

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

November 20, 2024

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, 2024 and the audited financial statements and related notes for the year ended December 31, 2023. The unaudited condensed interim financial statements and financial data contained in the MD&A have been prepared in accordance with IFRS Accounting Standards ("IFRS") 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".

### 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:

(\$000s)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Transportation expenses	1,055	654	2,426	1,250
Unutilized transportation	(757)	(525)	(1,504)	(773)
Net transportation expenses (non-GAAP)	298	129	922	477

#### **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:

(\$000s)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Oil and natural gas sales	2,362	679	9,192	2,459
Royalties	(383)	(152)	(1,878)	(623)
Operating expenses	(767)	(350)	(2,549)	(1,249)
Net transportation expenses	(298)	(129)	(922)	(477)
Operating netback (non-GAAP)	914	48	3,843	110

#### **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:

(\$000s)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Capital expenditures – property, plant, and equipment	396	15,785	973	22,344
Capital expenditures – exploration and evaluation assets	15,364	15,391	18,572	17,613
Capital expenditures (non-GAAP)	15,760	31,176	19,545	39,957

### **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 2024, Coelacanth started the construction of its planned \$80.0 million infrastructure project that includes over 35 kilometers of pipelines and a facility to handle current behind pipe volumes and future expansions. Ultimately the facility will be able to handle approximately 16,000 boe/d of which Coelacanth has approximately 4,400 boe/d tested but shut-in at the 5-19 Two Rivers East pad. The infrastructure is expected to be operational by mid-April 2025. Funding for this project is from cash on hand of approximately \$64 million at the inception of the project plus up to \$27.0 million from a mid-stream company that will fund the pipeline connection to its area gathering lines upon achievement of certain project milestones.

An additional four Montney wells are currently being completed and tested on the 5-19 pad which will add additional capacity to be brought on once the facility is operational. Debt financing of \$52.0 million was secured subsequent to the quarter through two revolving bank credit facilities with \$35.0 million currently being invested in the four new Montney wells noted plus a water disposal well.

Although the construction and start-up of the Two Rivers East project is a huge step in Coelacanth's development, we believe we are just scratching the surface on what the potential of this large Montney asset base may ultimately be able to perform.

We look forward to reporting updates on the Two Rivers East project in the upcoming quarters.

SUMMARY OF FINANCIAL RESULTS (\$000s, except per share amounts)	Three Months Ended September 30			Nine Months Ended September 30		
	2024	2023	% Change	2024	2023	% Change
<b>Oil and natural gas sales</b>	<b>2,362</b>	679	248	<b>9,192</b>	2,459	274
<b>Cash flow used in operating activities</b>	<b>(3,730)</b>	(2,553)	46	<b>(954)</b>	(3,830)	(75)
Per share - basic and diluted <sup>(3)</sup>	<b>(0.01)</b>	(0.01)	-	<b>(-)</b>	(0.01)	(100)
<b>Adjusted funds flow (used) <sup>(1)</sup></b>	<b>(207)</b>	(773)	(73)	<b>1,133</b>	(2,083)	(154)
Per share - basic and diluted	<b>(-)</b>	(-)	-	<b>-</b>	(-)	-
<b>Net loss</b>	<b>(2,464)</b>	(1,869)	32	<b>(5,994)</b>	(5,823)	3
Per share - basic and diluted	<b>(-)</b>	(-)	-	<b>(0.01)</b>	(0.01)	-
<b>Total assets</b>				<b>192,279</b>	125,700	53
<b>Total long-term liabilities</b>				<b>7,928</b>	8,687	(9)
<b>Adjusted working capital <sup>(2)</sup></b>				<b>47,264</b>	23,516	101

(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 and adjusted funds flow increased in the first nine months of 2024 compared to 2023 mainly due to an increase in oil and natural gas production stemming from two new wells at Two Rivers West placed on production in Q4 2023.

PRODUCTION	Three Months Ended September 30			Nine Months Ended September 30		
	2024	2023	% Change	2024	2023	% Change
Average Daily Production <sup>(1)</sup>						
Oil and condensate (bbls/d)	<b>221</b>	39	467	<b>268</b>	46	483
Other NGLs (bbls/d)	<b>33</b>	7	371	<b>36</b>	12	200
Oil and NGLs (bbls/d)	<b>254</b>	46	452	<b>304</b>	58	424
Natural gas (mcf/d)	<b>3,450</b>	929	271	<b>3,702</b>	1,208	206
Oil equivalent (boe/d)	<b>829</b>	201	313	<b>921</b>	259	256

- (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. 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 increased to 829 boe/d and 921 boe/d for the three and nine months ended September 30, 2024, respectively, from 201 boe/d and 259 boe/d for the comparative periods in 2023. The increase in production was the result of successful drilling at Two Rivers West and the resulting two Upper Montney wells coming on-stream in Q4 2023.

Coelacanth's production profile for the third quarter of 2024 has shifted more towards oil and NGLs when compared to the comparative quarter in 2023 as the result of oil production from the two wells brought on-stream in Q4 2023. The Q3 2024 weighting was 69% natural gas (Q3 2023 - 77%) and 31% oil and NGLs (Q3 2023 - 23%).

OIL AND NATURAL GAS SALES (\$000s)	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
Oil and condensate	1,820	354	414	6,674	1,171	470
Other NGLs	95	18	428	331	107	209
Oil and NGLs	1,915	372	415	7,005	1,278	448
Natural gas	447	307	46	2,187	1,181	85
<b>Total</b>	<b>2,362</b>	<b>679</b>	<b>248</b>	<b>9,192</b>	<b>2,459</b>	<b>274</b>
<b>Average Sales Price</b>						
Oil and condensate (\$/bbl)	89.68	99.00	(9)	90.88	93.73	(3)
Other NGLs (\$/bbl)	31.39	28.07	12	33.20	33.97	(2)
Oil and NGLs (\$/bbl)	82.10	88.43	(7)	84.00	81.69	3
Natural gas production sales and transportation revenue (\$/mcf)	1.41	3.60	(61)	2.16	3.58	(40)
Combined (\$/boe)	30.99	36.85	(16)	36.41	34.83	5

Revenue totaled \$2.4 million and \$9.2 million for the three and nine months ended September 30, 2024, respectively, compared to \$0.7 million and \$2.5 million for the comparative periods in 2023. The large increase in revenue was mainly the result of a large increase in production resulting from the successful drilling at Two Rivers West which was partially offset by a decline in natural gas pricing.

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

Commodity Pricing	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
<b>Oil and NGLs</b>						
Corporate price (\$CDN/bbl)	82.10	88.43	(7)	84.00	81.69	3
Canadian light sweet (\$CDN/bbl)	98.43	107.29	(8)	99.95	100.65	(1)
West Texas Intermediate ("WTI") (\$US/bbl)	75.13	82.26	(9)	77.55	77.40	-
<b>Natural gas</b>						
Corporate price (\$CDN/mcf)	1.41	3.60	(61)	2.16	3.58	(40)
AECO price (\$CDN/mcf)	0.70	2.61	(73)	1.35	2.76	(51)
Westcoast Station 2 (\$CDN/mcf)	0.51	2.19	(77)	1.13	2.30	(51)
Chicago City Gate (\$US/mmbtu)	1.79	2.31	(23)	2.11	2.33	(9)
<b>Exchange rate</b>						
CDN/US dollar exchange rate	0.7331	0.7456	(2)	0.7352	0.7434	(1)

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 83.4% and 84.0% of Canadian light sweet prices for the three and nine months ended September 30, 2024, respectively, consistent with 82.4% and 81.2% for the comparative periods in 2023. Coelacanth's liquids mix during the third quarter of 2024 was approximately 87% oil, condensate and pentanes, 8% butane and 5% propane (Q3 2023 - 87% oil, condensate and pentanes, 7% butane and 6% propane).

Corporate average natural gas prices were 57.7% and 75.3% of Chicago City Gate price (converted to Canadian dollars) for the three and nine months ended September 30, 2024, respectively, down from 116.2% and 114.2% for the comparative periods in 2023. The decrease was due to a higher percentage of the Company's natural gas production being sold under lower priced Westcoast Station 2 contracts than

Chicago contracts. The Company has contracted 1.5 mmcf/d of natural gas to be delivered to Chicago with the remainder being delivered to Westcoast Station 2.

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			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
(\$000s)						
Oil and NGLs	362	84	331	1,645	352	367
Natural gas	21	68	(69)	233	271	(14)
Total	383	152	152	1,878	623	201
Average Royalty Rate (% of sales)						
Oil and NGLs	18.9	22.6	(16)	23.5	27.5	(15)
Natural gas	4.7	22.1	(79)	10.7	22.9	(53)
Combined	16.2	22.4	(28)	20.4	25.3	(19)

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 \$0.4 million and \$1.9 million for the three and nine months ended September 30, 2024, respectively, up from \$0.2 million and \$0.6 million for the comparative periods in 2023 mainly as a result of the significant growth in production and revenue at Two Rivers West. Royalty rates declined as the result of a decrease in natural gas commodity prices and the new wells at Two Rivers West having less royalty burdens than the legacy production.

OPERATING EXPENSES	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
(\$000s)						
Oil and NGLs	234	79	196	842	277	204
Natural gas	533	271	97	1,707	972	76
Operating expenses	767	350	119	2,549	1,249	104
Average operating expenses						
Oil and NGLs (\$/bbl)	10.07	18.92	(47)	10.10	17.68	(43)
Natural gas (\$/mcf)	1.68	3.17	(47)	1.68	2.95	(43)
Combined (\$/boe)	10.07	18.98	(47)	10.10	17.68	(43)

Per unit operating expenses were \$10.07/boe and \$10.10/boe for the three and nine months ended September 30, 2024, respectively, down from \$18.98/boe and \$17.68/boe in the comparative periods in 2023. The decrease is mainly the result of increased production at Two Rivers West, thus spreading fixed costs at the Two Rivers facility over more production volumes.

NET TRANSPORTATION EXPENSES	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
(\$000s)						
Oil and NGLs	56	10	460	192	29	562
Natural gas	242	119	103	730	448	63
Net transportation expenses (non-GAAP)	298	129	131	922	477	93
Unutilized transportation	757	525	44	1,504	773	95
Transportation expenses	1,055	654	61	2,426	1,250	94
Average transportation expenses						
Oil and NGLs (\$/bbl)	2.36	2.40	(2)	2.30	1.86	24
Natural gas (\$/mcf)	0.76	1.40	(46)	0.72	1.36	(47)
Net transportation expenses (\$/boe)	3.91	7.05	(45)	3.65	6.76	(46)
Unutilized transportation (\$/boe)	9.94	28.44	(65)	5.96	10.95	(46)
Transportation expenses (\$/boe)	13.85	35.49	(61)	9.61	17.71	(46)

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 decreased on a per boe basis to \$3.91/boe and \$3.65/boe for the three and nine months ended September 30, 2024, respectively, compared to \$7.05/boe and \$6.76/boe for the comparative periods in 2023. Over this period net transportation expenses for oil and NGLs on a per boe basis increased with oil production from Two Rivers West which has higher net transportation costs than NGLs. The decrease for natural gas was the result of production exceeding 1.5 mmcf/d (portion being delivered to Chicago with a higher net transportation expense) and thus a higher percentage of natural gas sales in the first nine months of 2024 being sold under Westcoast Station 2 contracts instead of Chicago. While the sales prices were higher on Chicago contracts than on Westcoast Station 2 contracts, the net transportation expenses are also higher.

Unutilized transportation is the portion of firm transportation agreements that the Company has committed to (less what has been assigned to other producers) that exceeds what the Company actually transported through pipelines for its produced natural gas volumes. Refer to the "Contractual Obligations" section for more information related to firm transportation agreements. The Company actively manages its firm transportation commitments and has been successful in mitigating a large portion of its 100.0 mmcf/d commitment to deliver natural gas to Westcoast Station 2.

OPERATING NETBACK	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
<b>Oil and NGLs (\$/bbl)</b>						
Revenue	82.10	88.43	(7)	84.00	81.69	3
Royalties	(15.52)	(20.08)	(23)	(19.73)	(22.51)	(12)
Operating expenses	(10.07)	(18.92)	(47)	(10.10)	(17.68)	(43)
Net transportation expenses (non-GAAP)	(2.36)	(2.40)	(2)	(2.30)	(1.86)	24
Operating netback (non-GAAP)	54.15	47.03	15	51.87	39.64	31
<b>Natural gas (\$/mcf)</b>						
Revenue	1.41	3.60	(61)	2.16	3.58	(40)
Royalties	(0.06)	(0.79)	(92)	(0.23)	(0.82)	(72)
Operating expenses	(1.68)	(3.17)	(47)	(1.68)	(2.95)	(43)
Net transportation expenses (non-GAAP)	(0.76)	(1.40)	(46)	(0.72)	(1.36)	(47)
Operating netback (loss) (non-GAAP)	(1.09)	(1.76)	(38)	(0.47)	(1.55)	(70)
<b>Combined (\$/boe)</b>						
Revenue	30.99	36.85	(16)	36.41	34.83	5
Royalties	(5.02)	(8.26)	(39)	(7.44)	(8.82)	(16)
Operating expenses	(10.07)	(18.98)	(47)	(10.10)	(17.68)	(43)
Net transportation expenses (non-GAAP)	(3.91)	(7.05)	(45)	(3.65)	(6.76)	(46)
Operating netback (non-GAAP)	11.99	2.56	368	15.22	1.57	869

During the three and nine months ended September 30, 2024, Coelacanth generated an operating netback (see "Non-GAAP and Other Financial Measures") of \$11.99/boe and \$15.22/boe, respectively, up from \$2.56/boe and \$1.57/boe for the comparative periods in 2023 mainly as the result of new wells at Two Rivers West which were less burdened by royalties than legacy production and reduced operating expenses per unit as facility fixed costs were spread over increased production volumes.

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

(\$/boe)	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
<b>Operating netback</b>	11.99	2.56	368	15.22	1.57	869
Depletion and depreciation	(14.89)	(21.33)	(30)	(14.71)	(18.24)	(19)
General and administrative expenses	(12.51)	(47.09)	(73)	(13.90)	(46.70)	(70)
Share based compensation	(13.81)	(34.70)	(60)	(12.72)	(32.12)	(60)
Finance expense	(2.71)	(9.61)	(72)	(1.72)	(5.27)	(67)
Finance income	9.54	37.32	(74)	10.03	29.26	(66)
Unutilized transportation	(9.94)	(28.44)	(65)	(5.96)	(10.95)	(46)
<b>Net loss</b>	(32.33)	(101.29)	(68)	(23.76)	(82.45)	(71)

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

(\$000s)	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
<b>Operating netback</b>	<b>914</b>	48	1,804	<b>3,843</b>	110	3,394
Depletion and depreciation	(1,135)	(394)	188	(3,713)	(1,288)	188
General and administrative expenses	(955)	(869)	10	(3,509)	(3,298)	6
Share based compensation	(1,052)	(640)	64	(3,211)	(2,268)	42
Finance expense	(206)	(177)	16	(433)	(372)	16
Finance income	727	688	6	2,533	2,066	23
Unutilized transportation	(757)	(525)	44	(1,504)	(773)	95
<b>Net loss</b>	<b>(2,464)</b>	(1,869)	32	<b>(5,994)</b>	(5,823)	3

	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
Depletion and depreciation (\$000s)	1,135	394	188	3,713	1,288	188
Depletion and depreciation (\$/boe)	14.89	21.33	(30)	14.71	18.24	(19)

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, 2024 increased to \$1.1 million and \$3.7 million, respectively, from \$0.4 million and \$1.3 million for the comparative periods in 2023. On a per boe basis, depletion and depreciation for the three and nine months ended September 30, 2024 was \$14.89/boe and \$14.71/boe, respectively, consistent with \$21.33/boe and \$18.24/boe for the comparative periods in 2023.

Included in depletion and depreciation expense for the three and nine months ended September 30, 2023, is \$0.1 million (September 30, 2023 - \$0.1 million) and \$0.3 million (September 30, 2023 - \$0.3 million), 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, 2024 and September 30, 2023, 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, 2024 and September 30, 2023, 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.

(\$000s)	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
G&A expenses (gross)	1,177	1,213	(3)	3,804	3,778	1
G&A capitalized	(222)	(344)	(35)	(295)	(480)	(39)
G&A expenses (net)	955	869	10	3,509	3,298	6
G&A expenses (\$/boe)	12.51	47.09	(73)	13.90	46.70	(70)

During the three and nine months ended September 30, 2024, net general and administrative expenses ("G&A") totaled \$1.0 million and \$3.5 million, respectively, consistent with \$0.9 million and \$3.3 million for the comparative periods in 2023.

On a per unit basis G&A decreased to \$12.51/boe and \$13.90/boe for the three and nine months ended September 30, 2024, respectively, compared to \$47.09/boe and \$46.70/boe for the comparative periods in 2023 due to the increase in production.

(\$000s)	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
Share based compensation (gross)	1,391	915	52	3,879	3,053	27
Share based compensation (capitalized)	(339)	(275)	23	(668)	(785)	(15)
Share based compensation (net)	1,052	640	64	3,211	2,268	42
Share based compensation (\$/boe)	13.81	34.70	(60)	12.72	32.12	(60)

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 increased to \$1.1 million and \$3.2 million for the three and nine months ended September 30, 2024, respectively, compared to \$0.6 million and \$2.3 million for the comparative periods in 2023 due to new stock options and RSU grants in Q4 2023 and Q1 2024.

FINANCE EXPENSE	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
Interest expense	136	115	18	230	188	22
Accretion of decommissioning obligations	70	62	13	203	184	10
Finance expense	206	177	16	433	372	16
Finance expense (\$/boe)	2.71	9.61	(72)	1.72	5.27	(67)

Accretion expense was consistent for the three and nine months ended September 30, 2024 compared to the same periods in 2023. 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.

#### FINANCE INCOME

Finance income relates to interest earned on cash in the bank. Finance income totaled \$0.7 million and \$2.5 million for the three and nine months ended September 30, 2024, respectively, compared to \$0.7 million and \$2.1 million for the comparative periods in 2023. The increase corresponds to the increase in the Company's cash balance over the comparative periods due to the common share financings in Q4 2023.

#### 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, 2024 total approximately \$199.0 million (December 31, 2023 - \$177.6 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:

(\$000s)	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
Cash flow used in operating activities	(3,730)	(2,553)	46	(954)	(3,830)	(75)
Add (deduct):						
Decommissioning expenditures	790	925	(15)	1,266	1,677	(25)
Change in restricted cash deposits	2,139	-	100	2,985	(784)	(481)
Change in non-cash working capital	594	855	(31)	(2,164)	854	(353)
Adjusted funds flow (used) (non-GAAP)	(207)	(773)	(73)	1,133	(2,083)	(154)

Adjusted funds used (see "Non-GAAP and Other Financial Measures") was \$0.2 million (\$nil per basic and diluted share) and adjusted funds flow was \$1.1 million (\$nil per basic and diluted share) for the three and nine months ended September 30, 2024, respectively, compared to adjusted funds used of \$0.8 million (\$nil per basic and diluted share) and \$2.1 million (\$nil per basic and diluted share) for the comparative periods in 2023. The increase of adjusted funds flow was mainly the result of production from new wells placed on-stream at Two Rivers West in Q4 2023.

Cash flow used in operating activities was \$3.7 million (\$0.01 per basic and diluted share) and \$1.0 million (\$nil per basic and diluted share) for the three and nine months ended September 30, 2024, respectively, compared to cash flow used in operating activities of \$2.6 million (\$0.01 per basic and diluted share) and \$3.8 million (\$0.01 per basic and diluted share) for the comparative periods in 2023. 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.

#### NET LOSS

The Company incurred net losses of \$2.5 million (\$nil per basic and diluted share) and \$6.0 million (\$0.01 per basic and diluted share) for the three and nine months ended September 30, 2024, respectively, consistent with 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 comparative periods in 2023.

CAPITAL EXPENDITURES	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2024	2023	% Change	2024	2023	% Change
Land	98	259	(62)	545	830	(34)
Drilling, completions, and workovers	8,469	26,232	(68)	9,080	30,672	(70)
Equipment	7,089	4,598	54	9,783	8,258	18
Geological and geophysical	104	39	167	137	149	(8)
Office equipment	-	48	(100)	-	48	(100)
Total expenditures	15,760	31,176	(49)	19,545	39,957	(51)

During the three and nine months ended September 30, 2024, the Company continued with facility procurement at Two Rivers East and drilled three Lower Montney wells at Two Rivers East on the existing 5-19 pad. Subsequent to September 30, 2024, the Company negotiated a reduction in royalty on certain lands in return for a royalty on additional lands.

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.

## 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, 2024	December 31, 2023	% Change
Current assets	49,905	87,616	(43)
Less:			
Current liabilities	(14,235)	(28,754)	(50)
Working capital	35,670	58,862	(39)
Add:			
Restricted cash deposits	10,001	6,784	47
Current portion of decommissioning obligations	1,593	1,943	(18)
Adjusted working capital (Capital management measure)	47,264	67,589	(30)

At September 30, 2024, the Company had adjusted working capital of \$47.3 million.

On November 15, 2023, the Company closed a bought-deal public financing through a syndicate of underwriters. The Company issued 100.0 million units of the Company ("Units") at a price of \$0.80 per Unit for gross proceeds of \$80.0 million. A Unit is comprised of one common share of the Company and 0.33 common share purchase warrants. Each whole common share purchase warrant entitles the holder to purchase one common share at an exercise price of \$1.05 per common share expiring on November 15, 2024. Subsequent to September 30, 2024, the expiry date was extended to June 30, 2025.

On November 16, 2023, the Company closed a non-brokered private placement to three 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 \$1.5 million. Each Private Placement Unit consists of one common share of the Company and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.80 per share expiring on November 16, 2028.

Subsequent to September 30, 2024, the Company secured two revolving bank credit facilities for a total of \$52.0 million from a Canadian chartered bank. The credit facilities are backed by reserves at Two Rivers West plus a \$45.0 million Letter of Credit from a third party. The commitment from the third party is for a two-year term. During the term, Coelacanth expects that the lending value of producing reserves at Two Rivers East will allow for the credit facility to be renegotiated and the Letter of Credit to be returned.

The first credit facility is a \$7.0 million revolving operating demand loan credit facility that bears interest at prime plus 3.0%. The undrawn portion of the credit facility is subject to a standby fee of 1.0%. Any outstanding letters of guarantee reduce the amount that can be borrowed under the credit facility and bear interest at 4.0%. Subsequent to September 30, 2024, the Company redeemed \$5.4 million of GIC's securing letters of guarantee thus reducing the amount available on its \$7.0 million credit facility to \$1.6 million.

The second credit facility is a \$45.0 million revolving operating demand loan that bears interest at prime plus 0.25%. The undrawn portion of the credit facility is subject to a standby fee of 0.125%. This credit facility is secured by a \$45.0 million Letter of Credit from a third party. The Letter of Credit fee is 3.0% of the total \$45.0 million face value of the Letter of Credit whether drawn or not for the first one-year term plus the period prior to the start of the first term. The first term starts the earlier of when drawn or December 31, 2024. The Company has the option to extend the term by an additional maximum one-year term for a fee of 6% of the drawn portion of the Letter of Credit that can be reduced at any time by repayment of the credit facility.

The credit facilities and Letter of Credit are secured by a \$75.0 million fixed and floating charge debenture on the assets of the Company. The next review of the credit facilities by the bank is scheduled on or before June 30, 2025.

The credit facilities includes a covenant requiring the Company to maintain an adjusted working capital ratio of not less than one-to-one. The working capital ratio, as defined by its creditor, is calculated as current assets plus any undrawn amounts available on its demand loan facilities less current liabilities excluding any current portion drawn on the demand loan facilities. The definition of current assets and current liabilities excludes the fair value of risk management contracts.

The Company had also previously secured a commitment of up to \$27.0 million from a mid-stream company to finance a pipeline connecting Coelacanth facilities to the mid-stream company's gathering system. The financing is contingent upon the Company achieving certain project milestones. The Company would be required to repay the principal amount over a five-year period at an effective interest rate of 12.0%.

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	12,170	12,170	-	-
Lease obligations	908	472	414	22
Decommissioning obligations	9,085	1,593	480	7,012
Operating commitments	614	194	388	32
Firm transportation agreements	175,061	4,371	12,412	158,278
Firm processing agreements	96,255	1,071	17,214	77,970
Property, plant, and equipment	11,449	11,449	-	-
Finance expenses	1,688	1,350	338	-
<b>Total contractual obligations</b>	<b>307,230</b>	<b>32,670</b>	<b>31,246</b>	<b>243,314</b>

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, 2026.
- 10.0 mmcf/d to deliver natural gas to Westcoast Station 2 from January 1, 2023 through July 31, 2038.
- 50.0 mmcf/d to deliver natural gas to Westcoast Station 2 from June 1, 2023 through May 31, 2038.
- 15.0 mmcf/d to deliver natural gas to Westcoast Station 2 from May 1, 2024 through April 30, 2055.
- 25.0 mmcf/d to deliver natural gas to Westcoast Station 2 from August 1, 2028 through July 31, 2043.

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 December 31, 2027.
- 20.0 mmcf/d to deliver natural gas to Westcoast Station 2 from October 1, 2023 through October 31, 2026.
- 10.0 mmcf/d to deliver natural gas to Westcoast Station 2 from November 1, 2024 through December 31, 2025.

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

Firm processing agreements include 30.0 mmcf/d of processing services at a gas processing facility for a period of 10 years. This is expandable by any volume up to an additional 30.0 mmcf/d (60.0 mmcf/d total) at the election of the Company at any date up to July 1, 2025 for the remainder of the original term. As part of the arrangement, the midstream company has agreed to fund the extension of their gathering system to certain contractual thresholds pending the achievement of certain project milestones.

Finance expenses relate to monthly third party Letter of Credit fees to secure the \$45.0 million credit facility.

## 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, 2024	November 20, 2024
Voting common shares	530,267	530,267
Warrants	62,710	62,710
Stock options	17,827	18,027
Restricted share units	6,410	6,510
<b>Total</b>	<b>617,214</b>	<b>617,514</b>

## SUMMARY OF QUARTERLY RESULTS

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Average Daily Production								
Oil and NGLs (bbls/d)	254	323	337	447	46	67	60	70
Natural gas (mcf/d)	3,450	3,724	3,934	2,858	929	1,321	1,380	1,468
Oil equivalent (boe/d)	829	944	993	923	201	287	290	315
(\$000s, except per share amounts)								
Oil and natural gas sales	2,362	3,164	3,666	4,204	679	826	954	1,676
Cash flow from (used in)								
operating activities	(3,730)	(480)	3,256	(404)	(2,553)	765	(2,042)	(636)
Per share basic and diluted <sup>(2)</sup>	(0.01)	(-)	0.01	(-)	(0.01)	(-)	(-)	(-)
Adjusted funds flow (used) <sup>(1)</sup>	(207)	262	1,078	1,750	(773)	(756)	(554)	(60)
Per share basic and diluted	(-)	-	-	-	(-)	(-)	(-)	(-)
Net loss	(2,464)	(2,329)	(1,201)	(750)	(1,869)	(2,165)	(1,789)	(725)
Per share basic and diluted	(-)	(-)	(-)	(-)	(-)	(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 on the Two Rivers property from Q4 2022 to Q3 2023. The increase in production, oil and natural gas sales, cash flow from operating activities, and adjusted funds flow between Q4 2023 and Q3 2024 stems from two new wells at Two Rivers West coming on-stream in Q4 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.

## MATERIAL ACCOUNTING POLICIES

All accounting policies are consistent with those of the previous financial year, except as noted below. Refer to note 3 of the audited financial statements for the year ended December 31, 2023 for the Company's material accounting policies.

IAS 1 Presentation of Financial Statements was amended in January 2020 and October 2022 by the IASB to clarify the presentation requirements of liabilities as either current or non-current within the statement of financial position. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The Company adopted these amendments effective January 1, 2024 and the adoption did not have an impact on the Company's condensed interim financial statements.

## CRITICAL ACCOUNTING ESTIMATES

Management is required to make estimates, judgments, and assumptions in the application of IFRS 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, 2023 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 any drawn amounts on its 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 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, restricted cash deposits and accounts receivable on the statement of financial position. At September 30, 2024, \$1.5 million (97%) of the Company's outstanding accounts receivable were current and \$41 thousand (3%) were outstanding for more than 90 days. During the nine months ended September 30, 2024, the Company deemed \$35 thousand of outstanding accounts receivable to be uncollectable (September 30, 2023 - \$39 thousand).

Cash 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 includes 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.

### **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, 2023, which is available on the SEDAR+ website at [www.sedarplus.com](http://www.sedarplus.com).

## 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.

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 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Condensate (bbls/d)	33	56	19	12	4	6	8	6
Other NGLs (bbls/d)	33	39	37	28	7	14	14	15
NGLs (bbls/d)	66	95	56	40	11	20	22	21
Tight oil (bbls/d)	188	228	281	407	35	47	38	49
Condensate (bbls/d)	33	56	19	12	4	6	8	6
Oil and condensate (bbls/d)	221	284	300	419	39	53	46	55
Other NGLs (bbls/d)	33	39	37	28	7	14	14	15
Oil and NGLs (bbls/d)	254	323	337	447	46	67	60	70
Shale gas (mcf/d)	3,450	3,724	3,934	2,858	929	1,321	1,380	1,468
Natural gas (mcf/d)	3,450	3,724	3,934	2,858	929	1,321	1,380	1,468
Oil equivalent (boe/d)	829	944	993	923	201	287	290	315

## 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, lending values 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 can be found on the SEDAR+ website at [www.sedarplus.com](http://www.sedarplus.com).