STRATA-X ENERGY

Management Discussion and Analysis

For Quarter Ended
31 March 2019

Quarter Highlights

- **Drilled and cased the 19B-1 well to 474 metres, the first well in the 100% owned Serowe CSG Project.**
- **The 19B-1 well was designed to test gassy bright coals of the Kalahari CSG 'high-grade' area, where the Company holds 100% equity in approximately 320,000 acres (1,295 sq km).**
- **Interpretation of the conventional and BMR wireline log data from the 19B-1 well indicates:**
    - **18 metres of net coal were intersected with 12 metres being bright coal.**
    - **All coal seams were gassy with several seams showing high saturations of up to 100%.**
    - **Free gas was present in at least four seams.**
    - **Recorded gas content of up to 5.8 cubic metres per ton.**
- **Reserve and resource upgrade pending third-party review.**
- **The Company raised A$500,000 through the issuance of 8,333,334 shares at a price of A$0.06.**

Traded on the Australian Securities Exchange (ASX) under the symbol "SXA" and on the TSX Venture Exchange (TSX.V) under the symbol "SXE"

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The following Management Discussion and Analysis (the "MD&A") for Strata-X Energy Ltd. (hereinafter, "Strata-X Energy", "Company" or "Strata-X") prepared as of 29 April 2019, should be read together with the interim condensed consolidated financial statements for the three months ending 31 March 2019 and related notes appended thereto including the Company's YE 2018 Audited Financials, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in United States dollars unless otherwise indicated. Statements in this report that are not historical facts are forward looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Certain information contained in this MD&A constitutes "forward-looking information" within the meaning of applicable Canadian securities legislation. The use of any of the words "anticipate", "continue", "estimate", "intend", "potential", "expect", "may", "will", "project", "proposed", "should", "believe" and similar expressions are intended to identify forward-looking information. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this MD&A may contain forward-looking information attributed to third party industry sources. The Company believes that the expectations reflected in such forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this MD&A should not be unduly relied upon. Such information speaks only as of the date of this MD&A or such other date indicated herein. In particular, this MD&A contains forward-looking information pertaining to the following: expectations regarding growth of the Company; the timing and location of drilling or other operational activities; oil and natural gas production estimates and targets; oil and natural gas production levels and sources of their growth; estimates of resource potential of targets, including without limitation, statements regarding BOE/d production capabilities; quantity of reserves and resources relating to the Company and its assets and its value; capital expenditure programs and estimates relating to timing, cost and cash flow generation related to these programs; size of the Company's oil and natural gas reserves and resources; the performance characteristics of the Company's oil and natural gas properties; projections of market prices for oil and natural gas and exploration, development and production costs; supply and demand for oil and natural gas; expectations regarding the ability to raise capital and continually add to reserves through exploration and development and, if applicable, acquisitions; treatment under governmental regulatory regimes and tax laws; and, the use of financing funds by the Company.

With respect to forward-looking information contained in this document, the Company has made assumptions regarding, among other things: timing and ability of the Company to obtain all necessary environmental and regulatory approvals relating to operations; the recoverability of the Company's oil and natural gas reserves and resources; interest rates; exchange rates and the futures prices of oil and natural gas; operating and capital costs; the Company's ability to generate sufficient cash flow from operations and to access capital markets to meet its future obligations; the Company's ability to attract and retain qualified personnel; the ability of the Company to successfully market its oil and natural gas products and the continuing demand for oil and natural gas; and stability of general economic and financial market conditions.

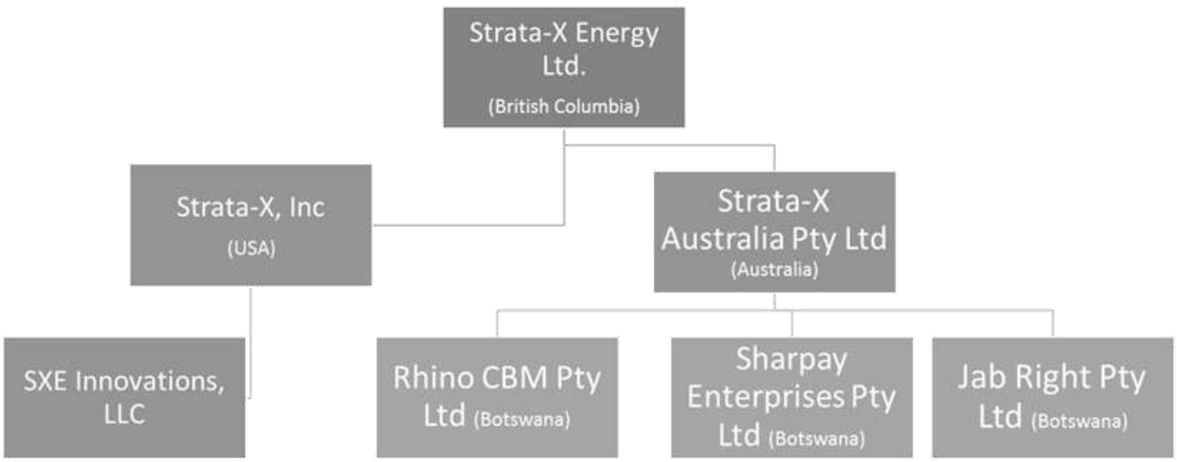
The Company's actual results could differ materially from those anticipated in such forward-looking information as a result of the risk factors set forth below and in the Company's annual information form dated 24 September 2018 including: volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves and resources; risks and uncertainties associated with the Company's oil and natural gas and development program; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions and exploration and development programs; adverse claims made in respect of the Company's properties or assets; failure to engage or retain key personnel; geological, technical, drilling and processing problems, including the availability of equipment and access to properties; risks and uncertainties relating to hydraulic fracturing and the enactment of, or changes to, regulations and legislation in relation to hydraulic fracturing; imprecision in estimating capital expenditures and operating expenses; the expiry of leases and the loss of drilling prospects due to the expiry of leases; fluctuations in foreign exchange rates and stock market volatility; general economic and business conditions in North America and elsewhere; environmental risks and hazards; risks inherent in the exploration, development and production of oil and natural gas which may create liabilities to the Company in excess of the Company's insurance coverage, if any; uncertainties associated with changes in legislation including, but not limited to, changes in income tax laws and to oil and natural gas royalty frameworks; ability to obtain regulatory approvals; risks and uncertainties associated with liquidity and capital resources and requirements; and other factors referenced at "Risk Factors' in the Company's annual information form dated 24 September 2018.

These factors are not, and should not be construed as being exhaustive. In addition, information relating to "reserves" or "resources" is deemed to be forward-looking information, as it involves an implied assessment, based on certain estimates and assumptions that the reserves and resources described can be profitably produced in the future. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking information after the date of this MD&A to conform to actual results or to changes in the Company's expectations except as otherwise required by applicable Canadian securities legislation.

Strata-X Energy Ltd, together with its wholly-owned subsidiaries, Strata-X, Inc. and Strata-X Australia Pty Ltd, is an independent oil and gas exploration company listed on the TSX Venture Exchange (TSX-V) under the symbol "SXE" and the Australian Securities Exchange (ASX) under the symbol "SXA". Incorporated in British Columbia, Canada, Strata-X Energy has a diversified portfolio of high growth potential petroleum projects. The Company's strategy is to discover and develop oil and gas prospects with relatively low entry costs, a meaningful acreage position and a large working interest so as to provide shareholders the opportunity for substantial growth.

In January 2017, Rhino CBM (Proprietary) Limited ("Rhino") was incorporated in accordance with the Companies Act of the Republic of Botswana for the purpose of facilitating a coal seam gas ("CSG") exploration and development project known to the Company as the 'Serowe Gas Project' or 'Serowe CSG Project'. In January 2018, the Rhino licenses were transferred to two new 100% Company owned Botswana subsidiaries, known as Sharpay Enterprises Pty Ltd and Jab Right Pty Ltd, to hold the CSG prospecting licenses in the Republic of Botswana. The shell company Rhino is not currently being used by the Company. In 2018, the Company formed a 100% owned USA subsidiary to Strata-X, Inc, called, SXE Innovations, LLC to hold and own USA and foreign patents for innovations in oil and gas field equipment.

The corporate structure of the Company is as follows:



Company Outlook

The Company retains a 100% interest in the 1,129,000 acres Serowe Gas Project located in the heart of the Kalahari Basin. To date, a 3.34 Tcf Prospective Resource has been certified net to Strata-X. The Serowe Gas Project will be the growth driver for the Company in 2019 and beyond, as it executes a staged exploration and appraisal plan to delineate and systematically convert the CSG resources to reserves. The initial focus of the Company's 2019 appraisal programme will be to drill and production-test direct offset areas within the Company identified high-graded area, where the Company drilled a 476 metre well that encountered 18 metres of net highly saturated coals with 12 metres interpreted as bright coals.

During the appraisal programme, the Company will be seeking commercial market opportunities to sell its gas. The Republic of Botswana is moving to generate more electricity from clean resources like natural gas, along with searching for alternatives to coal and the widespread use of expensive imported diesel fuel. Along these lines, the initial market opportunities for the Company's gas will be gas-to-electric power plants and diesel-to-CNG conversions at large industrial facilities.

Strata-X continues to review its development options in the Illinois Basin where the Company has 2P reserves of 1.332 million barrels net.* The Company plans to either bring projects forward in the Illinois Basin over the next year or seek to farm out the opportunities providing Strata-X shareholders upside value. Consistent with the above approach, the Company is continuously reviewing project opportunities that will be accretive and complimentary to management's skillset and build shareholder value.

For the quarter ended 31March 2019, the Company invested ~USD$5,000 in the Illinois Basin Oil Project, principally on project maintenance and ~USD$160,500 into the Serowe CSG Project mainly for 19B-1 well costs along with consulting and expenses related to completing environmental surveys.

*Information originally appears in the Company's NI 51-101 Report for FYE 2018 which is available for review at www.strata-x.com

Corporate Events

The Company closed a non-brokered private placement ("Placement") on 26 February 2019 to sophisticated and institutional investors in Australia. The Company raised gross proceeds of A$500,000 through the issuance of 8,333,334 Units at a price of A$0.06 per Unit. Each Unit consists of one Chess Depository Unit ("CDI") and one half of one share purchase unlisted warrant. Each warrant is exercisable into one CDI at an exercise price of A$0.07 up until February 28, 2021.

On 27 March 2019 Dennis Nerland resigned as a director of the Company. Mr. Nerland's departure was prompted by his desire to begin reducing his workload as a member of the Boards of several public corporations.

Production Summary

For the three months ended 31 March 2019, oil production to the Company's net revenue interest was nil compared to 330 barrels (bbls) for the three months ended 31 March 2018. The loss of oil production is attributable to the Company's Illinois wells being offline for the quarter pending maintenance workovers to re-establish production. For each of the three month periods ended 31 March 2019 and 31 March 2018, no natural gas was sold.

Tenements

Project	Location	% Interest	Net Acres
Serowe CSG[(1)]	R. Botswana	100%	1,129,000
Illinois Oil	Illinois, USA	100%	1,400
Eagle	California, USA	23.9%	770
Total			**1,131,170**

During the quarter ended 31 March 2019, there were no changes to the Company's tenement holdings and no reductions of Strata-X tenement holdings are expected in calendar year 2019.

Features of Serowe CSG Project – Republic of Botswana

- **19B-1 well exceeded underlying coal resource assumptions, bright coals with free gas confirmed.**
- **Serowe CSG Project is a 100% owned 1,129,000 acre (4,572 KM2) coal seam gas Project.**
- **Active 2019 appraisal programme planned, located in the heart of the Kalahari CSG Fairway.**
- **Strata-X has substantial land holdings within the internally mapped high-graded area.**
- **Resource Potential -**
  - **In April 2018, independent certifiers MHA Petroleum Consultants, calculated Prospective Resources of 3.3 TCF net to Strata-X over the Serowe CSG Prospect. (1)**
  - **Since then, Strata-X has acquired additional acreage primarily within the mapped high graded area.**
  - **With the addition of the latest acreage and the results of 19B-1, a resource upgrade is pending,**

ASX disclosure note - 5.28.2 - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

The Serowe CSG Project is located in the Kalahari Basin CSG fairway in Botswana Africa, and adjoins tenements of ASX peers. The Company's Serowe CSG land holdings consist of two sets of acquisitions. The first being 273,000 acres of tenements acquired in a 2016 3rd party transaction and the second being 856,000 acres of tenements directly secured by the Company from the Republic of Botswana, Department of Mines. In total, the Serowe CSG Project spans 1,129,000 acres in the heart of the Kalahari CSG Fairway with all tenements primary exploration terms extending to 2025 and in perpetuity when commercial production is established. Strata-X currently holds the tenements through its Republic of Botswana subsidiaries, Sharpay Enterprises Pty Ltd. and Jab Right Pty Ltd. Of the Serowe CSG Project holdings, 330,000 acres (1,295sq. km) are located within the Company's interpreted CSG high-grade area.

The Company submitted an Environmental Management Plan ("EMP") over the 2016 acquired tenements totaling 273,000 acres in compliance with Republic of Botswana regulations. The EMP was subsequently approved allowing for up to 20 CSG wells to be placed on production testing. The EMP allows the Company to delineate the CSG resource over the subject tenements during the 'exploration' term extending to 2025. At any time during the 'exploration' term, Strata-X can convert the tenement to a 'development' period, thereby allowing development in perpetuity and removing the cap on the allowed number of wells.

Following an internal detailed mapping of proprietary and public information in 2018, the Company identified a high-grade area within the Kalahari Coal Seam Gas Fairway of Central Botswana. The identified high-grade area is interpreted to have all the necessary attributes for commercial CSG from inexpensive vertical well completions. Within this area, previously drilled wells flowed or bubbled free gas from the Strata-X targeted coal reservoir. This is important because only 100% gas saturated reservoirs can flow free gas.

To test the high-grade area, the Company located the 19B-1 well within the mapped high grade area and adjacent to a fully-cored well that was drilled in 2003 by the Government of Botswana. The fully-cored well had intersected bright coals and gas saturations up to 100% were present.

In March 2019, the 19B-1 well reached total depth of 474 metres and was successfully logged to total depth using conventional and state-of-the-art Borehole Magnetic Resonance (BMR) wireline tools, The results of the 19B-1 well exceeded Company expectations.

The data from the 19B-1 wireline logs, together with the Company's interpretation of that data, reflect the following:

- Over the interval between 404 and 464 metres, 18 metres of net gassy coal with 12 metres of bright coal showing gas saturations up to 100% were present. The logged bright coal intervals are 37% thicker than those in the nearby core well.
- Gas contents range between 2.2 and 5.81 cubic metres per tonne. The lowest gas content was observed in the shallowest dull coal seam at 404 metres and is consistent with the results from the nearby core well. The highest gas content observed was in coal seams at 463 metres and is 30% higher than gas contents in the nearby core well.
- Over the interval between 415 and 427 metres, interbedded coal and carbonaceous shales were encountered including five permeable coal seams with up to 100 milldarcies of CSG permeability. Three of these zones were interpreted and observed to have free gas – which infers gas saturations of 100%.
- Free gas was also present in the coal seam at 463 metres.

Having drilled the 19B-1 well, Strata-X is now working with its independent certifiers to update Company resources over the Serowe CSG Project with the target of securing a resource upgrade in the 2nd calendar quarter of 2019. It is the goal of the Company to rapidly and systematically convert gas resources to reserves over the Serowe CSG Project. The primary precursor for defining reserves is to prove commercial gas flow rates with a CSG production pilot programme.

An active mid-year appraisal programme is currently being planned utilizing the best-practices learned in the 19B-1 operations. The multi-well programme, which details of which are forthcoming, is expected to include the production testing of wells to acquire flow rate data as required to expand to a multi-well production pilot program.

For the proposed CSG pilot programme, the Company plans to apply the latest completion and production methods designed to yield commercial gas flow rates. The Company has access to the resources of Wellpro Services, a private Queensland-based service company with expertise in CSG well completions and production methods. Wellpro has proprietary methods and equipment designed to minimize the time to commercial gas flow rates which the Company intends to apply to the target coal seam within the high-graded area.

The Republic of Botswana is one of the oldest democracies in Africa, becoming independent in 1966. The rule of law is well established and long-standing, and Botswana is recognized as having the lowest rate of corruption in Africa. The geography of the project area is predominantly flat with good road access. These factors, combined with a 3% government royalty on produced gas, make Botswana one of the more favorable economic settings in the world for natural resource development. The growing demand for power in Botswana and neighboring countries offers immediate and expanding domestic gas markets.

The Serowe Gas Project is an underexplored and underdeveloped opportunity, covering the coal seam gas deposit fairway in the Republic of Botswana. The economies of the Republic of Botswana and its regional neighbors are rapidly growing with energy demand poised to skyrocket. The Republic has set goals for promoting the exploration and development of natural gas resources in the county to meet these demands.

(1) Prospective Resources figures are from an audit report prepared by MHA Petroleum Consultant, a qualified reserves auditor, dated and effective 26 March 2018 following their audit in accordance with the COGE Handbook of the available technical data including the geological interpretation, information from relevant nearby wells, analogous reservoirs and the proposed program for the Project, prepared and presented to MHA by Strata-X. Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development project. Prospective Resources have both an associated chance of discovery and a chance of development. A high level of uncertainty exists with the Prospective resources given the lack of historical drilling, available data and other productivity factors that limit the economic viability of coal seam gas deposits. The Report reviewed only Prospective Resources as the project is not sufficiently developed to assign Contingent Resources or additional Petroleum Reserves to it. Stated Prospective Resource figures are Best Estimate – undiscovered natural gas quantities and net of a royalty and are shown at a 100% working interest in the Project. The total costs associated with establishing the commerciality of this project are unknown at this time given the early stage of the Project's development. There is no certainty that any portion of the resources will be discovered, if discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Illinois Basin

In December 2014, the Company drilled the Blue Spruce # 1, its first well in a multi-well drilling program in the Illinois Basin. The well, which reached a total depth of 3,280 feet, encountered multiple oil and gas shows in the targeted shallow Mississippian formations. The Company elected to case the well with 5.5-inch casing before releasing the drilling rig.

In January 2015, the Company mobilized completion equipment to the location of the Blue Spruce #1 to test the productivity of the well. After successfully testing two oil zones in the Blue Spruce #1 well on the Illinois Shallow Oil Project, the well was set up for production in the Aux Vases formation. Blue Spruce #1 was placed on production until April 2015 when it was determined its production would cease until additional facilities were installed to maintain pressure in the field via water flooding.

In a report dated 30 June 2018, Strata-X's independent engineer, Chapman Petroleum Engineering Ltd (Chapman), confirmed Proved plus Probable Reserves are 1.282 million barrels of light oil net to the Company on the Blue Spruce project. Given the primary focus of Strata-X is on the Serowe CSG Project, the Company is reviewing its options for the development of the Blue Spruce Waterflood and Illinois assets, which may include farming out its development or asset sales.

Other Projects

The Company has a 23.9% working interest in 3,221 gross acres of land in the Eagle Project in the San Joaquin Valley area in California and is the operator of the project. One previously drilled well in the Eagle Project area encountered good oil shows in the Eocene Age Gatchell sands that tested up to 192 barrels of light oil and 427 Mcf of gas per day. Although light oil was recovered, the well was considered to be non-commercial at the time due primarily to formation damage by heavy drilling mud and cement squeezing. Subsequent activity on the prospect was met with mechanical issues despite continuing indications of oil shows in the primary target.

Summary of Annual Results

Historical annual information is as follows:

	30 June 2018	30 June 2017	30 June 2016
Revenue, net of royalties	$53,798	$167,264	$134,243
Expenses	$(1,686,830)	$(1,111,987)	$(974,269)
Other income and net finance expense	$(28,816)	$253,571	$710,195
Impairment of oil and gas properties	$0	$(15,000)	$(2,311,908)
Net Loss	$(1,661,848)	$(706,152)	$(2,441,739)
Basic & diluted net loss per share (1)	$(0.03)	$(0.02)	$(0.07)
Assets	$12,249,475	$13,451,366	$13,515,577
Liabilities	$1,003,385	$783,271	$1,281,280

(1) Basic and diluted net loss per share has been retrospectively restated to reflect the 5:3 share consolidation that was effective 16 July 2018.

Historical quarterly information is as follows:

	31 March 2019	31 Dec 2018	30 Sep 2018	30 June 2018	31 March 2018	31 Dec 2017	30 Sep 2017	30 June 2017
Total Assets	$3,019,857	$2,886,329	$12,583,740	$12,249,475	$12,932,222	$13,071,918	$13,217,828	$13,451,366
Revenue, net of Royalties	$3,901	$9,573	$12,181	$10,310	$22,440	$13,332	$7,716	$26,996
Net Income (Loss)	$(169,601)	$(9,797,953)	$(159,198)	$(1,252,636)	$(102,202)	$(159,222)	$(147,788)	$(35,603)
Basic & diluted net income (loss) per share (2)	($0.00)	($0.12)	($0.01)	($0.02)	($0.00)	($0.00)	($0.00)	($0.00)

(2) Basic and diluted net loss per share has been retrospectively restated to reflect the 5:3 share consolidation that was completed effective 16 July 2018 and the 3:1 share consolidation that was effective 23 November 2016.

Results of Operations

As noted above, total revenue for the quarter ended 31 March 2019 was $3,901 compared to $22,440 for the quarter ended 31 March 2018. The decrease is due to decreased oil production.

Production and operating expenses for the quarter ended 31 March 2019 were ($3,319) compared to $835 for the same quarter last year due to decreased operational activity.

General and administrative expenses for the quarter ended 31 March 2019 increased by $45,378 to $157,556 from $112,178 the same quarter last year. The increase is due to increased expense related to the vesting of issued stock options and the Serowe CSG Project in Botswana.

Liquidity and Capital Resources

The interim condensed consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS), which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a net loss of $(169,601) for the three months ended 31 March 2019 primarily due to decreased production activity and ongoing costs related to the Serowe CGS Project in Botswana.

Management has been and continues to be active in seeking additional means to sustain the Company's financial position during the current economic environment including but not limited to investigating potential partnership, merger and/or joint venture opportunities and acquiring and disposing of oil and natural gas properties. In addition, the Company continues to focus on moving forward with the Serowe CSG Project.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due depends on the success of the Company's exploration and development of its oil and gas properties, as well as the ability of the Company to obtain additional financing or equity to fund the exploration and development of those oil and gas properties. As discussed in the notes to the interim condensed consolidated financial statements, in July 2018, September 2018 and February 2019, the Company was successful in completing private placements generating USD$1,169,000 after placement costs. The Company is actively engaged in farm-out discussions with third parties to sell a non-operated position in the tenements of the Serowe CSG Project. The Company cannot provide any assurance that sufficient cash flows will be generated from operating activities or that proceeds from other activities noted above will be able to sustain the Company's financial position.

The Company is committed to a rental agreement for office premises to 31 May 2021 for a total remaining commitment of $78,000. As part of the Serowe CSG Project, the Company has committed to certain exploratory activity yearly milestones as well as proposed minimum remaining expenditures in the amount of USD$635,000 by 31 December 2020.

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As at 31 March 2019 and as at the date hereof, a total of 89,538,459 common shares and CDIs were issued and outstanding with a resulting share capital of $38,124,515. The Company has 6,495,417 warrants and 7,649,000 stock options outstanding with 4,282,250 options exercisable as of 31 March 2019 and as at the date hereof.

The Company has established a Stock Option Plan (Plan) for the benefit of directors, officers, employees and consultants of the Company. Pursuant to the Plan, 10% of the issued and outstanding common shares have been reserved for options to be granted to the Company's directors, officers, employees and consultants. The vesting period and the exercise price of the options shall be determined by the Board of Directors. The period during which an option is exercisable shall be determined by the Board of Directors at the time of grant, but subject to the rules of the stock exchange or other applicable regulatory body.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Note Payable, Related Party

The Company holds a note payable for $148,091 (AUD$200,000). The lender is an entity that is owned by the chairman of the Board of Directors of the Company. The note bears interest at 7.5% per annum, is unsecured, and can be repaid at any time with no penalty but was due on 31 December 2018. The Company received an extension to 1 July 2019. During the period ending 31 March 2019, $98,417 (AUD$130,000) of this note was repaid. At 31 March 2019, interest amounts accrued of approximately $5,000 (AUD$6,900) are included in accounts payable and accrued liabilities and $4,300 (AUD $6,000) has been included in finance expense for the period ending 31 March 2019.

Summary of Significant Accounting Policies

The interim condensed consolidated financial statements have been prepared following the same accounting policies and methods of computation used in preparing the Company's 30 June 2018 annual financial statements other than as noted below. The Company continues to assess the impact of adopting IFRS 16 as described in the Company's 30 June 2018 annual financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

The Company adopted IFRS 15 on July 1, 2018 using the modified retrospective adoption approach. The Company principally generates revenue from the sale of commodities, which include crude oil and natural gas. The Company reviewed its revenue contracts with customers using the IFRS 15 five-step model, which did not result in any changes to the comparative period or the opening deficit.

Revenue associated with the sale of commodities is recognized when control is transferred from the Company to its customers. The Company's commodity sale contracts represent a series of distinct transactions. The Company considers its performance obligations to be satisfied and control to be transferred when all the following conditions are satisfied:

- The Company has transferred title and physical possession of the commodity to the buyer;
- The Company has transferred significant risks and rewards of ownership of the commodity to the buyer (being the custody transfer point agreed with the customer, often terminals, pipelines or other transportation methods); and
- The Company has the present right to payment.

Revenue is measured based on the consideration specified in a contract with the customer.

IFRS 9 Financial Instruments ("IFRS 9")

Effective July 1, 2018, the Company adopted IFRS 9 and the adoption did not result in any adjustments to the amounts recognized in the Company's comparative periods or the opening deficit.

Classification and Measurement of Financial Instruments

The Company measures its financial assets and financial liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification which in the case of financial assets, is determined by the context of the Company's business model and the contractual cash flow characteristics of the financial asset. Financial assets are classified into two categories: (1) amortized cost and (2) fair value through profit and loss ("FVTPL"). Financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL.

The following table summarizes the classification categories for the Company's financial assets and liabilities by financial statement line item under the superseded IAS 39 standard and the newly adopted IFRS 9.

Impairment

Financial Assets	**IAS 39**	**IFRS 9**
Cash and cash equivalents	Fair value through profit or loss	Amortized cost
Accounts receivable	Amortized cost	Amortized cost
Other assets	Amortized cost	Amortized cost
Financial Liabilities	**IAS 39**	**IFRS 9**
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Accrued liabilities	Amortized cost	Amortized cost
Note payable, related party	Amortized cost	Amortized cost
Amounts due to related party	Amortized cost	Amortized cost

IFRS 9 also introduces a new model for the measurement of impairment of financial assets based on expected credit losses ("ECL") which replaces the incurred losses impairment model applied under IAS 39. ECL allowances have not been recognized for cash and cash equivalents and other assets due to the virtual certainty associated with their collectability.

The Company's accounts receivable are subject to the ECL model under IFRS 9. For accounts receivable, the Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company considers accounts receivable to be in default when the receivable is more than 90 days past due.

Financial Risk Management

The Company's activities are exposed to a variety of financial risks: interest rate risk, market risk, credit risk, liquidity risk and foreign exchange risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance. There have been no changes to these policies during the nine months ended 31 March 2019.

Market risk

The Company's exposure to financial market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange risk. There have been no significant changes to the Company's market risks.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents and other assets. The Company is exposed to interest rate risk arising from fluctuation in interest rates related to its note payable with a related party. Management does not believe this risk is significant.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company cannot give any assurance that any future movements in the exchange rates of the U.S. dollar against the Canadian dollar, the Australian dollar and the Botswana pula will not adversely affect the financial statements. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Management does not believe this risk is significant as minimal working capital balances are maintained in foreign currencies.

Credit risk

The Company's exposure to credit risk relates to cash and cash equivalents, accounts receivable and other assets and arises from the possibility that the third party does not satisfy its contractual obligations. The Company minimizes its exposure to credit risk and concentration risk by keeping the majority of its cash and cash equivalents and other assets with major chartered banks. The Company performs continuous evaluation of its accounts receivable and records an allowance for doubtful accounts when determined necessary. The Company's maximum exposure to credit risk is equal to the carrying value of these financial assets being $664,076 at 31 March 219 (30 June 2018 - $529,481). It is Management's opinion that the level of credit risk is low due to the credit-worthiness of the counterparties involved and that its counterparties currently have the financial capacity to settle outstanding obligations in the normal course of business. As of 31 March 2019, 98% (2018 – 98%) of carrying value relates to amounts held in chartered banks.

Critical Accounting Estimates

The timely preparation of financial statements requires Management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. There have been no changes to the application of the critical accounting estimates since the year ending 30 June 2018.

Control Certification

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure information required to be disclosed by the Company is accumulated and communicated to management to allow for timely decisions regarding required disclosures. The Company carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures as of 30 June 2018. The evaluation was carried out under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the effectiveness of the Company's disclosure controls and procedures as at year-end, that the Company's disclosure controls and procedures are ineffective to ensure that information required to be disclosed by the Company is (i) recorded, processed, summarized and reported within the time periods specified by Canadian securities law and (ii) accumulated and communicated to the Company's Management, including its Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. It should be noted that while the Company's Chief Executive Officer and the Chief Financial Officer believe that the Company's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures will necessarily prevent all error and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.

Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The Company identified the following ongoing material weakness that applies to both disclosure controls and procedures and internal control over financial reporting:

> Due to the limited size of the Company, Strata-X does not have sufficient resources for reviewing the financial statements and cannot maintain adequate segregation of duties as is necessary to absolutely ensure complete and accurate financial reporting. Specifically, the Company's Chief Financial Officer is responsible for preparing, authorizing and reviewing information that is integral to the preparation of financial reports and is also responsible for day-to-day accounting. He is also responsible for preparing and reviewing the resulting financial reports. This weakness has the potential to result in material misstatement in the Company's consolidated financial statements that would not be prevented or detected and, as such, has been determined to be a material weakness in internal controls over financial reporting, which also affects the Company's disclosure controls and procedures.

As of the date of this report, Management has not yet developed a plan to remediate the material weakness. Management has concluded that, taking into account the present state of the Company's development, the Company does not have sufficient size and scale to warrant, and cannot reasonably justify, the expenditure for curing the material weakness given Management's view of the perceived risk in the material weakness.

Internal Controls over Financial Reporting

The Company's Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, a system of internal controls over financial reporting to provide reasonable assurances regarding the reliability of the Company's financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. As at the financial year-end of the Company, such officers have evaluated, or caused to be evaluated under their supervision, the Company's internal controls over financial reporting and have determined that such internal control system is ineffective for the foregoing purposes. The Company is required to disclose herein any change in its internal controls over financial reporting during the period that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. No change in the Company's internal controls over financial reporting was identified during such period that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. It should be noted that a control system, including the Company's disclosure and internal control procedures, no matter how well conceived can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors and fraud.

Other Company Information

Additional disclosure information for Strata-X Energy Ltd. can be located in its latest Annual Management Discussion and Analysis, Annual Information Form and Audited Financials for the year ended 30 June 2018. All documents are available on SEDAR and the Company's website.

Tim Hoops	David Hettich
CEO, President and Managing Director	Chief Financial Officer