



CGX Energy Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the three-month period and year ended December 31, 2023

March 7, 2024

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1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is current to March 7, 2024, and is management's assessment of the operations and the financial results of CGX Energy Inc. (the "Company" or "CGX"). Financial data contained within this document are reported in United States dollars ("USD"), unless otherwise stated. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the years ended December 31, 2023 and 2022.

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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 MD&A 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 MD&A 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 MD&A 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 MD&A 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 MD&A.

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 MD&A 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: 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; delays or changes in plans with respect to exploration or development projects or capital expenditures; 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 MD&A 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 MD&A 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 December 31, 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 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.

Note: During the year ended December 31, 2023, the Company completed the liquidation of ON Energy Inc.

Highlights

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

Wei-1 Well Status

As previously disclosed, the Wei-1 well was drilled by the Company and Frontera Energy Corporation (“**Frontera**”), joint venture partners (the “**Joint Venture**”). 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 oil-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 of 24.9 degrees in the Maastrichtian interval. The Campanian interval confirmed the presence of moveable hydrocarbons through downhole fluid analysis.

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 block. Results further demonstrate the potential for a standalone shallow oil resource development across the Corentyne block. The Joint Venture has discovered 228 feet of net in Kawa-1 and 114 feet of net pay in Wei-1, as summarized below.

Feet of Net Pay	Wei-1	Kawa-1
Maastrichtian	13	68
Campanian	61	66
Santonian	40	76
Coniacian*	-	18
Total Net Pay	114	228

* 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 Kawa-1 and Wei-1 penetrations.

The Joint Venture believes that approximately 514 to 628 mmboe PMean unrisked gross prospective resources may be present in the Maastrichtian horizons alone and that additional potential upside may exist in the deeper Campanian and Santonian horizons. The Joint Venture believes the Maastrichtian has the potential for a stand-alone commercial development, with potential upside in the deeper zones.

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

On August 9, 2023, CRI and Frontera Energy Guyana Corp (“**Frontera Guyana**”) a wholly-owned subsidiary of Frontera, 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. As of December 31, 2023, the Company recorded the transaction considering the final transfer of interest of 4.52%.

Total costs associated for the Wei-1 well were \$188.7 million.

Houlihan Lokey Supporting Active Pursuit of Strategic Options for Corentyne Block

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. A data room has been opened and management presentations are underway. 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 second 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 end of 2024 and operation of oil and gas support is forecasted for 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.

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 savannahs. 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 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 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 block¹. 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 Maastrichtian 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.

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.

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:

¹ See analogous information advisory in Section 15. Abbreviation and definitions

- 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 Energy Guyana Corp ("**Frontera Guyana**") a wholly-owned subsidiary of 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, 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 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 (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, CRI and Frontera Energy Guyana Corp (“**Frontera Guyana**”) a wholly-owned subsidiary of Frontera, 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. As of December 31, 2023, the Company recorded the transaction considering the final transfer of interest of 4.52%.

The Company is the operator of the Corentyne block and currently holds a 27.48% (2022: 32%) working interest while Frontera Guyana holds the remaining 72.52% (2022: 68%) interest in the block, considering the transfer of 4.52% of CGX’s participating interest pursuant to the 2023 JOA Amending Agreement.

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.



Images: Trestle / Fence installation

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 second 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 end of 2024 and operation of oil and gas support is forecasted for 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 year ended December 31, 2023 GCIE incurred additions of \$1,952,694 (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 year ended December 31, 2023, CRI incurred additions of \$Nil (year ended December 31, 2022: \$1,046), 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 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 will effectively be farming into the Corentyne block up to 4.7% to cover unexpected additional costs of the Wei-1 well for up to approximately \$16.5 million. See additional details in the Related party transactions and Exploration Activities sections.

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 December 31, 2023 and December 31, 2022, the Company had a working capital deficiency as follows:

	December 31, 2023	December 31, 2022
Current Assets	\$ 8,629,661	\$ 25,023,523
Current Liabilities	21,177,756	27,665,449
Working capital deficiency	\$ (12,548,095)	\$ (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 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 Consolidated 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 December 31, 2023, had accumulated deficit of \$323.8 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 16 of the Consolidated 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.

Year ended December 31, 2023

The Company recorded a net loss of \$3,193,577 or -\$0.01 a share for the year ended December 31, 2023 compared with a net loss of \$10,018,221 or -\$0.03 a share for the same period in 2022. The variances in the period are as follows:

Management and consulting costs increased by \$751,225 to \$2,847,043 in the year ended December 31, 2023 from \$2,095,818 for the same period in 2022. Increase was mainly due to the recognition of incentive remuneration of \$894,000.

General and administrative costs decreased by \$711,208 to \$925,515 in the year ended December 31, 2023 from \$1,636,723 for the same period in 2022. Decrease was mainly due to certain administrative expenses reduction.

Professional fees decreased by \$1,176,358 to \$860,179 in the year ended December 31, 2023 from \$2,036,537 for the same period. The decrease was mainly due to legal fees incurred during 2022 related to the Demerara Seismic agreement Prospector claim (See Section 10. Contractual obligations, and commitments, and contingencies).

Interest expenses decreased by \$3,635,097 to \$567,341 during the year ended December 31, 2023 due to settlement of the 2021 and 2022 Convertible Loan as the result of the completion of the 2022 JOA amendment during fourth quarter of 2022.

The Company incurred stock-based compensation during the year ended December 31, 2023 of \$122,000 compared to \$911,000 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 \$64,350 for the year ended December 31, 2023, compared to a loss of \$27,092 for the same period in 2022.

The Company earned indirect charges from its Joint Venture Partner during the year ended December 31, 2023 of \$2,333,280, compared to \$1,147,008 for the same period in 2022. As Operator of the Corentyne License 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. The charges are based on total expenditures under the JOA, with a minimum annual of \$200,000.

Selected Consolidated Annual Financial Information

The information below should be read in conjunction with the financial statements for the years ended December 31, 2023, 2022 and 2021 and related notes and other financial information.

Year ended December 31,	2023	2022	2021
Net Loss	\$ (3,193,577)	\$ (10,018,221)	\$ (12,694,712)
Basic and Diluted Loss Per Share	\$ (0.01)	\$ (0.03)	\$ (0.04)
Total Assets	\$ 84,881,480	\$ 93,007,898	\$ 134,061,952
Liabilities	\$ 21,453,756	\$ 27,665,449	\$ 60,438,083

2023 Quarterly Reports		Q4	Q3	Q2	Q1
Net gain (loss)	\$	(858,458)	\$ (459,766)	\$ (1,627,128)	\$ (248,225)
Basic and diluted loss per share		\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)

2022 Quarterly Reports		Q4	Q3	Q2	Q1
Net gain (loss)	\$	119,342	\$ (3,323,303)	\$ (3,953,701)	\$ (2,860,559)
Basic and diluted loss per share		\$0.00	\$(0.01)	\$(0.01)	\$(0.01)

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 Venture 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), which is included in trade and other payables as at December 31, 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 as described below.

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 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.

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

As at December 31, 2023, the Company has a provision of approximately \$15.9 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 December 31, 2023 no provision has been recorded in the Consolidated Financial Statements relating to this Claim (December 31, 2022: \$Nil).

11. DISCLOSURE OF OUTSTANDING SHARE DATA

The following table sets forth information concerning the outstanding securities of the Company as at March 7, 2024:

Share Capital	Number
Shares	338,549,000
Options	11,740,999
Warrants	1,173,774

See notes 12 and 13 to the consolidated financial statements for the years ended December 31, 2023 and 2022 for more detailed disclosure of outstanding share data.

12. 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 December 31, 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 year ended December 31, 2023 the Company paid interest of \$Nil (Twelve months period ended December 31, 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 year ended December 31, 2023 the Company paid interest of \$Nil (twelve months ended December 31, 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 December 31, 2023, Joint Venture partner has a balance of \$884,409 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 year ended December 31, 2023, the Company recognized fees from its Joint Venture partner in the amount of \$2,333,280 (year ended December 31, 2022: \$1,147,008).

As of December 31, 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 \$2.1 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 year ended December 31, 2023, the Company paid \$2.1 million as part of the contract (December 31, 2022: \$Nil).

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:

Year Ended December 31	2023	2022
Short-term employee benefits	\$ 2,875,500	\$ 2,721,200
Share based (recovery) expense	(116,000)	896,000
Total compensation paid to key management	\$ 2,759,500	\$ 3,617,200

During the year ended December 31, 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 year ended December 31, 2023 was C\$1.28 (\$0.96) (year ended December 31, 2022: \$Nil).

During the year ended December 31, 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 \$276,000 (December 31, 2022: \$Nil). These amounts are ranked as senior obligations.

As of December 31, 2023, key management outstanding compensation included in trade and other payables is \$660,000 (December 31, 2022: \$560,000). These amounts are unsecured, non-interest-bearing, and due upon demand.

Management Agreements

As at December 31, 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, 2022: \$1.3 million) be made upon the occurrence of certain events such as termination and change in control.

13. ADDITIONAL DISCLOSURES FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Assets information as at December 31,	2023	2022
Exploration and evaluation assets	\$ 56,277,570	\$ 49,955,896
Deep water port facility and logistic yard	\$ 19,758,632	\$ 17,805,938
Total Assets	\$ 84,034,287	\$ 93,007,898

Addition for the years ended December 31,	2023	2022
Land and lease cost	\$ 129,283	\$ 32,640
Exploration: Intangible and drilling	22,135,500	33,572,526
Geophysical and administrative	32,000	3,654,371
Exploration and evaluation expenditures net additions of the year	\$ 22,296,783	\$ 37,259,537

Corporate Expenses for the years ended December 31,	2023	2022
General and administrative	\$ 925,515	\$ 1,636,723
Management and consulting	2,847,043	2,095,818
Professional fees	860,179	2,036,537
Interest expense	567,341	4,202,438
Share based payments	122,000	911,000
Shareholder information	140,429	251,758
Foreign exchange loss	64,350	27,092
	\$ 5,526,857	\$ 11,161,366
Indirect revenue from farm in partner	(2,333,280)	(1,147,008)
	\$ 3,193,577	\$ 10,014,358

14. RISK AND UNCERTAINTIES

This section discusses risk and uncertainties of CGX, the parent company and all its subsidiaries. “CGX” and “the Company” in this section is therefore used in the context to the overall operations of the Parent and all subsidiaries.

Overview

The business of the Company consists of oil and gas exploration in Guyana, South America and the construction of the Berbice Port. There are a number of inherent risks associated with oil and gas exploration and development, as well as local, national and international economic and political conditions that may affect the success of CGX which are beyond CGX’s control, particularly since its operations are located in a foreign country. Many of these factors involve a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome.

CGX has prioritized these risk factors. Readers are cautioned that this categorization is a subjective view of the Company and the categorization of these risk factors could change because of future events.

If any of the following risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware, or which it considers not to be material in relation to the Company’s business, actually occur, the Company’s assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company’s securities could decline and investors may lose all or part of their investment.

Nature of Business and Stage of Development

An investment in CGX is subject to certain risks related to the nature of CGX’s business and its early stage of development. There are numerous factors which may affect the success of CGX’s business which are beyond CGX’s control including local, national and international economic and political conditions. CGX’s business involves a high degree of risk, which even a combination of experience, knowledge, and careful evaluation may not overcome. CGX’s operations in Guyana have exposed CGX to risks that may not exist in domestic operations such as political, regulatory, contractual and currency risks. CGX has a limited history of operations and there can be no assurance that CGX’s business will be successful or profitable or that commercial quantities of oil and/or natural gas will be discovered by CGX.

Going Concern

Given the uncertainty associated with the nature of offshore drilling activities, the cost associated with such activities and the Company’s ability to obtain financing, the Company may not have sufficient cash flow to meet its operating requirements for a minimum of one year. The ability of the Company to continue as a going concern is dependent on securing additional financing, either through issuing additional equity and/or payments associated with a joint venture farm-out in the near future. There can be no assurance that the Company will be successful in obtaining the required financing as and when needed. The audited consolidated financial statements of CGX for the year ended December 31, 2023, have been prepared by management on a going concern basis in accordance with IFRS as issued by the IASB. The going concern basis of presentation assumes that CGX will continue in operation for the foreseeable future and be able to realize its assets and

discharge its obligations in the normal course of business. Should CGX be unable to continue as a going concern, realization of assets and settlement of liabilities other than in the normal course of business may be at amounts significantly different from those in the financial statements and could cause the Company to reduce or terminate its proposed operations and cause the loss of some or all of the value of an investment in the Common Shares. While the Company believes in the viability of its strategy and, in its ability to raise additional funds, there can be no assurances to that effect.

Financing

The Company's future capital requirements on its existing assets exceed existing cash resources, which will require CGX to raise additional financing. The ability of CGX to arrange financing in the future will depend in part upon the prevailing capital market conditions, risks associated with international operations, as well as the business performance of CGX. This in turn could limit growth prospects in the short term or may require CGX to dedicate cash flow, dispose of properties or raise new equity to continue operations under circumstances of declining energy prices, poor drilling results, or economic or political dislocation in foreign countries. There can be no assurance that CGX will be successful in its efforts to arrange additional financing on terms satisfactory to CGX. This may be further complicated by the limited market liquidity for shares of smaller companies, such as CGX, which restricts access to investments by some institutional investors. If additional financing is raised by the issuance of shares from the treasury of CGX, control of CGX may change or be consolidated and/or shareholders may suffer additional dilution.

From time to time, CGX may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may temporarily increase CGX's debt levels above industry standards.

Expiry and/or Termination of Petroleum Agreements and Licenses

CGX's interests are held by way of participating interests in PPLs governed by PAs. If CGX, or its joint licensees under an applicable PA or PPL, fail to meet the specific requirement(s) of a particular PA or PPL its interest may terminate or expire. There can be no assurance that any of the obligations required to maintain the Corporation's interests will be met or that CGX will not lose any of its participating interests in such petroleum agreements and licenses. While CGX believes it has reviewed and evaluated all licenses in a manner consistent with industry practices of foreign subsidiaries, such reviews and evaluations may not necessarily reveal all existing potential liabilities beforehand, causing CGX to incur losses.

Exploration Risk

An investment in CGX is subject to certain risks related to the nature of CGX's business as an oil and gas exploration company. Petroleum exploration involves a high degree of risk and there is no assurance that expenditures made on exploration activities by CGX will result in the discoveries that are commercially or economically feasible or ultimately in production of hydrocarbons.

There is also no assurance that the Company will discover commercial quantities of oil and natural gas. Oil and natural gas exploration may involve unsuccessful efforts from dry wells or wells that are not economic for development and production. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs. The Company is exposed to a high level of exploration risk. The business of exploring for, developing or acquiring reserves is capital-intensive and is subject to numerous estimates and interpretations of geological and

geophysical data. There can be no assurance the Company's exploration will result in proved reserves.

Drilling Risks and Other Operating Risks

CGX's operations are subject to all the operational risks inherent to offshore exploration and development of hydrocarbons and the drilling of wells, including, unsatisfactory performance of service providers engaged to carry out operations required for the drilling and analysis of wells, natural disasters, encountering unexpected formations or pressures, premature declines of reservoirs, invasion of water into producing formations, formations with abnormal pressures, mechanical problems with equipment, potential for substantial environmental damage, blow-outs, cratering, fires and spills, all of which could result in personal injuries, loss of life and damage to the property of CGX and others. In accordance with industry practice, CGX has normal and customary insurance coverage to address certain of these risks; however, the nature of these risks is such that liabilities could exceed policy limits, in which event the Corporation may incur significant costs. Additionally, such insurance may not be available in the future, may be price-prohibitive or contain limitations on liability that may not be sufficient to cover the full extent of such liabilities. There can be no assurance that CGX will be able to obtain the insurance coverage that it believes is appropriate. In addition, the risks to which CGX's operations are subject may not in all circumstances be insurable or, in certain circumstances, CGX may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to CGX for other purposes. CGX obtains insurance for its operations that it believes are appropriate for each specific activity, however, there can be no assurance that proceeds from such insurance will be sufficient to cover CGX's related losses.

The occurrence of a significant event that CGX is not fully insured against, or the non-payment by the insurer in connection with such event, could have a material adverse effect on CGX's financial position and/or its results of operations.

Offshore Operations

CGX is actively exploring for hydrocarbons off the coast of Guyana. Offshore operations involve a higher degree of risk than onshore operations due to the remoteness. Oil and natural gas exploration involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. Fires and explosions on drilling rigs and other offshore platforms are more likely to result in personal injury, loss of life and damage to property due to the remote locations and time required for rescue personnel to get to the location. Blow-outs and spills are more likely to result in significant environmental damage to the marine environment and can be difficult to contain and difficult and expensive to remediate. There can be no assurance that these risks can be avoided. The occurrence of any of these events may have a materially adverse effect on the Corporation.

Seismic Data and Resource Estimates

There are numerous uncertainties inherent in estimating quantities of resources, including many factors beyond the control of the Company. When properly used and interpreted, seismic data and visualization techniques are important tools used to assist geoscientists in identifying sub-surface structures and indicators of hydrocarbons; however, these data do not allow the Corporation to know whether the hydrocarbons are present in the structures. Estimates of resources depend largely upon the reliability of available geological and engineering data and require certain assumptions to be made in order to assign resource volumes. Geological and engineering data is used to determine the

probability that a reservoir of oil and/or natural gas exists at a particular location, and whether, and to what extent, such hydrocarbons are recoverable from the reservoir. Accordingly, the ultimate resources discovered by the Company may be significantly less than its estimates.

There is also no guarantee that the Prospective Resources attributed to each of the Company's PPLs will be discovered or become commercially viable. The Corporation's drilling activities may not be successful or may not be economically viable which may have a material adverse effect on the price of the Company's securities.

Reserves and Prospective Resources involve different risks associated with achieving commerciality. To be classified as reserves, estimated recoverable quantities must be associated with a project that has demonstrated commercial viability. In estimating reserves, proved reserves can be estimated with a high degree of certainty to be recoverable, while Prospective Resources are only potentially recoverable. For Prospective Resources, the chance of commerciality will be the product of the chance that a project will result in the discovery of petroleum multiplied by the chance that an accumulation will be commercially developed. By definition, reserves are commercially (and hence economically) recoverable. There is no guarantee that the Prospective Resources attributed to each of the Company's PPLs will be discovered, converted into reserves or become commercially viable.

Significant Capital Investments and Expenses

The oil and gas exploration and production industry is capital intensive and as accordingly the Corporation expects to have substantial expenditures as it continues to fulfill its commitments and explore for petroleum reserves. CGX has financed its prior exploration activities with funds obtained from offerings of securities, as well as loans and farm-outs. CGX continues to explore financing mechanisms to allow the Corporation to meet future work commitments and to allow it to fully explore its existing petroleum prospecting licenses.

CGX's future cash flow for operations and financing is subject to a number of variables, including among others:

(i) the Corporation's ability to locate or acquire reserves; (ii) the Corporation's ability to extract oil from such reserves; (iii) the ability to secure additional joint venture partners (iv) current financial market conditions and available liquidity in markets in which Common Shares are traded (see the "Financing" risk factor above); and (v) the prices for which any produced oil is sold.

Regulatory

Petroleum operations are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time such as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of petroleum and many other aspects of the petroleum business. CGX's operations may require licences and permits from various governmental authorities. There can be no assurance CGX will be able to obtain all necessary licences and permits that may be required to carry out exploration and development at its projects. It is not expected that any of these controls or regulations will affect the operations of CGX in a manner materially different than they would affect other petroleum companies of similar size.

Environmental Regulation and Risks

Extensive national, state and local environmental laws and regulations in foreign jurisdictions affect nearly all of the operations of CGX. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the

violation of such standards and establish in certain circumstances obligations to remediate current and former facilities and locations where operations are or were conducted. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation. There can be no assurance that CGX will not incur substantial financial obligations in connection with environmental compliance and that the cost of such compliance will not have a material adverse effect on CGX.

Significant liability could be imposed on CGX for damages, cleanup costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties purchased by CGX or non-compliance with environmental laws or regulations. Such liability could have a material adverse effect on CGX. Moreover, CGX cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require material expenditures by CGX for the installation and operation of systems and equipment for remedial measures, any or all of which may have a material adverse effect on CGX.

Environmental Protection

All phases of CGX's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

In particular, CGX is subject to the Environmental Protection Act (Guyana) which provides for the management, conservation, protection and improvement of the environment, the prevention/control of pollution, the assessment of the impact of economic development on the environment and the sustainable use of natural resources and the matters incidental thereto or connected therewith. This legislation also mandates the creation of the Guyana Environmental Protection Agency (the "EPA") to implement compliance with the Environmental Protection Act (Guyana).

The Environmental Protection Act (Guyana) establishes a wide range of sanctions and penalties, both criminal and civil, for violations of the provisions of the Environmental Protection Act (Guyana). These sanctions and penalties include, but are not limited to:

- varying monetary fines or imprisonment depending on the gravity of the offence (if the offender has been convicted of an offence under the Environmental Protection Act (Guyana) and has benefited monetarily from the violation, a court may order a fine in an amount equal to the court's estimation of the amount of monetary benefits notwithstanding the maximum fine that may be imposed. To expedite settlement, authorized officers of the EPA, may by notice, offer the option of discharging liabilities in consideration of the offender making immediate payment to the EPA equal to two-thirds of the minimum penalty prescribed within 28 days of the date of the notice sent by the officer);
- suspension, cancellation or revocation of a permit or authorization;
- order to cease (or make no changes to) construction, operation, or other activities;
- prohibition notices (similar to an injunction);
- enforcement notices;

- mandating actions to prevent, ameliorate, correct, mitigate, restore or otherwise address environmental harm within a specified time;
- community service;
- order compensation to aggrieved persons; and
- injunctions (upon application to the High Court of Guyana).

To date, applicable environmental legislation has had no material financial or operational effects upon the operations of CGX.

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as regulation relating to emission levels. If the current regulatory trend continues, this may result in increased cost at some of CGX's operations. In addition, the physical effect of climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels and changing temperatures, could have an adverse financial impact on operations located in the regions where these conditions occur.

Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non- occurrence of uncertain future events outside the Company's control, or present obligations that are not recognized because either it is not probable that an outflow of economic benefits would be required to settle the obligation or the amount cannot be measured reliably. Contingent liabilities are not recognized but are disclosed and described in the notes to the consolidated financial statements, including an estimate of their potential financial effect and uncertainties relating to the amount or timing of any outflow, unless the possibility of settlement is remote. In assessing loss contingencies related to any claims that may result in proceedings, the Company, with assistance from its legal counsel, evaluates the perceived merits of any such claims as well as the perceived merits of the amount of relief sought or expected to be sought.

Litigation

In the normal course of the Corporation operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and, as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations. Even if the Company prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse affect on the Company's financial condition.

Availability of Equipment

Petroleum exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for a rig suitable for the contemplated drilling activities of the Company or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

Industry Conditions

The marketability and price of oil and natural gas which may be acquired or discovered by CGX will be affected by numerous factors beyond the control of CGX. The ability of CGX to market any oil or natural gas discovered by it may depend upon its ability to access third party transportation, processing facilities and acquiring space on pipelines which deliver oil and natural gas to commercial markets. CGX is also subject to market fluctuations in the prices of petroleum, uncertainties related to the delivery and proximity of its reserves to pipelines and processing facilities, operational problems with such pipelines and facilities and extensive government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of petroleum and many other aspects of the petroleum business.

The petroleum industry is subject to varying environmental regulations in each of the jurisdictions in which CGX may operate. Environmental regulations place restrictions and prohibitions on emissions of various substances produced concurrently with petroleum and can impact on the selection of drilling sites and facility locations, potentially resulting in increased capital expenditures.

CGX may be responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines which are used for production of oil and gas reserves. Abandonment and reclamation of these facilities and the costs associated therewith is often referred to as “decommissioning.” If decommissioning is required before economic depletion of the properties or if the estimates of the costs of decommissioning exceed the value of the reserves remaining at any particular time to cover such decommissioning costs, CGX may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could impair the ability to focus capital investment in other areas of the business.

Common Share Price Volatility

Many factors influence the volatility in the trading price of the common shares, including changes in the economy or in the financial markets, industry related developments, and the impact of changes in CGX’s daily operations. Changes in each of these factors could lead to increased volatility in the market price of the common shares. In addition, variations in earnings estimates by securities analysts and the market prices of the securities of CGX’s competitors may also lead to fluctuations in the trading price of the common shares.

To the extent that any issued and outstanding common shares are sold into the market, there may be an oversupply of shares and an undersupply of purchasers. If this occurs, the market price for the common shares may decline significantly and investors may be unable to sell their share as a profit, or at all.

Fluctuations in Foreign Currency Exchange Rates

All of CGX's operations are located in foreign jurisdictions. Fluctuations in the United States dollar and the Guyanese dollar exchange rates may cause a negative impact on revenue and costs and could have a material adverse impact on CGX's operations.

Political Risks

The majority of CGX’s current operations are presently conducted in Guyana, South America and as such, CGX’s operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: currency exchange rates; high rates of inflation; labour unrest; border disputes between

countries; renegotiation or nullification of existing concessions, licences, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Future political actions cannot be predicted and may adversely affect CGX. Changes, if any, in petroleum or investment policies or shifts in political attitude in the country of Guyana and border disputes affecting CGX's rights to explore and develop for oil and gas may adversely affect CGX's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people and water use. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out.

Failure to comply strictly with applicable laws or regulations relating to the petroleum regime could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on CGX's consolidated business, results of operations and financial condition.

Further risks include, but are not limited to, changes in oil and gas or investment policies, corruption, hostage takings, opposition to oil and gas exploration and production from environmental or other non-governmental organizations or shifts in political attitude that may adversely affect the business. While CGX works to mitigate its exposure to potential country risk events, the impact of any such event is mostly not under CGX's control, is highly uncertain and unpredictable and will be based on specific facts and circumstances. As a result, CGX can give no assurance that it will not be subject to any political or country risk event, directly or indirectly, in the jurisdictions in which it operates.

Risks of Foreign Operations

CGX's material petroleum assets and operations are located in Guyana. As such, CGX is subject to political, economic, contractual, regulatory and social uncertainties or social instability, including, but not limited to, renegotiation or nullification of existing agreements and licenses, expropriation of property without fair compensation, changes in energy policies or the personnel administering them, nationalization, currency fluctuations and devaluations, exchange controls and royalty and tax increases, changes in taxation policies, economic sanctions, social instability and other risks arising out of foreign governmental sovereignty over the areas in which CGX's operations are conducted. These uncertainties, all of which are beyond CGX's control, could have a material adverse effect on CGX's business, prospects and results of operations.

Infrastructure development in Guyana where the Company operates is limited. If any infrastructure or systems failures occur or do not meet the requirements of CGX, CGX's operations may be significantly hampered which could result in delayed, postponed or cancelled petroleum operations, lower production and sales and/or higher costs. These factors may affect the Company's ability to explore and develop its properties in a timely manner and to store and transport its petroleum production if reserves are located.

Different Legal System and Litigation

CGX's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, investment, and taxation, including proposed amendments to the Income Tax Act (Canada) relating to the taxation of foreign affiliates announced on August 19, 2011.

CGX's exploration activities are located in countries with legal systems that in various degrees, differ from that of Canada. Rules, regulations and legal principles may differ both relating to matters of substantive law and in respect of such matters as court procedure and enforcement. This means that CGX's ability to exercise or enforce its rights and obligations may differ between countries and also from what would have been the case if such rights and obligations were subject to Canadian law and jurisdiction.

In the event of a dispute arising in connection with CGX's operations in Guyana, CGX may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. CGX may also be hindered or prevented from enforcing its rights with respect to a governmental entity because of the doctrine of sovereign immunity. Accordingly, CGX's exploration and development activities in Guyana could be substantially affected by factors beyond CGX's control, any of which could have a material adverse effect on CGX.

Cost Overruns

Projecting the costs of exploratory drilling programs is difficult due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions (such as over-pressured zones and tools lost in the hole), weather related factors and changes in drilling plans and locations as a result of prior exploratory wells or additional technical data and interpretations. Accordingly, there may be changes in estimated costs associated with drilling projects.

In addition, due to the stage of development of the oil and gas industry in Guyana, it is difficult to estimate costs, including infrastructure improvement costs, transportation costs (including truck, river barge and helicopter costs) and production costs for CGX's exploration and development plans for some of its properties.

CGX's difficulty estimating these costs could affect the commerciality of the resources and reserves discovered on its properties or any other properties CGX may acquire from time to time, the economic viability of CGX's products and the ability of CGX to transport its products to market.

No Reserves

CGX does not know if any of its exploration prospects will contain petroleum in quantities or quality that are sufficient to recover the costs of drilling and exploration, or to be economically viable. Currently there are no reserves associated with CGX's petroleum licenses in Guyana. CGX has identified exploration prospects based on seismic and geological information that indicates the possible presence of petroleum. However, the areas in which CGX has decided to drill may not produce petroleum in commercial quantities or quality or may not contain petroleum at all. The future value of CGX is dependent on the success or otherwise of CGX's activities which are principally directed toward the further exploration, appraisal and development of its assets in Guyana. CGX has a right to explore and appraise such assets in Guyana but does not have a right to produce the same until such time as reserves discovered thereon are determined to be commercial. Exploration for and appraisal and development of petroleum reserves are speculative and involve a

significant degree of risk. There is no guarantee that exploration or appraisal of the Guyana assets will lead to a commercial discovery or, if there is commercial discovery, that CGX will be able to realize such reserves as intended. Few properties that are explored are ultimately produced. If at any stage CGX is precluded from pursuing its exploration or development programs, or such programs are otherwise not continued, CGX's business, financial condition and/or results of operations and, accordingly, the trading price of the Common Shares, is likely to be materially adversely affected.

Future Drilling and Development

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Development of any potential discovery may be affected by increased costs, the cost of capital and other political or environmental factors. For example, the unavailability or high cost of drilling rigs, or other essential equipment, material or personnel could have a negative impact on the ability of the Company to economically develop future reserves. Additionally, engineering complications, political events, social unrest or natural disasters could delay or prevent a development project. Additionally, the cost of budgeting for such projects may be difficult.

Negative Operating Cash Flow

The Corporation had negative operating cash flow for its financial years ended December 31, 2023 and 2022 and for all years since inception in 1998. Until such time as the Company is able to produce oil and gas from its interest in PPLs, the Company does not expect to have any positive cash flow. To the extent that the Company has negative cash flow in future periods, the Company will need to deploy a portion of its cash reserves to fund such negative cash flow.

Financial Markets

In the future, the Company may require further debt financing to grow its business. Distress in financial markets could diminish the amount of financing available to companies and could significantly increase the Company's costs associated with borrowing. The Company's liquidity and its ability to access the credit or capital markets may also be adversely affected by changes in the financial markets and the global economy and could make it more difficult for the Company to access capital, sell assets, refinance existing indebtedness, enter into agreements for new indebtedness or obtain funding through the issuance of securities.

Foreign Subsidiaries

CGX conducts operations through its Bahamian, Guyanese and Barbadian subsidiaries. Therefore, to the extent of operations conducted by such subsidiaries, CGX will be dependent on the cash flows of these subsidiaries to meet its obligations. The ability of its subsidiaries to make payments to CGX may be constrained by: (i) the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which the subsidiary operates and any changes in tax laws or treaties; and (ii) the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

Need to Discover or Acquire Reserves

CGX's ability to achieve commercial production, and therefore its cash flows and earnings, are highly dependent upon CGX discovering or acquiring reserves through acquisitions, joint ventures or investments. To the extent that cash flow from operations is insufficient and external sources of capital become limited or unavailable, CGX's ability to make the necessary capital investments to expand its petroleum reserves will be impaired. There can be no assurance that CGX will be able to find and develop or acquire reserves at commercially feasible costs. Even if such acquisitions, joint ventures or investments are consummated, CGX may not realize any anticipated benefits from them.

Future acquisitions, joint ventures and investments may result in the incurrence of additional debt, contingent liabilities and amortization expenses related to goodwill and other intangible assets and increased capital expenditures, interest and other costs, any of which could have a material adverse effect on CGX's financial condition and operating results by reducing its net profit, or increasing its total liabilities, or both. Any of these factors could adversely affect CGX's business, financial condition, results of operations or prospects.

Operational Dependence

Other companies in future may operate the PPL in which CGX has an interest in order to share risks associated with those operations. As a result, the Company may have limited ability to exercise influence over the operation of those activities or their associated costs, which could adversely affect the Company's financial performance. The Company's return on interests operated by others therefore depends upon a number of factors that may be outside of the Company's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices. Additionally, fraud, misconduct, lack of compliance with applicable laws and regulations by or on behalf of one or more of our partners or co-working interest owners could potentially have a negative impact on CGX's business and reputation.

Tax Risks

CGX operates in several countries and is therefore subject to different forms of taxation in various jurisdictions throughout the world, including but not limited to, property tax, income tax, withholding tax, commodity tax, social security and other payroll related taxes, foreign currency and capital repatriation laws. An unfavorable interpretation of the current tax legislation could have a material adverse effect on the profitability of CGX or may lead to disagreements with tax authorities regarding the interpretation of tax law.

Tax law and administration is extremely complex and often requires CGX to make subjective determinations. CGX must make assumptions about, but not limited to, the tax rates in various jurisdictions, the effect of tax treaties between jurisdictions and taxable income projections due to tax law and its administration which are extremely complex. To the extent that such assumptions differ from actual results, or if such jurisdictions were to change or modify such laws or the current interpretation thereof, CGX may have to record additional tax expenses and liabilities, including interest and penalties. Moreover, there is a risk in which the countries where CGX operates may change their current tax regime with little prior notice or that the tax authorities in these jurisdictions may attempt to claim tax on the global revenues of CGX.

Title to Properties and Assets

Title reviews have been conducted on CGX's existing properties and to the knowledge of CGX, CGX has good title to its existing properties and in accordance with industry standards, title reviews are conducted prior to the purchase of most petroleum producing properties or the commencement of drilling wells. Such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of CGX which could result in the loss of title and a reduction of the revenue received by CGX.

Third Party Credit Risk

CGX is or may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, or other parties. In the event such entities fail to meet their contractual obligations to CGX, such failures could have a material adverse effect on CGX and its cash flow from operations.

Competition

Competition could adversely affect CGX's performance. The petroleum industry is characterized by intense competition and CGX competes directly with other companies that have greater technical and financial resources. Many of these competitors not only explore for and produce petroleum but also carry on refining operations and market petroleum and other products on an international basis. The industry also competes with other industries who supply non-petroleum energy products.

The oil and gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil and gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Company does. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete. In such case, the Company's business, financial condition and results of operations could be materially adversely affected. If the Company is unable to utilize the most advanced commercially available technology, the Company's business, financial condition and results of operations could be materially adversely affected.

Potential Conflicts of Interest

There are potential conflicts of interest to which some of the directors and officers of CGX will be subject in connection with the operations of CGX. Some of the directors and officers are engaged and will continue to be engaged in the search of petroleum interests on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with CGX. Conflicts of interest, if any, which arise will be subject to and be governed by procedures prescribed by the Ontario Business Corporations Act ("OBCA") which requires a director or officer of a corporation who is a party to or is a director or an officer of or has a material interest in any person or company who is a party to a material contract or proposed material contract with CGX, to disclose his interest and to refrain from voting on any matter in respect of such contract unless otherwise permitted under the OBCA.

Reliance on and Availability of Personnel

The Corporation is dependent upon the continued support and involvement of a number of key management personnel. The loss of the services of one or more of such personnel could have a material adverse effect on the Company. The Company's ability to manage its exploration and development activities and, hence, its success, will depend in large part on the efforts of these individuals.

The competition for qualified personnel in the petroleum industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of CGX, as the case may be.

Ability to Sustain and Manage Growth

CGX's ability to grow depends on a number of factors, many of which are beyond CGX's control, such as commodity prices, the ability to raise financing and the demand for raw materials from large, emerging economies. CGX is also subject to a variety of business risks generally associated with growing companies. Future growth and expansion could place a strain on the management team and will likely require the recruitment of additional management resources.

There is no guarantee that CGX will be able to:

- manage expanding operations (including any acquisitions) effectively;
- sustain or accelerate growth or ensure that growth results in profitable operations;
- attract and retain sufficient management resources necessary for continued growth; or
- complete successful strategic investments and acquisitions.

The failure to accomplish any of these goals could have an adverse effect on our business and growth prospects.

Business Interruptions

Business interruptions may result from a variety of factors, including regulatory intervention, delays in necessary approvals and permits, health and safety issues, personnel issues or logistics issues. Any business interruptions could have an adverse impact on CGX's business.

Reputational Risk

Any negative publicity, whether true or not, would be a risk to our reputation, and could cause a decline in our customer base, with an adverse impact on our business. As every risk we face could have an impact on our reputation, reputational risk cannot be managed in isolation from other types of risk. It is vital that every employee and representative of CGX upholds our strong reputation by complying with all applicable policies, legislation and regulations as well as by creating positive experiences with our customers, stakeholders and the public.

Corruption, Bribery and Fraud

CGX is required to comply with applicable laws in other jurisdictions, which prohibit companies from engaging in bribery or other prohibited payments or gifts to foreign public officials for the purpose of retaining or obtaining business. CGX's policies mandate compliance with these laws. However, there can be no assurance that the policies and procedures and other safeguards that CGX

has implemented in relation to its compliance with these laws will be effective or that CGX employees, agents, suppliers or other industry partners have not engaged or will not engage in such illegal conduct for which CGX may be held responsible. Violations of these laws could disrupt CGX's business and result in a material adverse effect on its business and operations.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, CGX may disclose confidential information relating to CGX's business, operations or affairs. Although confidentiality agreements are generally signed by third parties prior to the disclosure of confidential information, a breach could put CGX at competitive risk and may cause significant damage to CGX's business. The harm to CGX's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, CGX will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to CGX's business that such a breach of confidentiality may cause.

Cyber-Security Risk

While information systems are integral to supporting CGX's business, due to the nature of CGX's services, it is not considered to be subject to the same level of cyber security risks as companies operating in sectors where sensitive information is at the core of their business. Nevertheless, CGX is potentially exposed to risks ranging from internal human error to uncoordinated individual attempts to gain unauthorized access to its information technology systems, to sophisticated and targeted measures directed at CGX and its systems, clients or service providers. Any such disruptions in CGX's systems or the failure of the systems to operate as expected could, depending on the magnitude of the problem, result in the loss of client information, a loss of current or future business, reputational harm and/or potential claims against CGX, all of which could have an adverse effect on CGX's business, financial condition and operating results. CGX continues to enhance its efforts to mitigate these risks.

Dilutive Effects on Holders of Common Shares

The Corporation expects to issue common shares and warrants that will entitle the holder thereof to purchase common shares pursuant to the subscription agreements referred to above. Accordingly, holders of common shares may suffer dilution.

Significant Shareholders

Frontera holds 257,475,469 common shares representing approximately 76.05% of the issued and outstanding common shares on an undiluted basis. Frontera has the voting power to influence the outcome of all corporate transactions or other matters requiring the approval of CGX's shareholders, including a merger, a business combination or the sale of all or substantially all of CGX's assets. This influence may limit the price that investors are willing to pay for common shares or discourage third parties from making a tender offer or takeover bid to acquire any or all of the outstanding common shares. In addition, there exists the potential that Frontera may sell its common shares in the public market (commonly referred to as "market overhang"), these shares as well as any actual sales of such common shares in the public market, could adversely affect the market price of the common shares.

Enforcement of Civil Liabilities

Substantially all of the assets of the Corporation are located outside of Canada and certain of the directors and officers of the Corporation are currently resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Corporation or the directors and officers of the Corporation residing outside of Canada.

No Record of Dividends

CGX has not paid dividends and it is unlikely to pay dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of the Board and will depend upon, among other things, CGX's results of operations, financial condition, contractual restrictions, capital expenditure and working capital requirements, restrictions imposed by applicable law and other factors the Board deems relevant.

Geographic Concentration

CGX's assets are in the Guyana Suriname Basin in Guyana. As a result of this geographic concentration, CGX may be disproportionately exposed to the effect of regional supply and demand factors and delays or interruptions in exploration in this area caused by changes in governmental regulation, political or social conditions or weather or other localized events.

Alternatives to and Changing Demand for Hydrocarbon Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Forward-Looking Statements May Prove Inaccurate

Shareholders and investor are cautioned not to place undue reliance on forward-looking statements and other future looking financial information. By their nature, forward-looking statements and information involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

The Russia-Ukraine War

The Company does not have sales, production, or operations within Russia or Ukraine, and is not expected that the war will directly impact its operations. Nevertheless, the ongoing war induces greater uncertainties in global financial markets and supply chain systems, which could lead to volatility in oil prices, inflation, interest rates, financing costs, and shortage or delays for certain goods or services. The Company continues assessing its exposure.

The future performance of the Company will depend on the exploration and development of its properties in Guyana. The Company may have difficulties raising equity for the purpose of carrying out exploration and development activities with respect to its Guyana properties, particularly without excessively diluting present shareholders of the Company.

15. 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.

Analogous Information:

Certain information in this MD&A 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.

March 7, 2024

“*Suresh Narine*”

Suresh Narine
Executive Chairman and Executive Director (Guyana)

“*Daniel Sanchez*”

Daniel Sanchez
Chief Financial Officer