NEW STRATUS ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020

FOR THE YEAR ENDED MARCH 31, 2020

The following management discussion and analysis ("**MD&A**") of the financial position of New Stratus Energy Inc. (the "**Company**" or "**New Stratus**") should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2020.

This MD&A is effective as of July 29, 2020.

All dollar figures in this MD&A, unless otherwise stated, are expressed in Canadian dollars.

FORWARD-LOOKING INFORMATION

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results and achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are also advised to consider such forward-looking statements while considering the risks set forth below.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to future acquisitions; the potential of the Company's properties; the future of commodity prices; success of exploration activities; cost and timing of future exploration and development; requirements for additional capital; and other statements relating to the financial and business prospects of the Company.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: the timing and progress of oil and gas exploration; future acquisitions; the government regulation of operations; permits and authorizations; expectations regarding the Company's ability to raise capital; expenditures to be made by the Company to meet certain work commitments; environmental risks; and potential title disputes or claims and limitations on insurance coverage.

In addition, the Company has also made certain assumptions that the Company believes are reasonable. These assumptions include, but are not limited to the legislative and regulatory environment; the impact of increasing competition; the success and timely completion of planned exploration and development projects; that general business and economic conditions will not change in a materially adverse manner; anticipated results of exploration, development and production activities; and the Company's ability to obtain additional financing on satisfactory terms.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, other factors could also cause materially different results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

NEW STRATUS BUSINESS

The Company's sole business to date has been to identify, evaluate and acquire mineral and oil and gas properties and to conduct exploration and development operations on such properties. The Company has no commercial production, and accordingly has realized no material revenues to date. See "Outlook".

Additional information related to Company and factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website at www.sedar.com.

CORPORATE HISTORY, BACKGROUND AND GENERAL DEVELOPMENT

The Company was incorporated as "Alex Lee Syndicate Inc." under the *Business Corporations Act* (Alberta) ("**ABCA**") on April 12, 2005. On November 18, 2005, the Company changed its name to "Red Rock Energy Inc." and on August 15, 2017, the Company changed its name to "New Stratus Energy Inc."

The Company's head office is located at Suite 301, 372 – Bay Street, Toronto, Ontario and its registered and records office is located at Suite 301, 372 Bay Street, Toronto, Ontario M5H 2W9.

The Company is a reporting issuer in Alberta, British Columbia, Ontario and Saskatchewan. The common shares of the Company (the "**Common Shares**") are listed on the TSX-V under the trading symbol "NSE".

On October 3, 2017, the Company acquired 100% of the common shares of Petrolia SARL (the "**Subsidiary**") for USD $1.00. The Subsidiary is a Luxembourg company incorporated on February 22, 2016.

OUTLOOK

During the year ended March 31, 2020, the Company continued evaluation of the VMM 18 block in Colombia. The VMM 18 E&P Contract is highly prospective for light and medium gravity oil and is located in the Middle Magdalena Basin of Colombia covering a total area of 75,968 acres. Management of the

Company has identified a number of prospects and leads based on the existing 2D and 3D seismic coverage on the block. Analogous nearby discoveries (Guaduas, Puli, Rio Seco, Toqui-Toqui) some of them in similar play-type, decreases the risk of the prospects in the VMM-18 block. The block is located with nearby access to pipelines with extra capacity as well as a road transportation network to the export terminal.

Pursuant to the terms of the agreement executed in respect of this acquisition, New Stratus acquired a 100% working interest in the VMM 18 E&P Contract in consideration for agreeing to fund the vendor's exploration commitments for the second phase of the VMM 18 E&P Contract. As per the contract and a recent extension by ANH, NSE has to perform seismic reprocessing valued at USD $250,000 and drill an exploration well valued at USD $3 Million by August 21, 2020 as a work commitment under the contract.

The vendor also received a 5% overriding royalty in the production of the VMM 18 E&P Contract. The acquisition is subject to the National Agency of Hydrocarbons of Colombia formal approval. The Company is currently working on a private placement to fund the VMM18 work program.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The significant impact of the above-mentioned event and instabilities in the supply side of the oil industry has affected NSE ability to obtain appropriate financing and continue with its work commitments. Accordingly, the Company's operator applied on June 26, 2020 for a one-year time extension for its work commitments invoking Article 2 issued on April 7,2020 by the Colombian Government related to the state of emergency arising from the COVID 19 pandemic. Even though the event of a rejection of this application is considered by management as unlikely, the denial of the extension would lead to the loss of the Company's interest in the Block VMM-18.

In addition to the work in Colombia's Block VMM-18, management's is currently pursuing other opportunities to diversify its asset holdings through additional acquisitions of international oil and gas assets in Colombia, Peru and Ecuador.

Strategy:

Management objective is to increase production to approximately 50,000 boe/d within 3 to 5 years. This strategy involves the acquisition of production up to 15,000 boe/d and the utilization of management expertise to improve organically grow acquired production.

The following are specific targets that management has for the above-mentioned countries:

Colombia:

- Acquire production operators/assets
- Farm-in
- Bidding rounds
- Direct negotiations with national producers and regulators (Ecopetrol and ANH)

Ecuador:

- Fee/bbl contracts
- Obtain PSC's licenses

- Farm-in and joint ventures
- Participate in the Intracampos II bid round

Peru:

- Acquisition of existing operators with upside potential and environmental permits
- Farm-in on existing ready to drill blocks
- Participate in bid rounds

OVERALL PERFORMANCE

Colombia - Block VMM-18:
On November 27, 2018 the Company entered into a Farm-in agreement with Montajes JM ("JM") where NSE has the right to earn up to 100% interest in Montajes' 100% owe Block VMM-18 (the "Project"), located at Cuenca Valle Medio del Magdalena in Colombia. The project encompasses the exploration and development of hydrocarbons in the above-mentioned area.

The Agreement contemplated the completion of Phase II by August 21, 2019, which has been deferred due to the delay on the granting of the environmental license by the ANH until August 21,2020. As a condition of the extension of the Agreement, NSE has committed to perform seismic reprocessing valued at USD $250,000 and drill an exploration well valued at USD $3 Million by August 21, 2020 as a work commitment under the contract.

As part of Phase II of the Project, NSE has agreed to finance the exploratory, including all decommissioning costs and payments due to the Colombian National Hydrocarbons Association ("ANH").

NSE will also pay to JM a 5% royalty on production revenue after deducting government royalties, adjusted at wellhead.

As part of Phase II of the exploration program NSE should fund:

- The reprocessing of 963 kms. of two-dimensional seismic data;
- The reprocessing of 60 square kilometers of three-dimensional seismic data
- The seismic inversion of the 2D and 3D on top of the exploratory prospects
- Drilling one exploratory well.

The initiation of exploratory well work is subject to the ANH's approval by the ANH of the environmental license, which is currently outstanding as the Company is required to complete its environmental report in accordance to ANH standards.

During the fiscal year JM has incurred $658,687 in exploration expenditures out of which $427,724 had been already funded by NSE. The following schedule breaks down the principal expenditures incurred during Phase II of the exploration program:

	CAD$	USD$
Environmental assessment	$ 27,914	$ 20,945
Financial charges	48,143	36,084
General and administration	278,302	208,596
Permits and lincenses	298,005	223,359
Professional fees	6,323	4,739
	$ 658,687	$ 493,723

The Company is currently exploring financing options to fund the VMM18 work program.
The Company will remain active pursuing oil and gas assets in South America with the objective of acquiring asset(s) in the near future.

See also the "Outlook" section above.

SELECTED ANNUAL INFORMATION

Selected audited annual information for the three most recently completed years, all reported under IFRS, are as follows:

Fiscal years ended March 31,	2020	2019	2018
Interest and other income	$ -	$ -	$ -
General and administrative expenses	**1,203,760**	2,292,206	1,844,188
Net and comprehensive loss	**$1,400,989**	1,842,723	2,880,024
Cash & restricted cash	**$252,865**	430,296	561,929
Total assets	**$943,165**	$461,815	1,996,668
Working capital deficiency	**(1,621,930)**	(2,277,507)	(1,385,126)
Common shares, end of year	**47,980,399**	35,770,332	35,770,332

SELECTED QUARTERLY INFORMATION

The summary below highlights selected quarterly information:

	Fiscal 2020				Fiscal 2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest and other income				-				
Net income (loss)	(467,090)	(300,158)	(454,506)	(184,801)	(823,640)	147,510	(521,907)	(650,047)
General & administrative expenses	414,673	197,524	412,218	(2,077,513)	832,813	304,933	521,888	632,572
Exploration and evaluation expenditures	658,687	-	427,724	399,810	-	-	-	-
Loss per share (basic and fully diluted) (1)	0.01	0.01	0.01	0.01	0.02	0.00	0.01	0.02
Total assets	$943,165	$2,492,915	2,541,100	714,655	461,815	95,227	1,470,962	1,595,223
Working capital (deficit)	(1,621,930)	(3,244,365)	(2,940,244)	(2,457,823)	(2,277,507)	(1,065,687)	(2,533,942)	(2,018,164)
Total long-term liabilities	-	-	-	-	-	-	-	-

(1) Pursuant to the common share consolidation on April 20, 2017 the number of common shares outstanding have been retroactively adjusted to effect the consolidation.

RESULTS OF OPERATIONS

The Company is evaluating surface exploration and drilling programs with respect to the VMM 18 E&P Contract.

The material components of exploration and evaluation assets or expenditures for the last two completed financial years are as follows and are attributable to the Company's uranium project located Northwestern Saskatchewan, which was divested during the year ended March 31, 2019.

During the year ended March 31, 2020, the Company incurred in its VMM 18 E&P program $658,687 out of which 100% has been capitalized.

The Company also recorded $67,165 in foreign exchange losses (F2019: $16,509), principally due to the exposure of certain liabilities held in USA dollars, currency that has significantly appreciated since debt positions were contracted, and a gain of $59,083 on the settlement of certain payables to consultants.

The following schedule describes the general and administrative expenses incurred by NSE during the years ended March 31, 2019 and 2020:

	2020	2019	Change
Insurances	**$ 9,338**	$ 16,049	$ (6,711)
Legal and accounting	**424,642**	957,878	(533,236)
Management fees	**128,051**	210,000	(81,949)
Professional fees	**479,630**	757,692	(278,062)
Office and administration	**118,069**	324,148	(206,079)
Shareholders information and investor relations	**44,030**	26,439	17,591
	$ 1,203,760	$ 2,292,207	$ (1,088,447)

Compared to the same period of 2019, the Company's G&A decreased significantly during the year ended March 31, 2020, primarily due to the higher business development activity including asset evaluations, due diligence and negotiations, incurred during fiscal 2019.

The decrease in legal and accounting fees of $533,236 is composed by a reduction in legal expenses of approximately $540,000 and an increase in audit and accounting fees of approximately $8,000.

The reduction in management fees of $81,949 is a result on reductions on fees paid to executives during fiscal 2020.

Professional fees incurred includes engineering consultancy for evaluating and negotiating potential acquisitions of international oil and gas assets. As the activity during fiscal 2020 has been reduced these fees have been reduced accordingly.

Office and administration charges have decreased by $206,079 principally as the results on cost savings implemented decreasing travel expenses for approximately $150,000 and $50,000 in rent expenses.

FOURTH QUARTER

During the three months ended March 31, 2020 the Company generated a net loss of $467,090 compared to a net loss of $823,812 for the comparative period.

The most significant elements attributable to the three months ended March 31, 2020 were a gain on settlement of debt of $59,083, where the Company issued 984,718 common shares with a fair value of $137,861 to settle liabilities of $196,944 (Q4F2019: $Nil); interest expenses of $31,135 (Q4F2019: $449); foreign exchange loss of $80,363 (Q4F2019: $ 41,459) and $414,673 in general and administrative expenses (Q$F2019: 832,813), as described below.

General & administrative expenses

Three months ended March 31,	2020	2019	Change
Insurances	**$2,000**	$3,996	($1,996)
Legal and accounting	**163,575**	391,343	(227,767)
Management fees	**(16,324)**	62,500	(78,824)
Professional fees	**179,951**	323,497	(143,546)
Office and administration	**50,691**	44,126	6,566
Shareholders information and investor relations	**34,780**	7,352	27,429
	$414,673	$832,813	($418,140)

EXPLORATION AND EVALUATION ACTIVITIES

The Company capitalized exploration and evaluation costs of $658,687 during the year ended March 31, 2020 ($Nil during the comparative period). See Overall Performance section for a detail of the expenditures incurred.

LIQUIDITY AND CAPITAL RESOURCE

The Company is in the development stage and therefore has no regular cash flow. As at March 31,2020, the Company had a working capital deficit of $1,621,930.

The following activities affecting NSE working capital took place during the year ended March 31, 2020:

a) Private Placement and Restricted cash:

On January 30, 2020, the Corporation completed a non-brokered private placement of 10,956,069 units ("**Units**") at a price of $0.20 per Unit for gross proceeds of $2,191,213 (the "**Offering**"). Each Unit issued pursuant to the Offering was comprised of one Common Share and one warrant, with each warrant entitling the holder to acquire one Common Share at a price of $0.30 per Common Share until January 29, 2022. Finders acting in connection with the Offering received finder's fees in the aggregate amount of $53,856, which were paid in Common Shares at a price of $0.20 per Common Share for an aggregate of 269,280 Common Shares.

b) Short-term loan:

On March 29, 2019 the Company secured a $400,890 (USD $300,000) loan from a non-arm's length lender. The proceeds of the loan were included as restricted cash as of March 31, 2019. The loan carried interest at 12% for the first 60 days and was due on April 29, 2019 and subject to accelerated maturity date to within 5 days of the release of funds to the Company from any private placement financing. In the event of non-payment of the principal and interest within the terms, the aggregate unpaid balance will accrue interest of 3% per month.

On January 30, 2020 NSE agreed to repay the original loan amount of USD $300,000 plus USD $30,378 of the $USD $108,000 interest accrued at that date. The parties then entered into a new loan agreement (the "New Loan") where the balance of the New Loan, being USD $77,622, carries an interest rate of 12% per year and matures one year from the time it is granted.

The New Loan is payable, at the option of the lender (a) in cash, (b) or shares of NSE priced at the five days – weighted average market price of the shares, or (c) a combination of (a) and (b).

c) Debt settlement agreements

On February 18, 2020, the Corporation completed shares for debt transactions pursuant to debt settlement agreements with certain creditors who had provided services to the Corporation. Pursuant to these agreements, the Corporation issued an aggregate of 984,718 Common Shares at a deemed price of $0.20 per Common Share to settle $196,944 of outstanding debt. NSE realized a gain of $59,083 on this settlement. Each of the creditors are arm's length parties who have provided consulting services to the Corporation.

d) Due to shareholders:

During the year ended March 31, 2019, short term loans totaling $668,150 (USD $500,000) were received from a company controlled by directors and shareholders of the Company, bearing interest at 6% with USD $50,000 maturing August 14, 2019 and USD $450,000 due on December 5, 2019.

On November 2019, directors of the Company advanced USD $450,000 to NSE to satisfy the above-mentioned loan. In addition to this advances, directors of the Company made additional cash advances to NSE to cover operating expenses while awaiting the closing of a private placement financing that was concluded on January 29, 2020. The advances carry an annual interest rate of 6% and have no terms of repayment.

The following schedule describes transactions with shareholders and directors since March 31, 2018:

Years ended March 31,	**2020**		**2019**	
	CAD$	**US$**	**CAD$**	**US$**
Balance at March 31, 2019	$668,150	$500,000	$ -	$ -
Interest accrued	44,751	33,586	-	-
Other advances granted to the Corporation	860,011	707,516	657,182	500,000
Repayment of loan from a company			-	-
controled by shareholders	($668,150)	($500,000)	-	-
Repayment of advances from directors	(419,292)	(321,523)	-	-
Foreign exchange	109,283	-	10,968	-
Balance at March 31, 2020	**$594,753**	**$419,579**	$668,150	$500,000

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements as at March 31, 2020, nor have any such arrangements been entered into by the Company as of the date of this MD&A.

TRANSACTIONS WITH RELATED PARTIES

In addition to the transactions described under the Liquidity and Capital Resources section above, the following describes transactions with related parties for the year ended March 31, 2020:

A company controlled by an officer and director of the Company provided financial management services to the Company. During the years ended March 31, 2020 fees and disbursements incurred for amounts due to this officer totaled and $54,375 (2019 – $90,000). As of March 31, 2020, $Nil (2019 – $52,500) is outstanding in accounts payable.

A company controlled by a shareholder and director provides CEO services to the Company. During the years ended March 31, 2020 and 2019 fees and disbursements incurred for amounts due to this director totaled $60,000 (2019 – $120,000). As of March 31, 2020, $Nil (2019 – $70,000) is outstanding in accounts payable under this concept.

All of the above transactions are in the normal course of operations and are measured at fair value which is the price agreed to by the related parties.

CRITICAL ACCOUNTING ESTIMATES

This MD&A should be read in conjunction with the Company's audited financial statements and related notes for the year ended March 31, 2020 wherein a more detailed discussion of accounting estimates is presented.

SUBSEQUENT EVENTS

a) On April 22, 2020 the Company announced that it has applied to the TSX Venture Exchange ("TSXV") for an extension of the expiry date of 10,000,000 common share purchase warrants (the "Warrants") exercisable at $0.10 and issued on May 3, 2017. The application seeks TSXV approval of the extension of the expiry date from May 3, 2020 to May 3, 2022.

b) On July 7, 2020 the Company granted an aggregate of 800,000 incentive stock options to consultants of the Company, pursuant to the Company's Plan. The options vested on granting and are exercisable at $0.05 for a five-years period. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0%, expected volatility of 70%; risk-free interest rate of 0.43%; and an expected average life of 5 years. The fair value of all these options was estimated at $22,832 and are subject to regulatory approval.

RISKS AND UNCERTAINTIES

The Company's business consists of the exploration, evaluation and development of its properties and is subject to certain risks. The risks described below are not the only risks facing the Company and other risks now unknown to the Company may arise or risks now thought to be immaterial may become material. No guarantee is provided that other factors will not affect the Company in the future. Many of these risks are beyond the control of the Company.
An investment in the Common Shares involves a number of risks. In addition to the other information contained in this MD&A, investors should give careful consideration to the following, factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. If any of the following events described as risks or uncertainties actually occurs, the business, prospects, financial condition and operating results of the Company would likely suffer, possibly materially. In that event, the market price of the Common Shares could decline and investors could lose all or part of their investment. Additional risks and uncertainties presently unknown, or that are not believed to be material at this time, may also impair or have a material adverse effect on the Company's operations. In addition to the risks described elsewhere and the other information contained in this MD&A, prospective investors should carefully consider each of and the cumulative effect of all of the following risk factors. References in the below Risk Factors to "we", "our" or "us" refer to the management of the Company.

Limited History of Operations

The Company has had a limited operating history upon which an evaluation of the Company, its current business and its prospects can be based. An investor should consider any purchase of the Company's securities in light of the risks, expenses and problems frequently encountered by all companies in the early stages of their corporate development.

Future Financing Requirements

The Company will need additional financing to continue in business and there can be no assurance that such financing will be available or, if available, will be on reasonable terms. To the extent financing is not available, business opportunities and potential acquisitions could be lost for the Company.

Dilution and Future Sales of Common Shares

The Company is in the exploration stage of its corporate development; it owns no producing properties and, consequently has no current operating income or cash flow from the properties it holds, nor has it had any income from operations in the past three financial years. As a consequence, operations of the Company are primarily funded by equity subscriptions. The Company may issue additional shares in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and an unlimited number of Preferred Shares issuable in series and shareholders will have no pre-emptive rights in connection with further issuances. The directors of the Company have the discretion to determine the provisions attaching to any series of Preferred Shares and the price and terms of further issuances of Common Shares, subject to compliance with applicable corporate and securities laws and stock exchange regulations.

Risks Inherent in Acquisitions and Dispositions

It is part of the Company's corporate strategy to actively pursue the acquisition of exploration, development and production assets consistent with its acquisition and growth strategy. From time to time, the Company may also acquire securities of or other interests in companies with respect to which it may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including but not limited to:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of the Company's key employees or key employees of any business acquired;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired properties, companies or securities.

Any one or more of these factors or other risks could cause the Company not to realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on its financial condition.

In addition, non-core assets may be periodically disposed of so the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Company may realize less on disposition than their carrying value on the financial statements of the Company.

Exploration and Development of Oil and Gas Properties

New Stratus is engaged in oil and natural gas exploration, which is a high-risk venture with uncertain prospects for success and for which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that expenditures made on future exploration or development activities by New Stratus will result in discoveries of oil or natural gas that are commercially or economically possible. It is difficult to project the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling. Even if commercial quantities of petroleum or natural gas are discovered, there is no assurance that production therefrom or development thereof will occur or be profitable. Natural resource prices fluctuate widely and are affected by numerous factors such as inflation, interest rates, demand, global or regional political and economic crisis and production costs in major producing regions. The aggregate affect of these factors, all of which are beyond New Stratus' control, is impossible to predict. No assurance can be given that commercial accumulations of oil and natural gas will be discovered as a result of the efforts of New Stratus and prospective investors must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of the management of New Stratus.

The future value of New Stratus is dependent on the success or otherwise of New Stratus' activities which are directed toward the exploration, appraisal and development of its assets. Exploration, appraisal and development of oil and gas reserves are speculative and involves a significant degree of risk. There is no guarantee that exploration or appraisal of the properties in which New Stratus holds rights will lead to a commercial discovery or, if there is commercial discovery, that New Stratus will be able to realize such reserves as intended. Few properties that are explored are ultimately developed into new reserves. If at any stage New Stratus is precluded from pursuing the exploration or development of its assets, New Stratus' business, financial condition and/or results of operations and, accordingly, the trading price of the Common Shares, is likely to be materially adversely affected.

Management of Growth

Any expansion of the Company's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Company will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Company will be able to manage growth successfully. An inability of the Company to manage growth successfully could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may expand its operations through the acquisition of additional assets, businesses, products or technologies that it believes will complement its current or future business. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional assets or businesses or successfully integrate any acquired assets, businesses, products or technologies into the Company without substantial expenses, delays or other operational or financial problems. If a strategy of growth through acquisition is pursued, the failure of the Company to manage this strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

Uninsured Risks Exist and May Affect Certain Values

The Company maintains insurance to cover normal business risks. In the course of exploration and development of its properties, certain risks, and in particular, unexpected or unusual geological operating conditions may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Common Shares.

Key-Man and Liability Insurance Factors Should be Considered

The success of the Company will be largely dependent upon the performance of its key officers. The Company has not, as yet, purchased any "key-man" insurance with respect to any of its directors, officers, key employees and has no current plans to do so.

Although the Company may obtain liability insurance in an amount which management considers adequate, the nature of the risks for mining companies is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Ability to Attract and Retain Qualified Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of its properties is limited and competition for such persons is intense. As the Company's business activity grows, they will require additional key financial, administrative and operations personnel. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Factors Beyond Company's Control

The exploration and development of the Corporation's assets will be affected by numerous factors beyond the control of the Company. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and processing facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

Government Regulation

The oil and gas business is subject to regulation and intervention by governments in such matters as the awarding of exploration and production interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields (including restrictions on production) and possible expropriation or cancellation of contract rights, as well as with respect to prices, taxes, export quotas, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and gas industry could reduce demand for oil and natural gas, increase the Company's costs and have a material adverse effect on the Company.

Environmental Risks and Hazards

The Company's activities are subject to extensive national, provincial, and local laws and regulations governing environmental protection and employee health and safety. The Company is required to obtain governmental permits and provide bonding requirements under environmental laws. All phases of the Company's operations are subject to environmental regulation. These regulations include limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner, which will require stricter standards and enforcement, increased fines and penalties for non-compliance, and more stringent environmental assessments of proposed projects. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Environmental laws and regulations are complex and have tended to become more stringent over time. These laws are continuously evolving. The Company is not able to predict the impact of any future changes in environmental laws and regulations on its future financial position due to the uncertainty surrounding the ultimate form such changes may take.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted.

Share Price Fluctuations

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance or the underlying asset values of prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Price Volatility of Publicly Traded Securities

Securities of natural resource companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in commodity prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the Company's shares include the following:

- the extent of analyst coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow its securities;
- limited trading volumes and general market interest in the Company's securities may affect an investor's ability to trade the Company's shares; and
- the relatively small number of publicly held shares may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these factors, the market price of the Company's shares at any given point in time may not accurately reflect the Company's long-term value.

Conflicts of Interest

There are potential conflicts of interest which the directors and officers of the Company may be subject in connection with the operations of the Company. Some of the directors and officers of the Company may be, or may become, engaged in the oil and gas industry, and situations may arise where directors, officers and promoters will be in direct conflict with the Company. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under, the ABCA and the applicable statutes of the jurisdictions of in Company of the Company's subsidiaries.

SHARE DATA

The authorized capital of the Company consists of an unlimited number of Common Shares.

As at March 31, 2020 and the date of this report there were 47,980,399 Common Shares issued and outstanding.

As at March 31, 2020 and the date of this report there were 20,956,069 warrants outstanding. See also "Subsequent Events" on page 9 of this document.

As at March 31, 2020 there were 3,500,000 stock options outstanding. Subsequent to year end, 800,000 additional warrants were issued with a balance at the date of this report of 4,300,000 stock options outstanding.