NEW STRATUS ENERGY INC.

(formerly Red Rock Energy Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE INTERIM PERIOD ENDED DECEMBER 31, 2018

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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 condensed financial statements for the three months ended December 31, 2018.

This MD&A is effective as of March 1, 2019.

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, including the Company's Annual Information Form dated May 24, 2018, 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 3300, 205 - 5th Avenue S.W., Calgary, Alberta T2P 2V7 and its registered and records office is located at Suite 1000 – 250 2nd Street S.W., Calgary, Alberta T2P 0C1.

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 nine months ended December 31, 2018, the Company announced that it has acquired a 100% working interest in the VMM 18 exploration and production contract ("**VMM 18 E&P Contract**") from an arm's length vendor. 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) add further credence to 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 prior to August 2019 at an approximate cost of US$3.0 MM. 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.

On November 28, 2018 the Company announced it has exercised its option under its uranium put and sale agreement (the "**Uranium Put and Sale Agreement**"), originally signed on May 3, 2017, to divest all of the Company's uranium assets in exchange for cancellation of outstanding debt in the aggregate amount of $1,879,439. The outstanding debt includes the term loan of $1,304,050 and $575,389 of shareholder loans. The uranium assets are recorded in the statement of financial position in the mineral properties for $1,233,722 and related deposits of $79,557 which also transferred upon exercise of the option.

Further to the Company's press release dated May 31, 2018 with respect to the letter of intent (the "**LOI**") with Vetra Energia, S.L. ("**Vetra**") for the acquisition of certain producing and non-producing oil and gas properties located in Colombia, the Company has been working toward definitive agreements and the closing of this transaction and the related private placement. The exclusivity period under the LOI has expired; however, the Company is continuing to negotiate the terms of a potential transaction with Vetra.

Management's is also currently pursuing other opportunities to diversify its asset holdings through additional acquisitions of international oil and gas assets.

OVERALL PERFORMANCE

The Company continued business development activities during the quarter and incurred $304,933 in general and administrative costs. The Company has a working capital deficit of $1,065,687.

In connection with the reorganization in the second quarter of 2017, the Company entered into the Uranium Put and Sale Agreement to divest all of the Company's uranium assets to 2037881 Alberta Ltd. in exchange for cancellation of outstanding debt in the aggregate amount of $1,879,439 owed to 1262430 Alberta Ltd. and to Soto Enterprises Ltd. On November 28, 2018, the Company exercised its option under the Uranium Put and Sale Agreement.

The Company is currently working on a private placement to fund the VMM18 work program. See "Outlook".

The Company will remain active pursuing oil and gas assets in South America with the objective of acquiring asset(s) in the near future.

SELECTED ANNUAL INFORMATION

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

	March 31, 2018 ($)	March 31, 2017 ($)	March 31, 2016 ($)
Interest and other income	**-**	-	-
General & administrative expense	**1,844,188**	31,591	182,787
Net and comprehensive loss	**(2,880,024)**	(156,934)	(315,003)
Cash	**561,929**	4,707	2,734
Total assets	**1,996,668**	1,524,990	1,520,315
Working capital deficiency	**(1,385,126)**	(2,624,198)	(2,468,992)
Total long-term liabilities	**-**	102,010	100,282
Common shares, end of year	**35,770,332**	51,137,679	51,137,679

SELECTED QUARTERLY INFORMATION

The summary below highlights selected quarterly information:

	2018 ($)			2017 ($)			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest and other income	-	-	-	-	-	-	-
Net income (loss)	**147,510**	(521,907)	(650,047)	(592,166)	(375,719)	(818,161)	(1,093,253)
General & administrative expense	**304,933**	521,888	632,572	401,303	360,599	737,862	344,424
Exploration and evaluation expense	**-**	-	-	-	-	-	-
Loss per share (basic and fully diluted)(1)	**0.00**	0.01	0.02	0.02	0.01	0.02	0.07
Total assets	**95,227**	1,470,962	1,595,223	1,996,668	2,249,703	2,682,392	3,533,884
Working capital (deficit)	**(1,065,687)**	(2,533,942)	(2,018,164)	(1,385,126)	(1,075,057)	(657,269)	154,996
Total long-term liabilities	-	-	-	-	-	-	-

Note:

(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 Uranium Zone Project:

	March 31, 2017	March 31, 2016
Opening balance	$1,233,723	$1,223,638
Additions	-	10,085
Closing balance	$1,233,723	$1,233,723
Allocation		
Mining claims	134,000	134,000
Mineral properties	1,099,723	1,099,723
Closing balance	$1,233,723	$1,233,723

GENERAL AND ADMINISTRATIVE EXPENSE ("G&A")

	For the three months ended December 31,		For the nine months ended December 31,	
	2018	2017	**2018**	2017
Management compensation	**$42,500**	$52,500	**$147,500**	$140,000
Professional services	**179,703**	247,480	**1,011,966**	1,080,663
Office and travel	**79,185**	59,138	**280,840**	164,783
Filing, registrar and government fees	**3,546**	1,481	**19,088**	57,439
	304,934	360,599	**1,459,394**	1,442,885

Compared to the same quarter of 2017, the Company's G&A decreased 15% in the three months ending December 31, 2018 due a reduction in business development activity, primarily due diligence and a large financial consultancy fees incurred in the same quarter of 2017. However, over the nine months ended December 31, 2018, professional services costs including legal, engineering and financing consultancy for evaluating and negotiating potential acquisitions of international oil and gas assets were consistent with those experienced in the prior year nine-month period. Management compensation over the nine months was higher compared to the same period of 2017 because the prior year period did not include compensation for the full nine months. Travel costs associated with property evaluations and financing roadshow rose significantly in the quarter and nine months compared to the same periods of the previous year due to increased travel necessitated by the financing efforts for the proposed acquisition of Vetra.

EXPLORATION AND EVALUATION ACTIVITIES

The Company focussed on business development activities during the quarter, specifically on evaluation of international oil and gas opportunities. The associated consulting costs are included in general and administrative expense.

LIQUIDITY AND CAPITAL RESOURCES

The Company is in the development stage and therefore has no regular cash flow. As at December 31, 2018, the Company had a working capital deficit of $1,065,687. Working capital deficit was reduced in the quarter because the loans due to 1262430 Alberta Ltd. and to Soto Enterprises Ltd. in the principal amounts of $1,304,050 and $575,389, respectively, were eliminated as part of the disposition of the mineral properties.

The Company plans to rectify the working capital deficit through additional equity or debt financing.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements as at December 31, 2018, nor have any such arrangements been entered into by the Company as of the date of this MD&A.

TRANSACTIONS WITH RELATED PARTIES

During the three months ended December 31, 2018 and 2017, the Company had the following related party transactions:

A company controlled by an officer of the Company provides financial management services to the Company. During the three and nine months ended December 31, 2018 fees and disbursements incurred for amounts due to this officer totaled $22,500 (2017 – 22,500) and $75,000 (2017 – 37,500) respectively. As of December 31, 2018, $30,000 (2017 – $Nil) is outstanding in accounts payable.

A company controlled by a shareholder and director provides CEO services to the Company. During the three and nine months ended December 31, 2018 fees and disbursements incurred for amounts due to this director totaled $30,000 (2017 – 30,000) and $80,000 (2017 – 50,000) respectively. As of December 31, 2018, $30,000 (2017 – $Nil) is outstanding in accounts payable.

All of the above transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and 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 twelve months ended March 31, 2018 wherein a more detailed discussion of accounting estimates is presented.

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 may 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 December 31, 2018 and the date hereof there were 35,770,332 Common Shares issued and outstanding.

As at December 31, 2018 and the date hereof there were 10,000,000 warrants outstanding.

As at December 31, 2018 and the date hereof there were 3,500,000 stock options outstanding.

SUBSEQUENT EVENTS

On February 15, 2019, a director of the Company provided an unsecured term loan of USD $50,000 (CAD $66,330). The loan is due 6 months from issuance. The loan has an interest rate of 6% after an initial three-month interest free period.