



CGX Energy Inc.

Interim MD&A- Quarterly Highlights

For the three-month period ended September 30, 2024

November 6, 2024



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 Company since its last management discussion & analysis, being the Management Discussion & Analysis for the fiscal year ended December 31, 2023 (“**Annual MD&A**”). 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 nine months ended September 30, 2024, and 2023 (“**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, 2023 and 2022 (“**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 nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at November 6, 2024, 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.

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 contains forward-looking statements or information (“forward-looking statements”) that are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guarantees as to CGX's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements.

This Quarterly Highlights contain certain statements or disclosures relating to the Company that are based on the expectations of its management as well as assumptions made by and information currently available to the Company which may constitute forward-looking statements under

applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Company anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking statements. In some cases, forward-looking statements can be identified by the use of the words “assume”, “believe”, “continue”, “estimate”, “expect”, “forward”, “future”, “lead”, “may”, “plan”, “potential”, “prospect”, “will”, “would” and other similar words suggesting future outcomes or statements regarding an outlook.

In particular, but without limiting the foregoing, this Quarterly Highlights contains forward-looking statements pertaining to the following: the Company’s exploration and development activities; expenditures; infrastructure projects, including road refurbishment, logistics yard, dock and trestle, dredging, access bridge, power to port, water to port and construction of buildings, all related to the Berbice Deep Water Port, (each as defined herein); the Company’s leads and drilling prospects in respect of its various oil and natural gas interests; governmental and regulatory approvals and agreements; trends in financial and commodities markets; the Company’s future performance, operations, liquidity and financial condition, including its ability to continue as a going concern.

In addition, statements relating to resources are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the resources described exist in the quantities predicted or estimated and can be profitably produced in the future.

The forward-looking statements contained in this Quarterly Highlights reflect several material factors and expectations and assumptions of the Company including, but not limited to, prevailing and future commodity prices and currency exchange rates; applicable royalty rates and tax laws; interest rates; future well production rates and reserve volumes; operating costs, the timing of receipt of regulatory approvals; success obtained in exploration, development and production activities; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the global, Guyanese, Surinamese and other economies; the state of the oil and natural gas exploration and production industry; the availability and cost of financing, labour and services; and ability to market crude oil and natural gas.

In particular, except where otherwise stated, the Company has assumed a continuation of existing business operations on substantially the same basis as exists at the time of filing of this Quarterly Highlights.

The Company believes the material factors, expectations and assumptions reflected in the forward-looking statements are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking statements included in this Quarterly Highlights are not guarantees of future performance and should not be unduly relied upon. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, without limitation: expiry and/or termination of petroleum agreements and licenses; delays or changes in plans with respect to exploration or development projects or capital expenditures; risks associated with the onshore and offshore oil and natural gas industry in general such as operational risks in development, exploration and production; risks associated with international operations; uncertainty of estimates and projections relating to reserves, resources, production, revenues, costs and expenses; risks associated with the construction, development and operations of a deep water port; health, safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; marketing and transportation;



environmental risks; competition; incorrect assessment of the value of acquisitions; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals; changes in legislation, including but not limited to tax laws, royalties and environmental regulations; and supply conflicts among the Organization of Petroleum Exporting Countries and other oil producing countries over production restrictions which impact crude oil prices, the extent and duration of which are uncertain at this time, on the Company's business, general economic and business conditions and markets.

The forward-looking statements contained in this Quarterly Highlights are made as of the date hereof and the Company undertakes no obligations to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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 contained in this document 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 contained in this document are expressly qualified by this advisory statement.

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, located on the eastern bank of the Berbice River, Guyana. As at September 30, 2024, 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 Berbice deep water port ("**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 ") ¹ | Guyana | 100% |
| CGX Energy Management Corp. (" CGMC ") | United States, Delaware | 100% |

1. Owned 100% by GCIE Holding.



Highlights

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

AGM Results Summary

The Company held its Annual General and Special Meeting of Shareholders (the "**AGM**") on August 30, 2024. All five director nominees outlined in the management proxy circular were re-elected. Directors Gabriel de Alba, Orlando Cabrales Segovia, Dennis Mills, Suresh Narine, and Mark Zoback secured an average shareholder approval of 97.8%. The detailed voting results show overwhelming support, with only a small percentage of votes withheld.

As disclosed in notice of the AGM, Mr. Hermann Tribukait did not stand for re-election. The CGX Board of Directors and management express their gratitude to Mr. Tribukait for his contributions since joining the Board on November 7, 2019, and wish him success in his future endeavors.

Director Resignation

Subsequent to the AGM, Mark Zoback stepped down from his role as a director of the Company, effective October 1, 2024. The CGX Board of Directors and management extend their thanks to Mr. Zoback for his contributions since joining the Board on February 8, 2021, and wish him success in his future endeavors.

Corentyne License Update

The Company and Frontera Energy Guyana Corp ("**Frontera Guyana**"), joint venture partners, (the "**Joint Venture**") remain committed to the potential development of the Corentyne block as supported by the recent discoveries. While the Company continues to remain confident about the potential of the Corentyne block, the Company is reviewing all available alternatives to safeguard its interest in the block and Guyana

The Company is the operator of the Corentyne block and currently holds a 27.48% working interest, while Frontera Guyana holds the remaining 72.52% interest in the block. Pursuant to the amendment dated August 9, 2023 to the joint operation agreement dated January 30, 2019 between CGX Resources Inc., the Company's wholly-owned subsidiary, and Frontera Guyana, the Company has agreed to transfer an additional 4.52% participating interest to Frontera Guyana, which transfer is subject to approval from the Government of Guyana. (Further information is included in Section 5. Exploration activities, Joint Operation Agreements).

Port Update

In June 2024, the Company constructed a security fence around the perimeter of the yard and installed security cameras. The trestle extension and driving of piles for fendering and mooring to aid in bringing vessels alongside was completed in October and the Administration Building will finish in November 2024.

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 southwest by Brazil and on the northwest by Venezuela. Guyana's total area is approximately 215,000 km² and comprised of a coastline several feet below sea level at high tide, and an interior region containing mountains, forests, and savannas. This topography has endowed Guyana with an 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 (27.48% owned by CRI)

The Company is the operator of the Corentyne block and currently holds a 27.48% working interest while Frontera Energy Guyana Corp. ("**Frontera Guyana**") holds the remaining 72.52% interest in the block. Pursuant to the amendment dated August 9, 2023 to the joint operation agreement dated January 30, 2019 between CGX Resources Inc., the Company's wholly-owned subsidiary, and Frontera Guyana, the Company has agreed to transfer an additional 4.52% participating interest to Frontera Guyana, which transfer is subject to approval from the Government of Guyana. See below Join Operation Agreements.

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 Operation 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 Operation 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 at Wei-1 well, and the Joint Operations 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. On June 26, 2024, the Joint Venture has submitted a Notice of Potential Commercial Interest for the Wei-1 discovery to the Government of Guyana, which preserves the Joint Venture’s interests in the License.

As previously disclosed, the Wei-1 well was drilled by the Company and Frontera Guyana. 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.

During the drilling process, the Wei-1 well encountered multiple resource-bearing intervals in 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 gravity value between 22.3 and 31.1 degrees in the Maastrichtian interval. The Campanian interval confirmed the presence of prospective resources through downhole fluid analysis; however, further appraisal activities are required to determine the product types reasonably expected from such resources, as well as the quantity and economic viability of such resources.

The Joint Operation 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 prospective resource development across the Corentyne block, reasonably expected to be of a similar product type as encountered in the Maastrichtian interval (medium sweet crude oil with an API gravity value between 22.3 and 31.1 degrees). The Joint Operation has discovered 228 feet of net pay in Kawa-1 and 114 feet of net pay in Wei-1 (CGX's working interest 63 and 32 feet of net pay, respectively), as summarized below:

¹ See analogous information advisory in Section 12 – Oil and Gas Information Advisories.

| Feet of Net Pay | 100% working interest | | CGX gross share (27.48%) | |
|----------------------|-----------------------|------------|--------------------------|-----------|
| | Wei-1 | Kawa-1 | Wei-1 | Kawa-1 |
| Maastrichtian | 13 | 68 | 4 | 19 |
| Campanian | 61 | 66 | 17 | 18 |
| Santonian | 40 | 76 | 11 | 21 |
| Coniacian* | — | 18 | — | 5 |
| Total Net Pay | 114 | 228 | 32 | 63 |

* Coniacian targeted in Kawa-1 well only.

An independent third-party laboratory conducted an analysis of the rock and fluid properties of the Campanian and Santonian intervals in the fourth quarter of 2023. This data showed low permeabilities in the Wei-1 penetrations.

With respect to the Kawa-1 Discovery, CGX is in the appraisal phase while it is currently finalizing the results obtained in the Wei-1 well to determine following steps in relation to the Wei-1 discovery. Typical deepwater developments can range four to seven years from discovery to first oil. The total cost of a typical deepwater project ranges greatly on several factors that challenge each project. Deepwater projects are more complicated developments that require appraisal drilling and conceptual modeling before Final Investment Decisions (“FID”) can be made. After a FID has been made, it takes approximately three years to complete detailed design/construction/commissioning, prior to first oil. Resource estimates could be affected by limited well control and geologic variability away from the well. The appraisal program is being developed based on the results of the Kawa and Wei-1 wells.

Wei-1 Well

The Wei-1 well, located approximately 14 kilometres northwest of the Joint Operation'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 Operation'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 Operation is pleased to report the following:

- In the Maastrichtian, Wei-1 test results confirm 13 feet (4 meters) of net pay (CGX's working interest 4 feet of net pay) in high quality sandstone reservoir with rock quality consistent with that reported in the Liza discovery on Stabroek block². 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 (CGX's working interest 17 feet 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 (CGX's working interest 11 feet of net pay) in blocky sands with indications of oil in core samples.

² See analogous information advisory in Section 12 – Oil and Gas Information Advisories.

- Current interpretation of the Campanian and Santonian horizons show lower permeability and natural flow than the high-quality Maastrichtian, the Joint Operation believes these horizons may offer additional upside potential in the future.

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

Conceptual Field Development Planning Completed

Based on results from the Wei-1 and Kawa-1 wells, the Joint Operation 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 Operation 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 results, the Joint Operation 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.

Kawa-1 Well

On May 9, 2022, the Joint Operation in the PPL for the Corentyne block, offshore Guyana, announced the discovery of 228 feet (69 metres) of net pay (CGX's working interest 63 feet 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 additional prospective resources 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, Frontera Guyana a wholly-owned subsidiary of Frontera Energy Corp. ("**Frontera**"), and CRI, executed Joint Operating Agreements ("**JOAs**") providing for Frontera Guyana to acquire a 33.333% interest in CRI's Corentyne and Demerara PPLs and PAs. 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 Guyana. In exchange, Frontera Guyana 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, and (iv) \$3.8 million cash consideration. On December 1, 2022, the Joint Operation announced that the 2022 JOA Amendment was completed with all conditions precedent satisfied, pending approval by the Government of Guyana.

2023 JOA Amendment

On August 9, 2023, CRI and Frontera Guyana, entered into an agreement to further amend the joint operation agreement ("**JOA**") dated January 30, 2019 and subsequently amended (the "**2023 JOA Amendment**").

Pursuant to the 2023 JOA Amendment, the Company agreed to transfer an additional 4.7% participating interest in the Corentyne block to Frontera Guyana, in exchange for Frontera Guyana funding CGX's participating interest share of the costs associated with the Wei-1 well for up to approximately \$16.5 million.

Pursuant to the 2023 JOA Amendment, if the final amount paid by Frontera Guyana as a carry towards CGX's participating interest share of Wei-1 expenses is less than \$16.5 million, the Company has the right to receive from Frontera Guyana a re-assignment of a portion of said 4.7% interest equivalent to the portion of the consideration that is not used towards the payment of CGX's participating interest share of costs associated with the Wei-1 well. The 2023 JOA Amendment was completed during the fourth quarter of 2023, pending approval from the Government of Guyana.

According to the final cost of the Wei-1 well, the Company would have the right to receive from Frontera Guyana a reassignment of 0.78% participating interest in the Corentyne block. However, pursuant to that certain Closing Letter dated March 7, 2024 ("**Closing Letter**") between the Company and Frontera Guyana, the Company has instead agreed to receive from Frontera Guyana (i) the re-assignment of a 0.18% participating interest in the Corentyne block, (ii) \$1.5 million cash consideration to cover certain other operating expenses of the Company, and (iii) \$0.6 million in settlement of other accounts payable related to the Joint Operations. The transfer is subject to approval from the Government of Guyana. .

During the second quarter of 2024, the Company received cash consideration of \$1.5 million from Frontera Guyana as part of the 2023 JOA Amendment signed on August 9, 2023.

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.

Work on the 50 x 12 m access trestle 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. The port will be capable of loading and offloading vessels, 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 to aid in bringing vessels alongside. Operation of the full cargo terminal aspects of the port is forecasted for the first half of 2025 and operation of oil and gas support is forecasted for the second half of 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 ended September 30, 2024, GCIE incurred additions of \$400,865 (year ended December 31, 2023: \$1,952,694) 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. There were no capital expenditures related to the logistics yard during the nine months ended September 30, 2024, (December 31, 2023: \$Nil).

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 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.



On August 9, 2023, the Company entered into the 2023 JOA Amendment, whereby Frontera Guyana will effectively be farming into the Corentyne block to cover unexpected additional costs of the Wei-1 well for up to approximately \$16.5 million. The 2023 JOA Amendment was completed during the fourth quarter of 2023 transferring 4.52% of interest, pending approval from the Government of Guyana. During the second quarter of 2024, the Company received cash consideration of \$1.5 million from Frontera Guyana as part of the 2023 JOA Amendment signed on August 9, 2023.

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, 2024 and December 31, 2023, the Company had a working capital deficiency as follows:

| | September 30, 2024 | December 31, 2023 |
|----------------------------|---------------------------|--------------------------|
| Current Assets | \$ 3,039,202 | \$ 8,629,661 |
| Current Liabilities | 18,334,967 | 21,177,756 |
| Working capital deficiency | \$ (15,295,765) | \$ (12,548,095) |

In order to meet its short-term and long-term working capital and property exploration expenditures, the Company closed the 2023 JOA Amendment and is seeking 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, 2024, had accumulated deficit of \$325.9 million (December 31, 2023: \$323.8 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. As a result, the Company does not have sufficient cash flow to meet its operating requirements for the 12 month period from the current date of its statement of financial position. 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. The Company has implemented cost-saving measures, including the termination of leases and workforce reductions. Additionally, the Company is exploring further opportunities for additional reductions.



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 period ended September 30, 2024

The Company recorded a net loss of \$2,149,027 or \$(0.01) a share for the nine months ended September 30, 2024 compared with a net loss of \$2,335,119 or \$(0.01) a share for the same period in 2023. The variances in the period are as follows:

Management and consulting costs decreased by \$1,065,198 to \$1,173,699 in the nine months ended September 30, 2024 from \$2,238,897 for the same period in 2023. The decrease was mainly due to reduction of headcount, and the C\$1,181,000 (\$894,000) incentive remuneration recorded in the same period in 2023.

General and administrative costs decreased by \$234,850 to \$370,271 in the nine months ended September 30, 2024 from \$605,121 for the same period in 2023. This decrease was primarily due to the Company's continuous efforts to reduce administrative expenses, which included relinquishing offices, and renegotiating services contracts.

Professional fees decreased by \$478,271 to \$229,923 in the nine months ended September 30, 2024 from \$708,194 for the same period. The decrease was mainly due to lower legal fees.

The Company incurred stock-based compensation during the nine months ended September 30, 2024 of \$56,400 compared to \$95,000 for the same period in 2023. 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 gain of \$63,016 for the nine months ended September 30, 2024, compared to a loss of \$37,481 for the same period in 2023.

The Company earned indirect charges from its Joint Operation partner during the nine months ended September 30, 2024 of \$72,500, compared to \$1,899,087 for the same period in 2023. As Operator of the Corentyne License, 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. The charges are based on total expenditures under the JOA, with a minimum annual of \$200,000 (net to CGX of \$145,000).

10. CONTRACTUAL OBLIGATIONS, AND 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.

In 2023, the Company complied with its exploration commitments under the Corentyne PPL drilling the Wei-1 well. The Joint Operation may consider future wells per its appraisal program to evaluate possible development feasibility in the Kawa-1 discovery area and throughout the northern section of the Corentyne block.

Further details of the Company's contractual commitments are included in the Consolidated 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). 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 recorded a provision of \$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 \$0.7 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 ("UKHC") dismiss CGX's challenge without a hearing. On December 19, 2022, the UKHC dismissed CGX's challenge without a hearing. On January 6, 2023, CGX applied to the UKHC for an order setting aside the dismissal of its challenge to the Partial Final Award without a hearing. On March 3, 2023, the UKHC 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.

In December 2023, the Company received a Notice of Garnishment for the bank accounts in Canada, the balance as of December 31, 2023 of those bank accounts were immaterial.

On October 25, 2024, Prospector filed an application in the Court of King's Bench of Alberta seeking an order that the Ontario Judgement be registered as a judgment in the Court of King's Bench of Alberta (such that the Partial Final Award and the Final Award be recognized and enforceable in Alberta). The hearing for the application is scheduled to be heard on November 14, 2024.

As at September 30, 2024, the Company has a provision of approximately \$16.3 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, 2023: \$15.2 million).

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 November 6, 2024, Frontera, through one of its wholly-owned subsidiary, 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".

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 Operation partner to pay for future licence expenditures. As at September 30, 2024, the Company has a balance of \$181,067 payable (December 31, 2023: \$884,409 payable) to Frontera Guyana related to capital expenditures on the Corentyne licence.

In addition, as operator of the Corentyne licence, the Company receives a fee from its Joint Operation 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 ended September 30, 2024, the Company recognized fees from its Joint Operation partner in the amount of \$72,500 (nine months ended September 30, 2023: \$1,899,087).

As of September 30, 2024, the Company has accounts receivable from its Joint Operation partner of \$11,100 related to its portion of the University program funding, and other operational costs (December 31, 2023: \$Nil).

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 \$2.1 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 ended September 30, 2024, the Company paid \$0.1 million as part of the contract (nine months ended September 30, 2023: \$1.2 million). As of September 30, 2024, the Company has a payable balance of \$Nil (December 31, 2023: \$0.1 million) to Gaico.

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, | 2024 | 2023 |
|--|---------------------|---------------------|
| Short-term employee benefits | \$ 1,158,500 | \$ 2,569,414 |
| Share based expense (recovery) | 56,400 | (143,000) |
| Total compensation paid to key management | \$ 1,214,900 | \$ 2,426,414 |

During the nine months ended September 30, 2024, key management personnel exercised Nil (nine months ended September 30, 2023: 1,400,000) stock options at a weighted average exercise price of \$Nil (2023: C\$0.20 (\$0.15)). The weighted average trading price on date of exercise for the stock options exercised during the nine months ended September 30, 2024 was \$Nil (nine months ended September 30, 2023: C\$1.28 (\$0.96)).

In 2023, the Company, with the approval of the Board of Directors, recorded incentive remuneration of C\$1,181,000 (\$894,000) for services related to the years 2020 to 2022. Of this total, approximately C\$546,000 (\$414,000) is to be paid in three equal annual installments in August of 2024, 2025, and 2026. The Company made the first installment payment of C\$182,000 during the third quarter of 2024. Included as Other Payables non-current liabilities is C\$182,000 (December 31, 2023: C\$364,000). These amounts are ranked as senior obligations.

As of September 30, 2024, key management outstanding compensation included in trade and other payables is \$627,000 (December 31, 2023: \$660,000). These amounts are unsecured, non-interest-bearing, and due upon demand.



Key Management Agreements

As at September 30, 2024, the Company is party to three (December 31, 2023: 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, 2023: \$1.9 million) be made upon the occurrence of certain events such as termination and change in control.

12. OIL AND GAS INFORMATION ADVISORIES

Certain disclosures in this Quarterly Results constitute “anticipated results” for the purposes of National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities (“NI 51-101”) because the disclosure in question may, in the opinion of a reasonable person, indicate the potential value or quantities of resources in respect of the Joint Operation’s resources or a portion of its resources. Without limitation, the anticipated results disclosed in this Quarterly Results include estimates of volume attributable to the resources of the Joint Operation. Such estimates of anticipated results have been prepared or reviewed by an independent qualified reserves evaluator or auditor. Such terms should not be interpreted to mean there is any level of certainty in regard to the hydrocarbons present, or that hydrocarbons may be produced profitably, in commercial quantities, or at all. Anticipated results are subject to certain risks and uncertainties, including those described herein and various geological, technical, operational, engineering, commercial, and technical risks. Such risks and uncertainties may cause the anticipated results disclosed herein to be inaccurate. Actual results may vary, perhaps materially.

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. CGX believes the rock quality discovered in the Maastrichtian horizon in the Wei-1 well has a similar distribution of porosity and permeability as reported in the Liza Discovery on Stabroek block. Such information was released in the Investors Day 2018 presentation released by Hess Corporation in December 2018. The Company believes the information is relevant as it may help to define the reservoir characteristics of the Corentyne Block 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.

13. 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 Quarterly Highlights 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 6, 2024

“Suresh Narine”

Suresh Narine
Executive Chairman and Executive Director (Guyana)

“Daniel Sanchez”

Daniel Sanchez
Chief Financial Officer