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CENTAURUS ENERGY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(UNAUDITED)

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim condensed financial statements of Centaurus Energy have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.



Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

USD 000s	Note	At September 30 2022	At December 31 2021
Assets			
Current assets			
Cash and cash equivalents		1,490	268
Trade and other receivables		10,518	12,797
Inventory		460	330
Other current assets		289	100
Total current assets		12,757	13,495
Property, plant and equipment	3	4,647	20,958
Exploration and evaluation assets	4	3,864	3,864
Other long-term assets	6	18,691	2,625
Total non-current assets		27,202	27,447
TOTAL ASSETS		39,959	40,942
Liabilities			
Current liabilities			
Current Loan	7	543	17,360
Short term debt	8	2,272	2,265
Derivative liability	8	5	5
Trade and other payables		8,816	40,838
Taxes payable		268	243
Short-term lease liability	9	8	8
Total current liabilities		11,912	60,719
Non-current Loan	7	-	-
Non-current decommissioning obligations		7,382	9,106
Other long-term liabilities	13	1,529	1,151
Total non-current liabilities		8,911	10,257
TOTAL LIABILITIES		20,823	70,974
Shareholders' Equity			
Share capital	11	239,029	239,029
Contributed surplus		18,666	18,683
Accumulated other comprehensive loss		(26,941)	(26,941)
Deficit		(211,619)	(260,805)
Total equity		19,135	(30,034)
TOTAL LIABILITIES AND EQUITY		39,959	40,942

Commitments and Other Long-term Liabilities (note 13)

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.



Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)

USD 000s, except per share amounts	Note	Three months ended		Nine months ended	
		September 30 2022	September 30 2021	September 30 2022	September 30 2021
Revenues					
Oil and natural gas revenues	14	2,315	5,425	9,942	14,869
Royalties		(475)	(715)	(1,605)	(2,107)
Other Income		1,567	-	42,747	(86)
		3,407	4,710	51,084	12,676
Expenses					
Operating	15	2,989	2,555	6,669	7,624
General and administrative	15	385	432	1,277	1,385
Finance (income) expenses	16	(3,924)	(122)	(6,503)	(464)
Share-based and long-term incentive compensation	17, 18	(18)	(79)	(18)	163
Depletion and depreciation	3	164	118	474	1,420
Depreciation of right-of-use assets	5	-	-	-	-
Loss (Gain) on disposal of assets	3, 4, 12	-	-	-	242
Fair value change on warrant liability		-	-	-	-
Impairment	3	-	-	-	14,214
Other gains and losses		(56)	(89)	(1)	(285)
		(460)	2,815	1,898	24,299
Gain (Loss) before income taxes		3,867	1,895	49,186	(11,623)
Income tax recovery (expense)					
Current		-	-	-	-
Deferred		-	-	-	-
		-	-	-	-
Gain (Loss)		3,867	1,895	49,186	(11,623)
Comprehensive Gain (Loss)		3,867	1,895	49,186	(11,623)
Net Gain (Loss) per share					
Basic and diluted – continuing	13	0.01	0.00	0.09	(0.02)
Basic and diluted – total	13	0.01	0.00	0.09	(0.02)

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.

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Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Nine Months Ended September 30, 2022 and 2021 (Unaudited)

(Tabular amounts are stated in thousands of United States dollars (“USD”), except per share amounts and as otherwise stated)

Condensed Interim Consolidated Statements of Changes in Shareholders’ Equity
(Unaudited)

USD 000s	Share Capital (note 11)	Contributed Surplus	Equity Component of Convertible Debentures (note 8)	Accumulated Other Comprehensive Loss	Deficit	Total Equity
Balance at December 31, 2021	239,029	18,683	-	(26,941)	(260,805)	(30,034)
Net Loss	-	-	-	-	49,186	49,186
Share-based compensation (note 11)	-	(18)	-	-	-	(18)
Balance at September 30, 2022	239,029	18,665	-	(26,941)	(211,619)	19,135
Balance at December 31, 2020	239,029	18,587	-	(26,941)	(255,976)	(25,301)
Net Loss	-	-	-	-	(11,623)	(11,623)
Share-based compensation (note 11)	-	164	-	-	-	164
Convertible debentures maturity	-	-	-	-	-	-
Balance at September 30, 2021	239,029	18,751	-	(26,941)	(267,599)	(36,760)

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.



Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

USD 000s	Note	Three months ended		Nine months ended	
		September 30	September 30	September 30	September 30
		2022	2021	2022	2021
Cash provided by (used in):					
Operating					
Net Gain (Loss)		3,867	1,895	49,186	(11,623)
Items not affecting cash:					
Depletion and depreciation	3	164	118	474	1,420
Depreciation of right-of-use assets	5	-	-	-	-
Impairment	3	-	-	-	14,214
Accretion		63	33	142	103
Fair value change on convertible debentures held		-	-	-	-
Loss (Gain) on disposal of assets	3, 12	-	-	-	242
Share-based and long-term incentive compensation	18, 19	(18)	(79)	(18)	163
Deferred income tax expense (recovery)		-	-	-	-
Unrealized (gain) loss on foreign exchange	17	(4,172)	(673)	(5,703)	(2,013)
Lease commitment liability		(71)	(86)	(64)	(281)
Non-cash increase of contingent liability		-	3	2	8
Change in non-cash working capital	13	2,564	(1,054)	(56,131)	(1,658)
Cash flow from (used in) operating activities		2,397	157	(12,112)	575
Investing					
Property, plant and equipment additions	3	(1,457)	(39)	13,311	(122)
Evaluation and exploration assets additions	4	-	-	-	-
Change in non-cash working capital	13	-	-	-	-
Net cash from (used in) investing activities		(1,457)	-	13,311	(122)
Financing					
Loan term debt proceeds	8	-	-	-	66
Convertible debentures repayment	8	-	-	-	-
Lease payment	9	-	-	-	-
Change in non-cash working capital		-	-	-	-
Net cash used in financing activities		-	-	-	66
Change in cash and cash equivalents		884	50	1,222	231
Cash and cash equivalents, beginning of period		606	296	268	114
Cash and cash equivalents, end of period		1,490	345	1,490	345

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Nine Months Ended September 30, 2022 and 2021 (Unaudited)

(Tabular amounts are stated in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

1. Reporting Entity

Centaurus Energy Inc. (the "Company," the "Corporation," or "Centaurus") is involved in the exploration, development and production of oil and natural gas in Argentina. Centaurus's registered office is 1250, 639 – 5th Avenue S.W., Calgary, Alberta, T2P 0M9.

The consolidated financial statements include the results of the following wholly-owned subsidiaries:

- Madalena Petroleum Ltd. (Canada) ("MPL")
- Madalena Energy Argentina S.R.L. (Argentina) ("MEA")
- Madalena Petroleum Americas Limited (Barbados) ("MPAL")
- Madalena Petroleum Holdings Limited (Barbados)
- Madalena Ventures International Inc. (Barbados)

2. Basis of Preparation

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern, which contemplate the realization of assets and the settlement of liabilities in the normal course of business as they become due.

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. The rapid outbreak and subsequent measures intended to limit the spread of COVID-19 have contributed to a significant increase in economic uncertainty, with more volatile commodity prices. The duration and severity of the business disruptions and reduction in consumer activity internationally and the resulting financial effect is difficult to reliably estimate. There could be further prospective material effects in future periods which could impact future cash flows and cause uncertainty as to whether the Company has sufficient liquidity throughout 2022.

Furthermore, the Company received notice of default on the existing credit facilities, being the Working Capital Loan Agreement dated May 8, 2017, as amended April 7, 2019 between the Company and Hispania Petroleum S.A and the Amended and Restated Convertible Loan Agreement made effective as of April 7, 2019 among the Company, Hispania Petroleum S.A. ("Hispania"), and KD Energy International Capital Limited ("KD Energy"). On April 9, 2020 the Corporation has signed a binding term sheet with Maglan Distressed Master Fund LP with respect to debt financing agreement, which will provide access up to \$23 million. The parties had until June 30, 2020 to enter into a definitive agreement. On July 17, 2020, the Corporation agreed to the extension of the deadline to October 31, 2020. On October 28, 2020, the Corporation agreed to the extension of the deadline indefinitely. As such, there is a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not include adjustments in the carrying values of the assets and liabilities that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and are presented in United States Dollars ("USD") unless otherwise indicated.

These condensed interim consolidated financial statements follow the same accounting policies and method of computation as the annual consolidated financial statements for the year ended December 31, 2021. The disclosures provided below are incremental to those included with the annual consolidated financial statements. Certain



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Nine Months Ended September 30, 2022 and 2021 (Unaudited)

(Tabular amounts are stated in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB").

The condensed interim consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on November 29, 2022.

3. Property, Plant and Equipment ("PP&E")

USD 000s	2022	2021
Cost		
Balance, beginning of period	190,607	185,479
Additions	1,705	16,254
Disposals	(41,772)	(8,193)
Change in decommissioning liabilities	(1,110)	(3,203)
Balance, end of period	149,430	190,607
Accumulated depreciation and depletion		
Balance, beginning of period	(169,649)	(184,251)
Depreciation and depletion	(474)	(1,792)
Disposals	25,340	-
Impairment	-	16,394
Balance, end of period	(144,783)	(169,649)
Net book value, beginning of period	20,958	1,228
Net book value, end of period	4,647	20,958

The Disposals for the nine months period were mainly due to the assignment agreement, transferring to Pan American Energy ("PAE") the Company's remaining working interest in the Coiron Amargo Sur Este block in the Province of Neuquen ("CASE"). Pursuant to the assignment agreement (the "CASE Sale Agreement"), Centaurus remedied its default under the Joint Venture Agreement with respect to the cash calls unpaid and cured its default under the Loan Agreement (see below 7. Loan). The company has also transferred its working interest in the Surubí block, in the province of Formosa, to REFSA.

At September 30, 2022 and 2021, Centaurus determined there were no impairment indicators for any of its CGUs.

The depletion expense calculation for the nine months ended September 30, 2022 included as part of the depletable base, \$0.7 million for estimated future development costs associated with proved developed non-producing reserves in Argentina (September 30, 2021 - \$2.9 million).

During the nine months period ended September 30, 2022, approximately \$201 thousand (September 30, 2021 - \$134 thousand) of directly attributable general and administration costs were capitalized to property, plant and equipment.

4. Exploration and Evaluation Assets ("E&E")

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Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Nine Months Ended September 30, 2022 and 2021 (Unaudited)

(Tabular amounts are stated in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

USD 000s	2022	2021
Cost		
Balance, beginning of period	3,864	30,766
Additions	-	-
Disposals	-	(26,431)
Change in decommissioning liabilities	-	(471)
Balance, end of period	3,864	3,864

E&E assets consist of the Company's intangible exploration projects in Argentina pending determination of proven or probable reserves. Additions represent the Company's share of costs incurred on E&E assets during the period. E&E assets are not depreciated or depleted.

On March 16, 2021, the Company's exploratory permit relating to the Curamhuele block expired, which resulted in an impairment expense of \$26.4 million. As a part of the CASE Sale Agreement between MEA and PAE, PAE made a payment of US\$6,000,000 to the Province of Neuquén to settle MEA liabilities related to the Curamhuele hydrocarbons area, located in the Province of Neuquén.

5. Right-of-use assets

USD 000s	2022	2021
Cost		
Balance, beginning of period	305	305
Disposals	-	-
Balance, end of period	305	305
Accumulated depreciation and depletion		
Balance, beginning of period	(305)	(305)
Depreciation and depletion	-	-
Balance, end of period	(305)	(305)
Net book value, beginning of period	-	-
Net book value, end of period	-	-

6. Other Long-term Assets

Other long-term assets are comprised of long-term receivables for which the fair value approximates the carrying value. The long-term receivables primarily relate to (i) USD denominated ORRI receivable from PAE due to the CASE Sale Agreement (\$15.9 million) and (ii) ARS denominated income tax receivable of \$2.8 million (December 31, 2021 – \$2.7 million)



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Nine Months Ended September 30, 2022 and 2021 (Unaudited)

(Tabular amounts are stated in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

7. Loan

On December 7, 2016, Centaurus entered into an agreement with Pan American Energy ("PAE"), subject to certain conditions, to provide Centaurus with a loan of up to \$40 million, on a limited recourse basis, to be drawn-down as required to fund certain CASE capital expenditures (the "Loan Agreement"). This limited recourse loan would bear interest at 7% per annum and is repayable in five years from the first to occur between the completion of the investments committed in the Pilot Program or the complete disbursement of the loan. Transaction fees of \$0.5 million were incurred in 2017 to complete this agreement.

On July 7, 2020, Centaurus received a notice of default under the loan agreement from PAE because the Corporation failed to comply with the cash calls issued under the joint venture agreement due since April 13, 2020 to June 16, 2020.

On January 22, 2021, Centaurus and PAE entered into an assignment agreement, transferring to PAE a six percent (6%) working interest in CASE for an amount of \$8.4 million, with retroactive effect as of July 1, 2020. The \$8.4 million represented the value of cash call requests relating to the operating and capital expenditures for the period from April 2020 through December 31, 2020. Pursuant to the assignment agreement, Centaurus remedied its default under the Joint Venture Agreement with respect to the cash calls unpaid and cured its default under the Loan Agreement.

On March 22, 2022, Madalena Energy Argentina S.R.L. ("MEA"), closed the agreement to sell its remaining working interest in CASE, located in the Province of Neuquén, Argentina to Pan American Energy, S.L., Argentine Branch ("PAE"), the operator of CASE.

Pursuant to the transaction with PAE, Centaurus sold its remaining working interest (29%) in the CASE block, with an effective date of January 1, 2021, in return for consideration with a reference value of more than US\$49 million, including:

- a. satisfaction and discharge of all amounts owed by the Company under the Loan Agreement between PAE and Centaurus, dated December 7, 2016 (the "Loan Agreement"), and termination of the Loan Agreement,
- b. payment of US\$6,000,000 to the Province of Neuquén to settle MEA liabilities related to the Curamhuele hydrocarbons area, located in the Province of Neuquén ("Curamhuele"), and
- c. payment to Centaurus, over time, of 1.25% to 2.5% Overriding Royalty Interest (the "ORRI") over the net proceeds corresponding to the 29% interest being assigned to PAE which shall be payable by PAE in semi-annual installments, and other considerations totaling US\$16.83 million.

Upon closing, PAE paid to the Company approximately US\$165,000 for the ORRI proceeds attributable to 2021. The next ORRI payment will be received after the close of the first half of 2022.

Pursuant to the foregoing, the Loan was fully paid as of the end of the first quarter of 2022.



Notes to the Condensed Interim Consolidated Financial Statements

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8. Convertible Loan Working Capital and Short term debt

On May 8, 2017, Centaurus entered into a series of agreements (the "Transactions") with Hispania Petroleum S.A., ("Hispania"), a private, family-owned Spanish energy Company and a related party of the Company, where José David Penafiel is a director, which provides for a package of debt and mezzanine financing of up to \$23 million through a working capital loan (the "Working Capital Loan") of up to \$6.5 million for the purposes of funding the Centaurus' capital expenditure obligations in the Puesto Morales concession or to fund one or more acquisitions of oil and gas assets, under the terms of a convertible loan of up to \$16.5 million (the "Capex Loan").

The Working Capital Loan is a multi-drawdown facility, which is available to be used for general working capital purposes. Interest accrues at 7% per annum. Principal and interest on each drawdown will be repayable thirty-six months after an advance of funds.

The Capex Loan is a multi-drawdown convertible loan. The loan accrues interest at 7% per annum, with each drawdown and accrued interest repayable thirty-six months after drawdown. The Capex Loan is convertible into units of the Company ("Units") with each Unit comprised of one common share ("Common Share") and 0.22 of a Common Share purchase warrant ("Warrant"), with each Warrant entitling the holder to purchase an additional Common Share. The Capex Loan was, prior to amendment (as more particularly described below) convertible based on a conversion price equal to a 5% premium to the 20-day volume weighted average price ("VWAP") of the Common Shares on the last trading date prior to a particular drawdown ("Conversion Price") in respect of the Common Shares comprising the Units. The exercise price of the Warrants issued upon conversion was also at a 5% premium to that 20-day VWAP. These Warrants expire 18 months after the date of issuance. Both Hispania and Centaurus have the right to convert the whole or part of the principal and interest owing hereunder into Units on or before repayment, although Centaurus' right to compel conversion is limited in some circumstances.

Both loans are collateralized, limited to the Company's interests in the Puesto Morales concession.

On September 13, 2017, the shareholders of the Company passed an ordinary resolution approving KD Energy as a new "Control Person" (as such term is defined in the TSX Venture Exchange Corporate Finance Manual) of the Company. In connection therewith, the convertible loan agreement dated May 8, 2017 for an amount up to \$16.5 million is now available to be drawn upon by the Company in accordance with the terms thereof.

On April 7, 2019 the Company entered into an amended and restated convertible loan agreement (the "Amended and Restated Loan Agreement") with KD Energy and Hispania, and has extended the term of the Working Capital Loan agreement (the "Working Capital Loan Agreement"). Key amendments include an extension of the expiry date from May 8, 2020 to May 8, 2023, a change in the conversion price and exercise price of the Warrants to CAD 0.225 (subject to standard adjustments) the right of KD Energy to designate Jose David Penafiel and one additional representative to the board of directors during the term of the Amended and Restated Loan Agreement, and an expansion to the purposes for which the Company can draw on the loan to include acquisitions of oil and gas assets, subject to consent of KD Energy. The expiry date of the Working Capital Loan Agreement which is in the aggregate amount of \$6.5 million and carries an interest rate of 7% per annum has also been extended to May 8, 2023. The Amended and Restated Loan Agreement was approved on on June 5, 2019 by special a meeting of shareholders.

As of September 30, 2022, \$0.3 million has been drawn on the Capex Loan and \$1.7 million has been drawn on the Working Capital Loan by the Company.

On March 27, 2020 the Company announced it had received a notice of default and reservation of rights from KD Energy and Hispania. On March 25, 2020, the Corporation announced that Jose Peñafiel and Alejandro Peñafiel had been terminated and had ceased to be officers and directors of the Corporation.

The following table presents the reconciliation of the beginning and ending balances of the components of the loans as of December 31, 2021 and as of September 30, 2022:

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Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Nine Months Ended September 30, 2022 and 2021 (Unaudited)

(Tabular amounts are stated in thousands of United States dollars (“USD”), except per share amounts and as otherwise stated)

USD 000s	Liability	Derivative Liability	Total
At December 31, 2021	2,335	5	2,340
Revaluation of conversion option	-	-	-
Interests	107	-	107
At September 30, 2022	2,442	5	2,447

9. Lease liability

USD 000s	2022	2021
Balance, beginning of year	8	8
Accretion expense (note 17)	-	-
Obligations settled	-	-
Disposal	-	-
Balance, end of period	8	8
Current	8	8
Long-term	-	-
Total	8	8

The total undiscounted amount of finance liabilities debt at September 30, 2022 is \$8 thousand (2021 - \$8 thousand). The finance liabilities debt have been discounted using discount rates that reflect current market assessments of the time value of money and the risks specific to each liability.

10. Decommissioning Obligations

The total undiscounted amount of cash flow required to settle Centaurus’s decommissioning obligations in Argentina at September 30, 2022, is approximately \$7.3 million (December 31, 2021 – \$9.1 million), with the majority of the costs to be incurred between 2026 and 2027. The decommissioning obligations have been estimated using existing technology at current prices and discounted using discount rates that reflect current market assessments of the time value of money and the risks specific to each liability.

On September 30, 2022, an inflation rate of 5.51% was used (December 31, 2021 – 1.52%). The risk free rate used to discount the liability at September 30, 2022 was 3.83% (December 31, 2021 – 1.52%). The impact of the change in the risk-free rate and inflation rate amounted to a \$142 thousand increase to the decommissioning obligations during the nine months period ended September 30, 2022 (December 31, 2021 - nil).



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Nine Months Ended September 30, 2022 and 2021 (Unaudited)

(Tabular amounts are stated in thousands of United States dollars (“USD”), except per share amounts and as otherwise stated)

USD 000s	September 30 2022	December 31 2021
Balance, beginning of year	9,106	12,643
Disposals	(2,259)	(3,413)
Additions from development activities	-	159
Accretion expense (note 17)	142	138
Revision of estimates	394	(421)
Balance	7,383	9,106
Current	-	-
Long-term	7,383	9,106
Total	7,383	9,106

11. Share Capital

The Company is authorized to issue an unlimited number of common shares and preferred shares. The holders of common shares are entitled to receive dividends as declared by the Company and are entitled to one vote per share. No preferred shares were outstanding at September 30, 2022 or December 31, 2021. No dividends have been declared by the Company at September 30, 2022 or December 31, 2021.

	Number of Shares 000s	Share Capital 000s
Balance at December 31, 2020	544,060	239,029
Balance at December 31, 2021	544,060	239,029
Balance at September 30, 2022	544,060	239,029

Net Income (Loss) Per Share

As of September 30, 2022, there is no resulting dilutive impact of the convertible debentures or share options. The following table provides the weighted average number of common shares used in the per share calculations:

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Weighted average number of common shares - basic - 000s	544,060	544,060	544,060	544,060
Net Gain (Loss) from continuing operations - USD 000s	3,687	1,895	49,186	(11,623)
Per share - basic & diluted - continuing operations (\$/share)	0.01	0.00	0.09	(0.02)
Per share - basic & diluted - total (\$/share)	0.01	0.00	0.09	(0.02)



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Nine Months Ended September 30, 2022 and 2021 (Unaudited)

(Tabular amounts are stated in thousands of United States dollars (“USD”), except per share amounts and as otherwise stated)

12. Supplemental Cash Flow Information

Changes in non-cash working capital

USD 000s	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Trade and other receivables	(2,932)	(15,522)	(13,787)	(20,321)
Other current assets, including inventory	(398)	78	(319)	725
Lease liabilities	-	-	-	-
Trade and other payables	5,894	14,390	(42,025)	17,938
Change in non-cash working capital¹	2,564	(1,054)	(56,131)	(1,658)
Attributable to:				
Operating activities	2,564	(1,054)	(56,131)	(1,658)
Investing activities	-	-	-	-
Financing activities	-	-	-	-
	2,564	(1,054)	(56,131)	(1,658)

(1) Change in non-cash working capital excludes the current portion of long-term debt, as this is considered part of financing activities.

Other cash flow information

USD 000s	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Interest paid (income)	182	687	357	1,831
Interest received (income)	-	(43)	(1,345)	(43)
Taxes paid	-	-	-	-

13. Commitments and Other Long-term Liabilities

USD 000s	Under negotiations	2022	2023	2024	Thereafter	Total
Development and Exploration Commitments	32,000	2,000	-	-	-	34,000
Total	32,000	2,000	-	-	-	34,000

Coirón Amargo Sur Este (CASE - 29% WI)



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Nine Months Ended September 30, 2022 and 2021 (Unaudited)

(Tabular amounts are stated in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

Pan American Energy ("PAE"), Centaurus' operating partner in CASE, agreed, subject to certain conditions, to provide Centaurus with a loan of up to \$40 million, on a limited recourse basis, to be drawn down as required to fund certain CASE capital expenditures. This limited recourse loan would bear interest at 7% per annum and is repayable within five years from the net revenue generated from the capital expenditure program. Transaction fees of \$0.5 million were incurred to complete this agreement. The loan was fully paid as of the end of quarter.

On September 18, 2018, CASE block was converted in an unconventional exploitation concession with a 35-year term. The concession was awarded after the CASE block successfully completed the evaluation phase.

On January 22, 2021, Centaurus and PAE interested into an assignment agreement, transferring to PAE a six percent (6%) working interest CASE for an amount of \$8.4 million, with retroactive effect as of July 1, 2020. The \$8.4 million represented the value of cash call requests relating to the operating and capital expenditures for the period from April 2020 through December 31, 2020. Pursuant to the assignment agreement, Centaurus remedied its default under the Joint Venture Agreement with respect to the cash calls unpaid and cured its default under the Loan Agreement.

On March 22, 2022, Madalena Energy Argentina S.R.L. ("MEA"), closed the agreement to sell its remaining working interest in CASE, located in the Province of Neuquén, Argentina to Pan American Energy, S.L., Argentine Branch ("PAE"), the operator of CASE.

Pursuant to the transaction with PAE, Centaurus has sold its remaining working interest (29%) in the CASE block, with an effective date of January 1, 2021, in return for consideration with a reference value of more than US\$49 million, including:

- satisfaction and discharge of all amounts owed by the Company under the Loan Agreement between PAE and Centaurus, dated December 7, 2016 (the "Loan Agreement"), and termination of the Loan Agreement,
- payment of US\$6,000,000 to the Province of Neuquén to settle MEA liabilities related to the Curamhuele hydrocarbons area, located in the Province of Neuquén ("Curamhuele"), and
- payment to Centaurus, over time, of 1.25% to 2.5% Overriding Royalty Interest (the "ORRI") over the net proceeds corresponding to the 29% interest being assigned to PAE which shall be payable by PAE in semi-annual installments, and other considerations totaling US\$16.83 million.

Upon closing, PAE paid to the Company approximately US\$165,000 for the ORRI proceeds attributable to 2021. The next ORRI payment will be received after the close of the first half of 2022.

Curamhuele Block (90% WI-operated)

The Curamhuele Block is operated by Centaurus and covers an area of approximately 56,237 (50,613 net) acres. The block is situated along the east side of the north south trending Andean thrust belt in the middle portion of the Province of Neuquén, approximately 650 miles south and west of Buenos Aires.

Centaurus is responsible for paying 100% of the costs during the exploration or evaluation phase. If reserves are discovered in commercial quantities, the Corporation may convert certain areas of the block into an exploitation (development) concession. Production will be subject to a 12% royalty payable to the province of Neuquén. GYP is responsible for its 10% share of the costs incurred in the exploitation phase.

In December 2015, Centaurus ratified an extension of its second exploration term with the Province of Neuquén to September 9, 2016, and subsequent thereto, the Corporation put forward a proposal to the Province to enter into a four year evaluation period to further appraise the Curamhuele Block with a work commitment of \$8.2 million to be incurred by March 9, 2019.

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In 2016, the remaining work commitment relating to the existing Curamhuele Block concession agreement were fulfilled by completing the Yapai.x 1001 well in the Mulichinco formation and Lower Agrio Shale.

The Corporation received approval for a 2 year extension on the Curamhuele concession based on its proposal to drill one vertical well in a new location to vertically test the Vaca Muerta and Lower Agrio formations. The extension was initially applied for in December, 2018.

On May 13, 2019 the extension was approved by the Ministry of Energy and Natural Resources for the province of Neuquen (the "Ministry"), which granted an additional twenty-four months expiring March 9, 2021 for the exploratory period of the concession.

On November 14, 2019 the Company was notified by the Province of Neuquen that the milestones for the vertical test that were agreed to as part of the 2 year extension were not being met. Following receipt of the letter, the Company engaged in discussions and correspondence with the Ministry and Gas y Petróleo del Neuquén S.A. ("GyP"), a provincial government oil and gas company who has a 10% working interest in the concession, for the purpose of adjusting the milestone schedule. On January 10, 2020, the Company received a letter from the Ministry which proposed an agreement to adjust the milestones and provided an extension to the Company until April 30, 2020 to determine a specific financing to comply with the schedule. Such extension was conditional on the Company submitting a performance bond for \$16.2 million. The bond shall be executed if (i) the Company fails to comply with the terms of the extension, including submission of contracts, invoices or other evidence that the Company has contracted a drilling rig and has secured the wellhead and all casing necessary; or (ii) the March 9, 2021 deadline for completing the commitments.

The Company accepted the Ministry's proposal on January 20.

On March 16, 2021, the Company's exploratory permit relating to the Curamhuele block expired.

As a part of the CASE sale agreement, PAE made a payment of US\$6,000,000 to the Province of Neuquén to settle MEA liabilities related to the Curamhuele hydrocarbons area, located in the Province of Neuquén.

Puesto Morales Block (100% WI-operated)

USD 000s	Under negotiations	2022	Total
Concession commitments	28,400	2,000	30,400

On January 4, 2019 the Corporation received the approval from the provincial authority for a re-schedule and conversion of the last commitments in a new exploration plan.

In May 2022, MEA entered into an agreement with REFINAR S.A., an oil and gas corporation based in Argentina ("Refinar"), whereby Refinar will fund workover operations in the Rinconada-Puesto Morales blocks in the Province of Rio Negro (the "Transaction"). The Transaction includes a pre-purchase of oil by Refinar, to fund the scheduled workover activity.

Santa Victoria Block (100% WI - operated)

The contract can contain up to three exploration and evaluation phases, of which the second expired in April 2017. The second phase required additional work commitments of \$4.037 million for which no qualifying expenditures have been made. A performance bond of \$3.6 million is in place over the commitments under this exploration and evaluation



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permit. Since November 2017, the Corporation has proposed alternatives to the province of Salta in order to reconvert and reschedule pending commitments.

El Chivil Block (100% WI – operated)

On February 2, 2021, the Company relinquished its El Chivil concession.

Palmar Largo operation agreement (100% WI – operated)

Centaurus has signed an operation agreement with Recursos y Energía Formosa SA, an oil company belonging to the Province of Formosa, over the Palmar Largo Concession in Formosa, Argentina, effective December 1, 2018 (the "Operation Agreement"). The block covers an area of approximately 301,740 acres.

On January 15, 2021, the Company relinquished the Palmar Largo concession.

Other long term liabilities

Other long term liabilities includes a provision of office space in Calgary, Alberta which has been under contract negotiations since October, 2017.

14. Revenue

Centaurus generally recognizes oil and natural gas revenue when title passes from Centaurus to the purchaser or, in the case of services, as contracted services are performed. Production revenues are pursuant to the terms outlined in contractual agreements and are based on fixed or variable price components. The transaction price for crude oil and natural gas is based on the commodity price in the month of production, adjusted for various factors including product quality and location. Commodity prices are based on monthly or daily market indices.

All of the Company's significant revenue streams are located in Argentina and include the following:

USD 000s	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Crude Oil	1,991	5,151	9,214	14,302
Natural gas	324	275	728	567
Oil and natural gas sales	2,315	5,425	9,942	14,869

15. Operating Expenses – G&A

Centaurus's condensed interim consolidated statements of income (loss) and comprehensive income (loss) are prepared primarily by nature of expenses, with the exception of employee compensation costs which are included in both the operating and general and administrative expense line items on the condensed interim consolidated statements of income (loss) and comprehensive income (loss). The following table details the amount of total employee compensation costs included in the operating and general and administrative expense line items in the condensed interim consolidated statements of income (loss) and comprehensive income (loss).



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(Tabular amounts are stated in thousands of United States dollars (“USD”), except per share amounts and as otherwise stated)

USD 000s	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Operating expenses				
Compensation costs	842	835	2,933	2,837
Transportation and processing	174	412	742	1,206
Maintenance, workovers and other	1,973	1,307	2,994	3,562
	2,989	2,555	6,669	7,605
General & administrative expenses				
Compensation costs	266	222	784	713
Other	118	210	493	672
	385	432	1,277	1,385

16. Finance (Income) Expenses

Finance (Income) and Expenses are made up of the following:

USD 000s	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Bank charges	2	35	52	109
Foreign exchange loss (gain)	(4,173)	(673)	(5,703)	(2,013)
Decommissioning obligations accretion (note 12)	63	33	142	103
Accretion of debt portion of convertible debenture issued (note 8)	-	-	-	-
Lease liabilities accretion	-	-	-	-
Interest (income) and other expenses	183	483	(994)	1,337
	(3,924)	(122)	(6,503)	(464)

USD 000s	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Unrealized foreign exchange loss (gain)	(3,924)	(673)	(6,503)	(2,013)
Total	(3,924)	(673)	(6,503)	(2,013)

17. Share-based Compensation

There were no share-based options exercised during the nine months ended September 30, 2022 or 2021.

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On January 8, 2021, 24,205,954 options were granted to certain directors of the Company with exercise prices of USD \$0.04337 (CAD \$0.055) per share (2020 – nil). In addition, the Company and certain option holders have agreed to cancel 2,700,000 previously issued options originally issued in April 2018 and 600,000 issued in January 2021.

The share-based compensation recovery recorded in the consolidated statements of loss for the nine months ended September 30, 2022 was nil (2021 – \$0.2 million).

18. Long-term Incentive Plan

At March 31, 2022 the LTIP liability was nil (December 31, 2021 - nil).

19. Financial Instruments and Risk Management

The Company is exposed to various risks that arise from its business environment and the financial instruments it holds. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, policies and procedures. The following outlines the update to risk exposures and explains how they are managed.

Capital Management

The Corporation objective has been to maintain its capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Corporation manages its capital structure and makes adjustments to it, as it is able to, in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. The Corporation considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Corporation may obtain issue shares, adjust its capital spending to manage current and projected debt levels, sell non-core assets, farm-out existing opportunities or attempt to obtain new credit facilities.

In order to facilitate the management of its capital structure, the Corporation prepares annual capital expenditure budgets, which are updated throughout the year depending on varying factors including current and forecast prices, actual capital deployment and general industry conditions, if necessary.

The Corporation has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the next twelve months and there are no external restrictions on the Corporation's capital structure.

Liquidity risk

At September 30, 2022, cash and cash equivalents of \$13 thousand was mostly deposited with banks in Argentina (December 31, 2021 - \$0.6 million), and is held in ARS.

Repatriation of Funds to Canada

Centaurus's corporate office is in Canada. Funds are required to enable the Company to maintain its Canadian corporate office and manage the regulatory, reporting, audit, legal and tax requirements of a TSX-V listed company.

During 2022, nil (2021 - nil) was repatriated from Argentina. The Company didn't increase its investment in its Argentine subsidiaries (2021 - nil).

Market risk

Changes in commodity prices, interest rates and foreign currency exchange rates can expose the Company to fluctuations in its net earnings and in the fair value of its financial assets and liabilities.



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Credit risk

The Company’s primary operations are conducted in Argentina. The Company is exposed to credit risk in relation to its cash and cash equivalents, trade and other receivables, and other long-term assets.

Cash and cash equivalents are held in local short term investments, and therefore the Company does not believe these financial instruments are subject to material credit risk.

Other long-term assets relate to amounts due from various governments in Argentina primarily as it relates to VAT and is collected as revenue is earned. Although collection is slow, it is expected.

In Argentina, the majority of the Company’s oil production is sold to the Argentine subsidiaries of major international oil and gas companies. The Company’s policy to mitigate credit risk associated with these balances is to establish marketing relationships with large purchasers.

During 2022, no provision for doubtful accounts has been recorded (2021 - nil).

Commodity price risk

The average price the Company received for oil for the Quarter was \$67.00/bbl, higher than the \$55.87/bbl realized in Q3-2021 due to commodity price increase after the COVID-19 pandemic.

The significant slowdown in the global economy and certain government imposed shelter-in-place mandates around the world due to the COVID-19 virus have depressed oil demand, further exacerbated by surplus oil supplies in the near-term from the world’s producers. Brent crude oil pricing dropped to \$22.74/bbl in the month of March 2020 and further collapsed to \$19.99/bbl in the month of April 2020. At September 30, 2022, Brent crude oil pricing recovered to \$87.96/bbl.

Gas prices in Argentina are subject to seasonal demand and are negotiated between the producer and the buyer. Summer pricing for the period from October 2021 to April 2022 was set at \$2.30/mmbtu. (October 2020 - April 2021 - \$1.20/mmbtu). For the winter season from May to September 2022, the price is \$4.15/mmbtu (May to September 2021 - \$3.75/mmbtu).