from issuance of convertible debentures, net issue costs	-	264,922	-	-
Proceeds from private placement, net of issue costs (note 11(b))	-	-	448,294	-
Debenture (note 9)	-	-	-	(1,019,726)
	(5,799)	262,063	442,495	(1,025,445)
Increase (decrease) in cash	26,265	(475,604)	202,857	(475,604)
Cash, beginning of period	21,757	475,928	21,757	475,928
Cash, end of period	48,022	324	224,614	324

Supplemental cash flow information (note 15)

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

1. Reporting entity and 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 Southeast, Calgary, Alberta, Canada T2G 4X7. 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.

At September 30, 2024, the Company had not yet achieved profitable operations, had an accumulated deficiency of \$47,525,272 since its inception and had a working capital deficiency of \$22,409,741 (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.

2. Basis of presentation

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

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

statements contain all adjustments necessary to present fairly the Company's financial position as at September 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 December 2, 2024.

3. Estimation Uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the consolidated financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of revision and in any future years affected.

Significant estimates and judgments made by management in the preparation of the consolidated financial statements are outlined in note 2 to the audited annual consolidated financial statements for the 15 months ended March 31, 2024 and December 31, 2022.

4. Business combinations

During the fifteen month period ended March 31, 2024, EBY acquired the remaining 75% working interest in certain wells from an arm's-length third-party. The fair value of the assets acquired and liabilities assumed on the date of acquisition are as follows:

Net Assets acquired:

Assets acquired:

Property and equipment	\$	186,623
------------------------	----	---------

Liabilities assumed:

Decommissioning obligations		(166,298)
-----------------------------	--	-----------

Net Assets acquired:	\$	20,325
----------------------	----	--------

Consideration paid:

Net trade receivables and accounts

payables settled	\$	20,325
------------------	----	--------

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

4. Business combination (continued)

The value of the net assets acquired was equal to the consideration paid and therefore no goodwill or bargain purchase gain was recognized in these consolidated financial statements.

The estimated fair value of the oil and natural gas assets acquired was made by management based on available information at the time of the closing of the acquisition. The fair value of the provision for decommissioning liabilities was determined using estimates of the timing and future costs associated with plugging, abandonment and site remediation costs of the petroleum and natural gas assets acquired, discounted at a risk-free rate in accordance with IFRS 3 - Business Combinations and IFRS 13 - Fair Value Measurement.

The Company cannot reasonably estimate the contribution of the additional working interest acquisition to revenues and net income for the period from the acquisition date nor the annual impact had the acquisition occurred on January 1, 2023. As such, disclosure has not been provided which represents a departure from IFRS.

5. Property, plant and equipment

	Oil and natural gas interests \$	Right of use assets \$	Corporate and other \$	Total \$
Cost, December 31, 2022	14,333,581	48,310	1,034,721	15,416,612
Business combination (note 4)	186,623	-	-	186,623
Additions	267,196	57,890	25,824	350,910
Dispositions	(94,937)	(48,310)	(225,069)	(368,316)
Revisions to decommissioning obligations (note 7)	1,487,211	-	-	1,487,211
Foreign currency translation	6,205	-	507	6,712
Cost, March 31, 2024	16,185,879	57,890	835,983	17,079,752
Accumulated depletion, depreciation and impairment, December 31, 2022	(12,029,732)	(33,155)	(710,467)	(12,773,354)
Dispositions	-	48,310	49,761	98,071
Depreciation and depletion for the period	(240,264)	(19,979)	(52,054)	(312,297)
Impairment	(1,134,623)	-	-	(1,134,623)
Foreign currency translation	(11,258)	-	858	(10,400)
Accumulated depletion, depreciation and impairment, March 31, 2024	(13,415,877)	(4,824)	(711,902)	(14,132,603)
Carrying value, March 31, 2024	2,770,002	53,066	124,081	2,947,149

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

5. Property and equipment (continued)

	Oil and natural gas interests \$	Right of use assets \$	Corporate and other \$	Total \$
Cost, March 31, 2024	16,185,878	57,890	835,983	17,079,752
Additions	5,710	23,244	(3,914)	25,040
Revisions to decommissioning obligations (Note 7)	80,074	-	-	80,074
Foreign currency translation	(118,910)	-	306,053	187,143
Cost, September 30, 2024	16,152,752	81,134	1,138,122	17,372,008
Accumulated depletion, depreciation and impairment, March 31, 2024	(13,415,876)	(4,824)	(711,902)	(14,132,602)
Depreciation and depletion for the period	(270,969)	(3,805)	(25,914)	(304,492)
Foreign currency translation	75,586	-	(288,450)	(212,864)
Accumulated depletion, depreciation and impairment, September 30, 2024	(13,611,259)	(8,629)	(1,030,070)	(14,649,958)
Carrying value, September 30, 2024	2,541,493	72,505	108,052	2,722,050

The Company does not capitalize any of its general and administrative costs.

The calculation of depletion expense includes future development costs of \$nil (Fifteen months ended March 31, 2024 - \$nil) for the six months ended September 30, 2024.

During the fifteen month period ended March 31, 2024, the Company disposed of a 50% interest in certain wells to two directors and shareholders for gross proceeds of \$300,000. The carrying value of the working interests was \$94,937, which resulted in \$205,063 being recorded to contributed surplus as the transaction was determined to be with individual's acting in their capacity as shareholders (Note 11(f)).

Royalty obligation

During fiscal 2020, the Company closed an acquisition with an arms-length party of various properties and working interests in the La Vernia fields for cash consideration and a gross overriding royalty that became effective January 1, 2021. The gross overriding royalty was initially valued at an estimate of its fair value of USD\$300,000 (CAD\$399,000) and is subsequently measured in accordance with IFRS 9 at amortized cost using the effective interest rate method at each period end based on estimated projected royalties as determined by utilizing the independent reserve engineer report.

In April 2020, the Company disposed of 50% of its working interest in the La Vernia fields. As at September 30, 2024, the royalty liability was determined to have a value of CAD\$196,201 (March 31, 2024 – CAD\$197,298).

Impairment

In light of volatility in oil benchmark prices during the periods, an impairment test was performed on the Company's CGUs as at March 31, 2024 and December 31, 2022 based on reserve values prepared by an independent reservoir engineer using a pre-tax discount rate of 12% (December 31, 2022 – 12%), forecast pricing and an inflation rate of 2% (December 31, 2022 – 2%). The recoverable amount of the CGU was based on FVLCS. The fair value was estimated based on a discounted cash flow

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

5. Property and equipment (continued)

approach and resulted in an impairment loss for the Company for the fifteen-month period ended March 31, 2024 of \$1,134,623 (Year ended December 31, 2022 – \$nil).

The following are key assumptions used in the impairment test:

- (a) *Reserve volumes.* The estimation of remaining reserve volumes requires an analysis of geological and geophysical data, industry and competitor information and an assessment of historical well production volumes and characteristics.
- (b) *Petroleum and natural gas prices.* Forward price estimates for petroleum and natural gas are used in the cash flow model. Commodity prices have fluctuated widely in recent years due to global and regional factors including supply and demand fundamentals, inventory levels, exchange rates, weather, economic and geopolitical factors.
- (c) *Discount rate.* The discount rate used to calculate the net present value of cash flows is based on estimates of an approximate cost of capital for potential acquirers of the Company or the Company's CGUs. Changes in the general economic environment could result in significant changes to this estimate.

The benchmark prices used in the reserves estimate as at March 31, 2024 are as follows:

	Crude oil (West Texas Intermediate) USD\$/bbl
2024	71.88
2025	69.22
2026	68.43
2027	69.92
2028	71.43

Prices escalating at 2.0 percent annually thereafter.

The benchmark prices used in the reserves estimate as at December 31, 2022 are as follows:

	Crude oil (West Texas Intermediate) USD\$/bbl
2023	71.36
2024	65.88
2025	63.92
2026	65.33
2027	66.74

Prices escalating at 2.0 percent annually thereafter.

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

6. Decommissioning obligations

The Company's decommissioning obligations result from its ownership interest in oil and natural gas assets including well sites and gathering systems. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years.

The Company has estimated the cost of the decommissioning obligations to be \$6,848,504 as at September 30, 2024 (15 months ended March 31, 2024 - \$5,651,702). These payments are expected to be made over the next 2 to 15 years. The obligations have been calculated using an inflation rate of 2.00% (Fifteen months ended March 31, 2023 - 2.00%) and a discount factor, being the risk-free rate related to the liability, of 3.58% - 4.96% (Fifteen months ended March 31, 2024 - 3.41% - 5.03%).

	September 30, 2024	March 31, 2024
	\$	\$
Balance, beginning of year	5,651,702	3,829,742
Business combination (note 4)	-	166,298
Revisions / changes in estimates (note 6)	80,074	1,487,211
Accretion	181,834	166,209
Foreign currency translation	(29,861)	(43,184)
Balance, end of year	5,883,749	5,651,702

7. 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 September 30, 2024 is \$62,010 (15 months ended March 31, 2024 - \$62,010) and has accrued interest of \$19,486 (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.

8. 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.

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

8. Note Payable and Credit facility (continued)

At September 30, 2024 the total amount outstanding under the Loan is \$5,785,406, (March 31, 2024 - \$5,785,406), and during the period ended September 30, 2024, the Company incurred interest of \$332,425 (June 30, 2023 - \$308,346). Total accrued interest included in accounts payable and accrued liabilities is \$2,878,725 (June 30, 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 September 30, 2024 the principal balance was \$4,262,673 (March 31, 2024 - \$4,278,847) and unpaid interest included in accounts payable and accrued liabilities is \$3,676,431 (June 30, 2023 - \$2,826,246). Interest of \$123,022 (June 30, 2023 - \$229,745) was expensed during 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.

9. 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		10,018	-	10,018
Balance, September 30, 2024	377.50	\$ 350,366	\$ 50,869	\$ 401,235

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

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

9. Convertible debentures (continued)

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.

10. Finance expense

Finance expense consists of the following:

	Six months ended September 30, 2024	Fifteen months ended March 31, 2024
Accretion on convertible debenture	10,018	22,740
Interest on convertible debentures	18,921	54,363
Interest on loans and other	688,396	1,672,767
Interest on lease liability	3,805	6,807
Accretion of decommissioning obligations	181,834	166,209
Total	902,974	1,922,887

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

11. Share capital

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	74,884,121	18,025,938
Private placement (i)	18,200,000	455,000
Share issue costs	-	(6,705)
Balance, September 30, 2024	93,084,121	18,474,233

On August 22, 2024, the Company closed a non-brokered private placement. Pursuant to this closing, an aggregate 18.2 million units were issued at a price of 2.5 cents per unit for aggregate consideration of \$455,000 and share issue costs of \$6,706. 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).

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

c) Warrants

Warrants to acquire common shares outstanding at September 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	6,225,000	110,623	0.10	2.05
Share purchase warrant issued	18,200,000	-	0.10	1.89
Balance, September 30 2024	24,425,000	110,623	0.10	1.74

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

	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 for the Six Months Ended September 30, 2024 and 15 Months Ended June 30, 2024.

During the period ended September 30, 2024 and 15 months ended March 31, 2024, the Company did not recognize any share-based payment expense.

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

11. Share capital (continued)

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 September 30, 2024 \$	As at March 31, 2024 \$
Fair value of expired stock options	2,441,269	2,441,269
Contributions from owners (note 5)	205,063	205,063
	2,646,332	2,646,332

12. 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

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

12. Related party transactions and key management compensation (continued)

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 September 30, 2024 trade and other receivable includes \$28,065 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 September 30, 2024, Interest on demand loan, note payable and credit facility of \$688,396 (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 September 30, 2024 was \$6,587,492 (March 31, 2024 - \$5,899,096) in accrued interest in relation to these financial instruments.
 - ii. During the period ended September 30, 2024, rent expense of \$18,000 (June 30, 2024 - \$18,000) 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 September 30, 2024, salaries and wages of \$79,403 (March 31, 2024 - \$239,500) were paid to an officer of the Company.
 - iv. During the period ended September 30, 2024, consulting fees of \$19,635 (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 September 30, 2024 was \$1,908,589 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 (March 31, 2024 - \$2,001,846).
 - vi. Included in accounts receivable at September 30, 2024 was \$186,232 owing from corporations which are owned and controlled by a party who is a significant shareholder of the Company (March 31, 2024 - \$41,526).

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

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.

13. Lease Liabilities

The following is a breakdown of the Company's lease liability:

Lease liability – vehicle leases		
Balance, December 31, 2022	\$	14,863
Lease additions		56,890
Lease payments		(26,593)
Interest expense		6,807
Balance, March 31, 2024	\$	51,967
Lease additions		24,006
Lease payments		(5,799)
Interest expense		3,805
Balance, September 30, 2024	\$	73,979
Less current portion of lease obligations		12,653
Non-current portion of lease obligations	\$	61,326

As at September 30, 2024, the estimated undiscounted cash flows required to settle the Company's lease liability was \$92,362 (March 31, 2024 - \$51,967). As at September 30, 2024, the Company calculated the present value of the lease payments utilizing an incremental borrowing rate ranging from 7% - 9% (March 31, 2024 – 8% - 12%).

The Company's total undiscounted future lease payments equate to future fixed lease obligations and exclude future variable office lease obligations as they do not meet the recognition criteria for a lease.

13. 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 September 30, 2024 (15 months ended March 31, 2024 - \$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

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

13. Commitments and contingencies (continued)

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 September 30, 2024 and 15 months ended March 31, 2024, 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\$98,446). 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 September 30, 2024 and 15 months ended March 31, 2024, 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 September 30, 2024 and 15 months ended March 31, 2024, 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.

14. Supplemental cash flow information

	September 30, 2024	15 months ended
	\$	March 31, 2024
		\$
The Company had the following non-cash transactions:		
Change in estimates in decommissioning obligations (note 6)	80,074	(1,487,211)
		-

15. 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.

At September 30, 2024 and 15 months ended March 31, 2024, the current financial assets and liabilities approximate their fair values.

b) Credit risk:

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

Virtually all of the Company's trade and other receivables are from companies in the oil and gas industry and are subject to normal industry credit risks. Credit risks arise principally from the amounts owing to the Company from oil and natural gas marketers and joint interest partners.

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

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

16. Financial risk management (continued)

At September 30, 2024, the Company's trade and other receivables have been aged as follows:

	September 30, 2024	March 31, 2024
Days outstanding	\$	\$
0-30 days	106,056	109,331
31-60 days	20,000	21,621
61-90 days	138,839	30,823
Greater than 90 days	190,004	66,060
Total	<u>454,899</u>	<u>227,835</u>

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 September 30, 2024, the Company recognized an impairment charge of \$944 trade and other receivables (March 31, 2024 – \$330,197). As at September 30, 2024, there is an allowance for doubtful accounts of \$896,820 (March 31, 2024 - \$900,099).

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

The Company attempts to align its payment cycles with collections of oil and natural gas revenue. As at September 30, 2024, the Company has a working capital deficiency of \$22,409,741. 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 loss or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing returns.

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

16. Financial risk management (continued)

(i) Commodity price risk:

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

(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 September 30, 2024, the majority of the Company's debt, including the short-term loan, the demand loan and the note payable, bears fixed interest 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 period ended September 30, 2024 or fifteen months ended March 31, 2024.

e) Capital management

The Company's capital consists of shareholders' deficiency, the credit facility, the note payable, the demand loan 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 period.

NEXERA ENERGY INC.

Notes to the Condensed Interim Consolidated Financial Statements

16. Segmented information

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

Product segmentation is as follows:

Revenue	Oil	Natural Gas	NGL's	Royalty	
				Income	Total
September 30, 2024 (\$)	493,136	5,115	3,401	18,382	520,034
March 31, 2024 (\$)	1,638,335	35,752	7,886	74,548	1,756,521

Geographical segmentation is as follows:

	September 30, 2024 (\$)		
	Canada	United States	Total
Petroleum and natural gas sales	33,503	485,572	518,975
Depletion, depreciation and impairment	14,419	290,073	304,492
Net loss	(425,423)	(835,865)	(1,261,287)
Property and equipment	78,385	2,643,665	2,722,050
Total liabilities	13,609,982	16,316,126	29,926,108

	As at and for the fifteen 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

17. Subsequent events

Subsequent events have been evaluated through December 2, 2024, the date the consolidated financial statements are available to be issued.