

Coelacanth Energy Inc.
Condensed Interim Statements of Financial Position
(unaudited)

(\$000s)	Note	September 30 2022	December 31 2021
Assets			
Current assets			
Cash and cash equivalents		69,499	-
Current portion of restricted cash deposits	(5)	941	-
Accounts receivable		1,357	461
Prepaid expenses and deposits		456	298
		72,253	759
Restricted cash deposits	(5)	7,119	-
Property, plant, and equipment	(6)	14,589	12,870
Exploration and evaluation assets	(7)	15,068	14,612
		36,776	27,482
		109,029	28,241
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,853	487
Current portion of lease obligations	(8)	74	7
Current portion of decommissioning obligations	(9)	981	-
		2,908	494
Lease obligations	(8)	468	513
Decommissioning obligations	(9)	8,210	11,142
Flow-through share premium	(11)	183	-
		11,769	12,149
Shareholders' Equity			
Shareholders' capital	(11)	115,322	-
Warrants	(11)	4,272	-
Contributed surplus		511	-
Net investment in Two Rivers Assets	(10)	-	16,092
Reserve from common-control transaction	(4,10)	(18,063)	-
Deficit		(4,782)	-
		97,260	16,092
		109,029	28,241
Commitments	(18)		

The accompanying notes are an integral part of these condensed interim financial statements.

Coelacanth Energy Inc.
Condensed Interim Statements of Operations and Comprehensive Loss
(unaudited)

(\$000s, except per share amounts)	Note	Three Months Ended		Nine Months Ended	
		September 30 2022	2021	September 30 2022	2021
Revenue					
Oil and natural gas sales	(17)	2,135	1,922	6,157	6,151
Other income	(9)	54	-	98	-
Royalties		(658)	(519)	(1,788)	(1,652)
		1,531	1,403	4,467	4,499
Expenses					
Operating		398	443	1,307	1,602
Transportation		210	295	527	1,024
Depletion and depreciation	(6)	474	834	1,472	3,255
General and administrative		1,110	921	3,294	3,442
Share based compensation	(11,12)	492	308	9,227	1,283
Gain on insurance proceeds	(6)	-	-	(657)	-
Finance income		(500)	-	(589)	-
Finance expense		177	42	324	113
		2,361	2,843	14,905	10,719
Net loss and comprehensive loss		(830)	(1,440)	(10,438)	(6,220)
Net loss per share					
Basic and diluted	(13)	(-)	(-)	(0.03)	(0.02)

The accompanying notes are an integral part of these condensed interim financial statements.

Coelacanth Energy Inc.
Condensed Interim Statements of Shareholders' Equity
(unaudited)

(\$000s)	Note	Share- holders' Capital	Warrants	Net investment in Two Rivers Assets	Contributed Surplus	Reserve from common- control transaction	Deficit	Total Equity
Balance, January 1, 2021		-	-	18,344	-	-	-	18,344
Net loss		-	-	(6,220)	-	-	-	(6,220)
Net contributions from Leucrotta	(10)	-	-	2,616	-	-	-	2,616
Share based compensation	(12)	-	-	1,283	-	-	-	1,283
Balance, September 30, 2021		-	-	16,023	-	-	-	16,023
Net loss		-	-	(1,604)	-	-	-	(1,604)
Net contributions from Leucrotta	(10)	-	-	1,425	-	-	-	1,425
Share based compensation	(12)	-	-	248	-	-	-	248
Balance, December 31, 2021		-	-	16,092	-	-	-	16,092
Net loss		-	-	(5,656)	-	-	(4,782)	(10,438)
Net contributions from Leucrotta	(10)	-	-	922	-	-	-	922
Cash received from Leucrotta	(4)	-	-	44,712	-	-	-	44,712
Accounts receivable from Leucrotta		-	-	392	-	-	-	392
Issue of share capital	(4,11)	78,244	556	(60,737)	-	(18,063)	-	-
Issue of common shares, flow-through common shares and warrants	(11)	22,077	4,272	-	-	-	-	26,349
Exercise of Arrangement Warrants	(11)	15,184	(542)	-	-	-	-	14,642
Expiry of Arrangement Warrants	(11)	-	(14)	-	14	-	-	-
Flow-through share premium	(11)	(183)	-	-	-	-	-	(183)
Share based compensation	(12)	-	-	4,275	497	-	-	4,772
Balance, September 30, 2022		115,322	4,272	-	511	(18,063)	(4,782)	97,260

The accompanying notes are an integral part of these condensed interim financial statements.

Coelacanth Energy Inc.
Condensed Interim Statements of Cash Flows
(unaudited)

(\$000s)	Note	Three Months Ended		Nine Months Ended	
		September 30		September 30	
		2022	2021	2022	2021
Operating Activities					
Net loss		(830)	(1,440)	(10,438)	(6,220)
Depletion and depreciation	(6)	474	834	1,472	3,255
Share based compensation	(11,12)	492	308	9,227	1,283
Finance expense		177	42	324	113
Interest paid		(98)	-	(120)	-
Gain on insurance proceeds	(6)	-	-	(657)	-
Other income	(9)	(54)	-	(98)	-
Decommissioning expenditures	(9)	(475)	(2)	(654)	(44)
Change in non-cash working capital	(16)	(6,418)	(367)	(8,161)	(312)
		(6,732)	(625)	(9,105)	(1,925)
Financing Activities					
Cash received from Leucrotta	(4)	-	-	44,712	-
Net contributions from Leucrotta	(10)	-	943	922	2,616
Issue of common shares, flow-through shares, and warrants	(11)	-	-	21,894	-
Exercise of Arrangement Warrants	(11)	6,850	-	14,642	-
Payment of lease obligations	(8)	-	(22)	-	(70)
Change in non-cash working capital	(16)	174	-	-	-
		7,024	921	82,170	2,546
Investing Activities					
Capital expenditures - property, plant, and equipment	(6)	(3,861)	(188)	(4,572)	(413)
Capital expenditures - exploration and evaluation assets	(7)	-	(154)	(456)	(256)
Insurance proceeds on equipment	(6)	-	-	657	-
Change in non-cash working capital	(16)	322	46	805	48
		(3,539)	(296)	(3,566)	(621)
Change in cash and cash equivalents		(3,247)	-	69,499	-
Cash and cash equivalents, beginning of period		72,746	-	-	-
Cash and cash equivalents, end of period		69,499	-	69,499	-

The accompanying notes are an integral part of these condensed interim financial statements.

Coelacanth Energy Inc.
Notes to the Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2022

(unaudited)

(Tabular amounts in 000s, unless otherwise stated)

1. REPORTING ENTITY

Coelacanth Energy Inc. ("Coelacanth" or the "Company") is an oil and natural gas company, actively engaged in the acquisition, development, exploration, and production of oil and natural gas reserves in north eastern British Columbia, Canada. Coelacanth was incorporated in Alberta, Canada under the Business Corporations Act (Alberta) on March 24, 2022 under the name of 2418573 Alberta Ltd., and subsequently changed its name to Coelacanth Energy Inc. on April 12, 2022. The Company commenced trading on the TSX Venture Exchange ("TSXV") on June 20, 2022 under the symbol "CEI". The Company's place of business is located at 2110, 530 - 8th Avenue SW, Calgary, Alberta, Canada, T2P 3S8.

On May 31, 2022, the arrangement agreement between Coelacanth, Leucrotta Exploration Inc. ("Leucrotta"), Vermilion Energy Inc. ("Vermilion"), and the shareholders of Leucrotta (the "Arrangement") closed and Vermilion acquired all of the issued and outstanding shares of Leucrotta for \$1.73 cash for each common share of Leucrotta held.

Pursuant to an asset conveyance agreement between Coelacanth and Leucrotta made as of May 31, 2022, and immediately prior to the closing of the Arrangement, Leucrotta transferred approximately \$44.7 million cash, net of transaction costs, and certain oil and natural gas assets primarily located in the Two Rivers area of British Columbia ("Two Rivers Assets") to Coelacanth in exchange for one common share of Coelacanth ("Coelacanth Share"), and 0.1917 of a common share purchase warrant of Coelacanth (one whole warrant being an "Arrangement Warrant") for each common share of Leucrotta held.

Since the shareholders of Coelacanth and Leucrotta were the same both before and after the conveyance of the Two Rivers Assets (at the time Coelacanth was a wholly-owned subsidiary of Leucrotta), this transaction was deemed a common-control transaction. The condensed interim financial statements present the historic financial position, results of operations and cash flows of the transferred Two Rivers Assets for all prior periods up to and including May 31, 2022 on a carve-out basis as if they had operated as a stand-alone entity subject to Leucrotta's control. The financial position, results of operations and cash flows from March 24, 2022 (the date of incorporation of Coelacanth) to May 31, 2022 include both the Two Rivers Assets and Coelacanth on a combined basis and from May 31, 2022 forward include the results of Coelacanth after assuming the Two Rivers Assets upon close of the Arrangement.

The Company conducts many of its activities jointly with others and these financial statements reflect only the Company's proportionate interest in such activities.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, as prescribed by IAS 34, Interim Financial Reporting. The condensed interim financial statements do not include all of the information and disclosure required in annual financial statements. These condensed interim financial statements should be read in conjunction with the interim financial statements and related notes for the three and six months ended June 30, 2022 which was the Company's initial presentation of the financial position, results of operations and cash flows prepared as a complete set of financial statements in accordance with IFRS Standards.

The condensed interim financial statements were authorized for issuance by the Board of Directors on November 22, 2022.

(b) Basis of measurement

The condensed interim financial statements present the historic financial position, results of operations and cash flows of the transferred Two Rivers Assets for all prior periods up to and including May 31, 2022 on a carve-out basis as if they had operated as a stand-alone entity subject to Leucrotta's control ("carve-out financial statements"). The financial position, results of operations and cash flows from March 24, 2022 (the date of incorporation of Coelacanth) to May 31, 2022 include both the Two Rivers Assets and Coelacanth on a combined basis and from May 31, 2022 forward include the results of Coelacanth after assuming the Two Rivers Assets upon close of the Arrangement at the net carrying value of the Two Rivers Assets according to historical cost financial records of Leucrotta. The carve-out financial statements have been prepared by management in accordance with IFRS.

In respect of the carve-out financial statements, the basis of allocation for certain assets, liabilities, revenue and expenses are described below:

Accounts receivable attributable to the Two Rivers Assets were estimated based on the last month's accrued revenue for each period end, assuming a 31 day payment cycle.

Prepaid expenses and deposits include amounts directly attributable to the Two Rivers Assets.

Exploration and evaluation assets related to the Two Rivers Assets were carved-out based on historical cost records of Leucrotta directly attributable to the Two Rivers Assets.

Property, plant, and equipment related to the Two Rivers Assets were carved-out based on historical cost records of Leucrotta directly attributable to the Two Rivers Assets.

Accounts payable related to the Two Rivers Assets were estimated based on the last month's operating expenditures for each period end, assuming a 31 day payment cycle. Accrued liabilities include accrued capital expenditures directly attributable to the Two Rivers Assets.

There has been no debt or interest expense allocated to Coelacanth as there is no direct legal agreement providing for lending as specifically relating to the Two Rivers Assets. This is consistent with the Arrangement in that no Leucrotta debt was assumed by Coelacanth.

Decommissioning obligations were derived from the historical records of Leucrotta based on the estimated future abandonment and remediation costs for the wells and facilities directly attributable to the Two Rivers Assets.

Lease obligations and associated right-of-use assets were derived from the historical records of Leucrotta directly attributable to the Two Rivers Assets as Coelacanth assumed the lease obligations from Leucrotta.

The deferred income taxes attributed to the Two Rivers Assets was calculated using tax pools directly associated with the Two Rivers Assets for carve-out purposes and allocated based on the carve-out net income (loss) before tax adjusting for temporary and permanent differences. The Company has not recognized the net deferred income tax asset.

Oil and natural gas sales, royalties, operating and transportation expenses were amounts directly attributable to the Two Rivers Assets.

Depletion and depreciation expense were derived from the historical capital amounts of Leucrotta directly attributable to the Two Rivers Assets and proved and probable reserves for the Two Rivers Assets calculated in accordance with the policy outlined in note 3 of the interim financial statements for the three and six months ended June 30, 2022.

Accretion expense was derived from the historical records of Leucrotta directly attributable to the decommissioning obligations and lease obligations of the Two Rivers Assets.

Impairment was calculated in accordance with the policy outlined in note 3 of the interim financial statements for the three and six months ended June 30, 2022.

General and administrative ("G&A") expenses were allocated to the Two Rivers Assets based on the percentage of employees retained in Coelacanth relative to the overall employee count of Leucrotta.

Share based compensation ("SBC") expense was allocated to the Two Rivers Assets based on the percentage of employees retained in Coelacanth relative to the overall employee count of Leucrotta.

Risk management contracts and related realized and unrealized gains and losses on risk management contracts were not allocated to the Two Rivers Assets.

Equity in the Two Rivers Assets is shown as a net investment in place of Shareholders' Equity because a direct ownership by shareholders in the Two Rivers Assets did not exist. All excess cash flows are assumed to be distributed to Leucrotta and all cash flow deficiencies and capital expenditures are assumed to be funded by Leucrotta through the net investment.

(c) Functional and presentation currency

The condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company.

(d) Use of estimates and judgments

The preparation of the interim financial statements in conformity with IFRS requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities as at the date of the interim financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the interim financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur.

Significant estimates and judgments made by management in the preparation of these condensed interim financial statements are outlined below.

Carve-out financial statements

The interim financial statements present the historic financial position, results of operations and cash flows of the transferred Two Rivers Assets for all prior periods up to and including May 31, 2022 on a carve-out basis as if they had operated as a stand-alone entity subject to Leucrotta's control (carve-out financial statements). The preparation of the carve-out financial statements requires the use of significant judgments by management in the allocation of the reported amounts of Leucrotta to the carve-out assets and liabilities. The carve-out financial statements do not necessarily reflect what the financial position, results of operations and cash flows would have been had these net assets been in a separate entity, or the future results of the business, as it exists after the completion of the Arrangement.

Business combinations

Business combinations are accounted for using the acquisition method. Under this method, the consideration transferred is allocated to the assets acquired and the liabilities assumed based on the fair values at the time of acquisition. In determining the fair value of the assets and liabilities, the Company is often required to make assumptions and estimates, such as reserves, future commodity prices, fair value of undeveloped land, discount rates, decommissioning obligations and possible outcome of any assumed contingencies.

Cash-generating units ("CGU")

The Company's assets are aggregated into CGUs for the purposes of calculating depletion and depreciation and impairment. CGUs are determined based on the smallest group of assets that generate cash flows independent of other assets or groups of assets. Determination of the CGUs is subject to the Company's judgment and is based on geographical proximity, shared infrastructure, similar exposure to market risk, and materiality.

Impairment

Judgments are required to assess when impairment indicators exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates, market value of land, and other relevant assumptions.

- (i) Reserves – Assumptions that are valid at the time of reserve estimation may change significantly when new information becomes available. Changes in forward price estimates, operating and transportation expenses, or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.
- (ii) Oil and natural gas prices – Forward price estimates are used in the cash flow model. Commodity prices can fluctuate for a variety of reasons including supply and demand fundamentals, inventory levels, exchange rates, weather, and economic and geopolitical factors.
- (iii) Discount rate – The discount rate used to calculate the net present value of cash flows is based on estimates of a discount rate specific to the risk of the CGU being assessed for impairment. Changes in the general economic environment could result in significant changes to this estimate.

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires the Company to make certain judgments as to future events and circumstances as to whether economic quantities of reserves will be found so as to assess if technical feasibility and commercial viability has been achieved.

Depletion and depreciation

Amounts recorded for depletion and depreciation are based on estimates of total proved and probable oil and natural gas reserves and future development capital. By their nature, the estimates of reserves, including the estimates of future prices, costs, and future cash flows, are subject to measurement uncertainty. Accordingly, the impact to the financial statements in future periods could be material.

Decommissioning obligations

Amounts recorded for decommissioning obligations requires the use of estimates with respect to the amount and timing of decommissioning expenditures. Actual costs and cash outflows can differ from estimates because of changes in laws and regulations, public expectations, market conditions, discovery and analysis of site conditions and changes in technology. Other provisions are recognized in the period when it becomes probable that there will be a future cash outflow.

Share based compensation

Compensation costs recognized for share based compensation plans are subject to the estimation of what the ultimate value will be using pricing models such as the Black-Scholes-Merton model which is based on significant assumptions such as volatility, expected term, and forfeiture rate.

Deferred taxes

Deferred taxes are based on estimates as to the timing of the reversal of temporary differences, substantively enacted tax rates, and the likelihood of assets being realized. Tax interpretations, regulations, and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Judgments are also required to determine the likelihood of whether deferred income taxes at the end of the reporting period will be realized from future taxable earnings.

Coronavirus disease (COVID-19) estimation uncertainty

During the first quarter of 2020, the World Health Organization declared COVID-19 to be a pandemic. Responses to the spread of COVID-19 resulted in a sudden decline in economic activity and resulted in a significant increase in economic uncertainty. In addition, oil prices declined dramatically due to the global oil price war and decline in demand due to COVID-19. These events resulted in a volatile and challenging economic environment throughout 2020 which adversely affected the Company's operational results and financial position. Throughout 2021 and 2022, both oil and gas prices improved significantly, largely due to a combination of improved global economic activity combined with reduced oil and natural gas supply, and the roll out of COVID-19 vaccinations. Estimates and judgments made by management in the preparation of the financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

Changing regulation

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social and governance ("ESG") and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators have issued a proposed National Instrument 51-107 *Disclosure of Climate-related Matters*. The cost to comply with these standards, and others that may be developed or evolve over time, has not yet been quantified.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements have been prepared following the same accounting policies as the interim financial statements for the three and six months ended June 30, 2022. The accounting policies have been applied consistently by the Company to all periods presented in these condensed interim financial statements.

4. COMMON-CONTROL TRANSACTION

As described in note 1, on May 31, 2022, as a result of the closing of the Arrangement between Coelacanth, Leucrotta, Vermilion, and the shareholders of Leucrotta, Leucrotta transferred approximately \$44.7 million cash, net of transaction costs, and the Two Rivers Assets to Coelacanth in exchange for one Coelacanth Share and 0.1917 of an Arrangement Warrant of Coelacanth for each common share of Leucrotta held. Vermilion then acquired all of the issued and outstanding common shares of Leucrotta in exchange for \$1.73 cash.

Since the shareholders of Coelacanth and Leucrotta were the same both before and after the conveyance of the Two Rivers Assets, this transaction was deemed a common-control transaction. As such, the Company elected to recognize the assets and liabilities assumed by Coelacanth, including cash, accounts receivable, prepaid expenses and deposits, property, plant, and equipment, exploration and evaluation assets, accounts payable and accrued liabilities, decommissioning obligations and lease obligations at the carrying amount of the Two Rivers Assets according to historical cost financial records of Leucrotta.

Common shares issued as part of the consideration for the common-control transaction with Leucrotta were valued at \$0.27 per common share which was based on the issue price of the public and insider private placements (see note 11). The Arrangement Warrants were valued using the Black-Scholes-Merton model (see note 11). The difference between the value of the Coelacanth Shares and Arrangement Warrants, totaling \$78.8 million, and the Net investment in the Two Rivers Assets, which was \$60.7 million at May 31, 2022, equated to \$18.1 million and has been recognized as a Reserve from common-control transaction within Shareholders' Equity.

5. RESTRICTED CASH DEPOSITS

The Company has \$8.1 million in restricted guaranteed investment certificates ("GIC's") with a Canadian chartered bank. These restricted GIC's are being held as security for \$8.1 million of letters of guarantee to third parties relating to firm transportation agreements and decommissioning obligations.

	September 30, 2022	December 31, 2021
Current	941	-
Long-term	7,119	-
	8,060	-

6. PROPERTY, PLANT, AND EQUIPMENT

Cost	Total
Balance, January 1, 2021	55,437
Additions	886
Change in decommissioning obligation estimates (note 9)	1,754
Right-of-use asset additions (note 8)	518
Derecognition of right-of-use asset (note 8)	(254)
Derecognition of office equipment	(545)
Balance, December 31, 2021	57,796
Additions	4,572
Change in decommissioning obligation estimates (note 9)	(1,381)
Balance, September 30, 2022	60,987
Accumulated Depletion, Depreciation, and Impairment	
Balance, January 1, 2021	41,875
Derecognition of right-of-use asset (note 8)	(254)
Derecognition of office equipment	(545)
Depletion and depreciation	3,850
Balance, December 31, 2021	44,926
Depletion and depreciation	1,472
Balance, September 30, 2022	46,398
Net Book Value	
December 31, 2021	12,870
September 30, 2022	14,589

During the nine months ended September 30, 2022, the Company received \$0.7 million (September 30, 2021 - \$nil) from insurance proceeds related to damaged equipment. The equipment that was damaged was previously impaired and had \$nil carrying value resulting in a gain of \$0.7 million.

Depletion and depreciation

The calculation of depletion and depreciation expense for the three months ended September 30, 2022 included an estimated \$6.3 million (September 30, 2021 - \$nil) for future development costs associated with proved plus probable undeveloped reserves and excluded approximately \$1.2 million (September 30, 2021 - \$1.2 million) for the estimated salvage value of production equipment and facilities.

Included in depletion and depreciation expense for the three and nine months ended September 30, 2022, is \$22 thousand (September 30, 2021 - \$22 thousand) and \$65 thousand (September 30, 2021 - \$67 thousand), respectively, related to the right-of-use asset for the Company's head office lease. At September 30, 2022, the net book value of this right-of-use asset is \$0.4 million (December 31, 2021 - \$0.5 million).

Impairment Assessment

At September 30, 2022, the Company evaluated its property, plant, and equipment Two Rivers CGU for indicators of impairment or impairment reversals. There were no indicators identified and therefore, no impairment or impairment reversal was recognized during the three months ended September 30, 2022.

7. EXPLORATION AND EVALUATION ASSETS

	Total
Balance, January 1, 2021	14,163
Additions	449
Balance, December 31, 2021	14,612
Additions	456
Balance, September 30, 2022	15,068

Exploration and evaluation ("E&E") assets consist of the Company's exploration projects which are pending the determination of proved or probable reserves. Additions represent the Company's share of costs incurred on E&E assets during the period, consisting primarily of undeveloped land and drilling costs until the drilling of the well is complete and the results have been evaluated.

At September 30, 2022, the Company evaluated its E&E assets for indicators of impairment and as a result of this assessment management determined that an impairment test was not required to be performed.

8. LEASE OBLIGATIONS

Leucrotta entered into a new office lease agreement at a new location commencing December 1, 2021 and was transferred to Coelacanth as part of the Arrangement. Lease obligations are discounted with an effective interest rate of 5.5% and the right-of-use asset is amortized based on the lease term. The Company's office lease does not require any lease payments over the first year of the lease and the lease expires November 30, 2027 with a renewal option of an additional five year term. Only the first term of the lease has been recognized as a right-of-use asset and lease obligation. Leucrotta's prior office lease expired October 31, 2021, in which lease obligations were discounted with an effective interest rate of 5.0% and the right-of-use asset was amortized based on the lease term. The right-of-use asset related to the previous office lease has been derecognized.

	Total
Balance, January 1, 2021	78
Additions	518
Lease payments	(80)
Interest expense	2
Accretion	2
Balance, December 31, 2021	520
Accretion	22
Balance, September 30, 2022	542
Current	74
Long-term	468
	542

The total undiscounted amount of the estimated future cash flows to settle the lease obligations over the remaining lease term is \$0.6 million. The Company's minimum lease payments are as follows:

	September 30, 2022
Within one year	98
Later than one year but not later than two years	118
Later than two years	414
Minimum lease payments	630
Amount representing interest expense	(88)
Present value of net lease payments	542

9. DECOMMISSIONING OBLIGATIONS

The Company's decommissioning obligations result from its ownership interest in oil and natural gas assets including well sites and gathering systems. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to abandon and reclaim the wells and facilities, and the estimated timing of the costs to be incurred in future periods. The total undiscounted amount of the estimated cash flows, adjusted for inflation at 1.77% per year (December 31, 2021 - 1.79%) required to settle the decommissioning obligations is approximately \$13.4 million (December 31, 2021 - \$14.5 million) which is estimated to be incurred over the next 21 years. At September 30, 2022, a risk-free rate of 3.03% (December 31, 2021 - 1.75%) was used to calculate the net present value of the decommissioning obligations.

	Nine Months Ended	Year Ended
	September 30, 2022	December 31, 2021
Balance, beginning of period	11,142	9,496
Provisions settled	(654)	(162)
Government subsidies	(98)	(103)
Revisions in estimated cash flows	519	1,797
Revisions due to change of rates	(1,900)	(43)
Accretion	182	157
Balance, end of period	9,191	11,142
Current	981	-
Long-term	8,210	11,142
	9,191	11,142

During the three and nine months ended September 30, 2022, the Company benefited from the British Columbia Government's Dormant Sites Reclamation Program resulting in a reduction in decommissioning obligations of \$54 thousand and \$98 thousand, respectively (September 30, 2021 - \$nil and \$nil, respectively) with the offset being recorded as other income in the statement of operations and comprehensive loss.

10. NET INVESTMENT IN TWO RIVERS ASSETS

Leucrotta's net investment in the operations of the Two Rivers Assets is presented as net investment in Two Rivers Assets in these condensed interim financial statements because a direct ownership by shareholders in the Two Rivers Assets did not exist. The net investment in Two Rivers Assets is comprised of accumulated net loss of the operations and the accumulated net contributions from and distributions to Leucrotta up to May 31, 2022, the date of the common-control transaction as described in notes 1 and 4.

Net financing transactions with Leucrotta as presented on the statement of cash flows represent the net contributions and distributions related to funding between the Two Rivers Assets and Leucrotta. All share based compensation up to the date of the Arrangement has been included in the net investment in Two Rivers Assets account.

The following table reconciles the net investment in the Two Rivers Assets:

	Nine Months Ended September 30, 2022	Year Ended December 31, 2021
Balance, beginning of period	16,092	18,344
Net loss	(5,656)	(7,824)
Net contributions from Leucrotta	922	4,041
Share based compensation	4,275	1,531
Assumption of Leucrotta working capital on common-control transaction	45,104	-
Common shares issued on common-control transaction	(78,244)	-
Arrangement Warrants issued on common-control transaction	(556)	-
Transfer to reserve from common-control transaction	18,063	-
Balance, end of period	-	16,092

11. SHAREHOLDERS' CAPITAL AND WARRANTS

The Company is authorized to issue an unlimited number of voting common shares, an unlimited number of non-voting common shares, Class A preferred shares, issuable in series, Class B preferred shares, issuable in series, and Class C preferred shares, issuable in series. No non-voting common shares or preferred shares have been issued.

Voting Common Shares	Number	Amount
Balance, January 1, 2021 and December 31, 2021	-	-
Share issuance, Leucrotta common-control transaction	289,792	78,244
Exercise of Arrangement Warrants	54,230	15,184
Issue of common shares and flow-through common shares	81,084	22,077
Flow-through share premium	-	(183)
Balance, September 30, 2022	425,106	115,322

Warrants	Number	Amount
Balance, January 1, 2021 and December 31, 2021	-	-
Issue of warrants	27,780	4,272
Balance, September 30, 2022	27,780	4,272

Arrangement Warrants	Number	Amount
Balance, January 1, 2021 and December 31, 2021	-	-
Issued upon Arrangement	55,553	556
Exercised	(54,230)	(542)
Expired	(1,323)	(14)
Balance, September 30, 2022	-	-

As described in notes 1 and 4, on May 31, 2022 Coelacanth, Leucrotta, Vermilion and the shareholders of Leucrotta closed the Arrangement whereby Vermilion acquired all of the issued and outstanding common shares of Leucrotta in exchange for \$1.73 cash and Coelacanth was transferred the Two Rivers Assets from Leucrotta in exchange for one Coelacanth Share, and 0.1917 of a common share purchase warrant of Coelacanth (one whole warrant being an "Arrangement Warrant") for each common share of Leucrotta held.

Common shares issued as part of the consideration for the common-control transaction with Leucrotta were valued at \$0.27 per common share which was based on the issue price of the below financings.

Arrangement Warrant Financing

Each Arrangement Warrant entitled the holder to purchase one Coelacanth Share at an exercise price of \$0.27 per common share expiring on August 2, 2022. 54.2 million of the total 55.6 million Arrangement Warrants were exercised for proceeds of \$14.6 million and 1.3 million expired unexercised.

The fair value of the Arrangement Warrants were estimated on the date of issue using the Black-Scholes-Merton option pricing model with the following weighted average assumptions:

	May 31, 2022
Risk-free interest rate (%)	1.0
Expected life (years)	0.2
Expected volatility (%)	14.3
Expected dividend yield (%)	-
Fair value of Arrangement Warrants issued (\$ per Arrangement Warrant)	0.01

Vermilion Financing

Pursuant to and concurrent with the closing of the Arrangement, Vermilion purchased 53.3 million Coelacanth Shares at a price of \$0.27 per Coelacanth Share for total gross proceeds of \$14.4 million.

Management Financing

On June 10, 2022, Coelacanth closed a non-brokered private placement of 14.0 million units (the "Coelacanth Units") to certain officers, employees and directors of Coelacanth at a price of \$0.27 per Coelacanth Unit for total gross proceeds of \$3.8 million. Each Coelacanth Unit is comprised of one Coelacanth Share and one Coelacanth Share purchase warrant (a "Warrant"). The Warrants are exercisable at a price of \$0.27 per Coelacanth Share and expire on June 10, 2027.

Concurrently on June 10, 2022, Coelacanth closed a non-brokered private placement of 13.8 million flow-through units ("Flow-through Units") to certain officers, employees and directors of Coelacanth at a price of \$0.27 per Flow-through Unit for total gross proceeds of \$3.7 million. Each Flow-through Unit is comprised of one Coelacanth Share issued on a flow-through basis in respect of Canadian development expenses ("CDE") under the Income Tax Act (Canada) ("Flow-Through Share") and one flow-through CDE common share purchase warrant ("Flow-Through Warrant"). The Flow-Through Warrants are exercisable at a price of \$0.27 per Flow-Through Share and expire on June 10, 2027. The Company has until June 10, 2024 to incur the required CDE of \$3.7 million related to the Flow-Through Shares.

The Company recorded a one-time share based compensation charge of \$4.5 million equal to the difference between the fair value of the Coelacanth Units and Flow-through Units received and the price paid per Coelacanth Units and Flow-through Units issued to certain officers, employees, and directors of the Company.

The fair value of the Warrants and Flow-through Warrants were estimated on the date of issue using the Black-Scholes-Merton option pricing model with the following weighted average assumptions:

	June 10, 2022
Risk-free interest rate (%)	3.3
Expected life (years)	4.0
Expected volatility (%)	70.1
Expected dividend yield (%)	-
Fair value of Warrants and Flow-Through Warrants issued (\$ per Warrant and Flow-Through Warrant)	0.15

12. SHARE BASED COMPENSATION PLANS

Stock options

The Company has authorized and reserved for issuance 42.5 million common shares under a stock option plan enabling certain officers, directors, employees, and consultants to purchase common shares. The Company will not issue options exceeding 10% of the shares outstanding at the time of the option grants (any performance share units "PSUs" or restricted share units "RSUs" described below are aggregated with any stock options for the 10% limit). Under the plan, the exercise price of each option equals the market price of the Company's shares on the date of the grant and an option's maximum term is ten years. At September 30, 2022, 6.0 million options were outstanding at an average exercise price of \$0.55 per share.

	Number of Options	Weighted Average Exercise Price (\$)
Balance, January 1, 2021 and December 31, 2021	-	-
Granted	6,044	0.55
Balance, September 30, 2022	6,044	0.55
Exercisable, September 30, 2022	-	-

The Company accounts for its share based compensation plans using the fair value method. Under this method, compensation cost is charged to earnings over the vesting period for stock options granted to officers, directors, employees, and consultants with a corresponding increase to contributed surplus. The stock options granted vest one-third on each of the first, second and third anniversaries of the date of grant.

The fair value of the stock options granted were estimated on the date of grant using the Black-Scholes-Merton option pricing model with the following weighted average assumptions:

	September 30, 2022
Risk-free interest rate (%)	3.1
Expected life (years)	4.0
Expected volatility (%)	70.1
Expected dividend yield (%)	-
Forfeiture rate (%)	1.5
Weighted average fair value of options granted (\$ per option)	0.30

During both the three and nine months ended September 30, 2022, the Company recognized \$0.3 million of share based compensation related to the stock options (\$0.3 million and \$nil was recognized as an expense and capital addition, respectively). At September 30, 2022 there was \$1.5 million remaining as unrecognized share based compensation related to the stock options.

As described in note 2 (b), for the purposes of the carve-out period Coelacanth allocated a portion of the share based compensation expense associated with granted and outstanding stock options of Leucrotta. The tables below summarize the consolidated information of outstanding stock options of Leucrotta prior to the close of the Arrangement. Coelacanth allocated \$2.1 million of share based compensation (including accelerated expense on stock options that vested in conjunction with the Arrangement) to the Two Rivers Assets for the period from January 1, 2022 to May 31, 2022, of which \$2.1 million was recognized as an expense and \$nil was recognized as a capital addition (September 30, 2021 - \$1.3 million and \$nil was recognized as an expense and capital addition, respectively).

The closing of the Arrangement represented a change in control event, under which all outstanding stock options immediately vested and were exercised prior to the exchange of Leucrotta shares for cash, Coelacanth Shares and Arrangement Warrants, as described in note 1.

For periods prior to May 31, 2022, Leucrotta had authorized and reserved for issuance 24.9 million common shares of Leucrotta under a stock option plan enabling certain officers, directors, employees, and consultants to purchase common shares. Leucrotta did not issue options exceeding 10% of the shares outstanding at the time of the option grants. Under the plan, the exercise price of each option equalled the market price of Leucrotta's shares on the date of the grant and an option's maximum term was ten years. On May 31, 2022, in conjunction with the Arrangement, all Leucrotta stock options were exercised.

The number and weighted average exercise price of the Leucrotta stock options were as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, January 1, 2021	13,607	0.90
Granted	4,830	0.77
Exercised	(221)	0.66
Settled	(1,869)	0.80
Expired	(1,991)	0.93
Forfeited	(758)	0.91
Balance, December 31, 2021	13,598	0.86
Granted	2,740	0.90
Exercised	(16,227)	0.86
Expired	(111)	1.16
Balance, May 31, 2022	-	-

The fair value of the stock options granted by Leucrotta during periods prior to May 31, 2022 were estimated on the date of grant using the Black-Scholes-Merton option pricing model with the following weighted average assumptions:

	May 31, 2022	September 30, 2021
Risk-free interest rate (%)	1.3	0.8
Expected life (years)	4.0	4.0
Expected volatility (%)	66.6	64.5
Expected dividend yield (%)	-	-
Forfeiture rate (%)	1.8	0.6
Weighted average fair value of options granted (\$ per option)	0.46	0.38

Restricted share units

During the nine months ended September 30, 2022, the Company issued 3.0 million RSUs under its performance and restricted share unit plan. Subject to the terms and conditions of the performance and restricted share unit plan, each RSU award entitles the holder to an award value to be paid as to one-third on each of the first, second and third anniversaries of the date of grant. For the purpose of calculating share based compensation, the fair value of each award is determined at the grant date using the closing price of the Company's common shares. On the date of exercise, the Company has the option of settling the award value in cash, common shares of the Company, or a combination thereof. The weighted average market price of the Company's common shares used to value the RSUs granted was \$0.56. During both the three and nine months ended September 30, 2022, the Company recognized \$0.2 million of share based compensation related to the RSUs (\$0.2 million and \$nil was recognized as an expense and capital addition, respectively).

For periods prior to May 31, 2022, Leucrotta had issued 1.3 million RSUs expiring December 15, 2025 and vesting equally over three years from the date of the grant. Subject to the terms and conditions of the performance and restricted share unit plan, each RSU award entitles the holder to an award value to be paid as to one-third on each of the first, second and third anniversaries of the date of grant. The RSUs were granted under, and contingent upon, the adoption of a new performance and restricted share unit plan of Leucrotta that was approved by the Board and then received the TSXV and shareholder approval concurrent with the approval of the Arrangement. For the purpose of calculating share based compensation, the fair value of each award is determined using the closing price of Leucrotta's common shares. On the date of exercise, Leucrotta had the option of settling the award value in cash, common shares of Leucrotta, or a combination thereof. Coelacanth allocated \$2.1 million of share based compensation (including accelerated expense on RSUs that vested in conjunction with the Arrangement) to the Two Rivers Assets for the period from January 1, 2022 to May 31, 2022, of which \$2.1 million was recognized as an expense and \$nil was recognized as a capital addition (September 30, 2021 - \$nil and \$nil was recognized as an expense and capital addition, respectively).

Performance share units

Subject to the terms and conditions of the performance and restricted share unit plan, each PSU award entitles the holder to an award value to be paid as to one-third on each of the first, second and third anniversaries of the date of grant multiplied by a payout multiplier ranging from 0 to 2.0 times and is dependent on the performance of the Company relative to pre-defined corporate performance measures for a particular period. For the purpose of calculating share based compensation, the fair value of each award is determined at the grant date using the closing price of the Company's common shares. On the date of exercise, the Company has the option of settling the award value in cash, common shares of the Company, or a combination thereof.

To date, no PSUs have been granted under the performance and restricted share unit plan.

13. PER SHARE AMOUNTS

For the purposes of computing per share amounts, the number of shares outstanding for the periods prior to the Arrangement is deemed to be the number of shares issued by the Company to the shareholders of Leucrotta upon closing of the Arrangement. For the period after the Arrangement, the number of shares outstanding in the computation of per share amounts is the total issued shares of the Company on May 31, 2022 and the shares issued subsequent to May 31, 2022.

The following table summarizes the weighted average number of shares used in the basic and diluted net loss per share calculations:

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2022	2021	2022	2021
Weighted average number of shares - basic	418,556	289,792	343,064	289,792
Dilutive effect of share based compensation plans	-	-	-	-
Weighted average number of shares - diluted	418,556	289,792	343,064	289,792

For the three and nine months ended September 30, 2022, 6.0 million stock options, 3.0 million RSUs, and 27.8 million warrants were excluded from the weighted-average share calculation because they were anti-dilutive due to the net loss.

14. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities. The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. Risk management is ultimately established by the Board of Directors and is implemented by management.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of foreign currency risk, interest rate risk, and other price risk, such as commodity price risk. The objective of market risk management is to manage and control market price exposures within acceptable limits, while maximizing returns. The Company may use financial derivatives or physical delivery sales contracts to manage market risks. All such transactions are conducted within risk management tolerances that are reviewed by the Board of Directors.

Foreign exchange risk

The prices received by the Company for the production of oil, natural gas, and NGLs are primarily determined in reference to US dollars, but are settled with the Company in Canadian dollars. The Company's cash flow from commodity sales will therefore be impacted by fluctuations in foreign exchange rates. The Company does not currently have any foreign exchange contracts in place.

Interest rate risk

The Company is exposed to interest rate risk on its cash and restricted cash deposit balances. The Company currently does not use interest rate hedges or fixed interest rate contracts to manage the Company's exposure to interest rate fluctuations. The Company does not currently have a credit facility.

Commodity price risk

Oil and natural gas prices are impacted by not only the relationship between the Canadian and US dollar but also by world economic events that dictate the levels of supply and demand. The Company's oil, natural gas, and NGLs production is marketed and sold on

the spot market to area aggregators based on daily spot prices that are adjusted for product quality and transportation costs. The Company's cash flow from product sales will therefore be impacted by fluctuations in commodity prices. In addition, the Company may enter into commodity price contracts to manage future cash flows.

The Company did not enter into commodity price contracts to manage future cash flows as at September 30, 2022.

Credit risk

Credit risk represents the financial loss that the Company would suffer if the Company's counterparties to a financial asset fail to meet or discharge their obligation to the Company. A substantial portion of the Company's accounts receivable and deposits are with customers and joint interest partners in the oil and natural gas industry and are subject to normal industry credit risks. The Company generally grants unsecured credit but routinely assesses the financial strength of its customers and joint interest partners.

The Company sells the majority of its production to three petroleum and natural gas marketers and therefore is subject to concentration risk. Historically, the Company has not experienced any collection issues with its oil and natural gas marketers. Joint interest receivables are typically collected within one to three months of the joint interest billing being issued to the partner. The Company attempts to mitigate the risk from joint interest receivables by obtaining partner approval for significant capital expenditures prior to the expenditure being incurred. The Company does not typically obtain collateral from petroleum and natural gas marketers or joint interest partners; however, in certain circumstances, the Company may cash call a partner in advance of expenditures being incurred.

The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents, restricted cash deposits and accounts receivable on the statement of financial position. At September 30, 2022, \$0.8 million (61%) of the Company's outstanding accounts receivable were current and \$0.4 million (27%) were outstanding for more than 90 days. During the nine months ended September 30, 2022, the Company deemed \$38 thousand of outstanding accounts receivable to be uncollectable (September 30, 2021 - \$0.1 million).

Cash and cash equivalents and restricted cash deposits consist of bank balances placed with a financial institution with strong investment grade ratings which management believes the risk of loss to be remote. The Company manages the credit risk exposure related to risk management contracts by selecting investment grade financial institution counterparties and by not entering into contracts for trading or speculative purposes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's processes for managing liquidity risk include ensuring, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they become due. The Company prepares annual, quarterly, and monthly capital expenditure budgets, which are monitored and updated as required, and requires authorizations for expenditures on projects to assist with the management of capital. In managing liquidity risk, the Company ensures that it has access to additional financing, including potential equity issuances and additional debt financing. The Company also mitigates liquidity risk by maintaining an insurance program to minimize exposure to insurable losses.

The global impact of COVID-19 has resulted in significant declines in financial markets and has forecasted a great deal of uncertainty. As a result, oil and gas companies are subject to liquidity risks in maintaining their revenues and earnings as well as ongoing and future development and operating expenditure requirements. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate income and cash flows in the future. In light of the current volatility and difficulty in reliably estimating the length or severity of these developments, and hence their financial impact, the preparation of financial forecasts is challenging.

See note 18 for a summary of contractual commitments at September 30, 2022. The Company's accounts payable and accrued liabilities and current portion of lease obligations are all due within the current operating period.

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain a flexible capital structure, which optimizes the cost of capital at an acceptable risk, and to maintain investor, creditor, and market confidence to sustain future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company considers its capital structure to include shareholders' equity and adjusted working capital. Adjusted working capital includes current assets and restricted cash deposits less current liabilities, excluding the current portion of decommissioning obligations. To maintain or adjust the capital structure, the Company may, from time to time, issue shares, raise debt, or adjust its capital spending to manage its current and projected debt levels.

	September 30, 2022	December 31, 2021
Shareholders' equity	97,260	16,092
Adjusted working capital	77,445	265

Management uses adjusted working capital as a measure to assess the Company's financial position and is reconciled as follows:

(\$000s)	September 30, 2022	December 31, 2021
Current assets	72,253	759
Less:		
Current liabilities	(2,908)	(494)
Working capital	69,345	265
Add: Restricted cash deposits	7,119	-
Current portion of decommissioning obligations	981	-
Adjusted working capital	77,445	265

In addition, management prepares annual, quarterly, and monthly budgets, which are updated depending on varying factors such as general market conditions and successful capital deployment. The Company's share capital is not subject to external restrictions.

16. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended		Nine Months Ended	
	September 30 2022	2021	September 30 2022	2021
Restricted cash deposits	(6,432)	-	(8,060)	-
Accounts receivable	1,549	(84)	(504)	50
Prepaid expenses and deposits	26	(319)	(158)	(192)
Accounts payable and accrued liabilities	(1,065)	82	1,366	(122)
Change in non-cash working capital	(5,922)	(321)	(7,356)	(264)
Relating to:				
Operating	(6,418)	(367)	(8,161)	(312)
Financing	174	-	-	-
Investing	322	46	805	48
Change in non-cash working capital	(5,922)	(321)	(7,356)	(264)

17. REVENUE

The Company sells its production pursuant to fixed or variable price contracts. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Commodity prices are based on market indices that are determined on a monthly or daily basis. Under the contracts, the Company is required to deliver variable volumes of oil, NGLs or natural gas to the contract counterparty. Revenue is recognized when a unit of production is delivered to the contract counterparty. The amount of revenue recognized is based on the agreed transaction price, whereby any variability in revenue relates specifically to the Company's efforts to transfer production, and therefore the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the variable revenue is considered constrained.

The contracts generally have a term of one year or less, whereby delivery takes place throughout the contract period. Revenues are typically collected on the 25th day of the month following production.

The following table presents the Company's oil and natural gas revenues disaggregated by revenue source:

	Three Months Ended		Nine Months Ended	
	September 30 2022	2021	September 30 2022	2021
Oil and condensate	548	652	2,114	2,169
Other natural gas liquids	88	85	262	257
Natural gas	1,499	1,185	3,781	3,725
Total revenue	2,135	1,922	6,157	6,151

Under certain marketing arrangements the Company will transfer title of its natural gas production to a third-party marketing company who will subsequently redeliver the natural gas production to an end customer by utilizing the Company's pipeline capacity. This portion representing the sale of transportation services is presented within natural gas revenue which is disaggregated in the below table by type:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Natural gas production sales	1,301	916	3,324	2,805
Transportation revenue	198	269	457	920
Natural gas sales	1,499	1,185	3,781	3,725

The Company's revenue was generated entirely in the province of British Columbia. The majority of revenue resulted from sales whereby the transaction price was based on index prices. Of total oil and natural gas sales, three customers represented combined sales of 95% for the nine month period ended September 30, 2022 (September 30, 2021 - three customers represented combined sales of 95%).

18. COMMITMENTS

The following is a summary of the Company's contractual obligations and commitments at September 30, 2022:

	2022	2023	2024	2025	2026	Thereafter	Total
Operating commitments	19	194	194	194	194	178	973
Firm transportation agreements	163	4,838	6,955	6,410	6,410	72,741	97,517
Firm processing agreements	23	-	-	-	-	-	23
Field equipment commitment	-	402	402	402	-	-	1,206
	205	5,434	7,551	7,006	6,604	72,919	99,719

Operating commitments include the non-lease variable components (operating expenses) of the head office lease (see note 8).

Transportation commitments include contracts to transport natural gas and NGLs through third-party owned pipeline systems. The Company currently has the following firm transportation commitments:

- 1.5 mmcf/d to deliver natural gas to the Alliance Trading Pool (ATP) through October 31, 2024.
- 1.5 mmcf/d to deliver natural gas to Chicago through October 31, 2024.
- 10.0 mmcf/d to deliver natural gas to Westcoast Station 2 from January 1, 2023 through December 31, 2037.
- 50.0 mmcf/d to deliver natural gas to Westcoast Station 2 from June 1, 2023 through May 31, 2038.

During the nine months ended September 30, 2022, the Company entered into a field equipment lease with payments of \$402 thousand per year for a period of three years commencing January 1, 2023. The Company will recognize a lease liability and related right-of-use asset on commencement of the lease.

The Company has until June 10, 2024 to incur the required CDE expenditures of \$3.7 million related to the issuance of flow-through common shares on June 10, 2022 (note 11).