NEW STRATUS ENERGY INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024, AND 2023

NEW STRATUS ENERGY INC.

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Management's Responsibility for the Interim Condensed Consolidated Unaudited Financial Statements

The accompanying Condensed Consolidated Interim unaudited Financial Statements of New Stratus Energy Inc. Inc. (the "Company") are the responsibility of the Board of Directors.

These Condensed Consolidated Interim Unaudited Financial Statements have been prepared by management on behalf of the Board of Directors based on the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for incomplete transactions at the end of the reporting period. In the opinion of management, the Financial Statements have been prepared within acceptable limits of materiality. They are by International Financial Reporting Standards issued by the International Accounting Standards Board.

Management has established processes which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) Financial Statements do not contain any untrue statement of a material fact or omit to state a material fact required to be stated, or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the Financial Statements and (ii) the Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the Condensed Consolidated Interim unaudited financial statements.

The Board of Directors is responsible for reviewing and approving the company's Condensed Consolidated Interim unaudited Financial Statements and other financial information and ensuring management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process, financial statements, and other company financial information. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the company's Financial Statements and other financial details for issuance to the shareholders.

Management recognizes its responsibility to conduct the Company's affairs in compliance with established financial standards, applicable laws and regulations and to maintain proper standards of conduct for its activities.

(signed)	(signed)
Jose Francisco Arata	Mario A. Miranda
Chief Executive Officer	Chief Financial Officer

Toronto, Canada, November 27, 2024

Notice of Disclosure of Non-auditor Review of Condensed Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not reviewed the unaudited condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed them.

The accompanying Unaudited Condensed Interim Financial Statements of the Company for the interim periods ended September 30, 2024, and 2023 have been prepared by International Financial Reporting Standards ("IFRS") accounting principles and are the responsibility of the Company's management.

The Company's independent auditors, BDO, have not reviewed these Condensed Interim Financial Statements, following the standards established by the Chartered Professional Accountants of Canada for reviewing Financial Statements by an entity's auditor.

NEW STRATUS ENERGY INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited: in Canadian dollars)

	Note	September 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		**$ 118,188**	$ 33,114,273
Restricted cash	5	**100,000**	510,539
Trade and other receivables	6	**23,383**	20,631
Accounts receivable from related entities	7	**6,602,740**	-
Recoverable taxes	8	**1,113,589**	7,434,764
Prepaid and advance payments	9	**1,429,842**	6,941,808
		9,387,742	48,022,015
Non-current assets			
Property, plant, and equipment	10	**374,451**	629,306
Investments in joint venture	11	**85,765,048**	-
Other assets		**738,457**	7,057
		86,877,956	636,363
Total assets		**$ 96,265,698**	$ 48,658,378
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	12	**$ 9,776,920**	$ 2,374,147
Taxes payable		**124,439**	121,149
Employee benefit obligation	13	**414,723**	483,446
Defined benefit obligations	14	**295,597**	854,911
Asset retirement obligation	15	**42,536**	102,392
		10,654,215	3,936,045
Non-current liabilities			
Other liabilities	16	**65,446,113**	22,662,562
Total liabilities		**76,100,328**	26,598,607
Shareholders' equity			
Share capital	17	**36,892,117**	31,828,122
Warrants	17	**-**	1,142,388
Contributed surplus	17	**5,060,352**	4,316,215
Cumulative translation adjustment		**179,828**	(177,408)
Deficit		**(21,966,927)**	(15,049,546)
Total equity		**20,165,370**	22,059,771
Total liabilities and equity		**$ 96,265,698**	$ 48,658,378

Commitments and Contingencies (Note 26) and Subsequent Events (Note 17)

Approved by the Board of Directors

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

NEW STRATUS ENERGY INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)
(Unaudited: in Canadian dollars)

		Three months		Nine months	
Periods ended September 30,	**Notes**	**2024**	**2023**	**2024**	**2023**
General and administrative	18	**$ (3,193,490)**	$ (4,590,711)	**$ (12,057,178)**	$ (10,979,348)
Financial (cost) gain, net	19	**(752,222)**	(435,674)	**(1,811,382)**	(202,607)
Income from investments in Joint venture	11	**1,310,727**	-	**5,612,229**	-
Stock-based compensation	17	**(494,185)**	-	**(494,185)**	-
Foreign exchange gain		**(397,273)**	(269,087)	**(189,480)**	(259,338)
Gain on Financial Liability at FVPL	16(4)(ii)	**1,202,860**	-	**1,202,860**	(259,338)
Other income (expenses)	20	**206,548**	1,030,455	**819,755**	1,221,755
Net loss before income taxes		**(2,117,035)**	(4,265,017)	**(6,917,381)**	(10,219,538)
Current income tax expense		**-**	3,632	**-**	(8,811)
Total income tax expense		**-**	3,632	**-**	(8,811)
Net loss		**$ (2,117,035)**	$ (4,261,385)	**$ (6,917,381)**	$ (10,228,349)
Other comprehensive loss:					
Translation reserve		**314,433**	488,095	**357,235**	(707,576)
Net loss and comprehensive loss		**$ (1,802,602)**	$ (3,773,290)	**$ (6,560,146)**	$ (10,935,925)
Net loss per share					
Basic	21	**$(0.02)**	$(0.03)	**$(0.05)**	$(0.08)
Diluted	21	**$(0.02)**	$(0.03)	**$(0.05)**	$(0.08)

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

NEW STRATUS ENERGY INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited: in Canadian dollars)

For the nine months ended September 30,	Notes	2024	2023
Share capital			
Balance, beginning of the period	17	**$ 31,828,122**	$ 31,227,085
Share repurchases	17	**(99,111)**	-
Warrants exercise	17	**5,163,106**	-
Balance, end of the period		**36,892,117**	31,227,085
Warrants			
Balance, beginning of the period		**1,142,388**	1,260,010
Fair value of warrants exercised	17	**(892,436)**	-
Warrants expired	17	**(249,952)**	-
Balance, end of the period		**-**	1,260,010
Contributed surplus			
Balance, beginning of the period		**4,316,215**	4,316,215
Warrants expired		**249,952**	-
Stock based compensation		**494,185**	-
Balance, end of the period		**5,060,352**	4,316,215
Cumulative translation adjustment			
Balance, beginning of the period		**(177,408)**	1,315,932
Translation reserve		**357,236**	(707,576)
Balance, end of the period		**179,828**	608,356
Accumulated deficit			
Balance, beginning of the period		**(15,049,546)**	(2,399,474)
Net loss for the period		**(6,917,381)**	(10,228,349)
Balance, end of the period		**(21,966,927)**	(12,627,823)
Total shareholders' equity		**$ 20,165,370**	$ 24,783,843

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

NEW STRATUS ENERGY INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited: in Canadian dollars)

For the nine months ended September 30,	Notes	2024	2023
Operating activities			
Net loss		**$ (6,917,381)**	$ (10,228,349)
Adjustment for non-cash items:			
Depletion and depreciation	10	**299,192**	441,954
Income from investment in Joint Venture	11	**(5,612,229)**	-
Foreign currency exchange		**(189,480)**	259,338
Stock-based compensation		**494,185**	-
Gain on Financial liability at FVPL	16(4)(ii)	**(1,202,860)**	-
Payments of Defined benefit obligations	13	**(125,434)**	-
Payments of employee benefit obligations	13	**(407,350)**	(1,359,861)
Payments of asset retirement obligation	15	**(62,008)**	(239,541)
Tax credit refund	8	**6,321,175**	19,399,222
Net change in non-cash working capital items	25	**(4,246,426)**	15,194,693
		(11,648,616)	23,467,456
Investing activities			
Consideration paid on Investment in Joint ventures DOOG	11	**(3,400,517)**	-
Consideration paid on Investment in Joint ventures OPS	11	**(23,160,249)**	-
Purchase of property, plant, and equipment	10	**(41,308)**	-
Purchase price consideration paid for a business combination	12	**-**	(6,772,000)
Payments to Repsol	12	**-**	(7,139,042)
		(26,602,074)	(13,911,042)
Financing activities			
Warrants exercised	17	**4,270,670**	-
Share repurchases	17	**(99,111)**	-
		4,171,559	-
Net change in cash and restricted cash		**(34,079,131)**	9,556,414
Impact of foreign exchange on foreign currency-denominated cash balance		**672,507**	(323,012)
Cash and restricted cash, the beginning of the period		**33,624,812**	21,160,711
Cash and restricted cash, end of the period		**$ 218,188**	$ 30,394,113

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

NOTE 1 – REPORTING ENTITY

New Stratus Energy Inc. ("**New Stratus**" or the "**Company**" or the **"Corporation"**) is a publicly traded company domiciled in Canada. The Company was incorporated on April 12, 2015, under the Business Corporations Act (Alberta). The Company's registered office is 1500, 850 2nd Street S.W., Calgary, Alberta, Canada.

The Company's operations involve the acquisition, exploration, and development of oil and gas properties and, since January 14, 2022, the operation and production of oil and gas deposits. These operations are subject to risks and challenges like those of companies in a comparable stage. These risks include but are not limited to, the challenges of securing adequate capital; exploration, development and operational risks inherent in the oil and gas industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in profitable production or, New Stratus' ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain.

NOTE 2 - BASIS OF PREPARATION

These Condensed Consolidated Interim financial Statements, as approved by the Company's Board of Directors on November 27, 2024, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain disclosures required by IFRS have been condensed or omitted in the following note disclosures or are disclosed or have been disclosed on an annual basis only. Accordingly, these condensed consolidated interim Financial Statements should be read in conjunction with the consolidated Financial Statements for the years ended December 31, 2023, and 2022 ("annual financial statements"), which have been prepared in accordance with IFRS as issued by the IASB.

The Financial Statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value and are presented in U.S. dollars. They have been prepared on a going concern basis assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due for the foreseeable future.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES

Consolidation

The material accounting policies are the same as those applied in preparing the annual Financial Statements for the year ended December 31, 2023, except for the adoption of the IAS 28 – Investments in Associates and Joint Ventures, as noted below. These Financial Statements comprise the financial results of the Company and its subsidiaries. Details regarding the Company and its principal subsidiaries as of September 30, 2024, are as follows:

Entity	Property /function	Registered	Interest as at September 30, 2024	Functional currency
New Stratus Energy Inc.	Corporate	Canada		CA
Petrolia Ecuador S.A.(Spain)	Ecuador Operator Blok16 and Blok 67	Spain	100%	USD
New Stratus Latin America S.A.	Technical Assistance	Colombia	100%	USD
Operadora NSE Mexico S.A.	Soledad Project	Spain	100%	USD

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been aligned, where necessary, to ensure consistency with the policies adopted by the Company.

Investment in Joint Venture

The Company conducts a portion of its business through investments in joint ventures.

Joint arrangement	Location	Ownership interest	Classification and accounting method	Property
Desarrolladora de Oriente Oil & Gas, Ltd.	British Virgin Island	49%	Joint Venture, equity method	Gold Pillar
Operaciones Petroleras Soledad S. de R.L	Mexico	49%	Joint Venture, equity method	Soledad block

(Unaudited: in Canadian dollars except as otherwise noted)

In a joint arrangement, the parties are bound by contractual arrangements establishing joint control, and decisions about the activities that significantly affect the returns of the investee require unanimous consent. A joint arrangement is classified as either a joint operation or a joint venture, subject to the terms that govern each investor's rights and obligations in the arrangement.

In a joint operation, the investor has rights and obligations to the separate assets and liabilities of the investee. For a joint operation, the Company recognizes its share of the assets, liabilities, revenue, and expenses of the joint arrangement directly.

A joint venture is an entity over which the company has significant influence and can participate in the financial and operational policy decisions of the associate but does not have control or joint control over those policies. In a joint venture, investors have rights to the net assets of the joint arrangement, and a company accounts for its investment in joint ventures using the equity method.

Under the equity method, the company's investment in a joint venture or an associate is initially recognized at cost and subsequently increased or decreased to recognize the company's share of net earnings and losses of the joint venture or associate, after any adjustments necessary to conform with accounting policies, to show any movement in the joint venture or associate's reserves, and for impairment losses after the initial recognition date. The company's share of a joint venture or an associate's losses that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. The company's share of earnings and losses of joint ventures and associates are recognized in net earnings during the period. Dividends and repayment of capital received from a joint venture or an associate are accounted for as a reduction in the carrying amount of the Company's investment. Unrealized gains and losses between the company and its joint ventures and associates are recognized only to the extent of unrelated investors' interests in the joint ventures and associates. Intercompany balances and interest expense and income arising on loans and borrowings between the company and its joint ventures and associates are not eliminated.

If the investment ceases to be an associate or joint venture, the Company shall discontinue the use of the equity method from the date the Company loses significant influence. Any items previously recognized in other comprehensive income are reclassified to profit and loss on discontinuation of the equity method.

As disclosed in Note 11, the Company accounts for its investments in Desarrolladora de Oriente Oil & Gas, Ltd. and Operaciones Petroleras Soledad S. de R.L using the equity method.

New accounting standards issued but not effective.

IFRS 18 – Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18, Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1, Presentation of Financial Statements.

IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The extent of the impact of the adoption of this standard is currently under evaluation.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Judgments, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgments, estimates and assumptions made by management in applying the Company's accounting policies are the same as those that applied to the consolidated Financial Statements for the years ending December 31, 2023, and 2022 (annual financial statements).

NOTE 5 – RESTRICTED CASH

	September 30, 2024	December 31, 2023
GIC- USD term deposit	**$ -**	$ 410,539
GIC - One year cashable	**100,000**	100,000
	$ 100,000	$ 510,539

(Unaudited: in Canadian dollars except as otherwise noted)

NOTE 6 – TRADE AND OTHER RECEIVABLES

	September 30, 2024	December 31, 2023
Other receivables	**$ 23,383**	$ 20,631
	$ 23,383	$ 20,631

NOTE 7 – ACCOUNTS RECEIVABLE FROM RELATED ENTITIES

	September 30, 2024	December 31, 2023
Receivable from Desarrolladora de Oriente	**$ 6,602,740**	$ -
	$ 6,602,740	$ -

(1) As of September 30, 2024, the Company has advanced a total of $12.0 million (US$ 8.9 million) to its Joint Venture under the GoldPillar agreement, whereby the Company has agreed to fund the necessary operational and capital expenditures for the Vencupet project (Note 26). Of this amount, $6.6 million (US$ 4.9 million) has been advanced for operational expenditures and is recognized as an account receivable from Desarrolladora de Oriente. The remaining balance of $5.4 million (US$ 4.0 million) represents an advance toward the purchase price for the acquisition of shares in Vencupet and is recognized as an investment (Note 11).

NOTE 8 – RECOVERABLE TAXES

	September 30, 2024	December 31, 2023
Tax credits (1)	**$ 1,113,589**	$ 7,434,764
	$ 1,113,589	$ 7,434,764

(1) As of September 30, 2024, recoverable taxes include $0.8 million (USD$0.6 million) related to Income Tax Withheld by the Government of Ecuador (December 31, 2023, $7.4M of Ecuadorian Income and VAT tax) and 0.2 million related to VAT tax credits. During the three and nine months ended September 30, 2024, $6.4 million related to the Ecuadorian Withholding Income Tax for fiscal year 2022 were refunded

NOTE 9 – PREPAID AND ADVANCE PAYMENTS

	September 30, 2024	December 31, 2023
Prepaid expenses	**$ 104,692**	$ 156,827
Advances and deposits (1)	**1,325,150**	6,784,981
	$ 1,429,842	$ 6,941,808

(1) As of September 30, 2024, the advances include $1.3 million (US$ 1.0 million) related to an advance to Sucre Gas Iberoamerica ("Sucre") as part of a gas supply agreement between Sucre and NSE. Under this agreement, subject to the satisfaction of certain conditions, Sucre and Ypergas will supply natural gas to NSE for further liquefaction and export. (As of December 31, 2023, the amount was $1.3 million/US$ 1.0 million.)

(Unaudited: in Canadian dollars except as otherwise noted)

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment includes the Company's Oil and Gas production investments such as machinery, processing facilities, equipment, vehicles, office equipment, and furnishings, among other things:

Cost	**Oil and gas production investments**	**Furniture fixtures & Other Equipment**	**Total property plant & equipment**
Balance on December 31, 2023	$ 29,423,598	$ 1,258,048	$ 30,681,646
Additions	-	41,308	41,308
Effect of change in exchange rates	-	11,270	11,270
Balance on September 30, 2024	**$ 29,423,598**	**$ 1,310,626**	**$ 30,734,224**
Accumulated depletion and depreciation			
Balance on December 31, 2023	$ (29,423,598)	$ (628,742)	$ (30,052,340)
Depletion and depreciation	-	(299,192)	(299,192)
Effect of change in exchange rates	-	(8,241)	(8,241)
Balance on September 30, 2024	$ (29,423,598)	$ (936,175)	$ (30,359,773)
Carrying amounts as at:			
December 31, 2023	$ -	$ 629,306	$ 629,306
September 30, 2024	**$ -**	**$ 374,451**	**$ 374,451**

Cost			
Balance, December 31, 2022	$ 29,423,598	$ 1,158,689	$ 30,582,287
Additions	-	112,186	112,186
Effect of change in exchange rates	-	(12,827)	(12,827)
Balance, December 31, 2023	$ 29,423,598	$ 1,258,048	$ 30,681,646
Accumulated depletion and depreciation			
Balance, December 31, 2022	$ (29,423,598)	$ (133,833)	$ (29,557,431)
Depletion and depreciation	-	(504,352)	(504,352)
Effect of change in exchange rates	-	9,443	9,443
Balance, December 31, 2023	$ (29,423,598)	$ (628,742)	$ (30,052,340)
Net carrying amounts as at:			
December 31, 2022	$ -	$ 1,024,856	$ 1,024,856
December 31, 2023	$ -	$ 629,306	$ 629,306

As of December 31, 2022, when the service contracts for Blocks 16 and 67 ("Service Contracts") in Ecuador were terminated, all the oil and gas production investments were fully depleted and depreciated, except for Other Equipment representing information systems that remained with the Company. As a result, no depleted and depreciated assets are to be assessed for impairment on either September 30, 2024 or December 31, 2023.

(Unaudited: in Canadian dollars except as otherwise noted)

NOTE 11 – INVESTMENT IN JOINT VENTURE

The following table summarizes the Company's investment

	Desarrolladora de Oriente Oil & Gas Ltd.	Operaciones Petroleras Soledad	Total Investment
Balances on December 31, 2023	$ -	$ -	$ -
Investment in shares	16,707,518	63,445,300	80,152,819
Company's share of the income from the joint venture	4,639,305	972,925	5,612,230
Balances on September 30, 2024	**$ 21,346,823**	**$ 64,418,225**	**$ 85,765,048**

Operaciones Petroleras Soledad S. de R.L. de C.V. ("OPS")

On May 14, 2024, NSE entered into definitive agreements (the "Definitive Agreements") with an arm's-length vendor for the acquisition of an initial 49% equity interest in Operaciones Petroleras Soledad S. de R.L. de C.V. ("OPS"), a private Mexican oil & gas company, with the exclusive right for NSE to negotiate the purchase of up to an additional 41% of the equity interest in OPS, as described in further detail below (the "Acquisition").

OPS is the third-party contractor and operator of a hydrocarbons production contract awarded by Pemex Exploracion y Produccion, S.A. de C.V. ("PEP"), a subsidiary of Petroleos Mexicanos the Mexican national oil company, on the Soledad block ("Soledad Block") located in the State of Veracruz in eastern Mexico (the "O&G Contract").

The acquisition of OPS has been structured into two tranches. The first tranche, which closed on September 27, 2024, involved the purchase by NSE of an initial 49% equity interest in OPS.

As consideration for this tranche, NSE (i) paid the vendor a fixed amount of US$2 million at closing; (ii) committed to fund capital and, in certain cases, operational expenditures for OPS over the next two years under the O&G Contract, totaling US$15 million for the first year (fully advanced as of September 30, 2024) and US$30 million for the next wo years (the "Commitment") (Note 16); and (iii) assumed 49% of the abandonment obligations to be fulfilled by the end of the O&G Contract in 2039, with an estimated net obligation to NSE of US$9.95 million.

According to the terms of the Definitive Agreements, effective May 1, 2024, NSE is entitled to the economic benefits, including production revenues and cash flows, associated with holding a 49% equity interest in OPS, with these entitlements accruing in advance of the first tranche closing.

The Commitment will be reimbursed by OPS using cashflow from operations and the maximum capital exposure of NSE under the Capex Commitment is estimated at US$12.5 million. With the signing of the first tranche of the Acquisition, NSE has nominated one director to the board of directors of OPS, has filled a number of technical and managerial positions of OPS, and will nominate a member of OPS in the operating committee of the O&G Contract.

The second tranche involves the purchase by NSE of up to an additional 41% of the equity interest of OPS under terms to be negotiated among NSE and OPS based on the results of operations on the field. For six months after completion of the two-year Commitment, NSE will have the right of exclusivity, a right of first offer and a first right of refusal, subject to regulatory approval, to negotiate the second tranche of the Acquisition.

As of September 30, 2024, the Company has recorded an investment of $63.4 million (US$ 47.0 million) in OPS, allocated as follows:

(1) $20.2 million (US$ 15.0 million) Advanced as at September 30, 2024 to fund capital and operational expenditures under the O&G Contract for OPS.
(2) $2.7 million (US$ 2.0 million) as consideration paid for the acquisition of an initial 49% equity interest in OPS.
(3) $40.5 million (US$ 30.0 million) as the remaining commitment under the O&G Contract, payable over the next two years from September 27, 2024 (Note 16(4)(ii)).

During the three and nine months ended September 30, 2024, the company recognized an income of US$ 972,925 in Income from investments in Joint venture. This amount relates to the equity pickup of the company's 49% share of the net income from Operaciones Petroleras Soledad. As of September 30, 2024, Operaciones Petroleras Soledad reported a net income of USD 1,459,542.

(Unaudited: in Canadian dollars except as otherwise noted)

Desarrolladora de Oriente Oil & Gas Ltd. ("DOOG")

On January 2, 2024, New Stratus announced the acquisition (the "Acquisition") of a 50% indirect interest in GoldPillar International Fund SPC Ltd. ("GoldPillar"), a private entity organized and existing under laws of the British Virgin Islands, which has acquired a 40% equity participation (the "Equity Subscription") in a joint venture company, Petrolera Vencupet, S.A. ("Vencupet"), which holds the oil production rights for the fields named "Adas," "Lido," "Limon," "Leona", "Oficina Norte" and "Oficina Central" all located onshore in the Anzoategui and Monagas States in Eastern Venezuela (the "Fields"). Petroleos de Venezuela S.A. ("PDVSA"), the Venezuelan national oil company, through its subsidiary Corporacion Venezolana de Petroleo S.A. ("CVP"), owns the remaining 60% of the share capital of Vencupet. This investment will allow NSE to access to four revenue streams:

- oil production revenue from the 40% working interest in the Fields;
- oil trading fees from commercializing the production from the Fields;
- fees from financial, operational and logistic support to contractor that provides technical assistance services to Vencupet and
- financing fees from providing the upfront capital to finance the capital expenditure requirements for the Fields. The funds are being made available by NSE to GoldPillar, which at the same time has in place a six-month €60 million revolving line of credit to Vencupet for a total period of four and a half years. Indirect maximum capital exposure of NSE under the facility at any point in time will be approximately US$25 million.

The Fields are located onshore in the Eastern Venezuela Basin and have an aggregate area of 794.2 km2. A reactivation program will be deployed for 246 wells, with 90 wells initially planned for reactivation in 2024 and 2025. Conventional workovers in each well will be executed with the goal of returning the wells to primary production. By reviewing the available technical and geological data, the Corporation expects there will be opportunities to recover shut-in and by-passed oil in the previously active Fields.

On May 23rd and May 27th, 2024, the Company executed all the documentation to recognize the investment in GoldPillar, effective retroactively on January 1, 2024. Pursuant to this documentation, the Company has modified its original 50% interest in GoldPillar down to 49%. At the same time, GoldPillar has (i) carved out its interest and capital share from the general contractor entity that will provide technical assistance services to Vencupet, and (ii) executed a financing, operating, and logistics agreement with this supplier.

As of September 30, 2024 the company has registered a $16.7 million (USD$ 12.6 million) investment, as follows:

(1) $0.5 million (USD$ 0.4 million) reclassification from the Advances accounts for considerations cost in share paid to Mr. Franco Favilla ("Favilla") during 2023. Franco Favilla was the beneficial owner of 100% of the share capital of GoldPillar
(2) $10.8 million (USD$5.6 million) recognizing a finder's fee payable to Favilla, payable in installments over 24 months from May 27, 2024. (Note12(1)) and,
(3) $5.4 million (USD$4.1 million) consideration paid as 40% equity participation in Petrolera Vencupet, S.A. ("Vencupet")

During the three and nine months ended September 30, 2024, seven well reactivations were carried out. The accumulated production at Vencupet for the three and nine months ended September 30, 2024 is 43,816 barrels.

During the three and nine months ended September 30, 2024, the company recognized an income of $337,803 and $4,639,305 respectively, in Income from investments in Joint venture. This amount relates to the equity pickup of the company's 49% share of the net income from Desarrolladora de Oriente. As of September 30, 2024, Desarrolladora de Oriente reported a net income of USD$6,976,079.

NOTE 12 – TRADE AND OTHER PAYABLES

Trade and other payable include the following:	Trade Payable	Purchase price Obligations (1)(2)	Provisions (3)	Total
Balance, December 31, 2022	$ 9,975,475	$ 6,772,000	$ 7,489,898	$ 24,237,373
Increases	1,909,927	-	464,220	2,374,147
Payments	(9,975,475)	(6,772,000)	(7,474,835)	(24,222,310)
Effect of change in exchange rates	-	-	(15,063)	(15,063)
Balance, December 31, 2023	$ 1,909,927	$ -	$ 464,220	$ 2,374,147
Increases	4,167,696	10,761,679	104,708	15,034,083
Payments	(4,298,596)	(3,400,517)	(102,142)	(7,801,255)
Effect of change in exchange rates	-	169,945		169,945
Balance, September 30, 2024	**$ 1,779,027**	**$ 7,531,107**	**$ 466,786**	**$ 9,776,920**

(1) As of September 30, 2024 Purchase price Obligation includes a finder's fee payable to Favilla in the amount of $7.5 million (USD$5.6 million), payable in installments over 24 months from May 27, 2024. (See Note 11)

(Unaudited: in Canadian dollars except as otherwise noted)

(2) As of December 31, 2023, the company satisfied its obligation as per an amendment to the agreement with Repsol YPF Ecuador S.A. ("REPSOL") for the acquisition of Petrolia Ecuador S.A., executed on February 23, 2023 by paying the two installments of the purchase price totaling $6.7 million.

(3) Provisions as of December 31, 2022, included:
   a. $5,227,984 (US$3,860,000) related to some recoverable taxes in Ecuador
   b. $1,911,058 (US$1,411,000) related to taxes paid due to changes in tax laws during the execution of the Service Contracts in Ecuador, initially contingent payments to Repsol upon collection.

The above provisions were originally contemplated as contingent payments to REPSOL upon collection by Petrolia Ecuador S.A. ("Petrolia"). On February 23, 2023, the company agreed with REPSOL to settle certain matters and differences concerning the purchase agreement of Petrolia. During the year ended December 31, 2023, the company satisfied its obligation as per the Agreement by paying the total amount of $7.1 million.

NOTE 13 – EMPLOYEE BENEFIT OBLIGATION

The employee benefits obligations are summarized as follows:

Balance, December 31, 2022	$ 1,076,723
Increases	776,253
Payments	(1,358,194)
Effect of change in exchange rates	(11,336)
Balances on December 31, 2023	$ 483,446
Increases	330,458
Payments	(407,350)
Effect of change in exchange rates	8,169
Balances on September 30, 2024	**$ 414,723**

As of September 30, 2024, the employee benefits include mainly obligations payable to employees for vacations, thirteenth and fourteenth salary, reserved funds, and variable bonuses for goal achievement.

NOTE 14 – DEFINED BENEFIT OBLIGATION

Balance, December 31, 2022	$ -
Increases	854,911
Balance, December 31, 2023	$ 854,911
Payments	(125,434)
Reverse provision	(451,849)
Effect of change in exchange rates	17,970
Balances, September 30, 2024	**$ 295,597**

During 2023, Petrolia Ecuador S.A. hired some employees who had been employed by Petrolia as of December 31, 2022, and were terminated on that date. As required by government employment regulations, the termination and immediate rehiring of an employee require the continuance of the original employee's rights to pension, severance bonus, and compensation. Due to various employee contract terminations the company reversed $0.45 million and paid $0.13 million.

NOTE 15 – ASSET RETIREMENT OBLIGATION

Balance, December 31, 2022	$ 5,751,312
Change in estimate	(5,204,913)
Liabilities settled	(413,478)
Effect of change in exchange rates	(30,529)
Balances on December 31, 2023	$ 102,392
Liabilities settled	(62,008)
Effect of change in exchange rates	2,152
Balances on September 30, 2024	**$ 42,536**

(Unaudited: in Canadian dollars except as otherwise noted)

During the year ended December 31, 2023, the Company reduced its estimated asset retirement obligation provision. This change was due to the execution of the Minute between the Company and the Ministry of Energy, which outlines and identifies the primary activities involved in the reversion process.

NOTE 16 – OTHER LIABILITIES

	Provision tax Credit and others (1) (2)	Provision Solidarity Contribution tax (3)	OPS - O&G Contract (4)	Total
Balance, December 31, 2022	$ 335,154	$ -	$ -	$ 335,154
Increases	19,378,709	2,160,439	-	21,539,148
Interest accrued	1,190,700	-	-	1,190,700
Payments	(335,154)	-	-	(335,154)
Effect of change in exchange rates	(67,286)	-	-	(67,286)
Balances on December 31, 2023(1)	20,502,123	2,160,439	-	22,662,562
Increases (2)	1,034,406	-	39,309,140	40,343,546
Interest accrued (Note 19)	2,166,482	-	-	2,166,482
Reverse provision	-	(195,100)	-	(195,100)
Effect of change in exchange rates	468,623	-	-	468,623
Balances on September 30, 2024	**$ 24,171,634**	**$ 1,965,339**	**$ 39,909,140**	**$ 65,446,113**

(1) Correspond to advances received from Oil Consortium Block 16 and Oil Consortium Block Tivacuno partners.

(2) On July 12, 2023, the Company announced that Oil Consortium Block 16 had been notified of a final and definitive ruling by the National Court of Justice of Ecuador regarding a previous year's tax claim, which granted the Consortium the right to obtain a tax credit for $19.4 million (US$14.6 million). As a result of agreements and covenants entered by the Company during past years related to this income tax credit, the Company recognized a reserve for contractual responsibilities in the same amount refunded. As of September 30, 2024, the balance of the provision related to this reserve is $25.1 million (US$17.1 million). During the three and nine months ended September 30, 2024, Petrolia accrued interests associated with this provision recognized through a comprehensive loss of $0.8 (US$0.5 million) and $2 million (US$1.5 million) respectively. The Company has announced a formal arbitration claim under the terms contemplated in the Service Contracts. However, the Company, during the period of negotiations with the Ministry of Energy, aims to reach an amicable settlement on all the outstanding issues derived from the Service Contracts, including this fiscal year refund.

(3) As of September 30, 2024, the Company has a provision of $2.0 million (US$1.5 million), related to the 2016 Solidarity Contribution Tax trial.

(4) The acquisition of OPS has been structured into two tranches. The first tranche, which closed on September 27, 2024, includes:

(i) the purchase by NSE of an initial 49% equity interest in OPS, and

(ii) a commitment to fund capital and, in certain cases, operational expenditures for OPS over the next two years under the O&G Contract. This commitment totals US$15 million for the first year (fully advanced as of September 30, 2024) and US$30 million for the following two years (the "Commitment").

As of September 30, 2024, the US$30 million funding commitment has been recognized as a long-term liability at fair value through profit or loss (FVTPL), discounted at a rate of 3.06%, resulting in a carrying value of $39.3 million (US$29.1 million).

Due to delays in completing the planned activities for 2024, OPS has proposed to Pemex Exploracion y Produccion, S.A. de C.V. ("PEP") a deferral of these activities to 2025, with the remaining planned activities postponed to subsequent years. Since the original 2024 program has been fully funded by NSE (US$15 million), the Company has classified the remaining obligation (US$30 million) as a long-term liability, as the related activities are not expected to occur before 2026.

During the nine months ended September 30, 2024, a gain of $1.2 million (US$0.9 million) was recognized through profit and loss, attributable to the discounting of the liability to its fair value.

(Unaudited: in Canadian dollars except as otherwise noted)

.NOTE 17– SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares.

Issued and Outstanding

	Number	Amount
Balance, December 31, 2022	122,913,523	$ 31,227,085
Stock-based compensation exercised	30,000	7,200
Warrants exercised	1,058,255	476,215
Warrants exercised FV allocation.	-	117,622
Balance, December 31, 2023	124,001,778	$ 31,828,122
Share repurchases	(190,500)	(99,111)
Warrants exercised	9,490,378	4,270,670
Warrants exercised FV allocation.	-	892,436
Balance, September 30, 2024	**133,301,656**	**$ 36,892,117**

Warrants:

As part of the July 30, 2021, financing, the Company issued 16,095,376 warrants valued at $186,776. Each warrant will entitle the holder to purchase one common share at an exercise price of $0.45 until the second anniversary of the warrant issuance. For accounting purposes, the Company uses the Black-Scholes valuation methodology to value the warrants at the date of issuance. The significant inputs into the model were a share price of $0.32, an exercise price of $0.45, volatility of 70%, a dividend yield of 0%, an expected warrant life of two years and an annual risk-free interest rate of 0.45%. Volatility was estimated based on the average volatility of a sample of peer companies with available public pricing data.

	Exercise price	Number of warrants	Fair value
Balance, December 31, 2022	$ 0.45	14,050,355	$ 1,260,010
Warrants exercise	0.45	(1,058,255)	(117,622)
Balance, December 31, 2023	$ 0.45	12,992,100	$ 1,142,388
Warrants exercise	-	(9,490,378)	(892,436)
Warrants expired	-	(3,501,722)	(249,952)
Balance, September 30, 2024	**-**	**-**	**-**

Of the original 16,095,376 warrants issued on July 30, 2021, and exercisable at $0.45 until July 30, 20241, 058,255 were exercised during fiscal 2023, 12,850,320 exercised during the nine months ended September 30, 2024 and 3,501,722 expired unexercised on July 31, 2024.

Stock-based compensation:

The Company has a stock option plan for employees, officers, directors and consultants (the "Plan"). The Company uses a Black- Scholes valuation methodology for accounting purposes to value the stock options at the award date. The maximum number of stock options reserved for issuance under the plan may not exceed 10 percent of the number of common shares issued and outstanding.

On April 28, 2022, the Company granted an aggregate of 2,340,000 stock options to employees of its subsidiaries under the Company's Plan. The options are vested on granting and are exercisable at $0.65 for five years. 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 2.66%, and an expected average life of 5 years. The fair value of all these options was estimated at $904,568.

On October 4, 2022, the Company granted an aggregate of 3,550,000 stock options to employees of its subsidiaries under the Company's Plan. The options are exercisable at $0.85 for five years and fully vested on the issuance date. 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 3.38%, and an expected average life of 5 years. The fair value of all these options was estimated at $1,788,845.

(Unaudited: in Canadian dollars except as otherwise noted)

On September 4, 2024, the Company granted an aggregate of 1,800,000 stock options to employees of its subsidiaries under the Company's Plan. The options are exercisable at $0.46 for five years and fully vested on the issuance date. 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 2.86%, and an expected average life of 5 years. The fair value of all these options was estimated at $494,185.

The following schedule describes the stock-based compensation transactions as of September 30, 2024:

	Number of Stock Options	**Exercise price**	**Fair value**
Balance, March 31, 2023	11,790,000	$ 0.42	$ 3,519,019
Options cancelled	(225,000)	0.62	(92,806)
Options exercised	(30,000)	0.24	(4,149)
Balance, December 31, 2023	11,535,000	$ 0.51	$ 3,422,064
Options granted	1,800,000	0.46	494,185
Options cancelled	(780,000)	-	-
Balance, September 30, 2024	**12,555,000**	**0.50**	**$ 3,916,249**

The following schedules describe the stock options available and their remaining contractual life on September 30, 2024, and December 31, 2023:

	Number of Stock Options	**Remaining life (yrs.)**	**Exercise Price**
Granted on July 7, 2020	800,000	0.76	$ 0.05
Granted on April 13, 2021	1,260,000	1.53	0.24
Granted on October 1, 2021	3,200,000	2.00	0.30
Granted on December 6, 2021	50,000	2.18	0.56
Granted on January 13, 2022	270,000	2.29	0.50
Granted on April 28, 2022	1,925,000	2.58	0.65
Granted on October 4, 2022	3,250,000	3.01	0.85
Granted on September 30, 2024	1,800,000	5.00	0.46
Balance, September 30, 2024	**12,555,000**	**2.66**	**$ 0.50**

	Number of Stock Options	**Remaining life (yrs.)**	**Exercise Price**
Granted on July 7, 2020	800,000	1.52	$ 0.05
Granted on April 13, 2021	1,260,000	2.28	0.24
Granted on October 1, 2021	3,500,000	2.75	0.30
Granted on December 6, 2021	50,000	2.93	0.56
Granted on January 13, 2022	330,000	3.04	0.50
Granted on April 28, 2022	2,195,000	3.33	0.65
Granted on October 4, 2022	3,400,000	3.76	0.85
Balance, December 31, 2023	**11,535,000**	**3.03**	**$ 0.51**

Subsequent to September 30, 2024 140,000 and 100,000 options exercisable at $0.05 and at $0.24, respectable, were exercised

(Unaudited: in Canadian dollars except as otherwise noted)

NOTE 18 – GENERAL AND ADMINISTRATIVE

The following schedule describes the general and administrative expenses incurred during the three and nine months ended September 30, 2024, and 2023:

	Three months		Nine months	
Periods ended September 30,	**2024**	2023	**2024**	2023
Insurances	**$ 14,500**	$ 24,021	**$ 104,717**	$ 48,961
Legal and accounting	**371,938**	241,873	**1,635,969**	433,411
Management fees and salaries	**1,555,712**	1,042,755	**4,942,039**	3,335,456
Professional fees	**1,199,743**	1,310,648	**4,612,723**	3,584,390
Office and administration	**(61,370)**	1,557,164	**376,594**	1,889,577
Shareholders information and investor relations	**20,978**	19,753	**85,944**	89,132
Other purchases and services	**-**	109,707	**-**	650,411
Depletion and depreciation	**91,989**	224,178	**299,192**	441,954
Taxes	**-**	60,612	**-**	506,056
	$ 3,193,490	$ 4,590,711	**$ 12,057,178**	$ 10,979,348

NOTE 19 – FINANCIAL (COST) GAIN, NET

The following schedule describes Financial (cost) gain, net during the three and nine months ended September 30, 2024, and 2023:

	Three months		Nine months	
Periods ended September 30,	**2024**	2023	**2024**	2023
Interest on tax contingency provision (1)	**$ 770,842**	$ 579,050	**$ 2,166,482**	$ 579,050
Other financial (income) expense, net	**(18,620)**	(143,376)	**(355,100)**	(376,443)
	$ 752,222	$ 435,674	**$ 1,811,382**	$ 202,607

(1) During the three and nine months ended September 30, 2024, Petrolia accrued interests of $0.8 million (US$0.5 million) and $2.2 million (US$1.5 million) respectively related with the provision for income tax credit reserve. During the three and nine months ended September 30, 2023 $0.6 million (US$0.3million),

NOTE 20 – OTHER INCOME, NET

The following schedule describes other income incurred during the three and nine months ended September 30, 2024, and 2023:

	Three months		Nine months	
Periods ended September 30,	**2024**	2023	**2024**	2023
Trading operations (1)	**$ -**	$ -	**$ -**	$ (171,410)
Operator fees income	**244,361**	-	**442,953**	-
Other (income) expense, net	**(37,813)**	(1,030,455)	**376,802**	(1,050,345)
	$ 206,548	$ (1,030,455)	**$ 819,755**	$ (1,221,755)

(2) Corresponds to additional revenue obtained from oil marketer (RTSA) on each barrel lifted.

NOTE 21 – NET INCOME (LOSS) PER SHARE

Basic and diluted net income per share is calculated as follows during the three and nine months ended September 30, 2024 and 2023:

	Three months		Nine months	
Periods ended September 30,	**2024**	2023	**2024**	**2023**
Net (loss) income	**(2,117,035)**	(4,261,385)	**(6,917,381)**	(10,228,349)
Weighted-average common share adjustments:				
Weighted-average common shares outstanding, Basic	**131,900,467**	122,913,523	**131,900,467**	122,913,523
Effect of stock options & warrants(1)	**-**	-	**-**	-
Weighted-average common shares outstanding, Diluted	**131,900,467**	122,913,523	**131,900,467**	122,913,523
Basic and diluted income per share	**$ (0.02)**	$ (0.03)	**$ (0.05)**	$ (0.08)
Fully diluted income per share	**$ (0.02)**	$ (0.03)	**$ (0.05)**	$ (0.08)

(1) Stock options and warrants were anti-dilutive for the three and nine months ended September 30, 2024, as well as for the three and nine months ended September 30, 2023, due to the net losses incurred during these periods.

NOTE 22 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Given the short-term nature of these financial instruments, the carrying and respective fair values of cash, other receivables, trade, and other payables approximate their fair values on September 30, 2024 and December 31, 2023.

The Company's financial instruments have been assessed on the fair value hierarchy.

No financial instruments were reclassified into or out of each fair value hierarchy during the three- and nine-months ending September 30, 2024, and the year ending December 31, 2023. Assessing the significance of a particular input to the fair value measurement requires judgment and may affect its placement within the fair value hierarchy level.

Market Risk

Market risk is the risk that changes in market factors, such as commodity prices and foreign exchange rates, will affect the Company's cash flows, profit or loss, liquidity, or the value of financial instruments. Market risk management aims to mitigate appropriate market risk exposures and maximize returns.

Commodity Price Risk

Commodity price risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to changes in commodity prices. Lower commodity prices can also impact the Company's ability to raise capital. World economic events that dictate the supply and demand levels affect crude oil prices. From time to time, the Company may attempt to mitigate commodity price risk by using financial derivatives.

The Company had no commodity contracts between September 30, 2024, and December 31, 2023. Since the termination of its service contract on December 31, 2022, the Company has not generated revenue for the three and nine months ended September 30, 2024.

Foreign Currency Risk

Foreign currency risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to changes in foreign currency exchange rates. The Company is exposed to foreign currency fluctuations as certain expenditures are denominated in Colombian pesos and US dollars. As of September 30, 2024, the United States dollar to Canadian dollar exchange rate was 0.7405:1 (December 31, 2023 – 0.7561:1). Cash held in US dollars on September 30, 2024, is not a material amount to have an impact in the Canadian dollar equivalent in the event of a 1% change in the exchange rate. The Company had no forward exchange rate contracts in place as at or during the year ended September 30, 2024. Accounts payable in USD balance as of September 30, 2024, was $35.2 million, and a change of 1% in the exchange rate would have impacted the Canadian dollar equivalent by +/- CAD 0.5 million

(Unaudited: in Canadian dollars except as otherwise noted)

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, within reasonable means, sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions, without incurring unacceptable losses or jeopardizing the Company's business objectives.

As of September 30, 2024, the Company had $0.1 million in cash (excluding restricted cash) and taxes recoverable of approximately $1.0 million. Current liabilities at the same date amounted to $10.6 million. The Company expects to obtain sufficient financing withing the short-term to fulfill all its current obligations.

NOTE 23 – RELATED PARTY TRANSACTIONS

During the three and nine months ended September 30, 2024 and 2023, the transactions paid for services provided to directors and officers were as follows:

	Three months		Nine months	
Periods ended September 30,	**2024**	2023	**2024**	2023
Officers and management fees	**$ 581,388**	$ 444,414	**$ 2,465,879**	$ 1,281,713
Director Fees	**16,400**	30,753	**63,041**	122,489
Consulting fees paid to a prior director	**41,435**	58,479	**122,577**	114,411
	$ 639,223	$ 533,646	**$ 2,651,497**	$ 1,518,613

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

On August 23, 2023, the Company and its Chief Midstream and Downstream officer agreed to terminate the original Officer's contract, signed on February 1st. 2022. As compensation for bridging the original agreement, the Company agreed to repay the departing officer US$151,500, payable in twelve equal quarterly installments of US$12,625. The departing officer will continue to act as an independent business development consultant for a monthly fee of US$4,500, until November 2023.

NOTE 24 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to ensure that it has sufficient cash resources to maintain financial liquidity and flexibility, provide returns for shareholders and benefits for other stakeholders, and deploy capital to explore its properties further.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. To maintain or adjust its capital structure, the Company may, from time to time, issue new shares, issue new debt (secured, unsecured, convertible and other types of debt instruments), acquire or dispose of assets or adjust its capital spending to manage its ability to continue as a going concern.

The Company is not subject to externally imposed capital requirements, and the overall capital risk management strategy did not change during the three and nine months ended September 30, 2024.

NOTE 25 – SUPLEMENTAL CASH FLOW INFORMATON

Changes in non-cash working capital are as follows:

For the nine months ended September 30,	**2024**	2023
Trade and other receivables	**$ (2,752)**	$ 9,311,159
Accounts receivable from related parties	**(6,602,740)**	6,892,209
Recoverable taxes	**-**	8,479,631
Advances to suppliers and others	**5,511,966**	76,560
Investments in joint venture	**(53,241,929)**	-
Other assets	**(731,400)**	69,740
Trade and other payables	**8,605,633**	(8,403,687)
Taxes payables	**3,290**	(3,068,123)
Employee salaries and benefits	**330,458**	845,739
Defined benefit obligations	**(433,880)**	-
Other liability	**42,314,928**	991,465
Total net change in non-cash working capital	**$ (4,246,426)**	$ 15,194,693

NOTE 26 – COMMITMENTS AND CONTINGENCIES

COMMITMENTS

Block VMM-18

Under the terms of the agreement executed concerning the VMM-18 E&P contract, The Company was required to fund an exploration commitment for the second phase of the VMM-18 E&P Contract. As per the contract and a recent extension by ANH, The Company was required to perform and drill an exploration well valued at $4,063,200 (US$3,000,000). All activities that NSE committed were completed except for the drilling of the exploratory well.

Due to significant financial and operational constraints imposed by the exploration area granted to the Company, on September 26, 2022, the Company submitted a request to the ANH to mutually agree to terminate the exploration and production contract for Block VMM-18. In response, the ANH asked for confirmation of the restrictions imposed on the exploration area. The Company provided the requested documentation on March 9, 2023. On May 31, 2024, the ANH issued a formal termination of the Agreement relieving the Company of any further obligations of the Project.

Consulting agreements

The Company is obligated under a consulting agreement for US$5,000 per month until May 31, 2026.

Executive compensation

On July 1, 2021, the Company entered into employment agreements with its senior executives, which contain clauses requiring additional payments of up to $3,390,000 upon the occurrence of certain events, such as a change of control. As these triggering events have not occurred, these Financial Statements have not provided the contingent payment.

GoldPillar acquisition

As part of the GoldPillar transaction announced on January 2, 2024 (see Investment in Joint Venture —Note 11), the Company signed a shareholder's agreement on October 25, 2023 and additional agreements executed on May 23rd and 27th, 2024 that stipulate the administrative and corporate structure of the venturers that participate in the agreement entered with Vencupet. Under these agreements the company assumes the obligation to fund the operational and capital expenditures required for the operation of Vencupet, including PDVSA´s 60% share. The funds will be provided by NSE to GoldPillar, which at the same time has in place a six-month €60 million revolving line of credit to Vencupet for a total period of four and a half years. The indirect maximum capital exposure of the company under the facility at any point in time will be approximately US$25 million. Repayment from PDVSA will be performed in crude oil.

CONTINGENCIES

State Oil Company of Ecuador Petroecuador EP

Shushufindi Agreement: As recommended by the Comptroller General's Office, within the special examination of the contracting process and development of the cooperation agreement with Petroproduccion to increase crude oil production and reserves in the Shushufindi field, EP Petroecuador issued invoices for $4,090,186 (US$3,013,240) and initiated an enforceable by law collection process, proceeding to seize the invoiced amount. The Branch has challenged the procedures initiated by Petroproducción. The Company has recorded a provision for this matter.

Law 122: Ecuador Petroecuador EP ("Petroecuador") is requesting the payment of $22,547,423 (US$16,610,743) to the consortium that operated Block 67 (Tivacuno) where the Company has a 35% interest. On August 14, 2023, a payment request was issued based on a unilateral liquidation performed by Petroecuador under a service contract which ended in 2010, stating that Petroecuador has not withheld the entire tariff of the tax contemplated in Law 122. The Company has challenged such payment request before the Tax Court, stating that the statute of limitations to request such payment has been largely exceeded. On September 19, 2024, Petroecuador intitated a coercive procedure to collect this contingency with interest. On October 4th, Petroecuador, based on the information provided by Petrolia, cancelled the coercive procedure. The Company has not recorded any provision in the financial statements.

Auca Process, Yulebra, Culebra: EP Petroecuador claims payment of $1,387,307.59 (US$1,022,033) for information provided to REPSOL within a failed bidding process called by EP Petroecuador. REPSOL paid the cost of the bidding conditions, which included access to the "data room" and all the information available for this purpose. After several judicial resolutions (both from the Superior Court and the National Court of Justice), the process must be sent to the District Court of Administrative Disputes in the Metropolitan District of Quito for resolution. However, the request was denied. The Company has filed an extraordinary protection action before the Constitutional Court, which has not been admitted yet. The Company has not recorded any provision in the financial statements.

(Unaudited: in Canadian dollars except as otherwise noted)

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Friction Reduction Chemicals: On May 31, 2005, the Office of the Comptroller General of the State issued audit assessments against the contractor of the Block 16 participation contract for $3,500,208 (US$2,578,612) for the purchase and use of friction reducing chemical, of which $1,225,073 (US$902,514) corresponds to the Company. On November 23, 2006, Petrolia´s Branch, on behalf of the contractor filed a challenge before the Contentious Administrative Court.

Solidarity Contribution tax trial

On October 7, 2019, the Internal Revenue Service of Ecuador requested two additional payments on the denominated solidarity contribution on profits, created by the Organic Law of Solidarity and Citizen Co-responsibility. The Internal Revenue Service requested two additional payments totalizing $2,172,764 (US$1,653,441), including principal, interest and penalties. The Company has challenged such payment requests and currently the matter is being discussed at the Tax Court and at the National Court of Justice in Ecuador. The Company has recorded a provision for the above-mentioned matter.

Based on a final and definitive ruling from the National Court of Justice, one of the additional payment requests was resolved favorably for the Company. Therefore, a reversal on the provision was recorded for $0.19 million (US$0.14 million). As of September 30, the reserve for this contingency is $2.0 million (US$1.5 million).

NOTE 27 – SEGMENTED INFORMATION

The Company's reportable segments are consistent with the Company's geographic regions in which the Company's projects are located. The Company, through its operating segments, is engaged primarily in oil exploration, development and production, and the acquisition of oil and gas properties. The Canadian segment is also considered the corporate segment. The Company has five reportable operating segments: Ecuador, Colombia, Venezuela, Mexico and Canada. The following table shows the Company's reportable segments and its geographic locations:

	Ecuador	Colombia	Venezuela	Mexico	Canada	Total
Three months ended September 30, 2024						
Net income (loss)	$ (663,315)	$ (589,424)	$ 318,143	$ 967,231	$ (2,149,670)	$ (2,117,035)
Nine months ended September 30, 2024						
Net income (loss)	$ (1,250,545)	$(1,927,545)	$ 4,413,532	$ 923,338	$ (9,076,161)	$ (6,917,381)
As of September 30, 2024						
Current asset	$ 904,714	$ 365,733	$ 1,470,389	$ 9,228	$ 6,637,678	$ 9,387,742
Non-current asset	738,457	56,621	21,346,823	64,418,225	317,830	86,877,956
Total assets	$ 1,643,171	$ 422,354	$ 22,817,212	$ 64,427,453	$ 6,955,508	$ 96,265,698
Current liabilities	$ 1,667,773	$ 427,980	$ 7,531,107	$ 4,786	$ 1,022,569	$ 10,654,215
Non-current liabilities	26,136,973	-	-	39,309,140	-	65,446,113
Total liabilities	$ 27,804,746	$ 427,980	$ 7,531,107	$ 39,313,926	$ 1,022,569	$ 76,100,328

Three months ended September 30, 2023	Ecuador	Colombia	Canada	Total
Net income (loss)	$ (973,946)	$ (535,119)	$ (2,752,320)	$ (4,261,385)
Nine months ended September 30, 2023				
Net income (loss)	$ (1,049,842)	$(1,615,242)	$ (7,563,265)	$ (10,228,349)
As of December 31, 2023				
Current asset	$ 39,454,840	$ 345,376	$ 8,221,799	$ 48,022,015
Non-current asset	7,057	120,777	508,529	636,363
Total assets	$ 39,461,897	$ 466,153	$ 8,730,328	$ 48,658,378
Current liabilities	$ 2,704,018	$ 246,238	$ 985,789	$ 3,936,045
Non-current liabilities	22,662,562	-	-	22,662,562
Total labilities	$ 25,366,580	$ 246,238	$ 985,789	$ 26,598,607