MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

November 16, 2023

The MD&A should be read in conjunction with the unaudited condensed interim financial statements and related notes for the three and nine months ended September 30, 2023 and the audited financial statements and related notes for the year ended December 31, 2022. The unaudited condensed interim financial statements and financial data contained in the MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") Accounting Standards as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in Canadian currency, unless otherwise noted.

DESCRIPTION OF BUSINESS

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 northeastern British Columbia, Canada. The Company trades on the TSX Venture Exchange ("TSXV") under the symbol "CEI".

COMMON-CONTROL TRANSACTION

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 common shares of Leucrotta in exchange 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 $45.1 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 outstanding. The Coelacanth Shares and Arrangement Warrants were then transferred to the shareholders of Leucrotta.

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 financial and operational results below 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.

OIL AND GAS TERMS

The Company uses the following frequently recurring oil and gas industry terms in the MD&A:

Liquids

Bbls	Barrels
Bbls/d	Barrels per day
NGLs	Natural gas liquids (includes condensate, pentane, butane, propane, and ethane)
Condensate	Pentane and heavier hydrocarbons

Natural Gas

Mcf	Thousands of cubic feet
Mcf/d	Thousands of cubic feet per day
MMcf/d	Millions of cubic feet per day
MMbtu	Million of British thermal units
MMbtu/d	Million of British thermal units per day

Oil Equivalent

Boe	Barrels of oil equivalent
Boe/d	Barrels of oil equivalent per day

Disclosure provided herein in respect of a boe may be misleading, particularly if used in isolation. A boe conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent has been used for the calculation of boe amounts in the MD&A. This boe conversion rate is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

NOTE REGARDING PRODUCT TYPES

The Company uses the following references to sales volumes in the MD&A:

Natural gas refers to shale gas
Oil and condensate refers to condensate and tight oil combined
Other NGLs refers to butane, propane and ethane combined
Oil and NGLs refers to tight oil and NGLs combined
Oil equivalent refers to the total oil equivalent of shale gas, tight oil, and NGLs combined, using the conversion rate of six thousand cubic feet of shale gas to one barrel of oil equivalent as described above.

Readers are referred to the "Product Types" section for a complete breakdown of sales volumes for applicable periods by specific product types of shale gas, tight oil, and NGLs.

NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A refers to certain measures that are not determined in accordance with IFRS (or "GAAP"). These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered alternatives to, or more meaningful than, financial measures that are determined in accordance with IFRS as indicators of the Company's performance. Management believes that the presentation of these non-GAAP and other financial measures provides useful information to shareholders and investors in understanding and evaluating the Company's ongoing operating performance, and the measures provide increased transparency to better analyze the Company's performance against prior periods on a comparable basis.

Non-GAAP Financial Measures

Adjusted funds flow (used)
Management uses adjusted funds flow (used) to analyze performance and considers it a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments and abandonment obligations and to repay debt, if any. Adjusted funds flow (used) is a non-GAAP financial measure and has been defined by the Company as cash flow from (used in) in operating activities excluding the change in non-cash working capital related to operating activities, movements in restricted cash deposits and expenditures on decommissioning obligations. Management believes the timing of collection, payment or incurrence of these items involves a high degree of discretion and as such may not be useful for evaluating the Company's cash flows. Adjusted funds flow (used) is reconciled from cash flow from (used in) operating activities under the heading "Cash Flow from (Used in) Operating Activities and Adjusted Funds Flow (Used)".

Net transportation expenses
Management considers net transportation expenses an important measure as it demonstrates the cost of utilized transportation related to the Company's production. Net transportation expenses is calculated as transportation expenses less unutilized transportation and is calculated as follows:

	Three Months Ended September 30		**Nine Months Ended September 30**	
($000s)	**2023**	2022	**2023**	2022
Transportation expenses	**654**	210	**1,250**	527
Unutilized transportation	**(525)**	-	**(773)**	-
Net transportation expenses (non-GAAP)	**129**	210	**477**	527

Operating netback
Management considers operating netback an important measure as it demonstrates its profitability relative to current commodity prices. Operating netback is calculated as oil and natural gas sales less royalties, operating expenses, and net transportation expenses and is calculated as follows:

	Three Months Ended September 30		**Nine Months Ended September 30**	
($000s)	**2023**	2022	**2023**	2022
Oil and natural gas sales	**679**	2,135	**2,459**	6,157
Royalties	**(152)**	(658)	**(623)**	(1,788)
Operating expenses	**(350)**	(398)	**(1,249)**	(1,307)
Net transportation expenses	**(129)**	(210)	**(477)**	(527)
Operating netback (non-GAAP)	**48**	869	**110**	2,535

Capital expenditures
Coelacanth utilizes capital expenditures as a measure of capital investment on property, plant, and equipment, exploration and evaluation assets and property acquisitions compared to its annual budgeted capital expenditures. Capital expenditures are calculated as follows:

	Three Months Ended September 30		**Nine Months Ended September 30**	
($000s)	**2023**	2022	**2023**	2022
Capital expenditures – property, plant, and equipment	**15,785**	3,861	**22,344**	4,572
Capital expenditures – exploration and evaluation assets	**15,391**	-	**17,613**	456
Capital expenditures (non-GAAP)	**31,176**	3,861	**39,957**	5,028

Capital Management Measures

Adjusted working capital
Management uses adjusted working capital as a measure to assess the Company's financial position. Adjusted working capital is calculated as current assets and restricted cash deposits less current liabilities, excluding the current portion of decommissioning obligations. Refer to the calculation of adjusted working capital and reconciliation to working capital under the heading "Liquidity and Capital Resources".

Non-GAAP Financial Ratios

Adjusted funds flow (used) per share
Adjusted funds flow (used) per share is a non-GAAP financial ratio, calculated using adjusted funds flow (used) and the same weighted average basic and diluted shares used in calculating net loss per share.

Net transportation expenses per boe
The Company utilizes net transportation expenses per boe to assess the per unit cost of utilized transportation related to the Company's production. Net transportation expenses per boe is calculated as net transportation expenses divided by total production for the applicable period. Net transportation expenses per boe is reconciled to transportation expenses per boe under the heading "Net Transportation Expenses".

Operating netback per boe
The Company utilizes operating netback per boe to assess the operating performance of its petroleum and natural gas assets on a per unit of production basis. Operating netback per boe is calculated as operating netback divided by total production for the applicable period. Operating netback per boe is reconciled to net loss per boe under the heading "Operating Netback".

Supplementary Financial Measures

The supplementary financial measures used in this MD&A (primarily average sales price per product type, royalty rates, and certain per boe and per share figures) are either a per unit disclosure of a corresponding GAAP measure, or a component of a corresponding GAAP measure, presented in the financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate GAAP measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding GAAP measure are a granular representation of a financial statement line item and are determined in accordance with GAAP.

OPERATIONS UPDATE

In Q3 2023, Coelacanth continued with development of its Two Rivers project. The Two Rivers project spans Coelacanth's 150 contiguous sections of Montney lands and is divided up geographically into two projects - Two Rivers West ("TRW") and Two Rivers East ("TRE").

Although the overall project has been geologically defined and production tested with vertical and horizontal wells, Coelacanth needed to address infrastructure and egress issues along with developing production type curves incorporating enhanced frac design.

During Q3 2023, Coelacanth:

- Drilled one Upper Montney well at TRE.
- Completed two Upper Montney wells at TRW (see news release dated October 23, 2023).
- Drilled five Montney horizontal wells on its 5-19 pad at TRE.

Since inception in June 2022, Coelacanth was able to accomplish many goals and objectives furthering its long-term development goals for the Two Rivers project:

- Secured 60 mmcf/d of firm gas transportation capacity.
- Signed an agreement with NorthRiver Midstream securing up to 60 mmcf/d of firm processing capacity.
- Received a license to drill up to 14 wells on the 5-19 pad at TRE.
- Drilled three Upper Montney horizontal wells at TRW (two completed in Q3 2023).
- Drilled six Montney horizontal wells at TRE (four to be completed in Q4 2023).
- Updated its enhanced frac design for completions at both TRW and TRE wells.
- Completed the engineering and design and secured a site to build a battery capable of handling approximately 20,000 boe/d.
- Initiated the process of permitting and securing land access to construct the gathering and sales pipelines to connect the 5-19 pad to the NorthRiver Midstream gathering system.

Subsequent to quarter-end, Coelacanth secured a frac crew to complete four wells at TRE including three Lower Montney wells and one Basal Montney well on the 5-19 TRE pad. In addition, Coelacanth secured an $80 million bought deal financing and a $1.5 million private placement financing to three key employees that will add additional funds that will have a material effect on the funding of the overall project. We look forward to updating our stakeholders on our progress as we achieve various milestones.

SUMMARY OF FINANCIAL RESULTS	Three Months Ended September 30			Nine Months Ended September 30		
($000s, except per share amounts)	**2023**	2022	% Change	**2023**	2022	% Change
Oil and natural gas sales	**679**	2,135	(68)	**2,459**	6,157	(60)
Cash flow used in operating activities	**(2,553)**	(6,732)	(62)	**(3,830)**	(9,105)	(58)
Per share - basic and diluted [(3)]	**(0.01)**	(0.02)	(50)	**(0.01)**	(0.03)	(67)
Adjusted funds flow (used) [(1)]	**(773)**	161	(580)	**(2,083)**	(290)	618
Per share - basic and diluted	**(-)**	-	-	**(-)**	(-)	-
Net loss	**(1,869)**	(830)	125	**(5,823)**	(10,438)	(44)
Per share - basic and diluted	**(-)**	(-)	-	**(0.01)**	(0.03)	(67)
Total assets				**125,700**	109,029	15
Total long-term liabilities				**8,687**	8,861	(2)
Adjusted working capital [(2)]				**23,516**	77,445	(70)

(1) Adjusted funds flow (used) and adjusted funds flow (used) per share do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies. Please refer to the “Non-GAAP and Other Financial Measures” section for more details and the “Cash Flow from (Used in) Operating Activities and Adjusted Funds Flow (Used)” section for a reconciliation from cash flow from (used in) operating activities.

(2) Adjusted working capital is a capital management measure calculated as current assets and restricted cash deposits less current liabilities, excluding the current portion of decommissioning obligations. Please refer to the “Non-GAAP and Other Financial Measures” section for more details.

(3) Supplemental financial measure. Please refer to the “Non-GAAP and Other Financial Measures” section for more details.

Oil and natural gas sales decreased and adjusted funds used increased in the first nine months of 2023 both due to a decrease in oil, NGLs, and natural gas commodity prices and overall production declines. Net loss decreased in the first nine months of 2023 due to the Company, in Q2 2022, incurring accelerated share based compensation expense of $3.3 million on Leucrotta stock options and restricted share units (“RSUs”) that vested in conjunction with the Arrangement and a one-time share compensation charge of $4.5 million relating to a private placement financing issued to certain officers, directors, and employees of the Company thus increasing the net loss. Adjusted working capital decreased from September 30, 2022 mainly due to capital expenditures during the last 12 months. The decrease in cash flow used in operating activities in 2023 from 2022 was the result of the Company moving restricted cash deposits back to cash as its letter of guarantee requirements for decommissioning obligations have decreased commensurate with its decommissioning expenditures.

PRODUCTION	Three Months Ended September 30			Nine Months Ended September 30		
	2023	2022	% Change	**2023**	2022	% Change
Average Daily Production [(1)]						
Oil and condensate (bbls/d)	**39**	54	(28)	**46**	65	(29)
Other NGLs (bbls/d)	**7**	19	(63)	**12**	19	(37)
Oil and NGLs (bbls/d)	**46**	73	(37)	**58**	84	(31)
Natural gas (mcf/d)	**929**	1,567	(41)	**1,208**	1,664	(27)
Oil equivalent (boe/d)	**201**	334	(40)	**259**	361	(28)

(1) “Natural gas” refers to shale gas; “Oil and condensate” refers to condensate and tight oil combined; “Other NGLs” refers to butane, propane and ethane combined; “Oil and NGLs” refers to tight oil and NGLs combined, “Oil equivalent” refers to the total oil equivalent of shale gas, tight oil, and NGLs combined, using the conversion rate of six thousand cubic feet of shale gas to one barrel of oil equivalent as described above. Readers are referred to the “Product Types” section for a complete breakdown of sales volumes for applicable periods by specific product types of shale gas, tight oil, and NGLs.

Daily production decreased to 201 boe/d and 259 boe/d for the three and nine months ended September 30, 2023, respectively, from 334 boe/d and 361 boe/d for the comparative periods in 2022. The decrease in production was the result of natural declines on the Two Rivers, BC property and the shut-in of production for most of September 2023 due to the planned third-party McMahon gas plant turnaround.

Coelacanth’s production profile for the third quarter of 2023 was consistent with the comparative quarter in 2022. The Q3 2023 weighting was 77% natural gas (Q3 2022 - 78%) and 23% oil and NGLs (Q3 2022 - 22%).

OIL AND NATURAL GAS SALES	**Three Months Ended September 30**			**Nine Months Ended September 30**		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Oil and condensate	**354**	548	(35)	**1,171**	2,114	(45)
Other NGLs	**18**	88	(80)	**107**	262	(59)
Oil and NGLs	**372**	636	(42)	**1,278**	2,376	(46)
Natural gas	**307**	1,499	(80)	**1,181**	3,781	(69)
Total	**679**	2,135	(68)	**2,459**	6,157	(60)
Average Sales Price						
Oil and condensate ($/bbl)	**99.00**	109.62	(10)	**93.73**	120.06	(22)
Other NGLs ($/bbl)	**28.07**	51.00	(45)	**33.97**	51.25	(34)
Oil and NGLs ($/bbl)	**88.43**	94.55	(6)	**81.69**	104.57	(22)
Natural gas production sales and transportation revenue ($/mcf)	**3.60**	10.39	(65)	**3.58**	8.32	(57)
Combined ($/boe)	**36.85**	69.40	(47)	**34.83**	62.56	(44)

Revenue totaled $0.7 million and $2.5 million for the three and nine months ended September 30, 2023, respectively, compared to $2.1 million and $6.2 million for the comparative periods in 2022. The decrease in revenue was the result of a decrease in oil, NGLs, and natural gas commodity prices and overall production declines.

The following table outlines the Company's realized wellhead prices and industry benchmarks:

Commodity Pricing	**Three Months Ended September 30**			**Nine Months Ended September 30**		
	2023	2022	% Change	**2023**	2022	% Change
Oil and NGLs						
Corporate price ($CDN/bbl)	**88.43**	94.55	(6)	**81.69**	104.57	(22)
Canadian light sweet ($CDN/bbl)	**107.29**	116.77	(8)	**100.65**	123.59	(19)
West Texas Intermediate ("WTI") ($US/bbl)	**82.26**	91.56	(10)	**77.40**	98.09	(21)
Natural gas						
Corporate price ($CDN/mcf)	**3.60**	10.39	(65)	**3.58**	8.32	(57)
AECO price ($CDN/mcf)	**2.61**	4.46	(41)	**2.76**	5.49	(50)
Westcoast Station 2 ($CDN/mcf)	**2.19**	3.08	(29)	**2.30**	4.93	(53)
Chicago City Gate ($US/mmbtu)	**2.31**	7.35	(69)	**2.33**	6.35	(63)
Exchange rate						
CDN/US dollar exchange rate	**0.7456**	0.7658	(3)	**0.7434**	0.7796	(5)

Differences between corporate and benchmark prices can be the result of quality differences (higher or lower API oil and higher or lower heat content natural gas), sour content, the mix of sales points and marketing contracts negotiated for products, the mix of oil and NGLs, and various other factors. Coelacanth's differences are mainly the result of higher heat content natural gas production that is priced higher than AECO reference prices as well as the diversification of sales points and marketing contracts for products.

The Company's corporate average oil and NGLs prices were 82.4% and 81.2% of Canadian light sweet prices for the three and nine months ended September 30, 2023, respectively, consistent with 81.0% and 84.6% for the comparative periods in 2022. Coelacanth's liquids mix during the third quarter of 2023 was approximately 87% oil, condensate and pentanes, 7% butane and 6% propane (Q3 2022 - 74% oil, condensate and pentanes, 15% butane and 11% propane).

Corporate average natural gas prices were 116.2% and 114.2% of Chicago City Gate price (converted to Canadian dollars) for the three and nine months ended September 30, 2023, respectively, up from 108.2% and 102.1% for the comparative periods in 2022 due to a higher percentage of natural gas sales in 2023 being sold under Chicago contracts instead of AECO and Westcoast Station 2 contracts than in 2022.

Future prices received from the sale of the products may fluctuate as a result of market factors. In addition, the Company may enter into commodity price contracts to help manage future cash flows. The Company does not currently have any commodity price contracts outstanding.

ROYALTIES	Three Months Ended September 30			Nine Months Ended September 30		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Oil and NGLs	**84**	206	(59)	**352**	751	(53)
Natural gas	**68**	452	(85)	**271**	1,037	(74)
Total	**152**	658	(77)	**623**	1,788	(65)
Average Royalty Rate (% of sales)						
Oil and NGLs	**22.6**	32.4	(30)	**27.5**	31.6	(13)
Natural gas	**22.1**	30.2	(27)	**22.9**	27.4	(16)
Combined	**22.4**	30.8	(27)	**25.3**	29.0	(13)

The Company pays royalties to provincial governments (Crown) and other oil and gas companies that own surface or mineral rights. Crown royalties are calculated on a sliding scale based on commodity prices and individual well production rates. Royalty rates can change due to commodity price fluctuations and changes in production volumes on a well-by-well basis, subject to a minimum and maximum rate restriction ascribed by the Crown.

Royalties totaled $0.2 million and $0.6 million for the three and nine months ended September 30, 2023, respectively, compared to $0.7 million and $1.8 million for the comparative periods in 2022. The decrease in royalties and royalty rates was mainly as a result of a decrease in oil, NGLs, and natural gas commodity prices and overall production declines.

OPERATING EXPENSES	Three Months Ended September 30			Nine Months Ended September 30		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Oil and NGLs	**79**	88	(10)	**277**	302	(8)
Natural gas	**271**	310	(13)	**972**	1,005	(3)
Operating expenses	**350**	398	(12)	**1,249**	1,307	(4)
Average operating expenses						
Oil and NGLs ($/bbl)	**18.92**	13.11	44	**17.68**	13.29	33
Natural gas ($/mcf)	**3.17**	2.15	47	**2.95**	2.21	33
Combined ($/boe)	**18.98**	12.94	47	**17.68**	13.28	33

Per unit operating expenses were $18.98/boe and $17.68/boe for the three and nine months ended September 30, 2023, respectively, up from $12.94/boe and $13.28/boe in the comparative periods in 2022. The increase is mainly the result of fixed costs at the Two Rivers facility combined with production declines as well as increased variable costs such as fuel gas and associated carbon tax. The Company expects operating costs per boe to decrease in the future once new production is brought on-stream.

NET TRANSPORTATION EXPENSES	Three Months Ended September 30			Nine Months Ended September 30		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Oil and NGLs	**10**	11	(9)	**29**	66	(56)
Natural gas	**119**	199	(40)	**448**	461	(3)
Net transportation expenses (non-GAAP)	**129**	210	(39)	**477**	527	(9)
Unutilized transportation	**525**	-	100	**773**	-	100
Transportation expenses	**654**	210	211	**1,250**	527	137
Average transportation expenses						
Oil and NGLs ($/bbl)	**2.40**	1.65	45	**1.86**	2.92	(36)
Natural gas ($/mcf)	**1.40**	1.38	1	**1.36**	1.01	35
Net transportation expenses ($/boe)	**7.05**	6.81	4	**6.76**	5.35	26
Unutilized transportation ($/boe)	**28.44**	-	100	**10.95**	-	100
Transportation expenses ($/boe)	**35.49**	6.81	421	**17.71**	5.35	231

Net transportation expenses (see "Non-GAAP and Other Financial Measures") are mainly third-party pipeline tariffs from firm transportation agreements to deliver production to the purchasers at main hubs. Net transportation expenses were up on a per boe basis to $7.05/boe and $6.76/boe for the three and nine months ended September 30, 2023, respectively, compared to $6.81/boe and $5.35/boe for the comparative periods in 2022. The increase was mainly due to a higher percentage of natural gas sales in 2023 being sold under Chicago contracts instead of AECO and Westcoast Station 2 than in 2022. While the sales prices were higher on Chicago contracts than on AECO and Westcoast Station 2 contracts, the transportation and marketing expenses are also higher. Unutilized transportation is the portion of firm transportation agreements that exceed what the Company transported through pipelines for its produced natural gas volumes. See "Contractual Obligations" section for more information related to firm transportation agreements.

OPERATING NETBACK	Three Months Ended September 30			Nine Months Ended September 30		
	2023	2022	% Change	**2023**	2022	% Change
Oil and NGLs ($/bbl)						
Revenue	**88.43**	94.55	(6)	**81.69**	104.57	(22)
Royalties	**(20.08)**	(30.44)	(34)	**(22.51)**	(33.03)	(32)
Operating expenses	**(18.92)**	(13.11)	44	**(17.68)**	(13.29)	33
Net transportation expenses (non-GAAP)	**(2.40)**	(1.65)	45	**(1.86)**	(2.92)	(36)
Operating netback (non-GAAP)	**47.03**	49.35	(5)	**39.64**	55.33	(28)
Natural gas ($/mcf)						
Revenue	**3.60**	10.39	(65)	**3.58**	8.32	(57)
Royalties	**(0.79)**	(3.14)	(75)	**(0.82)**	(2.28)	(64)
Operating expenses	**(3.17)**	(2.15)	47	**(2.95)**	(2.21)	33
Net transportation expenses (non-GAAP)	**(1.40)**	(1.38)	1	**(1.36)**	(1.01)	35
Operating netback (loss) (non-GAAP)	**(1.76)**	3.72	(147)	**(1.55)**	2.82	(155)
Combined ($/boe)						
Revenue	**36.85**	69.40	(47)	**34.83**	62.56	(44)
Royalties	**(8.26)**	(21.37)	(61)	**(8.82)**	(18.17)	(51)
Operating expenses	**(18.98)**	(12.94)	47	**(17.68)**	(13.28)	33
Net transportation expenses (non-GAAP)	**(7.05)**	(6.81)	4	**(6.76)**	(5.35)	26
Operating netback (non-GAAP)	**2.56**	28.28	(91)	**1.57**	25.76	(94)

During the three and nine months ended September 30, 2023, Coelacanth generated an operating netback (see "Non-GAAP and Other Financial Measures") of $2.56/boe and $1.57/boe, respectively, down significantly from $28.28/boe and $25.76/boe for the comparative periods in 2022 mainly due to a decrease in oil, NGLs, and natural gas commodity prices and overall production declines.

The following is a reconciliation of operating netback per boe to net loss per boe for the periods noted:

	Three Months Ended September 30			Nine Months Ended September 30		
($/boe)	**2023**	2022	% Change	**2023**	2022	% Change
Operating netback	**2.56**	28.28	(91)	**1.57**	25.76	(94)
Depletion and depreciation	**(21.33)**	(15.41)	38	**(18.24)**	(14.95)	22
General and administrative expenses	**(47.09)**	(36.07)	31	**(46.70)**	(33.47)	40
Share based compensation	**(34.70)**	(15.99)	117	**(32.12)**	(93.74)	(66)
Gain on insurance proceeds	**-**	-	-	**-**	6.67	(100)
Finance expense	**(9.61)**	(5.77)	67	**(5.27)**	(3.30)	60
Finance income	**37.32**	16.23	130	**29.26**	5.98	389
Other income	**-**	1.75	(100)	**-**	1.00	(100)
Unutilized transportation	**(28.44)**	-	100	**(10.95)**	-	100
Net loss	**(101.29)**	(26.98)	275	**(82.45)**	(106.05)	(22)

The following is a reconciliation of operating netback to net loss for the periods noted:

	Three Months Ended September 30			Nine Months Ended September 30		
($/boe)	**2023**	2022	% Change	**2023**	2022	% Change
Operating netback	**48**	869	(94)	**110**	2,535	(96)
Depletion and depreciation	**(394)**	(474)	(17)	**(1,288)**	(1,472)	(13)
General and administrative expenses	**(869)**	(1,110)	(22)	**(3,298)**	(3,294)	-
Share based compensation	**(640)**	(492)	30	**(2,268)**	(9,227)	(75)
Gain on insurance proceeds	**-**	-	-	**-**	657	(100)
Finance expense	**(177)**	(177)	-	**(372)**	(324)	15
Finance income	**688**	500	38	**2,066**	589	251
Other income	**-**	54	(100)	**-**	98	(100)
Unutilized transportation	**(525)**	-	100	**(773)**	-	100
Net loss	**(1,869)**	(830)	125	**(5,823)**	(10,438)	(44)

DEPLETION AND DEPRECIATION	Three Months Ended September 30			Nine Months Ended September 30		
	2023	2022	% Change	**2023**	2022	% Change
Depletion and depreciation ($000s)	**394**	474	(17)	**1,288**	1,472	(13)
Depletion and depreciation ($/boe)	**21.33**	15.41	38	**18.24**	14.95	22

The Company calculates depletion on development and production assets included in property, plant, and equipment ("PP&E") based on proved and probable oil and natural gas reserves. Depletion and depreciation for the three and nine months ended September 30, 2023 was $0.4 million and $1.3 million, respectively, consistent with $0.5 million and $1.5 million for the comparative periods in 2022. On a per boe basis, depletion and depreciation for the three and nine months ended September 30, 2023 increased to $21.33/boe and $18.24/boe, respectively, from $15.41/boe and $14.95/boe for the comparative periods in 2022 due to increased depreciation related to right-of-use assets and production declines.

Included in depletion and depreciation expense for the three and nine months ended September 30, 2023, is $0.1 million (September 30, 2022 - $22 thousand) and $0.3 million (September 30, 2022 - $65 thousand), respectively, related to right-of-use assets for the Company's head office lease and field equipment.

IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT AND EXPLORATION AND EVALUATION ASSETS

At September 30, 2023 and September 30, 2022, the Company evaluated its PP&E Two Rivers CGU for indicators of impairment or impairment reversal and as a result of this assessment management determined that an impairment test was not required to be performed.

At September 30, 2023 and September 30, 2022, the Company evaluated its exploration and evaluation assets for indicators of impairment and as a result of this assessment management determined that an impairment test was not required to be performed.

GENERAL AND ADMINISTRATIVE	Three Months Ended September 30			Nine Months Ended September 30		
	2023	2022	% Change	**2023**	2022	% Change
G&A expenses (gross)	**1,213**	1,159	5	**3,778**	3,343	13
G&A capitalized	**(344)**	(49)	602	**(480)**	(49)	880
G&A expenses (net)	**869**	1,110	(22)	**3,298**	3,294	-
G&A expenses ($/boe)	**47.09**	36.07	31	**46.70**	33.47	40

General and administrative expenses ("G&A") increased to $47.09/boe and $46.70/boe for the three and nine months ended September 30, 2023, respectively, compared to $36.07/boe and $33.47/boe for the comparative periods in 2022. The increase on a per unit basis is due to the decline in production.

SHARE BASED COMPENSATION	Three Months Ended September 30			Nine Months Ended September 30		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Share based compensation (gross)	**915**	492	86	**3,053**	9,227	(67)
Share based compensation (capitalized)	**(275)**	-	100	**(785)**	-	100
Share based compensation (net)	**640**	492	30	**2,268**	9,227	(75)
Share based compensation ($/boe)	**34.70**	15.99	117	**32.12**	93.74	(66)

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 and restricted share units ("RSUs") granted to officers, directors, employees, and consultants with a corresponding increase to contributed surplus.

Share based compensation expense decreased to $2.3 million for the nine months ended September 30, 2023 compared to $9.2 million for the comparative period in 2022. The large decrease stems from accelerated expense in Q2 2022 of $3.3 million on Leucrotta stock options and RSUs that vested in conjunction with the Arrangement and a one-time charge of $4.5 million relating to a private placement financing issued to certain officers, directors, and employees of the Company.

FINANCE EXPENSE	Three Months Ended September 30			Nine Months Ended September 30		
	2023	2022	% Change	**2023**	2022	% Change
Interest expense	**115**	98	17	**188**	120	57
Accretion of lease liabilities	**-**	7	(100)	**-**	22	(100)
Accretion of decommissioning obligations	**62**	72	(14)	**184**	182	1
Finance expense	**177**	177	-	**372**	324	15
Finance expense ($/boe)	**9.61**	5.77	67	**5.27**	3.30	60

Accretion expense was consistent for the three and nine months ended September 30, 2023 compared to the same periods in 2022. Interest expense relates mainly to interest on lease obligations and outstanding letters of guarantee for firm transportation agreements and decommissioning obligations. The increase stems from increased interest rates and the addition of a new field equipment lease.

FINANCE INCOME

Finance income relates to interest earned on cash in the bank. Finance income totaled $0.7 million and $2.1 million for the three and nine months ended September 30, 2023, respectively, compared to $0.5 million and $0.6 million for the comparative periods in 2022. The increase corresponds to the increase in the Company's cash balance over the comparative periods due to the common share financings and assumption of cash from Leucrotta on May 31, 2022.

GAIN ON INSURANCE PROCEEDS

During the nine months ended September 30, 2022, the Company received $0.7 million 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.

DEFERRED INCOME TAXES

The Company has not realized the net deferred income tax asset due to a history of losses and it is not probable that future taxable profits, based on the estimated cash flows derived from the independently evaluated reserve report, would be sufficient to realize the deferred income tax asset at this time.

Estimated tax pools at September 30, 2023 total approximately $140.2 million (December 31, 2022 - $95.1 million).

CASH FLOW FROM (USED IN) OPERATING ACTIVITIES AND ADJUSTED FUNDS FLOW (USED)

The following is a reconciliation of cash flow used in operating activities to adjusted funds flow (used) for the periods noted:

	Three Months Ended September 30			**Nine Months Ended September 30**		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Cash flow used in operating activities	**(2,553)**	(6,732)	(62)	**(3,830)**	(9,105)	(58)
Add (deduct):						
Decommissioning expenditures	**925**	475	95	**1,677**	654	156
Restricted cash deposits	**-**	6,432	(100)	**(784)**	8,060	(110)
Change in non-cash working capital	**855**	(14)	(6,207)	**854**	101	746
Adjusted funds flow (used) (non-GAAP)	**(773)**	161	(580)	**(2,083)**	(290)	618

Adjusted funds used (see "Non-GAAP and Other Financial Measures") was $0.8 million ($nil per basic and diluted share) and $2.1 million ($nil per basic and diluted share) for the three and nine months ended September 30, 2023, respectively, compared to adjusted funds flow of $0.2 million ($nil per basic and diluted share) and adjusted funds used of $0.3 million ($nil per basic and diluted share) for the comparative periods in 2022. The increase of adjusted funds used was mainly due to the decrease in oil, NGLs, and natural gas commodity prices and declining production.

Cash flow used in operating activities was $2.6 million ($0.01 per basic and diluted share) and $3.8 million ($0.01 per basic and diluted share) during the three and nine months ended September 30, 2023, respectively, compared to cash flow used in operating activities of $6.7 million ($0.02 per basic and diluted share) and $9.1 million ($0.03 per basic and diluted share) for the comparative periods in 2022. Cash flow used in operating activities differs from adjusted funds flow (used) due to the inclusion of changes in non-cash working capital, movements in restricted cash deposits and expenditures on decommissioning obligations. Cash flow used in operating activities decreased in 2023 as a result of the Company moving restricted cash deposits to cash as its letter of guarantee requirements for decommissioning obligations have decreased commensurate with decommissioning expenditures.

NET LOSS

The Company incurred net losses of $1.9 million ($nil per basic and diluted share) and $5.8 million ($0.01 per basic and diluted share) for the three and nine months ended September 30, 2023, respectively, compared to net losses of $0.8 million ($nil per basic and diluted share) and $10.4 million ($0.03 per basic and diluted share) for the comparative periods in 2022. The decrease in 2023 is mainly the result of the Company, in Q2 2022, incurring accelerated share based compensation expense of $3.3 million on Leucrotta stock options and RSUs that vested in conjunction with the Arrangement and a one-time share compensation charge of $4.5 million relating to a private placement financing issued to certain officers, directors, and employees of the Company thus increasing the net loss over those periods.

CAPITAL EXPENDITURES	**Three Months Ended September 30**			**Nine Months Ended September 30**		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Land	**259**	112	131	**830**	520	60
Drilling, completions, and workovers	**26,232**	2,440	975	**30,672**	3,042	908
Equipment	**4,598**	1,294	255	**8,258**	1,448	470
Geological and geophysical	**39**	15	160	**149**	18	728
Office equipment	**48**	-	100	**48**	-	100
Total expenditures	**31,176**	3,861	707	**39,957**	5,028	695

During the nine months ended September 30, 2023, the Company continued its preliminary facility upgrades and drilled its second Upper Montney well in Two Rivers West and then completed both 10-08 pad wells with production commencing on September 30, 2023. The Company also drilled its initial five well pad in Two Rivers East in which four wells (three Lower Montney and one Basal Montney) are expected to be completed in Q4 2023.

During the nine months ended September 30, 2022, the Company began some preliminary facility upgrades including a water disposal well and spent $2.4 million on casing inventory for the upcoming pad drilling in Two Rivers in 2023.

LIQUIDITY AND CAPITAL RESOURCES

Management uses adjusted working capital (see “Non-GAAP and Other Financial Measures”) as a measure to assess the Company’s financial position and is reconciled as follows:

($000s)	**September 30, 2023**	December 31, 2022	% Change
Current assets	**38,804**	67,938	(43)
Less:			
Current liabilities	**(22,631)**	(8,901)	154
Working capital	**16,173**	59,037	(73)
Add:			
Restricted cash deposits	**6,781**	7,389	(8)
Current portion of decommissioning obligations	**562**	1,312	(57)
Adjusted working capital (Capital management measure)	**23,516**	67,738	(65)

At September 30, 2023, the Company had adjusted working capital of $23.5 million.

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 for each common share of Leucrotta held.

Immediately prior to the closing of the Arrangement, Leucrotta completed a spin-out to its shareholders through a conveyance agreement with Coelacanth. Coelacanth received all assets and liabilities that were not sold to Vermilion, which comprised the Two Rivers Assets, a net cash amount of approximately $45.1 million, and $85.0 million in tax pools. In exchange for the Two Rivers Assets, Coelacanth issued one Coelacanth Share and 0.1917 Arrangement Warrants to Leucrotta for each common share of Leucrotta outstanding. Leucrotta then transferred the Coelacanth Shares and Arrangement Warrants to the shareholders of Leucrotta.

Arrangement Warrant Financing

As discussed above, on May 31, 2022, 55.6 million Arrangement Warrants were issued to shareholders of Leucrotta. 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 were exercised for proceeds of $14.6 million while 1.3 million expired unexercised.

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 to certain officers, employees and directors of Coelacanth at a price of $0.27 per unit for total gross proceeds of $3.8 million. Each 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 incurred the required CDE of $3.7 million related to the Flow-Through Shares during the year ended December 31, 2022.

Through these three share issuances and Arrangement Warrant exercises the Company raised a total of $36.5 million.

During the nine months ended September 30, 2023, 0.3 million Flow-Through Warrants were exercised into Flow-Through Shares. The Company incurred the required CDE expenditures of $75 thousand related to the Flow-Through Shares during the nine months ended September 30, 2023. Effective March 31, 2023, the Minister of Finance (Canada) eliminated the flow-through share regime for oil and gas activities by no longer allowing oil and gas expenditures that are CDE to be renounced to flow-through shareholders in respect of flow-through share agreements made after March 31, 2023. As a result, on March 31, 2023, all unexercised Flow-Through Warrants were amended to become Warrants.

Bought-deal Financing

Subsequent to September 30, 2023, the Company closed a bought-deal public financing through a syndicate of underwriters. The Company issued 100.0 million units at a price of $0.80 per unit for gross proceeds of $80.0 million. A unit is comprised of one Coelacanth Share and 0.33 Warrants. Each Warrant entitles the holder to purchase one Coelacanth Share at an exercise price of $1.05 per Coelacanth Share expiring on November 15, 2024.

Private Placement Financing

Subsequent to September 30, 2023, the Company closed a non-brokered private placement to three key employees of 1,875,000 units of the Company ("Private Placement Units"), at a price of $0.80 per Private Placement Unit, for aggregate proceeds of $1,500,000. Each Private Placement Unit consists of one Coelacanth Share and one Warrant. Each Warrant entitles the holder to purchase one Coelacanth Share at a price of $0.80 per Coelacanth Share expiring on November 16, 2028.

Management anticipates that the Company will continue to have adequate liquidity to fund budgeted capital investments through a combination of its cash balance, cash flow, equity, and debt if required. Coelacanth's capital program is flexible and can be adjusted as needed based upon the current economic environment. The Company will continue to monitor the economic environment and the possible impact on its business and strategy and will make adjustments as necessary.

CONTRACTUAL OBLIGATIONS

The following is a summary of the Company's contractual obligations and commitments at September 30, 2023:

($000s)	Total	Less than One Year	One to Three Years	After Three Years
Accounts payable and accrued liabilities	21,094	21,094	-	-
Lease obligations	1,333	425	756	152
Decommissioning obligations	8,341	562	2,081	5,698
Operating commitments	808	194	388	226
Firm transportation agreements	73,419	2,311	8,725	62,383
Firm processing agreements	70	70	-	-
Total contractual obligations	105,065	24,656	11,950	68,459

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

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) and then to Chicago through October 31, 2025.
- 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.

The Company assigned the following contracts to third parties, thus reducing its commitment:

- 4.4 mmcf/d to deliver natural gas to Westcoast Station 2 from April 1, 2023 through March 31, 2025.
- 10.0 mmcf/d to deliver natural gas to Westcoast Station 2 from June 1, 2023 through May 31, 2025.
- 17.7 mmcf/d to deliver natural gas to Westcoast Station 2 from June 1, 2023 through May 31, 2024.
- 20.0 mmcf/d to deliver natural gas to Westcoast Station 2 from October 1, 2023 through October 31, 2025.

The impact of the reduced commitments are reflected in the table above.

OFF BALANCE SHEET ARRANGEMENTS

The Company has certain lease arrangements, all of which are reflected in the contractual obligations and commitments table, which were entered into in the normal course of operations. All leases other than the fixed payment component of the head office lease and field equipment lease have been treated as operating leases whereby the lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease.

OUTSTANDING SHARE DATA

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. The voting common shares of the Company commenced trading on the TSXV on June 20, 2022 under the symbol "CEI". The following table summarizes the common shares outstanding and the number of shares exercisable into common shares from options, warrants, and other instruments:

(000s)	**September 30, 2023**	November 16, 2023
Voting common shares	**426,670**	528,545
Warrants	**27,502**	62,710
Stock options	**11,202**	11,202
Restricted share units	**4,407**	4,407
Total	**469,781**	606,864

SUMMARY OF QUARTERLY RESULTS

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Average Daily Production								
Oil and NGLs (bbls/d)	**46**	67	60	70	73	86	91	96
Natural gas (mcf/d)	**929**	1,321	1,380	1,468	1,567	1,676	1,750	1,993
Oil equivalent (boe/d)	**201**	287	290	315	334	365	383	428
($000s, except per share amounts)								
Oil and natural gas sales	**679**	826	954	1,676	2,135	2,334	1,688	1,621
Cash flow from (used in)								
operating activities	**(2,553)**	765	(2,042)	(636)	(6,732)	(1,713)	(660)	(805)
Per share - basic and diluted (2)	**(0.01)**	(-)	(-)	(-)	(0.02)	(0.01)	(-)	(-)
Adjusted funds flow (used) (1)	**(773)**	(756)	(554)	(60)	161	22	(473)	(818)
Per share - basic and diluted	**(-)**	(-)	(-)	(-)	-	-	(-)	(-)
Net loss	**(1,869)**	(2,165)	(1,789)	(725)	(830)	(8,062)	(1,546)	(1,604)
Per share - basic and diluted	**(-)**	(0.01)	(-)	(-)	(-)	(0.03)	(0.01)	(0.01)

(1) Adjusted funds flow (used) and adjusted funds flow (used) per share do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies. Please refer to the "Non-GAAP and Other Financial Measures" section for more details and the "Cash Flow from (Used in) Operating Activities and Adjusted Funds Flow (Used)" section for a reconciliation from cash flow from (used in) operating activities.

(2) Supplemental financial measure. Please refer to the "Non-GAAP and Other Financial Measures" section for more details.

The Company experienced normal production declines from flush production for the Two Rivers property from Q3 2021 to Q3 2023. Production declined further in Q3 2023 as the result of the planned third-party McMahon gas plant turnaround for most of September 2023. Oil and natural gas sales, cash flow from (used in) operating activities and adjusted funds flow (used) generally followed the same trend as production with some exceptions based on volatility of commodity prices received. In Q3 2022, cash flow used in operating activities increased due to moving $8.1 million of cash to restricted cash deposits for security on letters of guarantee relating to firm transportation agreements and decommissioning obligations. In Q2 2023, cash flow from operating activities increased as a result of the Company moving restricted cash deposits back to cash as its letter of guarantee requirements for decommissioning obligations decreased commensurate with decommissioning expenditures. In Q2 and Q3 2022 oil and natural gas sales increased due to rising commodity prices and then decreased in Q4 2022 to Q2 2023 due to declining commodity prices. In Q2 2022 the net loss increased due to the Company incurring accelerated share based compensation expense of $3.3 million on Leucrotta stock options and RSUs that vested in conjunction with the Arrangement and a one-time share compensation charge of $4.5 million relating to a private placement financing issued to certain officers, directors, and employees of the Company.

SIGNIFICANT ACCOUNTING POLICIES

All accounting policies are consistent with those of the previous financial year. Refer to note 3 of the audited financial statements for the year ended December 31, 2022 for the Company's significant accounting policies.

CRITICAL ACCOUNTING ESTIMATES

Management is required to make estimates, judgments, and assumptions in the application of IFRS Accounting Standards that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period then ended. Certain of these estimates may change from period to period resulting in a material impact on the Company's results from operations and financial position (see note 2d in the notes to the Company's December 31, 2022 financial statements for full descriptions of the use of estimates and judgments).

RISK ASSESSMENT

The acquisition, exploration, and development of oil and natural gas properties involves many risks common to all participants in the oil and natural gas industry. Coelacanth's exploration and development activities are subject to various business risks such as unstable commodity prices, interest rate and foreign exchange fluctuations, the uncertainty of replacing production and reserves on an economic basis, government regulations, taxes, and safety and environmental concerns. While management realizes these risks cannot be eliminated, they are committed to monitoring and mitigating these risks.

Reserves and reserve replacement

The recovery and reserve estimates on Coelacanth's properties are estimates only and the actual reserves may be materially different from that estimated. The estimates of reserve values are based on a number of variables including: forecasted oil and natural gas commodity prices, forecasted production, forecasted operating costs, forecasted royalty costs and forecasted future development costs. All of these factors may cause estimates to vary from actual results.

Coelacanth's future oil and natural gas reserves, production, and adjusted funds flow to be derived therefrom are highly dependent on the Company successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves the

Company may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Coelacanth's reserves will depend on its abilities to acquire suitable prospects or properties and discover new reserves.

To mitigate this risk, Coelacanth has assembled a team of experienced technical professionals who have expertise operating and exploring in areas the Company has identified as being the most prospective for increasing reserves on an economic basis. To further mitigate reserve replacement risk, Coelacanth has targeted a majority of its prospects in areas which have multi-zone potential, year-round access, and lower drilling costs and employs advanced geological and geophysical techniques to increase the likelihood of finding additional reserves.

Operational risks

Coelacanth's operations are subject to the risks normally incidental to the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells. Continuing production from a property, and to some extent the marketing of production therefrom, are largely dependent upon the ability of the operator of the property.

Market risk

Market risk is the risk that the fair value or 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 currently does not 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 does not currently have any commodity price contracts in place.

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 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 two 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, 2023, $1.3 million (100%) of the Company's outstanding accounts receivable were current and $nil (0%) were outstanding for more than 90 days. During the nine months ended September 30, 2023, the Company deemed $39 thousand of outstanding accounts receivable to be uncollectable (September 30, 2022 - $38 thousand).

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 debt financing. The Company also mitigates liquidity risk by maintaining an insurance program to minimize exposure to insurable losses.

Safety and Environmental Risks

The oil and natural gas business is subject to extensive regulation pursuant to various municipal, provincial, national, and international conventions and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases, or emissions of various substances produced in association with oil and natural gas operations. Coelacanth is committed to meeting and exceeding its environmental and safety responsibilities. Coelacanth has implemented an environmental and safety policy that is designed, at a minimum, to comply with current governmental regulations set for the oil and natural gas industry. Changes to governmental regulations are monitored to ensure compliance. Environmental reviews are completed as part of the due diligence process when evaluating acquisitions. Environmental and safety updates are presented and discussed at each Board of Directors meeting. Coelacanth maintains adequate insurance commensurate with industry standards to cover reasonable risks and potential liabilities associated with its activities as well as insurance coverage for officers and directors executing their corporate duties. To the knowledge of management, there are no legal proceedings to which Coelacanth is a party or of which any of its property is the subject matter, nor are any such proceedings known to Coelacanth to be contemplated.

For additional information on the risks relating to the Company's business, see the "Risk Factors" section contained in the Company's annual information form for the year ended December 31, 2022, which is available on the SEDAR+ website at www.sedarplus.ca.

PRODUCT TYPES

The Company uses the following references to sales volumes in the MD&A:

Natural gas refers to shale gas
Oil and condensate refers to condensate and tight oil combined
Other NGLs refers to butane, propane and ethane combined
Oil and NGLs refers to tight oil and NGLs combined
Oil equivalent refers to the total oil equivalent of shale gas, tight oil, and NGLs combined, using the conversion rate of six thousand cubic feet of shale gas to one barrel of oil equivalent as described above.

The following is a complete breakdown of sales volumes for applicable periods by specific product types of shale gas, tight oil, and NGLs:

Sales Volumes by Product Type	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Condensate (bbls/d)	**4**	6	8	6	9	9	12	11
Other NGLs (bbls/d)	**7**	14	14	15	19	16	21	24
NGLs (bbls/d)	**11**	20	22	21	28	25	33	35
Tight oil (bbls/d)	**35**	47	38	49	45	61	58	61
Condensate (bbls/d)	**4**	6	8	6	9	9	12	11
Oil and condensate (bbls/d)	**39**	53	46	55	54	70	70	72
Other NGLs (bbls/d)	**7**	14	14	15	19	16	21	24
Oil and NGLs (bbls/d)	**46**	67	60	70	73	86	91	96
Shale gas (mcf/d)	**929**	1,321	1,380	1,468	1,567	1,676	1,750	1,993
Natural gas (mcf/d)	**929**	1,321	1,380	1,468	1,567	1,676	1,750	1,993
Oil equivalent (boe/d)	**201**	287	290	315	334	365	383	428

FORWARD-LOOKING INFORMATION

This document contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information.

More particularly and without limitation, this MD&A contains forward-looking statements and information relating to the Company's oil and condensate, other NGLs, and natural gas production, operating expenses, capital programs, and adjusted working capital. The forward-looking statements and information are based on certain key expectations and assumptions made by the Company, including expectations and assumptions relating to prevailing commodity prices and exchange rates, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the availability of capital to undertake planned activities, and the availability and cost of labour and services.

Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of estimates and projections relating to production rates, costs, and expenses, commodity price and exchange rate fluctuations, marketing and transportation, environmental risks, competition, the ability to access sufficient capital from internal and external sources and changes in tax, royalty, and environmental legislation. The forward-looking statements and information contained in this document are made as of the date hereof for the purpose of providing the readers with the Company's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes.

The Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

ADDITIONAL INFORMATION

In addition to the information disclosed in this MD&A, more detailed information related to the Company may be found on the SEDAR+ website at www.sedarplus.ca.