



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 September 30, 2024 and the audited annual Consolidated Financial Statements for the fifteen-month period 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.sedar.com. The Company is listed on the TSX Venture Exchange under the symbol "NGY". The MD&A is dated December 2, 2024.

BASIS OF PRESENTATION

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

Application of Accounting Estimates

The significant accounting policies used by the Company are disclosed in Note 3 to the annual Consolidated Financial Statements for the fifteen-month period March 31, 2024. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a periodic basis. The emergence of new information and changed circumstance may result in actual results or changes to estimates that differ materially from current estimated amounts.

Non-IFRS and Non-GAAP Measures

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

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

Going Concern

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

BOE Presentation

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

FORWARD-LOOKING STATEMENTS

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

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

The Company's future production volumes and the timing of when additional production volumes will come on stream; the Company's realized price of commodities in relation to reference prices; the Company's future commodity mix; future commodity prices; the Company's expectations regarding future royalty rates and the realization of royalty incentives; the

Company's expectation of future operating costs on a per unit basis; future general and administrative expenses; future development and exploration activities and the timing thereof; the future tax liability of the Company; the expected rate of depletion, depreciation and accretion; the estimated future contractual obligations of the Company; the future liquidity and financial capacity of the Company; and, the Company's ability to fund its working capital and forecasted capital expenditures. In addition, statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future.

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

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

OVERALL PERFORMANCE AND OUTLOOK

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

HIGHLIGHTS OF 2024 THROUGH THE END OF Q2:

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 30th 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 September 30		Six months ended September 30	
	2024	2023	2024	2023
FINANCIAL				
Gross revenue	376,824	367,196	570,250	850,598
Total assets	3,756,794	3,743,234	3,756,794	3,743,234
Net comprehensive income (loss)	(433,372)	(1,110,713)	(1,261,288)	(1,680,317)
Per share – basic and diluted	0.005	0.02	0.01	0.03
OPERATIONS				
Production sales				
Oil (BBLs/d)	36	37	32	43
Natural gas (MCF/d)	33	23	25	30
NGL (BBLs/d)	0	0	0	0
Total (BOE/d @ 6 MCF: 1 BBL)	42	41	36	48
Average pricing				
Natural gas (\$/MCF)	2.38	6.31	4.44	6.04
Oil and NGL's (\$/BBL)	93.33	101.31	94.99	96.60
Combined (\$/BOE)	89.78	99.01	92.31	94.22
Expenses				
Production expense & transportation (\$/BOE)	27.75	34.34	30.38	37.62
Royalty expense (\$/BOE)	22.66	25.16	23.67	30.25
Net Back Combined (\$/BOE)	39.37	39.51	38.26	26.35

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 \$376,824 for the three months ended Sept 30, 2024, from \$367,196 for the three months ended September 30, 2023.

Sales – Six months ended	Average Daily Volumes		Average Prices	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Natural Gas (mcf)	25	30	2.44	6.04
Oil and NGLs (bbls)	32	43	94.99	96.60
Barrels of Oil Equivalent (boe)	36	48	92.31	94.22

During the period ended September 30, 2024, the Company continued to focus its resources toward its current well optimization in South Texas.

For the six months ended September 30, 2024 natural gas production averaged 30 MCF/d compared to 25 MCF/d during the same period in 2023.

Natural gas prices were \$4.44/MCF during the six months ended Sept 30, 2024 compared to \$6.04/MCF during the same period in 2023.

Oil and NGL prices averaged \$94.99/bbl during the six months ended Sept 30, 2024 from \$96.60/bbl for the same period in 2023.

For the six months ended September 30, 2024, the average sales volume on a BOE/d basis was 36 BOE/d compared to 48 BOE/day for the six months ended September 30, 2023.

The average sales price on a BOE basis was \$92.31/BOE during the six months ended Sept 30, 2024, from \$94.22/BOE received in the six months ended September 30, 2023.

GENERAL & ADMINISTRATIVE EXPENSES

After recoveries, general and administrative expenses (“G&A”) decreased to \$102,754 and \$373,117, respectively, during the three and six months ended September 30, 2024 from \$856,248 and \$1,206,726, respectively, for the same period during 2023. The Company’s G&A is reflective of the Company’s efforts to mitigate costs while optimizing existing wells in the current pricing environment for oil.

	General & Administrative Expenses			
	Three months ended September 30		Six months ended September 30	
	2024 (\$)	2023 (\$)	2024 (\$)	2023 (\$)
Net G&A expense	102,754	856,248	373,117	1,206,726

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 slightly from \$5,651,702 as at March 31, 2024 to \$5,883,749 as at September 30, 2024.

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 estimate d future expenditures to develop proved reserves.

	Depletion and Depreciation			
	Three months ended Sept 30		Six months ended Sept 30	
	2023 (\$)	2022 (\$)	2024 (\$)	2023 (\$)
Depletion and depreciation	127,233	26,143	304,492	110,003

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

CAPITAL EXPENDITURES

	Six months ended September 30,	
	2024 (\$)	2023 (\$)
Exploration and evaluation expenditure	-	-
Capital expenditures	(24,040)	(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	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31
(\$000 except per share and unit values)	2024	2024	2024	2023	2023	2023	2023	2022
Petroleum and natural gas sales	376	354	235	348	368	338	467	487
Net loss	(433)	(502)	555	(2,603)	(830)	(1,195)	(561)	(83)
Net loss per share								
Basic and diluted	(0.005)	(0.01)	0.00	(0.03)	(0.01)	(0.02)	(0.01)	(0.05)
Average daily sales								
Natural gas (MCF/d)	33	25	24	30	23	23	26	8
Oil/NGL (BBLs/d)	36	51	26	40	37	41	50	41
Barrels of oil equivalent (BOE/d)	42	56	30	45	41	45	55	49
Average sales prices								
Natural Gas (\$/MCF)	2.38	7.70	6.96	9.40	11.31	9.18	12.70	15.15
Oil/NGL (\$/BBL)	93.33	71.19	94.64	96.04	101.31	91.92	93.50	90.13
Sales price of oil equivalent (\$/BOE)	89.78	69.59	87.87	92.27	99.01	88.84	92.01	94.64
Operating costs (\$/BOE)	27.75	10.32	53.01	30.67	34.34	25.13	31.90	47.87
Royalty Expense (\$/BOE)	22.66	18.14	21.78	23.70	25.16	23.35	22.96	23.33
Operating netback (\$/BOE)	39.37	41.13	13.08	37.90	39.51	40.37	37.14	23.44

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 development of its South Texas assets.

LIQUIDITY & CAPITAL RESOURCES

In order to resolve its working capital deficiency of \$22,409,741, and to access additional share equity, the Company will continue to emphasize its exploration program in Texas.

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

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

The Company has a long history of successful private placements and anticipates that it will be able to complete private placements in the future. At the time of this writing the Company has completed the following Private Placements from 2023 to date in 2024.

EQUITY FINANCINGS

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

- (ii) On August 21, 2024 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**")

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 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).
 - 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 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.

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	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).

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.

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 fairvalue 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

SUBSEQUENT EVENTS

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