

CGX Energy Inc.

Interim MD&A- Quarterly Highlights

For the three and nine months period ended September 30, 2023 and 2022

November 9, 2023



1. INTRODUCTION

This Management's Discussion and Analysis – Quarterly Highlights (“**Quarterly Highlights**”) of CGX Energy Inc. (the “**Company**” or “**CGX**”) has been prepared to provide material updates to the business operations, liquidity and capital resources of the Corporation since its last management discussion & analysis, being the Management Discussion & Analysis (“**Annual MD&A**”) for the fiscal year ended December 31, 2022. This Quarterly Highlights does not provide a general update to the Annual MD&A, or reflect any non-material events since date of the Annual MD&A.

This Quarterly Highlights has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2023 and 2022 (“**Interim Financial Statements**”), together with the notes thereto, the Annual MD&A, and the audited consolidated financial statements of the Company for the years ended December 31, 2022 and 2021 (“**Annual Financial Statements**”).

Results are reported in United States dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and nine month periods ended September 30, 2023 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at November 9, 2023, unless otherwise indicated.

The Interim Financial Statements, have been prepared using accounting policies consistent with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The Interim Financial Statements have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting.

For the purposes of preparing this Quarterly Highlights, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of CGX's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors.

Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information relevant to the Company's activities is available on SEDAR at www.sedarplus.ca or on the Company's website at www.cgxenergy.com.

2. FORWARD LOOKING STATEMENTS

This Quarterly Highlights includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and other similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the offshore and onshore oil and gas industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resources estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the risk of CGX not being able to fund the capital and operating expenses necessary to achieve its business plan, the uncertainty

associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. The ability of the Company to carry out its business plan is primarily dependent upon the continued support of its shareholders, the discovery of economically recoverable reserves, the ability of the Company to secure customers for the use of its deepwater harbor upon completion of the project and the ability of the Company to obtain financing to develop such reserves. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward looking statements.

Although the forward-looking statements contained in this Quarterly Highlights are based on assumptions that management believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this Quarterly Highlights are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward looking statements are expressly qualified by this cautionary statement.

Analogous Information:

Certain information in this Quarterly Highlights may constitute “analogous information” as defined in NI 51-101. Such information includes reservoir information retrieved from government or other publicly available sources, regulatory agencies or other industry participants that are independent of Frontera and CGX. The Company believes the information is relevant as it may help to define the reservoir characteristics of certain lands in which the Company holds an interest. The Company is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor and is unable to confirm that the analogous information was prepared in accordance with NI 51-101. Such information is not an estimate of the resources attributable to lands held by the Company and there is no certainty that the resources data and commercial viability for the lands held by the Company will be similar to the information presented herein. The reader is cautioned that the data relied upon by the Company may be in error and/or may not be analogous to such lands held by the Company.

3. OVERVIEW

Company Profile

CGX Energy Inc. (the “**Company**” or “**CGX**”) is a Canadian oil and gas exploration company incorporated under the laws of Ontario, Canada in 1998. The Company’s common shares (“**Common Shares**”) are listed and publicly traded on the TSX Venture Exchange (“**TSXV**”) under the trading symbol “OYL”.

The Company’s head office is located in Toronto, Canada and its principal business involves the exploration for hydrocarbons in Guyana, South America and construction of a deepwater port (“**BDWP**”), located on the eastern bank of the Berbice River, Guyana. As at September 30, 2023, CGX through one of its subsidiaries holds an interest in a Petroleum Prospecting Licence (“**PPL**”) and related Petroleum Agreement (“**PA**”) on the Corentyne block in the Guyana Basin, offshore Guyana, and is involved through one of its subsidiaries in the construction and development of the BDWP.

The following table summarizes the Company’s subsidiaries, the location of their registered offices, and the Company’s percentage interest.

Company	Registered Office	Percentage of Interest (%)
CGX Resources Inc. (“ CRI ”)	Bahamas	100%
GCIE Holdings Limited (“ GCIE Holding ”)	Barbados	100%
Grand Canal Industrial Estates Inc. (“ GCIE ”) *	Guyana	100%
CGX Energy Management Corp. (“ CGMC ”)	United States, Delaware	100%

* Owned 100% by GCIE Holding.

Highlights

Highlights of the recent activities to date of the Company and its subsidiaries include the following:

Wei-1 Well Operational Update and Discovery Confirmation

On June 11, 2023, the Company reached a significant milestone with the Wei-1 well, achieving a depth of 20,450 feet. Subsequently, wireline logging operations were successfully completed by June 23, 2023, and operations related to Wei-1 concluded by July 5, 2023, resulting in the release of the drilling rig.

The Wei-1 well was drilled by the Company and Frontera Energy Corporation (“**Frontera**”), joint venture partners (the “**Joint Venture**”). The Company holds a 32% participating interest, with Frontera holding the remaining 68% participating interest in the Corentyne block. The participating interests held by each of the Joint Venture partners is expected to be adjusted, as explained below.

During the drilling process, the Wei-1 well encountered multiple oil-bearing intervals in the western channel fan complex of the northern part of the Corentyne block. These formations span various geological ages, including Maastrichtian, Campanian, and Santonian. Notable findings include the presence of medium sweet crude oil with an API of 24.9 in the Maastrichtian interval. The Campanian interval confirmed the presence of light crude oil through downhole fluid analysis. Despite a tool failure downhole and the unavailability of a backup tool that prevented obtaining oil samples, the Joint Venture acquired extensive wireline logs and core samples from the Santonian. The Joint Venture has confirmed the discovery of a total of 114 feet (35 meters) of net pay at the Wei-1 well on the Corentyne block.

The Joint Venture believes that the rock quality discovered in the Maastrichtian horizon in the Wei-1 well is analogous to that reported in the Liza Discovery on Stabroek block¹. Results further demonstrate the potential for a standalone shallow oil resource development across the Corentyne block. The Joint Venture has discovered total net pay of 342 feet (104 meters) to date on the Corentyne block, as summarized below.

Feet of Net Pay	Wei-1	Kawa-1	Total Net Pay by Zone
Maastrichtian	13	68	81
Campanian	61	66	127
Santonian	40	76	116
Coniacian*	-	18	18
Total Net Pay	114	228	342

* Coniacian targeted in Kawa-1 well only.

Currently, an independent third-party laboratory is conducting an analysis of the rock and fluid properties of the Santonian, a process set to conclude in the fourth quarter of 2023. This analysis will enable the Joint Venture to define resources and establish the basis for evaluating this interval.

¹ See analogous information advisory

As is normal course following discoveries such as those made by the Joint Venture at Wei and Kawa, additional appraisal activities will be required to further assess commerciality and as input to optimize subsurface and production system development planning. The Wei-1 discovery is situated 14 kilometers to the west of the Kawa-1 discovery well, which was previously announced by the Joint Venture in 2022.

2023 Joint Operating Agreement Amendment (the “2023 JOA Amendment”)

On August 9, 2023, the Joint Venture entered into an agreement to amend the joint operation agreement. This agreement, originally signed on January 30, 2019, and subsequently amended on July 21, 2022, (the “**2023 JOA Amendment**”). Under this amendment, Frontera effectively be farming into in the Corentyne block to cover the unexpected additional costs related to the Wei-1 well.

As part of the 2023 JOA Amendment, the Company will transfer up to 4.7% of its participating interest in the Corentyne block to Frontera in exchange for Frontera's funding CGX's unexpected additional costs associated with the Wei-1 well, amounting to approximately \$16.5 million. As a result of this agreement, if the maximum transfer occurs, the Company will retain a 27.3% participating interest, while Frontera will hold a 72.7% participating interest in the Corentyne block. We anticipate that this transaction will be completed during December of 2023.

Total costs associated for the Wei-1 well are now estimated to be within \$185-\$190 million following the successful implementation of several initiatives.

Houlihan Lokey Supporting Active Pursuit of Strategic Options for Corentyne Block

The Company and Frontera, also announces that Houlihan Lokey, a leading global investment bank and capital markets expert, is supporting active pursuit of strategic options for the Corentyne block, including a potential farm down, as it seeks to develop this potentially transformational oil investment in one of the most attractive oil and gas destinations in the world today, Guyana. There can be no guarantee that the review of strategic options will result in a transaction.

Berbice Deep Water Port

The in-river construction of the 50 x 12 m access trestle built from the quayside yard westward into the Berbice river has been completed on budget and with no HSE related incidents.. The Berbice Deep Water Port (“**BDWP**”) facility intends to serve as an offshore supply base for the oil and gas industry and as a multipurpose terminal to service agricultural import and export, containerized and specialized cargo including aggregates for construction purposes.

The announcement of significant infrastructure projects in Region 6 by the Government of Guyana motivates the completion of the cargo aspects of the Port earlier, especially with respect to the handling of aggregates and other construction materials which must be imported into the region from elsewhere in the country and offshore. Initial cargo operations at the port is expected to commence in the first quarter 2024, projected based on expressed interest from third parties to utilize the Port for the importation and storage of aggregates. The port will be capable of loading and offloading barges, mainly aggregates, from the completed trestle, as well as the storage of material at the completed port yard. This will require the construction of a ramp to access the trestle as well as the installation of mooring piles at the trestle to aid in bringing barges alongside. Operation of the full cargo terminal aspects of the port is forecasted for the second half of 2024 and operation of oil and gas support is forecasted for early 2025, subject to construction schedules, financing, and supply chains. GCIE continues to develop and foster partnerships between Brazilian and Guyanese companies; necessary to begin handling cargo from and to Roraima and Amazonas, the northern states of Brazil.

Change in Directors

CGX announced on March 1, 2023 that Veronique Giry, a Frontera nominee to the CGX Board, has stepped down as a director of the Company, effective February 28, 2023, and that Mr. Orlando Cabrales Segovia, CEO and Board Member of Frontera, has been appointed to the CGX Board.

4. CARRYING ON BUSINESS IN GUYANA

The exploration and evaluation activities of the Company are currently being conducted in Guyana through its subsidiaries. Guyana is situated on the northern coast of the South American continent. It is bound on the north by the Atlantic Ocean, on the east by Suriname, on the south-west by Brazil and on the north-west by Venezuela. Guyana's total area is approximately 215,000 km². Its coastline is approximately 4.5 feet below sea level at high tide, while its hinterland contains mountains, forests, and savannahs. This topography has endowed Guyana with its extensive network of rivers and creeks as well as a large number of waterfalls. Guyana is endowed with natural resources including fertile agricultural land and rich mineral deposits (including gold, diamonds and semi-precious stones, bauxite and manganese).

Guyana is divided into three counties (Demerara, Essequibo and Berbice) and 10 administrative regions. Georgetown is the capital city of Guyana, the seat of government, the main commercial center, and the principal port in Guyana. In addition to Georgetown, Guyana has six towns of administrative and commercial importance which are recognized municipal districts; each has its own mayor, council and civic responsibilities. Guyana is an independent republic headed by the Executive President and National Assembly. Guyana is a member of the British Commonwealth of Nations, with a legal system based for the most part on British Common Law.

5. EXPLORATION ACTIVITIES, GUYANA

Corentyne PA and PPL, Guyana (32% owned by CRI)²

The original Corentyne PA was granted to CRI in 1998. CRI initiated an active exploration program but had to suspended activities due to a border dispute between Guyana and Suriname. In 2007 an International Tribunal determined that 93% of the original Corentyne PPL was located in Guyana. The original Corentyne PA was extended to June 2013.

On November 27, 2012, CRI received the current Corentyne PA, offshore Guyana, which is renewable after four years for up to six additional years. The Corentyne PA applies to the former offshore portion of the Corentyne PPL, covering 6,212 km².

On December 15, 2017, CRI was issued COR Addendum I to the November 27, 2012, PA. This Addendum I modified the Company's work commitments. By the end of the first renewal period, on or before November 27, 2019, the Company would relinquish the entire contract area except for any discovery area and the area contained in any PPL or relinquish twenty-five (25%) percent of the contract area and renew the PPL for a second period of three (3) years. As a result of entering into COR Addendum I, CRI relinquished 25% of the area of the Corentyne PPL reducing the acreage to 4,709 km².

In August 2019, CRI was issued COR Addendum II to the November 27, 2012, PA. This Addendum II modified the work commitments. The Company was required to complete additional seismic acquisition or seismic processing, and drill one (1) exploration well before November 2020.

Starting in October 2019, a 3D seismic survey covering 582 km² was conducted in the northern portion of the Corentyne PPL to explore an area not previously covered by 3D seismic data, adjacent to the recent Pluma and Haimara discoveries on the Stabroek block.

CRI contracted McDaniel and Associates Consultants Ltd. to provide an independent resource report on September 10, 2020 which was finalized on October 20, 2020.

On November 26, 2020, CRI received COR Addendum III which further modified the principal agreement. In the second renewal period, phase one (November 27, 2019 to November 26, 2021) The Company committed to drill a second exploration well.

On January 23, 2023, the Joint Venture announced the Government of Guyana had approved an Appraisal Plan ("AAP") for the northern section of the Corentyne block, commencing with the Wei-1 well. Following the completion of Wei-1 well and thorough analysis of the results, the Joint

² The participating interests held by each of the Joint Venture partners is expected to be adjusted, after completion of the 2023 JOA Amendment

Venture may consider future wells as part of its appraisal program to assess possible development feasibility in the Kawa-1 discovery area and the northern section of the Corentyne block. Any future drilling is contingent on positive results from the Wei-1 well, and the Joint Venture has no further drilling obligations beyond the Wei-1 well. The appraisal programme was approved for a period of 24 months from June 29, 2022 to June 28, 2024, and designated an area of approximately 993.9 km².

Wei-1 Well

The Wei-1 well, located approximately 14 kilometres northwest of the Joint Venture's previous Kawa-1 discovery, was safely drilled by the NobleCorp Discoverer semi-submersible mobile drilling unit in water depth of approximately 1,912 feet (583 metres) to a total depth of 20,450 feet (6,233 meters). The Wei-1 well targeted Maastrichtian, Campanian and Santonian aged stacked sands within channel and fan complexes in the northern section of the Corentyne block. As reported on June 28, 2023, the Joint Venture's data acquisition program at the Wei-1 well included wireline logging, MDT fluid samples and sidewall coring throughout the various intervals. Based on this data acquisition program and additional information provided through the independent laboratory analysis process, the Joint Venture is pleased to report the following:

- In the Maastrichtian, Wei-1 test results confirm 13 feet (4 meters) of net pay in high quality sandstone reservoir with rock quality consistent with that reported in the Liza discovery on Stabroek block³. Fluid samples retrieved from the Maastrichtian and log analysis confirm the presence of sweet medium crude oil with a gas-oil ratio (GOR) of approximate 400 standard cubic feet per barrel.
- In the Campanian, petrophysical analysis confirm 61 feet (19 meters) of net pay almost completely contained in one contiguous sand body with good porosity and moveable oil. Oil sampled during MDT testing as well as samples analyzed downhole confirms the presence of light crude oil.
- In the Santonian, petrophysical analysis confirms 40 feet (12 meters) of net pay in blocky sands with indications of oil in core samples.
- Current interpretation of the Campanian and Santonian horizons show lower permeability than the high-quality Maastrichtians show lower permeability and natural flow than the high-quality Maastrichtian, the Joint Venture believes these horizons may offer additional upside potential in the future.

There were no safety or environmental incidents throughout Wei-1 well operations.

Total costs associated for the Wei-1 well are estimated to be within \$185-\$190 million following the successful implementation of several initiatives.

Conceptual Field Development Planning Completed

Based on results from the Wei-1 and Kawa-1 wells, the Joint Venture retained SIA, a Subsea 7 - Schlumberger Joint Venture, to complete a conceptual field development plan for the northern portion of the Corentyne block including subsea architecture, development well planning, production and export facilities and other considerations. As is normal course following discoveries such as those made by the Joint Venture at Wei-1 and Kawa-1 wells, additional appraisal activities will be required before commerciality can be determined. While such additional appraisal activities will be necessary, as a result of the third-party analysis of the Wei-1 well test results, the Joint Venture believes that a potential development of the Maastrichtian horizon may have lower associated development costs and be completed on a faster timeline than a broader development of both the shallow and deep zones on the entire Corentyne block.

³ See analogous information advisory

Kawa-1 Well

On May 9, 2022, the Joint Venture in the PPL for the Corentyne block, offshore Guyana, announced the discovery of 228 feet (69 metres) of net pay across the Maastrichtian, Campanian, Santonian and Coniacian horizons at the Kawa-1 exploration well. Third-party analyses indicated the presence of light oil in the Santonian and Coniacian, and gas condensate in the Maastrichtian and Campanian. The findings are consistent with discoveries reported by other operators adjacent to the Corentyne block and further de-risked equivalent targets anticipated at the Wei-1 Well.

On March 4, 2022, CGX provided additional details regarding findings from analyses by an independent laboratory on Kawa-1 well samples of cuttings in the Santonian previously reported in a March 2, 2022, press release, which indicated the presence of liquid hydrocarbons in the Santonian reservoir:

- Cuttings samples from twelve reservoir zones in the Kawa-1 well have been analyzed with a variety of geochemical methods to evaluate in situ hydrocarbons. Data from four pay intervals in the Santonian show consistent fingerprints which provide confidence in the interpretation and mitigate mud contaminants by overcoming the presence of Synthetic Oil Based Mud ("**SOBM**") in the cuttings. A technique called Low Temperature Hydrous Pyrolysis ("**LTHP**") was utilized to analyze the cuttings to preserve volatile hydrocarbons.
- High Resolution Gas Chromatography ("**HRGC**") analysis of the LTHP mobilized hydrocarbons demonstrates the reproducible presence of light hydrocarbons (C4-C12). Distinctive molecular ratios in these light hydrocarbons indicate that these Santonian reservoirs likely contain a light oil, consistent with fluorescence analysis of cuttings during drilling. These results are supported by analysis of solvent-extracted samples from the cuttings, which contain biomarkers that show characteristic patterns consistent with a Cretaceous Santonian source.
- Measured ratios of Dibenzothiophene/Phenanthrene aromatics from the samples are low (<0.15) in line with low sulfur content and a marine shale source. Further geochemical investigation of samples taken from the Santonian, Campanian and Maastrichtian intervals continue and will be communicated when fully analyzed.

Furthermore, CGX reiterated that Kawa-1 was a first stage exploration well intended to identify the presence of hydrocarbons, which occurred. The Kawa-1 well was then decommissioned by way of safely plugging and abandoning it, as planned.

Joint Operation Agreements

On January 30, 2019, CRI and Frontera Energy Guyana Corp ("**Frontera Guyana**") executed Joint Operating Agreements ("**JOAs**") providing for Frontera Guyana to acquire a 33.333% interest in CRI's Corentyne and Demerara PPLs and PAs, in exchange for a \$33.3 million signing bonus. Frontera Guyana agreed to cover one-third of the applicable costs, along with an additional 8.333% of CRI's direct drilling costs for the initial exploratory commitment wells in the Corentyne and Demerara blocks. This additional 8.333% carry was subject to a maximum gross amount, including tax and all costs: \$30.0 million for drilling the first exploratory well under the Corentyne PA and \$40.0 million for drilling the first exploratory well under the Demerara PA. The transfers of the 33.333% interest in both the Corentyne and Demerara PPL and PA were completed on May 28, 2019.

2022 JOA Amendment

On July 21, 2022, the Company entered into an agreement ("the 2022 JOA Amendment") to transfer 34.67% of its interest in the Corentyne PA to Frontera. In exchange, Frontera provided funding of (i) up to \$130.0 million funding of Wei-1 well, (ii) up to \$28.8 million of certain Kawa-1 exploration well, Wei-1 pre-drill, and other costs, (iii) \$54.0 million of outstanding payables settled (the 2021 Convertible Loan and the 2022 Convertible Loan), and (iv) \$3.8 million cash consideration.

On December 1, 2022, the Joint Venture announced that the 2022 JOA Amendment was completed with all conditions precedent satisfied. Following the completion of the 2022 JOA Amendment,

CGX holds a 32.00% participating interest, and Frontera holds a 68.00% participating interest in the Corentyne block, pending approval by the Government of Guyana.

2023 JOA Amendment

On August 9, 2023, the Joint Venture entered into an agreement to amend the joint operation agreement. In this amendment, Frontera will effectively farm into the Corentyne block to cover unexpected additional costs of the Wei-1 well. As part of the 2023 JOA Amendment, the Company will transfer up to 4.7% of its participating interest in the Corentyne block to Frontera in exchange for Frontera funding CGX's additional expected outstanding share of the Joint Venture's costs associated with the Wei-1 well, totaling approximately \$16.5 million. As a result of this agreement, if the maximum amount is transferred by CGX, the Company will hold a 27.3% participating interest, and Frontera will hold a 72.7% participating interest in the Corentyne block. The participating interest of the partners will be adjusted when the total cost of the Wei-1 well is finalized. We anticipate that this transaction will be completed during December of 2023.

Berbice and Demerara Blocks Relinquishment's Complete

On February 3, 2023 and February 27, 2023, ON Energy Inc. and the Joint Venture completed the process of relinquishing the Berbice and Demerara blocks, respectively, through mutual termination agreements with the Government of Guyana.

6. DEEP WATER PORT FACILITY AND LOGISTICS YARD, GUYANA

Deep Water Port Facility

CRI acquired a 50-year lease in 2010 (the “**Lease**”), renewable for an additional term of 50 years, of approximately 55 acres of land situated close to the mouth of the Berbice River, adjacent to Crab Island, on its eastern bank (the “**Leased Land**”). The Lease was transferred in 2012 to GCIE. On November 26, 2020, the Company agreed to amend the Lease to reflect acreage containing no more than 30 acres as part of overall negotiations on COR Addendum III. The relinquishment did not affect GCIE's plans for the development of its deepwater port project.

GCIE plans to build a deep-water port on the Leased Land (the “**Port**”). GCIE believes that the Leased Land is the most strategic for a deep-water port facility servicing the oil and gas, general cargo and agricultural industries in Guyana and that the Port will benefit from its proximity to the oil and gas industry in Guyana and Suriname. The Port, which is located adjacent to Crab Island on the Eastern Bank of the Berbice River, is 4.8 km from the Atlantic Ocean.

GCIE expects that the Port will significantly boost local content engagement in the oil and gas sector and add enhanced logistics capacity for import and export, including expandable capacity to accommodate the possibility of increased product flow to and from the northern states of Brazil. Due to its location close to Suriname, the Port's oil and gas support functions will also help to serve the rapidly growing offshore exploration and development activities in that country's oil and gas sector. The Port is expected to add significant capacity to the agricultural sector, supporting rice, sugar, agro-processing and agricultural materials.

GCIE has performed various developmental works on the site, including the installation of vertical drains and geotechnical treatment of the quayside land. Riverside construction is completed on approximately 500 m of rip rap flood protection, a 10 acre quayside laydown yard built to a five tons per square metre load bearing capacity, an access bridge to the main Corentyne highway and 2.6 km access road, both built to American Association of State Highway and Transportation Officials (“**ASSHTO**”) standards, concrete drains and driveways for residents along the roadway and extension of municipal water and power to the port site.

Requests for proposals were advertised for the wharf platform and access trestle, capital dredging program, design and construction of all gates, buildings, firefighting and first aid structures and covered storage areas. Evaluations of submitted proposals for the capital dredging and construction of the wharf platform and access trestle were completed and a Local Contractor, Gaico Construction

and General Services, awarded. The successful bid incorporates an update to the design of the wharf and trestle to realize cost efficiencies.

Work on in-river construction of the 50 x 12 m access trestle being built from the quayside yard westward into the Berbice river was completed in August 2023 without any HSE related incidents.



The announcement of significant infrastructure projects in Region 6 by the Government of Guyana motivates the completion of the cargo aspects of the Port earlier, especially with respect to the handling of aggregates and other construction materials which must be imported into the region from elsewhere in the country and offshore. Initial cargo operations at the port is expected to commence in the first quarter 2024, projected based on expressed interest from third parties to utilize the Port for the importation and storage of aggregates. The port will be capable of loading and offloading barges, mainly aggregates, from the completed trestle, as well as the storage of material at the completed port yard. This will require the construction of a ramp to access the trestle as well as the installation of mooring piles at the trestle to aid in bringing barges alongside. Operation of the full cargo terminal aspects of the port is forecasted for the second half of 2024 and operation of oil and gas support is forecasted for early 2025, subject to construction schedules, financing, and supply chains. GCIE continues to develop and foster partnerships between Brazilian and Guyanese companies; necessary to begin handling cargo from and to Roraima and Amazonas, the northern states of Brazil.

During the nine months period ended September 30, 2023 GCIE incurred additions of \$1,901,233 (Year ended December 31, 2022: \$3,245,855) with respect to expenditures to the Port.

Logistics yard

CRI owns a 16-acre plot of land which is accessible to the BDWP site detailed above via approximately 3.2 km of high quality, built to ASSHTO standards roadway. Approximately 5 acres of this plot has been developed by CRI as a functional, fenced logistics yard with a load bearing capacity of 5 tons per square metre, with fuel supply, office buildings, sanitary blocks, security and fully licensed to operate as a laydown logistics facility. During the nine months period ended September 30, 2023, CRI incurred additions of \$Nil (fro the nine months ended September 30, 2022: \$Nil), in expenditures related to the logistics yard.

7. SOCIAL CORPORATE RESPONSIBILITY

The Company is committed to meeting the highest standards of Environmental, Social and Governance (“ESG”) practices across all aspects of its business. CGX is dedicated to promoting sustainable growth as well as supporting local communities in Guyana. CGX has begun implementing early-stage social responsibility programs focused on education in Guyana. The Company firmly believes that by providing the younger generation with the valuable skills and education tools needed to succeed, the whole country will benefit from growth and prosperity.

CGX’s primary ESG goal is to contribute to a sustainable future in Guyana. As the petroleum sector continues to develop and thrive, the country will inevitably benefit from the creation of new jobs, economic growth, infrastructure development and education. Within this context, CGX will continue to demonstrate its support and participation through proactive social and corporate responsibility. CGX and Frontera funds the Sustainable Guyana program established between Trent University and The University of Guyana which supports the education of Guyana's future leaders in fields crucial for the development of sustainable sectors of the Guyanese economy as described at www.trentu.ca/sustainableguyana.

8. LIQUIDITY AND CAPITAL RESOURCES

Recent Financing

On April 8, 2022, CGX completed a financing agreement for a \$35.0 million loan with Frontera, which was first agreed on March 10, 2022, and subsequently amended; to finance part of its share of costs related to the Corentyne block, the Berbice Deepwater Port and other budgeted costs as agreed to with Frontera. The 2022 Convertible Loan was available for drawdown in tranches on a non-revolving basis until the earlier of September 10, 2023 or the date on which CGX has drawn down the maximum amount of the 2022 Convertible Loan. The loan was fully drawn in one tranche on April 13, 2022. The 2022 Convertible Loan was settled as part of the 2022 JOA Amendment during the fourth quarter of 2022. See additional details in the Related party transactions section".

Capital Management

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2023 and December 31, 2022, the Company had a working capital deficiency as follows:

	September 30, 2023	December 31, 2022
Current Assets	\$ 8,751,544	\$ 25,023,523
Current Liabilities	28,388,239	27,665,449
Working capital	\$ (19,636,695)	(2,641,926)

In order to meet its short-term and long-term working capital and property exploration expenditures, the Company closed the 2023 JOA Amendment and may seek to secure further financing through a joint venture, property sale or issuance of equity to ensure that its obligations are properly discharged. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company.

Going Concern Uncertainty and Management's Plans

The Interim Financial Statements of the Company have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from carrying values as shown and the Company's financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The Company has a history of operating losses, as of September 30, 2023, had accumulated deficit of \$322.9 million (December 31, 2022: \$320.6 million). The ability of the Company to continue as a going concern is dependent on securing additional required financing through issuing additional equity, debt instruments, sale of Company assets, obtaining payments associated with a joint venture farm-out, or otherwise. Given the Company's capital commitment requirements outlined in Note 14. of the Interim Financial Statements, the Company would have challenges in meeting its operating requirements for the 12-month period from the balance sheet date. While the Company has been successful in meeting its working capital requirements in the past, and although the Company believes in the viability of its strategy and that the actions presently being taken by Management will provide the best opportunity for the Company to continue as a going concern, there can be no assurances to that effect. As a result, there exist material uncertainties which cast significant doubt as to the Company's ability to continue as a going concern.

9. COMPANY'S PERFORMANCE

The Company currently has no revenues, so its ability to ensure continuing operations relates to its ability to obtain necessary financing to complete the exploration and development of oil and gas concessions and the completion of its Berbice Deep Water Port project.

Nine Months Ended September 30, 2023

The Company recorded a net loss of \$2,335,119 or -\$0.01 a share for the nine months period ended September 30, 2023 compared with a net loss of \$10,137,563 or -\$0.03 a share for the same period in 2022. The variances in the period are as follows:

General and administrative costs decreased by \$958,220 to \$605,121 in the nine months period ended September 30, 2023 from \$1,563,341 for the same period in 2022. Decrease was mainly due to certain administrative expenses reduction.

Management and consulting costs increased by \$506,004 to \$2,238,897 in the nine months period ended September 30, 2023 from \$1,732,893 for the same period in 2022. Increase was mainly due to the recognition of incentive remuneration of \$894,000.

Interest expenses decreased by \$4,169,828 to \$424,340 during the nine months period ended September 30, 2023 due to settlement of the 2021 and 2022 Convertible Loan as the result of 2022 JOA amendment.

Professional fees decreased by \$695,833 to \$708,194 in the nine months period ended September 30, 2023 from \$1,404,027 for the same period. The decrease was mainly due to legal fees during 2022 related to the Demerara Seismic agreement Prospector claim (See section 11. Commitments and Contingencies).

The Company incurred stock-based compensation during the nine months period ended September 30, 2023 of \$95,000 compared to \$607,000 for the same period in 2022. Stock-based compensation expenses are recorded based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued and/or vested in the period and the underlying assumptions used in the model.

CGX incurred a foreign exchange loss of \$37,481 for the nine months period ended September 30, 2023, compared to a loss of \$54,021 for the same period in 2022.

The Company earned indirect charges from its Joint Venture Partner during the nine months period ended September 30, 2023 of \$1,899,087, compared to \$176,764 for the same period in 2022. As Operator of the Corentyne starting in 2019, the Company charges the Joint Account to reimburse its indirect costs representing the cost of general assistance and support services provided by the Operator and its Affiliates to the Corentyne PAs. The charges are based on total expenditures under the JOAs, with a minimum annual assessment of \$200,000 per licence (\$136,000 net to CGX as operator).

10. COMMITMENTS, AND CONTINGENCIES

Commitments

In the normal course of business, the Company and its subsidiaries have entered into arrangements and incurred obligations that will affect the Company's future operations and liquidity. These commitments primarily relate to work commitments under the terms of the PPL. The Company has discretion regarding the timing of capital spending for work commitments, provided that the work is completed within the periods specified in the PPL or CRI can negotiate extensions of such periods.

Further details of the Company's contractual commitments are included in the Interim Financial Statements.

Contingencies

Demerara Seismic agreement - Prospector

In September 2014, the Company entered into a contract with Prospector PTE. Ltd. ("**Prospector**") to conduct a 3D seismic survey on the Company's previously 100% owned Demerara block as part of its commitments under the Demerara PA. The aggregate cost of this seismic survey was approximately \$19.0 million with \$7.0 million paid to Prospector by way of issuance of 15,534,310 Common Shares, \$2.5 million paid in cash in 2014 and the remainder of approximately \$9.5 million payable in cash twelve months after the conclusion of the seismic survey (December 2015), which is included in trade and other payables as at September 30, 2023 and December 31, 2022. In accordance with the contract with Prospector, the amounts outstanding twelve months after the conclusion of the seismic survey accrued interest at a rate of 12% per annum. On October 3, 2016, the Company renegotiated the interest rate down from 12% per annum to 6% per annum and agreed to have Prospector complete the seismic processing of the seismic survey. In exchange, CGX agreed to be responsible under certain circumstances to Prospector for 50% of the processing costs, which were estimated to be in the region of \$1.0 million.

The processing began in late 2016 and was substantially completed in 2017 (albeit there was a dispute as to the quality – see below) and as a result, the Company has recorded a provision of \$0.6 million in trade and other payables as at September 30, 2023 (December 31, 2022: \$0.6 million).

In July 2018, Prospector filed a request for arbitration against CGX and CRI in the International Chamber of Commerce ("**ICC**") for repayment of the debt accrued under the seismic acquisition contract (and the addendum thereto) dated September 2014 for the acquisition of 3D seismic data on the Demerara block. Prospector requested that the International Court of Arbitration of the ICC constitute the arbitral tribunal (the "**Tribunal**") and requested that the Tribunal award to Prospector the relief of (i) the amount \$12.4 million being the amount Prospector alleged it was owed as at May 1, 2018, (ii) any interest that will have accrued from May 1, 2018 until the date of the award in the amount of 6% per annum based on the Deed of Addendum 1 (the "**Addendum**") between CGX and Prospector dated October 3, 2016, (iii) post-award interest in the amount of 6% per annum until payment as per the Addendum, and (iv) costs and reasonable and necessary attorney's fees incurred by Prospector in bringing the arbitration (the "**Arbitration**"). It was subsequently agreed that the Tribunal had no jurisdiction over CRI.

On January 15, 2019, Prospector and CGX agreed to a one year suspension of the Arbitration. The Tribunal indicated that the Arbitration would be stayed for 12 months from January 22, 2019 until January 22, 2020. The parties subsequently agreed to extend the suspension for a further year until January 22, 2021.

On January 23, 2021, Prospector formally gave notice of the end of the suspension and recommencement of the Arbitration. On April 23, 2021, the Company filed its Defence and Counterclaim (along with supporting factual, witness and expert evidence) in the Arbitration against Prospector at the ICC for \$26.1 million, plus interest and costs, for damages it claims to have suffered as a result of the unsatisfactory processing of the 3D seismic data.

The Arbitration hearing was conducted at the end of March 2022 in London, UK. On September 13, 2022, the International Court of Arbitration of the ICC released its Partial Final Award in the amounts of \$9.5 million and \$0.6 million in favour of Prospector and denied the Company's counterclaim.

On November 30, 2022, the Tribunal released its Final Award, which awarded Prospector \$4.3 million in pre-award interest; post-award interest at the rate of 6% per annum (simple) on the principal sum of \$9.5 million from September 14, 2022 until payment in full of the principal sum; and \$0.8 million for its legal costs and expenses.

In October 2022, the Company initiated a challenge to the Partial Final Award. On November 15, 2022, Prospector requested that the UK High Court dismiss CGX's challenge without a hearing. On December 19, 2022, the UK High Court dismissed CGX's challenge without a hearing. On January 6, 2023, CGX applied to the UK High Court for an order setting aside the dismissal of its challenge to the Partial Final Award without a hearing. On March 3, 2023, the UK High Court dismissed CGX's application.

Prospector also brought an application against the Company to recognize and enforce the Partial Final Award and the Final Award of the International Court of Arbitration of the ICC in Ontario. The Company opposed that application. The hearing took place on March 29, 2023. On July 17, 2023, the Ontario Superior Court of Justice issued its decision granting Prospector's application, confirming that the Partial Final Award and the Final Award are recognized and enforceable by the Ontario Superior Court of Justice in Ontario.

As at September 30, 2023, the Company has a provision of approximately \$15.8 million for all the amounts claimed by Prospector above plus accrued interest and legal costs and expenses recorded as trade and other payables (December 31, 2022: \$15.2 million).

Other Contingencies

During the first quarter of 2023, the Company received an invoice for approximately \$1.9 million, to which the Company believes all obligations were settled in full as per the terms of the agreements (the "Claim"). The Company has rejected this Claim and has assessed that it is lower than probable that any material negative outcome will be realized as a result of the Claim. Therefore, as at September 30, 2023 no provision has been recorded in the Interim Financial Statements relating to this Claim (December 31, 2022: \$Nil).

Management Agreements

As at September 30, 2023, the Company is party to three (December 31, 2022: three) separate written management agreements with certain senior officers of the Company. The three contracts currently require a total payment of up to \$1.9 million (December 31, 2021: \$1.3 million) be made upon the occurrence of certain events such as termination and change in control.

11. RELATED PARTY TRANSACTIONS

Under IFRS, parties are considered to be related if one party has the ability to "control" (financially or by share capital) the other party or have significant influence (management) on the other party in making financial, commercial and operational decisions.

Frontera

As at September 30, 2023, Frontera held approximately 76.05% of the issued and outstanding Common Shares of CGX on an undiluted basis and has the voting power to influence the outcome of

all corporate transactions. Frontera consolidates the financials statements of the Company and is listed and publicly traded on the Toronto Stock Exchange under the trading symbol “FEC”.

Convertible Loans

On May 28, 2021, the Company entered into a secured convertible bridge loan agreement (the “**2021 Convertible Loan**”) with Frontera in the aggregate principal amount of \$19.0 million. Interest payable on the principal amount outstanding will accrue at a rate of 9.7% per annum payable monthly in cash, with interest on overdue interest. The 2021 Convertible Loan was classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the 2021 Convertible Loan being less than face value. The discount was accreted over the term of the 2021 Convertible Loan utilizing the effective interest rate method at a 15% discount rate. During the nine months period ended September 30, 2023 the Company paid interest of \$Nil (Nine months period ended September 30, 2022: \$1,019,963). The 2021 Convertible Loan was settled during the fourth quarter of 2022 as part of the 2022 JOA Amendment (For further information see note 9 of the 2022 Annual Financial Statements).

On April 8, 2022, the Company completed a financing agreement for a \$35.0 million loan (the “**2022 Convertible Loan**”) with Frontera; to finance part of its share of costs related to the Corentyne block, the Berbice Deepwater Port and other budgeted costs as agreed to with Frontera. The 2022 Convertible Loan was fully drawn on April 13, 2022. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum, with interest on overdue interest. During the nine months period ended September 30, 2023 the Company paid interest of \$Nil (nine months ended September 30, 2022: \$920,834). The 2022 Convertible Loan was settled during the fourth quarter of 2022 as part of the 2022 JOA Amendment (For further information see note 9 of the 2022 Annual Financial Statements).

Farm-in partner cash call balances

Under the JOA, the Company is the operator of the Corentyne licence. As operator, the Company makes cash calls from its Joint Venture partner to pay for future licence expenditures. As at September 30, 2023, Joint Venture partner has a balance of \$2,148,711 payable (December 31, 2022: \$5,518,818 receivable) related to capital expenditures on the Corentyne licence.

In addition, as operator of the Corentyne licence, the Company receives a fee from its Joint Venture partner to reimburse its indirect costs related to operating the licence. This fee is based on total expenditures under the JOA. During the nine months period ended September 30, 2023, the Company recognized fees from its Joint Venture partner in the amount of \$1,899,087 (Nine months period ended September 30, 2022: \$176,764).

As of September 30, 2023, the Company has accounts receivable from its Joint Venture partner of \$Nil related to its portion of the University program funding, and other operational costs (December 31, 2022: \$140,974).

Other related party transactions

On November 22, 2022, the Company entered into a contract with Gaico Construction and General Services Inc. (“**Gaico**”), Gaico was contracted through a bid to construct the Company's access trestle and wharf as well as to perform required dredging operations for Port Operations, the contract price is \$2.2 million. Gaico is controlled by a family member of the Executive Chairman and Executive Director of the Company. The transaction is in the normal course of operations. During the nine months period ended September 30, 2023, the Company paid \$1.9 million as part of the contract.

Key Management Personnel

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management included:

Nine months period ended September 30,	2023	2022
Short-term employee benefits	\$ 2,569,414	\$ 2,593,152
Share based (recovery) expense	(143,000)	414,000
Total compensation paid to key management	\$ 2,426,414	\$ 3,007,152

During the nine months period ended September 30, 2023, key management personnel exercised 1,400,000 (year ended December 31, 2022: Nil) stock options at a weighted average exercise price of C\$0.20 (\$0.15) (year ended December 31, 2022: \$Nil). The weighted average trading price on date of exercise for the stock options exercised during the nine months period ended September 30, 2023 was C\$1.28 (\$0.96) (year ended December 31, 2022: \$Nil).

During the nine months ended September 30, 2023, the Company, as per approvals by the Board of Directors of the Company, recorded incentive remuneration of \$894,000 (2022 - \$Nil) for services related to the years 2020 - 2022. Of this amount, approximately \$414,000 will be paid in three annual installments of \$138,000 in August of 2024, 2025, and 2026, respectively. Included as Other Payables non-current liabilities is \$266,000 (December 31, 2022: \$Nil). These amounts are ranked as senior obligations.

As of September 30, 2023, key management outstanding compensation included in trade and other payables is \$338,000 (December 31, 2022: \$560,000). These amounts are unsecured, non-interest-bearing, and due upon demand.

12. ABBREVIATIONS AND DEFINITIONS

The following abbreviations are frequently used in the Company's Quarterly Highlights.

PPL	Petroleum Prospecting Licences	PAs	Petroleum Agreements
C\$	Canadian dollars	\$	U.S. dollars
Q	Quarter	USD	United States dollars

API

Means the American Petroleum Institute gravity, which is a measure of how heavy or light a petroleum liquid is compared to water. API gravity is thus a measure of the relative density of a petroleum liquid and the density of water, but it is used to compare the relative densities of petroleum liquids.

Boe Conversion

The term referred to herein in respect to barrels of oil equivalent (“**boe**”) may be misleading, particularly if used in isolation. A boe conversion ratio of cubic feet to barrels is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In this MD&A we have expressed boe using the conversion standard of six thousand cubic feet (“**Mcf**”) of gas to one barrel (“**Bbl**”) of oil, 6.0 Mcf: 1 bbl.

November 9, 2023

“Suresh Narine”

Suresh Narine
Executive Chairman and Executive Director (Guyana)

“Daniel Sanchez”

Daniel Sanchez
Chief Financial Officer