Interim MD&A – Quarterly Highlights (the "Quarterly Highlights")
For the three and nine month periods ended September 30, 2021

Dated: November 3, 2021

INTRODUCTION

The following Management Discussion & Analysis – Quarterly Highlights ("**Quarterly Highlights**") of CGX Energy Inc. (the "**Company**" or "**CGX**") has been prepared to provide material updates to the business operations, liquidity and capital resources of the Corporation since its last management discussion & analysis, being the Management Discussion & Analysis ("**Annual MD&A**") for the fiscal year ended December 31, 2020. This Quarterly Highlights does not provide a general update to the Annual MD&A, or reflect any non-material events since date of the Annual MD&A.

This Quarterly Highlights has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with Annual MD&A, the audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019 and the unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2021 and 2020, together with the notes thereto. Results are reported in United States dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and nine month periods ended September 30, 2021 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at November 3, 2021 unless otherwise indicated.

The unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2021 and 2020, have been prepared using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

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

ADDITIONAL INFORMATION

Additional information is accessible at the Company's website www.cgxenergy.com or through the Company's public filings available on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Highlights includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and other similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the offshore and onshore oil and gas industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resources estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of CGX to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the risk of CGX not being able to fund the capital and operating expenses necessary to achieve its business plan, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by CGX. The ability of the Company to carry out its business plan is primarily dependent upon the continued support of its shareholders, the discovery of economically recoverable reserves, the ability of the Company to secure customers for the use of its deepwater harbor upon completion of the project and the ability of the Company to obtain financing to develop such reserves. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of CGX should not place undue reliance on these forward-looking statements.

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

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

RECENT HIGHLIGHTS

Highlights of the Company's recent activities to date include the following:

- On August 22, 2021, CGX and Frontera Energy Corporation ("**Frontera**"), CGX's majority shareholder and joint venture partner in the Petroleum Prospecting Licenses for the Corentyne and Demerara blocks offshore Guyana (the "**Joint Venture**"), spud the Kawa-1 exploration well and exercised its option to drill a second well with Maersk Drilling Holdings Singapore Pte ltd. ("**Maersk**") through the use of the Maersk Discoverer rig. As of November 1, 2021, close to 78% of the planned footage has been drilled and the three prospective targets of the Kawa-1 well remain to be drilled, cased and evaluated with current expectations on reaching total depth consistent with the previous public disclosure.

- On October 28, 2021, the Company completed a rights offering (the "**Offering**"). Pursuant to the Offering, the Company issued to holders of its outstanding common shares of record as at the close of business on October 1, 2021 an aggregate of 45,151,338 transferable rights (each, a "**Right**"). Each Right entitled the holder thereof to subscribe for one common share upon payment of the subscription price of C$1.63 (equivalent of approximately $1.32) per common share until October 28, 2021. The Company issued 45,151,338 common shares, the maximum number of common shares available for issuance under the terms of the Offering, based on shareholders' exercise of the basic subscription privilege and the additional subscription privilege, allocated pro-rata, for aggregate gross proceeds to the Company of C$73,596,681 (equivalent of approximately $59,598,592).

  Frontera Energy Corporation ("**Frontera**") provided a standby commitment in connection with the Offering (the "**Standby Commitment**"), in which Frontera would acquire any common shares available as a result of any unexercised Rights under the Rights Offering, such that CGX was guaranteed to issue 45,151,338 common shares in connection with the Offering. In consideration for the Standby

Commitment, Frontera received 5-year warrants to purchase up to 1,173,774 Common shares at an exercise price equal to $1.51 per Common Share. Frontera acquired an additional 11,737,747 shares under the Standby Commitment. Frontera acquired an aggregate of 45,083,314 common shares in connection with the Offering pursuant to the exercise of Rights and the Standby Commitment under the Offering for cash consideration of C$ 73,758,802 (equivalent of approximately $ 59,508,802). As of November 1, 2021, Frontera now owns an aggregate of 257,475,49 common shares on a non-diluted basis, which represents approximately 76.98% of the issued and outstanding common shares.

On September 24, 2021, CGX entered into a term sheet with Frontera, the majority shareholder of CGX and joint venture partner in the Petroleum Prospecting Licenses for the Corentyne and Demerara blocks offshore Guyana (the "**Joint Venture**"), for a US$20 million rights offering bridge loan (the "**Rights Offering Bridge Loan**") that will enable CGX to continue to fund its share of costs related to the Corentyne, Demerara and Berbice blocks, the Berbice Deepwater Port Project ("**BDWP**"), and other budgeted costs as agreed to by Frontera. On October 8, 2021, the US$20 million Rights Offering Bridge Loan from Frontera to the Company was executed and made available for drawdown in tranches on a non-revolving basis until October 31, 2021. The Rights Offering Bridge Loan, together with all interest accrued was due and payable on October 31, 2021 (the "**Maturity Date**") or such later date as determined by Frontera, at its sole discretion; however, the Company and Frontera agreed that the acquisition cost of any securities acquired by Frontera pursuant to the exercise of Rights under the Rights Offering would be satisfied by the reduction of the amounts payable to Frontera under the Rights Offering Bridge Loan. Interest payable on the principal amount outstanding accrued at a rate of 9.7% per annum payable monthly in cash, with interest on overdue interest. If the Maturity Date was extended by Frontera, at its sole discretion, the new interest rate would have been 15% per annum. The loan was fully drawn on October 25, 2021 and subsequently repaid on October 28, upon closing of the Offering.

- On October 26, Mr. Todd Durkee was appointed Vice-President of Development for the Company.

- Grand Canal Industrial Estates Inc. ("**Grand Canal**"), a wholly-owned subsidiary of the Company, has commenced the BDWP on 30 acres of land on the eastern bank of the Berbice River. The deep water port facility intends to serve as an Offshore Supply Base ("**OSB**") and a Multi-Purpose Terminal ("MPT") with containerized and specialized cargo handling and agricultural import/export operations. The BDWP will enable provisioning of operators and vendors in territorial waters of both Guyana and Suriname. Construction of the BDWP continues on schedule; active construction is ongoing on the access road (62% completed), bridge from Corentyne Highway (85% completed), rip rap flood protection (94% completed), extension of electricity infrastructure to the port site (85% completed), extension of water infrastructure to the port site (39% completed) and quayside laydown yard (31% completed). All permits and permissions are in place. Requests for proposals have been advertised for the wharf platform and access trestle, capital dredging program, design and construction of all gates, buildings and fences, design and construction of firefighting and first aid structures and covered storage areas. Currently, evaluations of submitted proposals for the capital dredging and construction of the wharf platform and access trestle are underway. The OSB portion of the port is expected to be fully operational in the third quarter of 2022, with the multi-purpose terminal, servicing agricultural, general, and containerized cargos being fully operational by the end of 2023.

- On June 30, 2021, Veronique Giry was elected to act as a new director of the Company, replacing Duncan Nightingale who did not stand for re-election.

- On May 28, 2021, in pursuant to a term sheet dated April 16, 2021, CGX entered into a US$19 million secured convertible bridge loan agreement (the "**Convertible Loan**") to cover certain budgeted costs as agreed to by Frontera. The Convertible Loan is a non-revolving term facility available to be drawdown in tranches until October 31, 2021 with a standby fee of 2% per annum on the daily average amount of unused commitment under the Convertible Loan and accrues interest at a rate of 9.7% per annum on principle outstanding, until maturity on June 30, 2022, or such later date as determined by Frontera, at its sole discretion. Frontera in its sole discretion, may elect to convert all or a portion of the principal amount of the Convertible Loan outstanding into common shares of the Company at a conversion price per common share equal to U.S. $0.712 (being the U.S. dollar equivalent of C$0.89), in certain circumstances.

- On April 22, 2021, CGX Resources Inc. ("**CRI**"), Operator of the Corentyne offshore block entered into an agreement (the "**Drilling Contract**") with Maersk Drilling Holdings Singapore Pte. Ltd. ("**Maersk**"), a subsidiary of The Drilling Company of 1972 A/S, for the provision of a semi-submersible drilling unit, the Maersk Discoverer, and associated services to drill the Kawa-1 well on the Corentyne offshore block. The Company and Frontera ("**Frontera**") are joint-venture partners (the "**Joint Venture**") in the Petroleum Prospecting License for the Corentyne block offshore Guyana. The Maersk Discoverer is en route from Trinidad and is expected to arrive at the Kawa-1 location on August 15, 2021. The Kawa-1 well is expected to spud before the end of August 2021 and reach total depth in approximately 85 days. The primary target for the Kawa-1 well is a Santonian age, stratigraphic trap. The Kawa-1 well is anticipated to be drilled to a total depth of approximately 6,685 meters in a water depth of approximately 355 meters. This Drilling Contract also includes one optional well on the Demerara block. In conjunction with the Drilling Contract between CRI and Maersk, Frontera entered into a separate Deed of Guarantee (the "**Deed**") with Maersk on April 30, 2021 for certain obligations in connection with the day rates under the Drilling Contract on behalf of CRI, up to a maximum of $25 million subject to a sliding scale mechanism in connection with payments made under the Drilling Contract. Frontera and the Company also entered into an agreement pursuant to which all amounts drawn under the Deed that are attributed to CRI's share of the Joint Venture costs, shall be guaranteed by the Company.

- CRI contracted a pore pressure analysis of the Corentyne Kawa-1 prospect and the Demerara Makarapan-1 prospect. The Corentyne Kawa-1 prospect was completed by P-Ten in February 2021 and the Demerara Makarapan-1 prospect was completed by P-Ten in April 2021.

- CRI contracted a basin modelling study over the Corentyne and Demerara blocks, which was completed in March 2021 by Zetaware.

- In February 2021, CRI contracted Petrostrat to perform a biostratigraphic study of all available paleontological and palynological data in the basin to create a standardized, sub-regional biostratigraphic understanding in an effort to enhance prospectivity for the Demerara and Corentyne Blocks. The study includes 22 wells from both Guyana and Suriname. The paleontological study was completed as of June 2021.

- In February 2021, CRI received an addendum to the Demerara PA, subject to final documentation, extending the February 12, 2021 deadline for drilling an exploration well on the Demerara block to no later than February 11, 2022.

- In February 2021, ON Energy Inc. ("**ON Energy**") received an addendum to the Berbice PA, subject to final documentation, constituting an extension and modification to the workplan on the Berbice block, from completing a seismic program by August 12, 2021 to completing a seismic program and commencement of drilling an exploration well no later than June 15, 2022.

UPDATE ON COVID-19

As the global coronavirus pandemic ("**COVID-19**") continues, CGX has continued with its plan to protect the health and safety of its employees and all stakeholders.

The Company continues to monitor the COVID-19 related situation and act in accordance with the advice provided by regulatory authorities in all the countries within which it operates.

Financial markets may continue to be volatile in Canada in 2021, reflecting ongoing concerns about the stability of the global economy in light of the COVID-19 global pandemic. Additionally, the global economy and the energy industry have been deeply impacted by the effects of the COVID-19 pandemic and related governmental actions. The COVID-19 pandemic and its unprecedented consequences have amplified, and may continue to amplify, risks related to the market prices of and supply and demand for oil and gas, currency exchange rates; inflation rates; the availability of goods and services; legislative, regulatory, or policy changes or cyberattacks; the impact of health and safety and other governmental regulations; deterioration of the economic, and social conditions in Guyana; the ability to access the capital markets and market-related risks. Given the uncertainty regarding the duration and scope of the COVID-19 pandemic and its prolonged impact on the global economy and the oil and gas industry, there can be no assurance that the pandemic will not materially and adversely affect the Company's business, financial condition, cash flows, and results of operations in the future. Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing and or raising funds. The Company continues to be affected by these trends. Given the uncertainty around the future spread or mitigation of COVID-19, the Company cannot reasonably estimate the impact to its future results of operations, cash flows or financial condition. The risk of a resurgence remains high and its potential impact on oil prices and the global economy could result in an economic downturn that could have a material adverse effect on its operations and financial results, cash flow and financial condition of the Company.

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.

CORPORATE OVERVIEW AND OUTLOOK

CGX is an oil and gas exploration company headquartered in Toronto, Canada. CGX was incorporated in 1998 for the primary purpose of exploring for hydrocarbons in Guyana, South America. The Company is also developing a BDWP in Guyana.

As at August 9, 2021, CGX holds an interest in three Petroleum Agreements (known as the Corentyne, Berbice and Demerara Blocks) covering approximately 11,005.2 km^2 (approximately 7,183.0 net km^2) offshore and onshore Guyana.

CGX has four direct subsidiaries: (i) CRI, a wholly-owned subsidiary, which is incorporated pursuant to the laws of Bahamas; (ii) ON Energy, a corporation subsisting under the laws of Guyana, 62% of the voting shares of which are owned by CGX; (iii) GCIE Holdings Limited (**"GCIE"**), a wholly-owned subsidiary, which is incorporated pursuant to the laws of Barbados and owns 100% of the shares of Grand Canal, a corporation subsisting under the laws of Guyana; and (iv) CGX Energy Management Corp. (**"CGMC"**), a wholly owned subsidiary, which is incorporated pursuant to the laws of the State of Delaware, USA.

Carrying on Business in Guyana

The exploration activities of CGX are currently conducted in Guyana through its subsidiaries.

Guyana is situated on the northern coast of the South American continent. It is bound on the north by the Atlantic Ocean, on the east by Suriname, on the south-west by Brazil and on the north-west by Venezuela. Guyana's total area is approximately 215,000 km^2, slightly smaller than Great Britain. Its coastline is approximately 4.5 feet below sea level at high tide, while its hinterland contains mountains, forests, and savannahs. This topography has endowed Guyana with its extensive network of rivers and creeks as well as a large number of waterfalls. Guyana is endowed with natural resources including fertile agricultural land and rich mineral deposits (including gold, diamonds and semi-precious stones, bauxite and manganese).

Guyana is divided into three counties (Demerara, Essequibo, and Berbice) and 10 administrative regions. Georgetown is the capital city of Guyana, the seat of government, the main commercial center, and the principal port. In 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 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.

The Petroleum Regime in Guyana

Under the Guyana Petroleum Act, PAs, and associated PPLs, for petroleum exploration in Guyana are executed by, and subject to the approval of, the Minister Responsible for Petroleum. Within Guyana, subsurface rights for minerals and petroleum are vested in the state. PAs may address the following matters: (i) granting of requisite licences; (ii) conditions to be included in the granting or renewal of such licences; (iii) procedure and manner with respect to the exercise of Ministerial discretion; and (iv) any matter incidental to or connected with the foregoing.

The GGMC is the statutory body responsible for administering PAs and PPLs for petroleum exploration in Guyana. The GGMC has been charged with the responsibility for managing the nation's mineral resources.

In order to obtain a PPL, the licensee must:

- submit a PPL application to the Minister Responsible for Petroleum, including a detailed annual work program and budget; and
- agree to comply with licence conditions stipulated by the Minister Responsible for Petroleum, including conditions stipulated in the applicable governing PA.

A PA and an associated PPL enable the holder to conduct prospecting and exploration activities for petroleum on the subject property in accordance with the terms and conditions of such PA and PPL. A PPL is issued for an initial period not exceeding four years, and is renewable for up to two additional three-year periods. In the event of a discovery, the holder may apply for a 20-year PPL, renewable for a further 10 years.

CGX's Petroleum Agreements ("PAs") and Petroleum Prospecting Licences ("PPLs")

Corentyne PA and PPL

On November 27, 2012, CRI was issued a new PPL and PA for the Corentyne block offshore Guyana. On December 15, 2017, the Company was issued an addendum to the November 27, 2012 PA ("**COR Addendum I**"). Under the terms of the COR Addendum I, the Company's work commitments were modified and the Company relinquished 25% of the original contract area block. Effective May 20, 2019 and as at December 31, 2020 and 2019, the Corentyne PPL and PA is 66.667% owned by CRI. During the year ended December 31, 2019, the CRI received an addendum ("**COR Addendum II**") to the COR Addendum I on the Corentyne PPL as follows:

<u>First Renewal Period, Phase Two (27th November 2017 to 27th November 2019)</u>
"During phase two of the first renewal period, the Company shall complete additional seismic acquisition or seismic processing."

<u>Second Renewal Period, Phase One (27th November 2019 to 26th November 2020)</u>
"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

During the year ended December 31, 2020, the Company received a third addendum ("**COR Addendum III**") whereby the principal agreement has now been modified as follows:

<u>Second Renewal Period, Phase One (27th November 2019 to 26th November 2021)</u>
"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

As part of the COR Addendum III during the year ended December 31, 2020, the Company has agreed to amend its 54.96 acres lease on the staging facility to reflect acreage containing no more than 30 acres.

The table below outlines the commitments under the Addendum I as at September 30, 2021:

Period	Phase	Exploration Obligation	Dates
First Renewal Period - 3 Years	Phase One - 12 Months	Commence planning to drill 1 exploration well (Completed)	Nov 27, 2016 - Nov 27, 2017
	- At the end of phase one of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2. (Company has commited to complete work in phase 2)		
	Phase Two - 24 Months	Complete additional seismic acquisition or reprocessing (Completed)	Nov 27, 2017 - Nov 27, 2019
	- At the end of the first renewal period of three (3) years, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or relinquish twenty-five (25%) percent of the Contract Area and renew the Petroleum Prospecting Licence for a second period of three (3) years.		
Second Renewal Period - 3 Years	Phase One - 24 Months	Drill 1 exploration well	Nov 27, 2019 - Nov 26, 2021
	- At the end of phase one of the second renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2.		
	Phase Two - 12 Months	Drill 1 exploration well	Nov 26, 2021 - Nov 26, 2022
	- At the end of the second renewal period of three (3) years, the Company shall relinquish the entire Contract Area except for any Discovery Area, the area contained in any Petroleum Production Licence and any other portion of the Contract Area on which the Minister Responsible for Petroleum agrees to permit the Company to conduct further exploration activities.		

The Company has submitted its proposed 25% acreage relinquishment which are required by the Corentyne PA to the Department of Energy (“**DOE**”) and the Guyana Geology and Mines Commission (“**GGMC**”) and is now awaiting the agreement of these agencies on the acceptance of the proposed relinquishment and final instruments to formally move into the second renewal period of the Corentyne PA.

Demerara PA and PPL

On February 12, 2013, CRI entered into the Demerara PPL and PA covering 3,975 km^2, the same area of the former Annex PPL, which was a subset of the Company’s original Corentyne PA. On December 15, 2017, the Company was issued an addendum to the February 12, 2013 PA (**"DEM Addendum I"**). Under the terms of the DEM Addendum I, the Company’s work commitments were modified and the Company relinquished 25% of the original contract area block. Effective May 20, 2019 and as at September 30, 2021 and December 31, 2020, the Demerara PA and PPL is 66.667% owned by CRI.

On February 12, 2021, the Company received an addendum, subject to final documentation, (**"DEM Addendum II"**), whereby the principal agreement has now been modified as follows:

<u>Second Renewal Period, Phase One (12th February 2020 to 11th February 2022)</u>
“During phase one of the second renewal period, the Company shall drill one (1) exploration well.”

The table below outlines CRI's commitments under Addendum II as at September 30, 2021:

<table>
<tr><th>Period</th><th>Phase</th><th>Exploration Obligation</th><th>Dates</th></tr>
<tr><td rowspan="4">First Renewal Period - 3 Years</td><td>Phase One - 12 Months</td><td>Conduct additional data processing and planning for 1st exploration well (Conducted)</td><td>Feb 12, 2017 - Feb 12, 2018</td></tr>
<tr><td colspan="3">- At the end of phase one (1) of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2. (Company has commited to complete work in phase 2)</td></tr>
<tr><td>Phase Two - 24 Months</td><td>Complete any additional processing and planning, and secure all regulatory approvals for the drilling of 1st exploration well (Completed)</td><td>Feb 12, 2018 - Feb 12, 2020</td></tr>
<tr><td colspan="3">- At the end of the first renewal period of three (3) years, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or relinquish twenty-five (25%) percent of the Contract Area and renew the Petroleum Prospecting Licence for a second period of three (3) years.</td></tr>
<tr><td rowspan="4">Second Renewal Period - 3 Years</td><td>Phase One - 24 Months</td><td>Drill 1 exploration well</td><td>Feb 12, 2020 - Feb 11, 2022</td></tr>
<tr><td colspan="3">- At the end of phase one of the second renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2.</td></tr>
<tr><td>Phase Two - 12 Months</td><td>Drill 1 exploration well</td><td>Feb 11, 2022 - Feb 12, 2023</td></tr>
<tr><td colspan="3">- At the end of the second renewal period of three (3) years, the Company shall relinquish the entire Contract Area except for any Discovery Area, the area contained in any Petroleum Production Licence and any other portion of the Contract Area on which the Minister Responsible for Petroleum agrees to permit the Company to conduct further exploration activities.</td></tr>
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In 2020, CRI submitted its proposed 25% acreage relinquishment which is required by the Demerara PA to the GGMC and Ministry of Natural Resources and is awaiting the agreement from these agencies on the proposed relinquishment and final instruments to formally move into the Second Renewal Period of the PA.

Berbice PA and PPL

On February 12, 2013, ON Energy entered into the Berbice PPL and PA covering 3,295 km^2, the same area as the former Berbice PA issued on October 1, 2003, combined with the onshore portion of the Company's former Corentyne PA. The Berbice PPL is 100% owned by ON Energy, which is owned 62% by CGX. On December 15, 2017, ON Energy was issued an addendum to the February 12, 2013 PA (**"BER Addendum I"**). Under the terms of the BER Addendum I, the Company's work commitments were modified.

On February 12, 2021, the Company received an addendum, subject to final documentation, (**"BER Addendum II"**), whereby the principal agreement has now been modified as follows:

<u>Second Renewal Period, Phase One (12th February 2020 to 11th August, 2022)</u>
"During phase one of the second renewal period, the Company shall complete a seismic program and complete all processing and interpretation so as to inform and lead to the drilling of at least one (1) Exploration Well by the June 15, 2022."

The table below outlines ON Energy's commitments under Addendum II as at September 30, 2021:

<table>
<tr><th>Period</th><th>Phase</th><th>Exploration Obligation</th><th>Dates</th></tr>
<tr><td rowspan="4">First Renewal Period - 3 Years</td><td>Phase One - 18 Months</td><td>Compile all relevant data, information and budgetary allocations for a geochemical survey and submit to the GGMC for approval (Completed)</td><td>Feb 12, 2017 - Aug 12, 2018</td></tr>
<tr><td colspan="3">- At the end of phase one (1) of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production License or commit to the work programme in phase two (2).</td></tr>
<tr><td>Phase Two - 18 Months</td><td>(a) Complete a geochemical survey of a minimum 120 sq km (Completed) (b) Commence a seismic program defined by the geochemical survey (Completed)</td><td>Aug 12, 2018 - Feb 12, 2020</td></tr>
<tr><td colspan="3">- At the end of the first renewal period of three (3) years, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or relinquish twenty-five (25%) percent of the Contract Area and renew the Petroleum Prospecting Licence for a second period of three (3) years.</td></tr>
<tr><td rowspan="4">Second Renewal Period - 3 Years</td><td>Phase One - 30 Months</td><td>Complete seismic program and all associated processing and interpretation and drill 1 exploration well by June 15, 2022</td><td>Feb 12, 2020 - August 12, 2022</td></tr>
<tr><td colspan="3">- At the end of phase one (1) of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production License or commit to the work programme in phase two (2).</td></tr>
<tr><td>Phase Two - 6 Months</td><td>Drill 1 exploration well</td><td>August 12, 2022 - Feb 12, 2023</td></tr>
<tr><td colspan="3">- At the end of the second renewal period of three (3) years, the Company shall relinquish the entire Contract Area except for any Discovery Area, the area contained in any Petroleum Production Licence and any other portion of the Contract Area on which the Minister Responsible for Petroleum agrees to permit the Company to conduct further exploration activities.</td></tr>
</table>

In 2020, ON Energy submitted its proposed 25% acreage relinquishment which is required by the Berbice PA to the GGMC and Ministry of Natural Resources and is awaiting the agreement from these agencies on the proposed relinquishment and final instruments to formally move into the Second Renewal Period of the PA.

GUYANA OPERATIONS

Corentyne PA, Guyana

The original Corentyne PA covered approximately 11,683 km^2 under two separate PPLs. The Annex PPL (4,047 km^2) was held 100%, as was the offshore portion of the Corentyne PPL (6,070 km^2), while the onshore portion of the Corentyne PPL (1,566 km^2) was held net 62% by CGX through ON Energy.

The original Corentyne PA was awarded to CRI in 1998, following which CRI began an active exploration program consisting of an 1,800 km 2D seismic acquisition and preparations to drill the Eagle well. The Eagle drilling location in 2000 was inside of Guyana,15 km from the Guyana-Suriname border. However, a border dispute between Guyana and Suriname led to CRI being forced off the Eagle location before drilling could begin. As a result of that incident, all active offshore exploration in Guyana was suspended by CGX and the other operators in the area. On September 17, 2007, the International Tribunal on the Law of the Sea ("**ITLOS**") awarded a maritime boundary between Guyana and Suriname. In the decision, ITLOS determined that it had the jurisdiction to decide on the merits of the dispute and that the line adopted by ITLOS to delimit the parties' continental shelf and exclusive economic zone follows an unadjusted equidistance line. The arbitration was compulsory and binding. CGX financed a significant portion of Guyana's legal expenses at a cost of $9.8 million. The decision was beneficial for CGX, as it concluded that 93% of CRI's Corentyne PPL would be in Guyana territory.

Because CRI was prevented from gaining unhindered access to a portion of the original Corentyne PPL area during the seven-year resolution, the term of the contract was extended to June 2013.

In 2008, CRI was the first company to commit to acquire 3D seismic in Guyana when it acquired a 505 km^2 3D seismic program to enhance its interpretation of its newly defined Eagle Deep prospect, a large stratigraphic trap in the Cretaceous. The cost of the seismic program was approximately $8 million. Processing and interpretation of the 3D seismic was completed in 2009.

Based on the interpretation of the 3D seismic volume and concurrent activities on both sides of the Atlantic margin, CRI interpreted numerous prospects on the Corentyne PPL. The Eagle-1 well spud on February 13, 2012, and was initially budgeted for 60 days of drilling. The well experienced weather delays and mechanical issues which extended operations to 107 days. In May 2012, the Company completed the analyses of the results of its Eagle-1 well which was declared a dry-hole encountering hydrocarbon shows in three formations, however, the potential reservoir sands proved to be water-bearing. CGX recognized the total cost of Eagle-1 well as a dry-hole expense in the consolidated financial statements for the years ended December 31, 2013 and 2012.

On November 27, 2012, CRI received a new Corentyne PA, offshore Guyana, renewable after four years for up to six additional years. The New Corentyne PA applies to the former offshore portion of the Corentyne PPL, covering 6,212 km^2.

On December 15, 2017, CRI was issued COR Addendum I to the November 27, 2012 PA. Under the terms of the COR Addendum I to the new Corentyne PA beginning November 27, 2017, the Company's work commitments were modified. At the end of the of the first renewal period on or before November 27, 2019, the Company shall 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. CRI relinquished 25% of the area of the Corentyne PPL as a result of entering into COR Addendum I, resulting in a reduction of acreage to 4,709 km^2.

On January 30, 2019, CRI and Frontera Energy Guyana Corp ("**FEGC**') executed Joint Operating Agreements ("**JOAs**") providing for FEGC to acquire a 33.333% interest in CRI's Corentyne and Demerara PPLs and PAs, in exchange for a $33,333,000 signing bonus. FEGC agreed to pay one-third of the applicable costs plus an additional 8.333% of CRI's direct drilling costs for the initial exploratory commitment wells in the two blocks. The additional 8.333% carry provided shall be subject to a maximum gross amount (including tax and all costs) of (i) $30,000,000 for drilling the first exploratory well under the Corentyne PA and (ii) $40,000,000 for drilling the first exploratory well under the Demerara PA. On May 28, 2019, the transfers of the 33.333% interest in both the Corentyne and Demerara PPL and PA were completed. The transfers are effective May 20, 2019.

In August 2019, CRI was issued COR Addendum II to the November 27, 2012 PA. Under the terms COR Addendum II to the new Corentyne PA beginning November 27, 2017, the work commitments were modified where by the order of its next two commitments under the new Corentyne PA were reversed.

Commencing in October 2019, a 3D seismic survey of 582 km2 was shot on the northern portion of the Corentyne PPL to image 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 complete an independent resource report on September 10, 2020. The report was completed on October 20, 2020.

On November 26, 2020, CRI received COR Addendum III whereby the principal agreement has now been modified as follows:

<u>Second Renewal Period, Phase One (27th November 2019 to 26th November 2021)</u>
"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

In 2020, CRI submitted its proposed 25% acreage relinquishment which are required by the Corentyne PA to the GGMC and the Ministry of Natural Resources and is now awaiting the agreement of these agencies on the acceptance of the proposed relinquishment and final instruments to formally move into the second renewal period of the Corentyne PA.

Berbice PA, Guyana

In 2003, CGX, through its 62% owned subsidiary ON Energy, applied for and was granted the Berbice PPL and PA consisting of approximately 1,566.2 km^2 adjacent to the Corentyne onshore PPL. On the two onshore PPLs, ON Energy completed aeromag re-interpretation, a geochemical sampling program and a 2D seismic program, to fulfill the minimum work obligations, plus drilled three exploration wells which were assessed to be dry-holes.

On February 12, 2013, the Government of Guyana issued a new Berbice PA and PPL to ON Energy, comprising the former Berbice PA and the onshore portion of the former Corentyne PPL, covering 3,295 km^2. Under the terms of the new Berbice PA, during the initial period of four years, ON Energy had an obligation to conduct an airborne survey comprising a minimum of 1,000 km^2 and either conduct a 2D seismic survey comprising a minimum of 100 km^2 or drill one exploration well.

On December 15, 2017, the Company was issued BER Addendum I to the February 12, 2013 PA. Under the terms of the new Berbice PA, during phase two of the first renewal period beginning on August 12, 2018, the Company will (a) complete a geochemical survey of a minimum 120 sq km and (b) commence a seismic program defined by the geochemical survey. In 2018, the Company contracted Exploration Technologies Inc., a Houston, Texas based geochemical survey company, to conduct a geochemical survey on its Berbice PPL, onshore Guyana. The field survey started on October 27, 2018 and was completed on November 4, 2018. A total of 317 sample points and 49 blanks were taken. The survey covered a total area of approximately 391 km^2. This satisfied part (a) of phase 2 of the first renewal period commitment to complete a geochemical survey of a minimum of 120 km^2.

On February 12, 2021, the Company received BER Addendum II, subject to final documentation, whereby the principal agreement has now been modified as follows:

Second Renewal Period, Phase One (12th February 2020 to 11th August, 2022)
"During phase one of the second renewal period, the Company shall complete a seismic program and complete all processing and interpretation so as to inform and lead to the drilling of at least one (1) Exploration Well by the June 15, 2022."

ON Energy has submitted its proposed 25% acreage relinquishment which is required by the Berbice PA to the GGMC and Ministry of Natural Resources and is awaiting the agreement from these agencies on the proposed relinquishment and final instruments to formally move into the Second Renewal Period of the PA.

Demerara PA, Guyana

On February 12, 2013, the Government of Guyana issued the new Demerara PA and PPL to CRI. The Demerara PA and PPL applies to the former offshore portion of the Annex PPL, covering 3,000 km^2, which was a subset of the CRI's original Corentyne PA. Under the terms of the new Demerara PA, during the initial period of four years, CGX had an obligation to conduct a 3D seismic survey of a minimum of 1,000 km^2 and to drill one exploration well.

In September 2014, CRI entered into a seismic contract with Prospector PTE. Ltd. ("**Prospector**") to conduct a 3,116.74 km^2 3D seismic survey on the Company's 100% owned Demerara Block as part of its commitments under the Demerara PA and PPL. The aggregate cost of this seismic survey was approximately $19 million with $7 million paid to Prospector by way of issuance of 15,534,310 common shares valued at $0.49 per share, $2.5 million paid in cash thirty days after receipt of their invoice and the remainder of approximately $9.5 million payable in cash twelve months after the conclusion of the seismic survey, being December 2015. As of the date hereof, this amount remains unpaid.

On December 15, 2017, CRI was issued Dem Addendum I to the February 12, 2013 PA. Under the terms of Dem Addendum I to the Demerara PA, during phase two of the first renewal period commencing February 12, 2018, the Company will be required to complete any additional processing and planning, and secure all regulatory approvals for the drilling of first exploration well. At the end of the first renewal period of three (3) years, the Company shall elect either to 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. CRI relinquished 25% of the area of the Demerara PPL as a result of entering into Demerara Addendum I, resulting in a reduction of acreage to 3,001 km^2.

On January 30, 2019, CRI and FEGC executed the JOAs providing for FEGC to acquire a 33.333% interest in CRI's Corentyne and Demerara PPLs and PAs, in exchange for a $33,333,000 signing bonus. FEGC agreed to pay one-third of the applicable costs plus an additional 8.333% of CRI's direct drilling costs for the initial exploratory commitment wells in the two blocks. The additional 8.333% carry provided shall be subject to a maximum gross amount (including tax and all costs) of (i) $30,000,000 for drilling the first exploratory well under the Corentyne PA and (ii) $40,000,000 for drilling the first exploratory well under the Demerara PA. On May 28, 2019, the transfers of the 33.333% interest in both the Corentyne and Demerara PPL were completed. The transfers are effective May 20, 2019.

CRI contracted McDaniel and Associates Consultants Ltd. to complete an independent resource report on September 10, 2020. The report was completed on October 20, 2020.

On February 12, 2021, CRI received Dem Addendum II, subject to final documentation, whereby the principal agreement has now been modified as follows:

Second Renewal Period, Phase One (12^{th} February 2020 to 11^{th} February 2022)
"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

In 2020, CRI submitted its proposed 25% acreage relinquishment which is required by the Demerara PA to the GGMC and Ministry of Natural Resources and is awaiting the agreement from these agencies on the proposed relinquishment and final instruments to formally move into the Second Renewal Period of the PA.

CONTRACTURAL COMMITMENTS

Further details of the Company's contractual commitments are included in the unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2021 and 2020.

Deep Water Port Facility and Logistics Yard, Guyana

CRI acquired a 50 years 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 on its eastern bank (the **"Leased Land"**). 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 Grand Canal's plans for the development of its BDWP.

The lease was originally acquired in 2010 by CRI and was transferred in 2012 to Grand Canal. Grand Canal plans to build the BDWP on the Leased Land. Grand Canal believes that the Leased Land is the most strategic for the BDWP facility servicing the oil and gas 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 BDWP, which is located adjacent to Crab Island on the Eastern Bank of the Berbice River, is 4.8 km from the Atlantic Ocean.

Grand Canal expects that the BDWP 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 southern states of Brazil. Due to its location close to Suriname, the BDWP'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 BDWP will also add significant capacity to the agricultural sector, supporting rice, sugar, agro-processing and agricultural materials.

Grand Canal has performed various developmental works on the site, including the installation of vertical drains and geotechnical treatment of the land, the building of access roads and the construction of bridges.

The project, with current estimates for a fully developed port involving investment in the range of US$70MM, targets full operation of the oil and gas support base in mid-year of 2022 and full operation of the cargo terminal aspects of the port in the beginning of 2024.

For the nine month period ended September 30, 2021, the Company incurred additions of $3,913,497 (year ended December 31, 2020 – $1,182,228) with respect to expenditures on the BDWP.

TRENDS

Financial markets may continue to be volatile in Canada in 2021, reflecting ongoing concerns about the stability of the global economy in light of the COVID-19 global pandemic. In addition, recent oil price wars between Saudi Arabia and Russia have had a significant negative impact on the price of oil. Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing and or raising funds. The Company continues to be affected by these trends.

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. See "Risks and Uncertainties".

OVERALL PERFORMANCE

The Company has no revenues, so its ability to ensure continuing operations is its ability to obtain necessary financing to complete the acquisition and development of potential oil and gas properties.

The net loss and comprehensive loss for the nine months ended September 30, 2021 was $4,508,374 ($0.02 per share) as compared to net loss and comprehensive loss $4,180,525 ($0.02 per share) for the nine months ended September 30, 2020. Net loss for the period is consistent with prior periods as expected, except for the following:

The Company incurred stock-based compensation during the nine months ended September 30, 2021 of $711,000 compared to $2,528,000 for the same period in 2020. The difference in the current period is due to fewer options vesting as compared to the prior period. 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.

General and administrative expense was $1,303,076 for the nine month period ended September 30, 2021 compared to $375,137 for the nine months ended September 30, 2020. G&A expense increased by $927,938 for the nine months ended September 30, 2021 compared to the same period in 2020. Increases in 2021 were mainly due to the timing of community service relations and increased business development costs related to pursuing strategic options related to financing activities. In 2020 the Company received a payment of $250,000 from M-I Trinidad Limited (**"M-I"**) to cover costs incurred for storage of M-I's property since 2011.

Indirect revenue from farm in partner is a fee the Company, as an operator of the Corentyne and Demerara licences, receives from its partner for the indirect costs related to operating the licence, calculates based on total expenditures under the JOAs. Total expenditures increased with the growth in recent activities related to the Corentyne license, and resulted in increased revenue by $871,713 to $884,235 for the nine months ended September 30, 2021 from $12,522 for the same period in 2020.

CGX incurred a gain on revaluation of warrant liability of $Nil for the nine months ended September 30, 2021 compared to $841,000 for the same period in 2020. The warrants were recorded as a derivative liability for accounting purposes due to their exercise price being denominated in a currency other than the Company's US dollar functional currency. Warrant liability was booked based on the valuation of warrants using the Black-Scholes model. The liability varied mainly based on the number of warrants outstanding in the period, the current price of the Company's Common Shares, the volatility used in the calculation, the expected remaining life and the remaining underlying assumptions used in the model. Increases or decreases in the value of the warrant liability resulted in a gain or loss on revaluation of warrant liability.

Interest expense for the nine months ended September 30, 2021 was $1,053,299 compared to $427,449 in the same period in 2020. The increased in interest expense was due to the interest incurred on the Bridge Loan.

Professional fees for the nine months ended September 30, 2021 were $885,310 compared to $330,060 in the same period in 2020. These fees were higher primarily due to an increase in legal fees relating to arbitration with Prospector PTE. Ltd. resuming and increased activities related to the Kawa-1 well and the BDWP.

Management and consulting expense increased by $203,324 to $1,405,491 from $1,202,267 for the same period in 2020. The current year period was higher as a result of an increase in both employees and contractors to meet the Company's growth needs related to it's exploration program and the BDWP.

Foreign exchange gain for the nine months ended September 30, 2021 was $59,822 (2020 – loss of $117,701). The gain for the period in 2021 was mainly due to an increase of the Canadian dollar on the Company's C$ cash held throughout the period. The loss for the period in 2020 is mainly due to the sharp drop of the Canadian dollar on the Company's C$ cash held throughout the period as a result of COVID-19 uncertainty.

LIQUIDITY AND FINANCIAL CONDITION

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company had a working capital deficiency of $47,997,419 (December 31, 2020 - $2,388,378), consisting of current assets of $19,534,943 (December 31, 2020 - $12,192,211) to settle current liabilities of $67,532,362 (December 31, 2020 - $14,580,589). In order to meet its short-term and longer-term working capital and property exploration expenditures, the Company must 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. Please refer to "Going Concern Uncertainty and Management's Plans" for further details.

These unaudited condensed interim consolidated financial statements 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 its next fiscal year. 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.

Going Concern Uncertainty and Management's Plans

The unaudited financial statements three and nine month periods ended September 30, 2021 and 2020 have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company has a history of operating losses and as at September 30, 2021 had a working capital deficiency of $47,997,419 (December 31, 2020 - $2,388,378) and an accumulated deficit of $302,364,382 (December 31, 20120 - $297,856,008). 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 under the Company's PPLs outlined in Note 9 to the unaudited condense interim financial statements, the Company will not have sufficient cash flow to meet 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, believes in the viability of its strategy and that the actions presently being taken 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.

PROPOSED TRANSACTIONS

None.

PENDING LITIGATION

In September 2014, the Company entered into a contract with 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 million with $7 million paid to Prospector by way of issuance of 15,534,310 common shares, $2.5 million paid in cash in 2014 and the remainder of approximately $9.5 million payable in cash twelve months after the conclusion of the seismic survey (December 2015), which is included in trade and other payables as at September 30, 2021 and December 31, 2020. In accordance with the contract with Prospector, the amounts outstanding twelve months after the conclusion of the seismic survey shall accrue 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 has agreed to be responsible under certain circumstances to Prospector for up to a maximum of $500,000. The processing began in late 2016 and was substantially completed in 2017 and as a result, the Company has recorded a provision of $500,000 recorded in trade and other payables as at September 30, 2021 and December 31, 2020.

In July 2018, Prospector filed a request for arbitration against CGX and CGX Resources in the International Chamber of Commerce ("**ICC**") for repayment of the debt accrued under Seismic Acquisition dated September 2014 contract (and the addendum thereto) 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 and requested that the tribunal award to Prospector the relief of (i) the amount $12,420,442 being the amount Prospector alleged it was owed as at May 1, 2018, (ii) any interest that will continue to accrue 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) cost and reasonable and necessary attorney's fees incurred by Prospector in bringing forward the arbitration (the "Arbitration"). It was subsequently agreed that the Tribunal had no jurisdiction over CGX Resources.

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 International Chamber of Commerce for $26,083,000, plus interest and costs, for damages it claims to have suffered. The contingent gains, if any, are not recorded as at September 30, 2021 or and December 31, 2020 as the outcome of these proceedings is still unknown and there can be no assurances that the Company will be successful in its lawsuit or that it will be able to collect any damages that it may be awarded.

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.

The Board approves all related party transactions prior to implementation, engages independent legal counsel, as needed, and meets to deliberate. The Board also reviews the business rationale for any proposed related party transaction and ensures that the transaction is in compliance with applicable securities laws.

The related party transactions listed below were in the normal course of operations and were measured at the exchange amount, which are the amounts of consideration established and agreed to by the related parties.

On May 28, 2021, the Company entered into a Convertible Loan with Frontera in the aggregate principal amount of $19,000,000. The Convertible Loan is a non-revolving term facility and together with all interest accrued, will be due and payable on June 30, 2022, or such later date as determined by Frontera, at its sole discretion. 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 Convertible Loan agreement includes a standby fee of 2% multiplied by the daily average amount of unused commitment under the Convertible Loan payable quarterly in arrears during the drawdown period.

Frontera in its sole discretion, may elect to convert all or a portion of the principal amount of the Convertible Loan outstanding into common shares of the Company at a conversion price per common share equal to US$0.712 at any time (A) after July 15, 2021 and on or before February 15, 2022, in certain circumstances, on the condition that Frontera first notifies CGX in writing of its decision to exercise its conversion right, and CGX either (i) fails to notify Frontera, within fifteen calendar days following delivery of the Frontera notice, that it will repay all amounts outstanding under the Loan in cash or (ii) fails to so repay all amounts outstanding under the Convertible Loan within fifteen calendar days following CGX’s timely notice of its intent to repay the Loan, or (B) after February 15, 2022, on the delivery of a conversion notice by Frontera if CGX Resources has as of July 15, 2021 entered into a binding transaction that will provide it with funds to repay outstanding amounts under the Loan. Due to an anti-dilution clause in the Convertible Loan, the conversion price per common share was reduced to US$0.69743. The maximum number of common shares which may be acquired by Frontera upon the conversion of the Loan is 27,242,877 common shares.

The Convertible Loan is secured by all of the assets of the Company. In addition, during the nine months ended September 30, 2021, CRI and GCIE signed a guarantee with Frontera for the Convertible Loan. On June 17, 2021, Frontera assigned the Convertible Loan and all the rights associated with it to its wholly owned subsidiary, Frontera ODL Holding Corp. In September 2021, Frontera ODL Holding Corp reassigned the loan back to Frontera.

The 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 Convertible Loan being less than face value. The discount was accreted over the term of the Convertible Loan utilizing the effective interest rate method at a 15% discount rate.

The activity on the Convertible Loan from related party for the nine months ended September 30, 2021 and 2020 is as follows:

Nine months ended September 30,	**2021**	2020
Opening balance at beginning year	**$ -**	$ -
Bridge Loan advances	**19,000,000**	-
Conversion component of convertible loan	**(835,000)**	-
Transaction costs	**(59,971)**	-

Interest accretion	**193,024**	-
Accrued and paid interest on loan from related party	**435,935**	-
Interest paid on loan from related party	**(233,746)**	-
Interest recorded in trade and other payables	**(202,189)**	-
Total loan from related party	**$ 18,298,053**	$ -

As at November 3, 2021, Frontera currently holds 257,475,469 common shares of the issued and outstanding shares in the capital of the Company, representing approximately 76.98% of the common shares of the Company on a non-diluted basis.

Farm in Partner Over/Under Call

Under the JOAs, the Company is operator on both the Corentyne and Demerara licences. As operator, the Company makes cash calls from its partner to pay for future licence expenditures. As at September 30, 2021, the Company had cash call payable of $161,189 (December 31, 2020 - $149,306 receivable) in advances for future exploration on the Corentyne and Demerara licences.

In addition, as operator of the Corentyne and Demerara licences, the Company receives a fee from its partner to reimburse its indirect costs related to operating the licence. This fee is based on total expenditures under the JOAs. During the nine month period ended September 30, 2021, the Company received fees from its farm in partner of $884,235 (2020 - $24,528).

Key Management

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

Nine month period ended September 30,	**2021**	2020
Short-term employee benefits	**$ 1,421,000**	$ 934,000
Share based payments	**257,000**	1,912,000
Total compensation paid to key management	**$ 1,678,000**	$ 2,846,000

At September 30, 2021, included in trade and other payables is $400,000 (December 31, 2020 - $246,000) due as a result of deferred payment of directors' fees. These amounts are unsecured, non-interest bearing and due on demand. See also Note 16.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's Annual MD&A and Annual Information Form for the fiscal year ended December 31, 2020, available on SEDAR at www.sedar.com.

November 3, 2021

"signed" Suresh Narine

Suresh Narine, Executive Chairman and Executive Director (Guyana)

"signed" Tralisa Maraj

Tralisa Maraj, Chief Financial Officer

Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine month periods ended

September 30, 2021 and 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of CGX Energy Inc. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Toronto, Canada
November 1, 2021

“Suresh Narine”

Suresh Narine
Executive Chairman and Executive Director (Guyana)

“Tralisa Maraj”

Tralisa Maraj
Chief Financial Officer

CGX Energy Inc.
Unaudited Condensed Interim Consolidated Statements of Financial Position

(US$'s)

As at,	**September 30, 2021**	December 31, 2020
	$	$
Assets		
Current assets		
Cash and cash equivalents *(note 6)*	**15,786,667**	11,820,059
Trade receivables and other assets *(note 7)*	**3,748,276**	222,846
Farm in partner receivable *(note 10)*	**-**	149,306
Total current assets	**19,534,943**	12,192,211
Property, plant and equipment *(note 8)*	**12,368,420**	8,359,523
Exploration and evaluation expenditures *(notes 9 and 16)*	**57,262,549**	18,624,779
Total assets	**89,165,912**	39,176,513
Liabilities		
Current liabilities		
Trade and other payables *(notes 9, 10, and 11)*	**49,073,120**	14,580,589
Farm in partner advances *(note 10)*	**161,189**	-
Convertible loan from related party *(note 10)*	**18,298,053**	-
Total liabilities	**67,532,362**	14,580,589
Shareholders' equity		
Share capital *(note 13)*	**296,458,932**	296,458,932
Reserve for share based payments *(note 14)*	**27,539,000**	25,993,000
Deficit	**(302,364,382)**	(297,856,008)
Total shareholders' equity	**21,633,550**	24,595,924
Total liabilities and shareholders' equity	**89,165,912**	39,176,513

Nature of operations and going concern uncertainty (note 1)
Commitments and contingencies (notes 8, 9, and 16)
Subsequent events (notes 10, 13 and 17)

Approved on behalf of the Board of Directors on November 1, 2021:

("Signed" Suresh Narine)
__________________________, Director
Suresh Narine

("Signed" Dennis Mills)
______________________________, Director
Dennis Mills

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CGX Energy Inc.
Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss
(US$'s)

	Three months		Nine months	
For the periods ended September 30,	**2021**	2020	**2021**	2020
	$	$	**$**	$
Operating expenses				
General and administrative *(notes 8 and 10)*	**309,369**	**(106,201)**	**1,303,076**	**375,137**
Management and consulting *(note 10)*	**401,991**	**376,122**	**1,405,491**	**1,202,267**
Interest expense *(notes 9 and 10)*	**677,691**	**144,555**	**1,053,299**	**427,449**
Professional fees	**16,641**	**109,396**	**885,310**	**330,060**
Share based payments *(notes 10, 13 and 14)*	**179,000**	**378,000**	**711,000**	**2,528,000**
Shareholder information	**35,036**	**927**	**94,255**	**53,433**
Foreign exchange (gain) loss	**(13,942)**	**(110,865)**	**(59,822)**	**117,701**
	(1,605,786)	**(791,934)**	**(5,392,609)**	**(5,034,047)**
Indirect revenue from farm in partner *(note 10)*	**554,952**	**(12,006)**	**884,235**	**12,522**
(Loss) Gain on revaluation of warrant liability *(note 12)*	**-**	**(654,000)**	**-**	**841,000**
Net loss and comprehensive loss	**(1,050,834)**	**(1,457,940)**	**(4,508,374)**	**(4,180,525)**
Basic and diluted loss per share	**(0.00)**	**(0.01)**	**(0.02)**	**(0.02)**
Weighted average number of shares (000's) – basic and diluted	**287,588**	**272,579**	**287,588**	**272,579**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CGX Energy Inc.
Unaudited Condensed Interim Consolidated Statements of Changes in Equity (Deficit)

(US$'s)

	Share Capital		Reserves		
	Number of Shares	Amount	Share based	Deficit	Total
Balance at December 31, 2019	272,579,636	$287,258,904	$ 23,199,999	$ (292,359,628)	$ 18,099,275
Shares issued on exercise of warrants	15,009,026	4,864,028	-	-	4,864,028
Fair value of warrant liability transferred on exercise of warrants	-	4,336,000	-	-	4,336,000
Share based payments	-	-	2,793,001	-	2,793,001
Net loss and comprehensive loss for the year	-	-	-	(5,496,380)	(5,496,380)
Balance at December 31, 2020	**287,588,662**	**$296,458,932**	**$ 25,993,000**	**$ (297,856,008)**	**$ 24,595,924**
Share based payments	**-**	**-**	**711,000**	**-**	**711,000**
Equity portion of convertible loan	**-**	**-**	**835,000**	**-**	**835,000**
Net loss and comprehensive loss for the period	**-**	**-**	**-**	**(4,508,374)**	**(4,508,374)**
Balance at September 30, 2021	**287,588,662**	**$296,458,932**	**$27,539,000**	**$ (302,364,382)**	**21,633,550**

Balance at December 31, 2019	272,579,636	$287,258,904	$23,199,999	$(292,359,628)	$ 18,099,275
Share based payments	-	-	2,528,000	-	2,528,000
Net loss and comprehensive loss for the period	-	-	-	(4,180,525)	(4,180,525)
Balance at September 30, 2020	272,579,636	$287,258,904	$25,727,999	$(296,540,153)	$ 16,446,750

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CGX Energy Inc.
Unaudited Condensed Interim Consolidated Statements of Cash Flow

(US$'s)

Nine month period ended September 30,	**2021**	2020
Operations	**$**	$
Net loss for the period	**(4,508,374)**	(4,180,525)
Adjustments to reconcile net loss for the period to cash flow from operating activities:		
Unrealized foreign exchange (gain) / loss	**(59,822)**	117,701
Amortization	**8,493**	6,492
Share based payments	**711,000**	2,528,000
Interest accretion on trade and other payables, loans and convertible debentures payable to related party	**819,553**	427,449
Loss on revaluation of warrant liability	**-**	(841,000)
Net change in non-cash working capital items:		
Trade receivables and other assets	**(3,525,430)**	(11,841)
Trade and other payables	**508,523**	17,408
Farm in partner advances	**310,495**	2,639
Cash flow (used in) operating activities	**(5,735,562)**	(1,933,677)
Financing		
Proceeds from convertible loan from related party	**19,000,000**	-
Transaction costs on convertible loan from related party	**(59,971)**	-
Cash flow from financing activities	**18,940,029**	-
Investing		
Purchases of exploration and evaluation expenditures	**(6,329,113)**	(2,977,629)
Purchases of property, plant and equipment	**(2,968,568)**	(744,924)
Cash flow (used in) investing activities	**(9,297,681)**	(3,722,553)
Net increase (decrease) in cash and cash equivalents	**3,906,786**	(5,656,230)
Effect of exchange rate changes on cash held in foreign currencies	**59,822**	(117,701)
Cash and cash equivalents at beginning of period	**11,820,059**	15,821,285
Cash and cash equivalents at end of period	**15,786,667**	10,047,354

Supplementary Information

Interest paid	**233,746**	-
Income tax paid	**-**	-

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

General

CGX Energy Inc. ("**CGX**" or the "**Company**") is incorporated under the laws of Ontario. The Company's head office is located at 333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2R2. Its principal business activity is petroleum and natural gas exploration offshore the Cooperative Republic of Guyana, South America ("**Guyana**"). The Company is also developing a deep water port in Guyana.

1. Nature of operations and going concern uncertainty

The Company is in the process of exploring and evaluating petroleum and natural gas properties in the Guyana Suriname basin in South America and construction of a deep water port on the Berbice river in Guyana. The business of petroleum and natural gas exploration involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable operations. In addition, there is no guarantee that the Company will be able to secure the necessary financing to complete the deep water port project or be able to operate it profitably. The amounts shown as exploration and evaluation expenditures include acquisition costs and are net of any impairment charges to date; these amounts are not necessarily representative of present or future cash flows. The recoverability of the Company's exploration and evaluation expenditures is dependent upon the discovery of economically recoverable petroleum and natural gas reserves; securing and maintaining title and beneficial interest in the properties; the ability to obtain the necessary financing to complete exploration, development and construction of processing facilities; obtaining certain government approvals and attaining profitable production or alternatively, upon the Company's ability to farm-out its interest on an advantageous basis; all of which are uncertain.

The Company has a history of operating losses and as at September 30, 2021 had a working capital deficiency of $47,997,419 (December 31, 2020 - $2,388,378) and an accumulated deficit of $302,364,382 (December 31, 2020 - $297,856,008). The ability of the Company to continue as a going concern is dependent on securing additional required financing through issuing additional equity or debt instruments, the sale of Company assets, securing a joint farm-out for its interest in the Petroleum Production Licences ("**PPLs**"), or securing a partner for the deep water port project. As a result and given the Company's capital commitment requirements under the Company's PPLs outlined in note 9, the Company does not have sufficient cash flow to meet its operating requirements for the 12 month period from the statement of financial position date. While the Company has been successful in raising financing in the past and believes in the viability of its strategy and that the actions presently being taken provide the best opportunity for the Company to continue as a going concern, there can be no assurances to that effect. As a result there exist material uncertainties which cast significant doubt as to the Company's ability to continue as a going concern.

The Company's PPLs title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, and non-compliance with regulatory, environmental and social requirements.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited condensed interim consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations.

1. Nature of operations and going concern uncertainty *(continued)*

During the periods ended September 30, 2021 and 2020, COVID-19 significantly impacted Canada, Guyana and the global economy, which impact continues after September 30, 2021 as well. If the impacts of COVID-19 continue for a significant extended period, there could be further impacts on the Company. At this time, the full potential impact of COVID-19 on the Company is unknown.

2. Basis of preparation

2.1 Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("**IAS**") 34 'Interim Financial Reporting' ("**IAS 34**") using accounting policies consistent with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and Interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**").

2.2 Basis of presentation

These unaudited condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on November 1, 2021.

The notes herein include only significant transactions and events occurring since the Company's last fiscal year end and are not fully inclusive of all matters required to be disclosed in the annual audited consolidated financial statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with our most recent annual audited financial statements for the year ended December 31, 2020.

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2020.

2.3 Use of management estimates, judgments and measurement uncertainty

The preparation of these unaudited condensed interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting years. Such estimates primarily relate to unsettled transactions and events as at the date of the unaudited condensed interim consolidated financial statements.

On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

In March 2020, the World Health Organization declared the coronavirus outbreak a pandemic. The spread of COVID-19 has resulted in a challenging economic environment, with more volatile commodity prices, foreign exchange rates, and long-term interest rates. It remains difficult to reliably estimate the length or severity of these developments and their financial impact. As there are many variables and uncertainties regarding the COVID-19 pandemic, as well as its impact on the global demand in the oil and gas industry, it is not possible to precisely estimate the potential impact of the COVID-19 pandemic on the Company's financial condition and operations. This presents uncertainty and risk with respect to management's judgments, estimates and assumptions that affect the application of accounting policies.

2. Basis of preparation *(continued)*

2.3 Use of management estimates, judgments and measurement uncertainty *(continued)*

The most significant estimates and judgements relate to the valuation of exploration and evaluation expenditures, property, plant and equipment ("**PP&E**"), warrant liability, income tax amounts, determination of cash generating units and impairment testing, functional currency, valuation of share-based payments, and contingencies. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below:

Exploration and evaluation ("E&E") expenditures (Note 9) and PP&E (Note 8)
The application of the Company's accounting policy for exploration and evaluation expenditures requires judgement to determine whether it is probable that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Company defers exploration and evaluation expenditures. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances; in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available.

If, after an expenditure is capitalised or for PP&E, information becomes available suggesting that the recovery of the expenditure or PP&E is unlikely or if an impairment of the expenditure or PP&E has incurred, the relevant capitalised amount is written off in the statement of profit or loss in the period when the new information becomes available.

Deep water port assets under construction and useful economic life
Assets in the course of construction are carried at cost. These assets are not amortized until they are available for use in commercial operation. Management reviews progress reports to determine when the deep water port is ready for commercial operation and will begin amortizing the port over the useful economic life of the deep water port. Once available for use, the annual depreciation charge for the deep water port is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values will be re-assessed annually and amended where necessary.

Functional currency
The determination of the Company's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the Company to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency, the Company analyzed both the primary and secondary factors, including the currency of the Company's operating costs in Canada, United States and Guyana, and sources of financing.

Cash generating units and impairment testing
Cash generating units ("**CGU's**") are identified to be the major producing fields and the deep water harbor at Berbice, the lowest level at which there are identifiable cash inflows that are largely independent of cash inflows of other groups of assets. The determination of CGUs requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs for major producing fields are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets to be held and used to determine whether there is any indication that those assets have suffered an impairment loss.

2. Basis of preparation *(continued)*

2.3 Use of management estimates, judgments and measurement uncertainty *(continued)*

Cash generating units and impairment testing *(continued)*

If and when facts and circumstances indicate that the carrying value of an exploration and evaluation expenditures or the deep water port may exceed its recoverable amount, an impairment review is performed. For exploration and evaluation expenditures or the deep water port, when there are such indications, an impairment test is carried out by grouping the exploration and evaluation expenditures or the deep water port expenditures with property, plant and equipment CGU's to which they belong for impairment testing.

The equivalent combined carrying value of the CGU's is compared against the recoverable amount of the CGU's and any resulting impairment loss is written off to net income (loss). The recoverable amount is the greater of fair value, less costs of disposal or value-in-use. Impairments of exploration and evaluation expenditures are only reversed when there is significant evidence that the impairment has been reversed, but only to the extent of what the carrying amount would have been, had no impairment been recognized.

Income taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Contingencies
Contingent gains or liabilities are possible receipts or 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 inflow or outflow of economic benefits would be required to settle the obligation or the amount cannot be measured reliably. Contingent gains or 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.

Valuation of share based payments and warrant liability (Notes 12 and 13)
The Black-Scholes option pricing model is used to determine the fair value for the share based payments and warrant liability and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

3. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of petroleum and natural gas properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration, deep water port development and pay for administrative costs, the Company will spend its existing working capital and will be required to raise additional funding. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine month period ended September 30, 2021 and the year ended December 31, 2020.

The Company considers its capital to be equity, which as at September 30, 2021 totaled $39,931,603 and was comprised of convertible loan from related party, share capital, reserve accounts and deficit (December 31, 2020 – $24,595,924).

4. Financial instruments

Fair value

Cash and cash equivalents, trade receivables and other assets and farm in partner receivable are measured at amortized cost which approximates fair value due to their short-term nature. Trade and other payables, farm in partner advances and convertible loan from related party are measured at amortized cost which also approximates fair value due to their short-term nature.

Warrant liability is measured as fair value through profit and loss with Level two classification within the fair value hierarchy.

The fair value hierarchy has the following levels:
- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

As at September 30, 2021 and December 31, 2020, the Company does not have any financial assets measured at fair value and that require classification within the fair value hierarchy.

These estimates are subject to and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position:

a) **Cash and cash equivalents** – Cash and cash equivalents are held mainly with major Canadian and American financial institutions in Canada and the United States and therefore the risk of loss is minimal. The Company keeps only a minimal amount of cash and cash equivalents in major Guyanese banks to pay only its current month activities.

4. Financial instruments *(continued)*

Fair Value *(continued)*

i) **Credit risk** *(continued)*

i. **Trade receivables and other assets** – The Company is exposed to credit risk attributable to customers or credits from vendors. The Company does not believe that this risk is significant. (See Note 7)

ii. **Farm in partner advances** – The Company is exposed to credit risk attributable to its farm in partner. The Company does not believe that this risk is significant as these are short term in nature. (See Note 10)

The Company's maximum exposure to credit risk as at September 30, 2021 is the carrying value of cash and cash equivalents and trade receivables and other assets.

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at September 30, 2021, the Company had a working capital deficiency of $47,997,419 (December 31, 2020 - $2,388,378). In order to meet its working capital and property exploration expenditures, the Company must secure further financing to ensure that those obligations are properly discharged (See Note 1). There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

a) **Interest rate risk**
The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term is invested in short-term guaranteed investment certificates and in high interest saving accounts, as appropriate.

b) **Currency risk**
The Company's exploration and evaluation activities are substantially denominated in US dollars. The Company's funds are predominantly kept in Canadian ("**C$**") and US dollars, with major Canadian and US financial Institutions. As at September 30, 2021, the Company had approximately C$4,000 (December 31, 2020 - C$3,416,000) in Canadian dollar denominated cash deposits.

5. Sensitivity analysis

The Company's funds are mainly kept in Canadian and US dollars with major Canadian and US financial institutions. As at September 30, 2021, the Company's exposure to foreign currency balances approximate as follows:

Account	Foreign Currency	Exposure	
September 30,		**2021**	2020
Cash and cash equivalents	C $	**$ -**	$ 4,000,000
Trade and other receivables	C $	**600,000**	100,000
Trade and other payables	C $	**(400,000)**	(200,000)
		$ 200,000	$ 3,900,000

Based on management's knowledge and experience of the financial markets, the Company believes it is reasonably possible over a one year period that a change of 10% in foreign exchange rates would increase/decrease net loss for the nine month period ended September 30, 2021 by C$20,000 (2020 - C$390,000).

6. Cash and cash equivalents

The balance of cash and cash equivalents at September 30, 2021, consisted of $15,761,667 (December 31, 2020 - $11,795,059) on deposit with major financial institutions and $25,000 (December 31, 2020 - $25,000) in short-term guaranteed investment certificates and fixed instruments with remaining maturities on the date of purchase of less than 90 days.

7. Trade receivables and other assets

The Company's trade receivables and other assets arise from harmonized sales tax ("**HST**") receivable, trade receivables and prepaid expenses. These are broken down as follows:

As at,	**September 30, 2021**	December 31, 2020
Trade receivables	**$ 519,587**	$ 60,379
HST	**13,426**	11,625
Prepaid expenses	**3,215,263**	150,842
Total trade receivables and other assets	**$ 3,748,276**	$ 222,846

Below is an aged analysis of the Company's trade receivables:

As at,	**September 30, 2021**	December 31, 2020
1 - 90 days	**$ 37,030**	$ 37,053
Over 90 days	**482,557**	23,326
Total trade receivables	**$ 519,587**	$ 60,379

At September 30, 2021 and December 31, 2020, the Company anticipates full recovery of the amounts receivable and therefore no additional allowance has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 4(i). The Company holds no collateral for any receivable amounts outstanding as at September 30, 2021 and December 31, 2020.

8. Property, plant and equipment

	Staging Facility(1)	Logistics Yard(1)	Vehicles, office furniture and fixtures	Computer, software and equipment	Total
Cost					
As at December 31, 2019	$ 6,414,871	$ 706,184	$ 223,354	$ 539,637	$ 7,884,046
Net additions	1,182,228	-	-	-	1,182,228
As at December 31, 2020	**$ 7,597,099**	**$ 706,184**	**$ 223,354**	**$ 539,637**	**$ 9,066,274**
Net additions	**3,913,462**	**-**	**103,928**	**-**	**4,017,390**
As at September 30, 2021	**$ 11,510,561**	**$ 706,184**	**$ 327,282**	**$ 539,637**	**$13,083,664**
Accumulated amortization					
As at December 31, 2019	$ -	$ -	$ 158,437	$ 539,637	$ 698,074
Amortization (2))	-	-	8,677	-	8,677
As at December 31, 2020	**$ -**	**$ -**	**$ 167,114**	**$ 539,637**	**$ 706,751**
Amortization (2)	**-**	**-**	**8,493**	**-**	**8,493**
As at September 30, 2021	**$ -**	**$ -**	**$ 175,607**	**$ 539,637**	**$ 715,244**
Net book value					
As at December 31, 2020	$ 7,597,099	$ 706,184	$ 56,240	$ -	$ 8,359,523
As at September 30, 2021	**$ 11,510,561**	**$ 706,184**	**$ 151,675**	**$ -**	**$ 12,368,420**

Notes: (1) No amortization has been recorded on these assets as they are still under construction.
(2) Amortization has been recorded within general and administrative expense in the statement of comprehensive loss.

The lands upon which the wharf project is located are subject to an industrial lease of state land with the Commissioner of Lands and Surveys in Guyana. The term of the lease is for a period of 50 years commencing in 2010 with an option to renew for an additional 50 years. This land is subject to annual rental commitments relating to this lease.

As part of the COR addendum III on the Petroleum Agreement ("**PA**") on Corentyne during the year ended December 31, 2020, the Company has agreed to amend its 54.96 acres lease on the staging facility to reflect acreage containing no more than 30 acres. See also note 9.

9. Exploration and evaluation expenditures

	Corentyne	Berbice	Demerara	Total
Balance, December 31, 2019	$ 14,758,529	$ 1,414,509	$ 564,365	$ 16,737,403
Net additions	974,000	53,100	860,276	1,887,376
Balance, December 31, 2020	**$ 15,732,529**	**$ 1,467,609**	**$ 1,424,641**	**$ 18,624,779**
Net additions	**37,419,273**	**111,083**	**1,107,414**	**38,637,770**
Balance, September 30, 2021	**$ 53,151,802**	**$ 1,578,692**	**$ 2,532,055**	**$ 57,262,549**

As at September 30, 2021 and December 31, 2020, the expenditures capitalized above include costs for licence acquisitions and maintenance of licences, general exploration, geological and geophysical consulting, surveys, 3D-seismic acquisition, processing and interpretation, drill planning and well exploration costs.

9. Exploration and evaluation expenditures *(continued)*

Corentyne PA, Guyana

The Company's 100% owned subsidiary, CGX Resources Inc. ("**CGX Resources**"), was granted the Corentyne PA on June 24, 1998. On November 27, 2012, the Company was issued a new PA and PPL offshore Guyana. On December 15, 2017, the Company was issued an addendum to the November 27, 2012 PA ("**COR Addendum I**"). Under the terms of the COR Addendum I, the Company's work commitments were modified and the Company relinquished 25% of the original contract area block. Effective May 20, 2019 and as at September 30, 2021 and December 31, 2020, the Corentyne PA and PPL is 66.667% owned by CGX Resources. During the year ended December 31, 2019, the CGX Resources received an addendum ("**COR Addendum II**") to the COR Addendum I on the Corentyne PPL as follows:

First Renewal Period, Phase Two (27th November 2017 to 27th November 2019)
"During phase two of the first renewal period, the Company shall complete additional seismic acquisition or seismic processing."

Second Renewal Period, Phase One (27th November 2019 to 26th November 2020)
"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

During the year ended December 31, 2020, the Company received a third addendum ("**COR Addendum III**") whereby the principal agreement has now been modified as follows:

Second Renewal Period, Phase One (27th November 2019 to 26th November 2021)
"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

As part of the COR Addendum III during the year ended December 31, 2020, the Company has agreed to amend its staging facility to reflect acreage containing no more than 30 acres.

9. Exploration and evaluation expenditures *(continued)*

Corentyne PA, Guyana *(continued)*

The table below outlines the commitments under the COR Addendum III as at September 30, 2021:

<table>
<tr><th>Period</th><th>Phase</th><th>Exploration Obligation</th><th>Dates</th></tr>
<tr><td rowspan="4">First Renewal Period - 3 Years</td><td>Phase One - 12 Months</td><td>Commence planning to drill 1 exploration well (Completed)</td><td>Nov 27, 2016 - Nov 27, 2017</td></tr>
<tr><td colspan="3">- At the end of phase one of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2. (Company has commited to complete work in phase 2)</td></tr>
<tr><td>Phase Two - 24 Months</td><td>Complete additional seismic acquisition or reprocessing (Completed)</td><td>Nov 27, 2017 - Nov 27, 2019</td></tr>
<tr><td colspan="3">- At the end of the first renewal period of three (3) years, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or relinquish twenty-five (25%) percent of the Contract Area and renew the Petroleum Prospecting Licence for a second period of three (3) years.</td></tr>
<tr><td rowspan="4">Second Renewal Period - 3 Years</td><td>Phase One - 24 Months</td><td>Drill 1 exploration well</td><td>Nov 27, 2019 - Nov 26, 2021</td></tr>
<tr><td colspan="3">- At the end of phase one of the second renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2.</td></tr>
<tr><td>Phase Two - 12 Months</td><td>Drill 1 exploration well</td><td>Nov 26, 2021 - Nov 26, 2022</td></tr>
<tr><td colspan="3">- At the end of the second renewal period of three (3) years, the Company shall relinquish the entire Contract Area except for any Discovery Area, the area contained in any Petroleum Production Licence and any other portion of the Contract Area on which the Minister Responsible for Petroleum agrees to permit the Company to conduct further exploration activities.</td></tr>
</table>

The Company has submitted its proposed 25% acreage relinquishment which are required by the Corentyne PA to the Department of Energy ("**DOE**") and the Guyana Geology and Mines Commission ("**GGMC**") and is now awaiting the agreement of these agencies on the acceptance of the proposed relinquishment and final instruments to formally move into the second renewal period of the Corentyne PA.

If a discovery is made, the Company has the right to apply to the Minister for a Petroleum Production Licence with respect to that portion of the contract area having a significant discovery.

After commercial production begins, the Company is allowed to recover contract costs as defined in the Corentyne PA from "cost oil" produced and sold from the contract area and limited in any month to an amount which equals seventy-five percent (75%) of the total production from the contract area for such month excluding any crude oil and/or natural gas used in petroleum operations or which is lost. The Company's share of the remaining production or "profit oil" is 47%.

To the extent that in any month recoverable contract costs exceed the value of cost oil and/or cost gas, the unrecoverable amount shall be carried forward and shall be recoverable in the immediately succeeding month, and to the extent not then recovered, in the subsequent month or months.

The Company has $155,000,000 of recoverable contract costs brought forward from the original Corentyne licence. This cost can be recovered against any future commercial production.

Annual rental fees of $100,000 and training fees of $100,000 are required to be paid under the PA.

9. Exploration and evaluation expenditures *(continued)*

Corentyne PA, Guyana *(continued)*

Farm-in agreement

In December 2018, the Company and Frontera Energy Corporation ("**Frontera**") entered into a letter of intent, whereby a Frontera subsidiary and the Company, were to enter into Joint Operating Agreements (the "**JOAs**") covering the Company's two shallow water offshore Petroleum Prospecting Licenses in Guyana, the Corentyne and Demerara PPLs and PAs.

On January 30, 2019, the Company and Frontera Energy Guyana Corp. ("**Frontera Guyana**") executed the JOAs, subject to amendments as agreed upon by both parties. The JOAs provided for a transfer of a 33.333% interest in both Corentyne and Demerara Petroleum Prospecting Licences to Frontera Guyana in exchange for a $33,333,000 signing bonus. Under the JOAs, Frontera Guyana would pay one-third of the applicable costs plus an additional 8.333% of the Company's direct drilling costs for the initial exploratory commitment wells in the two blocks. The additional 8.333% carry provided shall be subject to a maximum gross amount (including tax and all costs) of (i) $30,000,000 for drilling the first exploratory well under the Corentyne PA and (ii) $40,000,000 for drilling the first exploratory well under the Demerara PA. CGX Resources is the operator of under the JOA's.

On May 28, 2019, the transfers of the 33.333% interest in both the Corentyne and Demerara Prospecting Licences were completed. The transfers are effective May 20, 2019. As a result, on May 28, 2019, the Company received $8,500,851 on closing, being the net of the $33,333,000 signing bonus due from Frontera Guyana, less the amount of $24,832,149 of outstanding debts due to Frontera Guyana by the Company.

The JOAs do not meet the definition of a joint venture under IFRS 11 *Joint Arrangements* ("**IFRS 11**") and have thus been accounted for as joint operations in accordance with IFRS 11. The JOAs do not have any assets or liabilities aside from the exploration and evaluation expenditures asset.

Rig agreement

During the year ended December 31, 2019, the Company on behalf of the JOA executed a letter of understanding ("**LOU**") with Rowan Rigs S.a.r.l. ("**Rowan**") regarding the drilling rig contract entered into on December 14, 2018, which required the prepayment of certain costs for the use of the Ralph Coffman offshore jack-up rig. Under the terms of the LOU, the Company and Rowan agreed that all operational obligations under the drilling rig contract were deferred until the parties could enter into an amended agreement. The Company and Rowan did not enter into an amended agreement by the specified date, and as such, on August 10, 2020 the amount of $1.17 million was returned to the JOA parties, of which, the Company's net share was $0.7 million.

Berbice PA, Guyana

The Company, through its 62% owned subsidiary ON Energy Inc., acquired the Berbice PA in October 2003. The Berbice PA was renewable for up to two three-year periods.

On February 12, 2013, the Company entered into a new Berbice PA and PPL, which applies to the former Berbice licence and the former onshore portion of the Company's original Corentyne PA. On December 15, 2017, the Company was issued an addendum to the February 12, 2013 PA (**"BER Addendum I"**). Under the terms of the BER Addendum I, the Company's work commitments were modified.

9. Exploration and evaluation expenditures *(continued)*

Berbice PA, Guyana *(continued)*

On February 12, 2021, the Company received an addendum, subject to final documentation, (**"BER Addendum II"**), whereby the principal agreement has now been modified as follows:

Second Renewal Period, Phase One (12th February 2020 to 11th August, 2022)

"During phase one of the second renewal period, the Company shall complete a seismic program and complete all processing and interpretation so as to inform and lead to the drilling of at least one (1) Exploration Well by the June 15, 2022."

The table below outlines the commitments under the BER Addendum II as at September 30, 2021:

Period	Phase	Exploration Obligation	Dates
First Renewal Period - 3 Years	Phase One - 18 Months	Compile all relevant data, information and budgetary allocations for a geochemical survey and submit to the GGMC for approval (Completed)	Feb 12, 2017 - Aug 12, 2018
	- At the end of phase one (1) of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production License or commit to the work programme in phase two (2).		
	Phase Two - 18 Months	(a) Complete a geochemical survey of a minimum 120 sq km (Completed) (b) Commence a seismic program defined by the geochemical survey (Completed)	Aug 12, 2018 - Feb 12, 2020
	- At the end of the first renewal period of three (3) years, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or relinquish twenty-five (25%) percent of the Contract Area and renew the Petroleum Prospecting Licence for a second period of three (3) years.		
Second Renewal Period - 3 Years	Phase One - 30 Months	Complete seismic program and all associated processing and interpretation and drill 1 exploration well by June 15, 2022	Feb 12, 2020 - August 12, 2022
	- At the end of phase one (1) of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production License or commit to the work programme in phase two (2).		
	Phase Two - 6 Months	Drill 1 exploration well	August 12, 2022 - Feb 12, 2023
	- At the end of the second renewal period of three (3) years, the Company shall relinquish the entire Contract Area except for any Discovery Area, the area contained in any Petroleum Production Licence and any other portion of the Contract Area on which the Minister Responsible for Petroleum agrees to permit the Company to conduct further exploration activities.		

The Company has submitted its proposed 25% acreage relinquishment which are required by the Berbice PA to the DOE and GGMC and is now awaiting the agreement of these agencies on the acceptance of the proposed relinquishment and final instruments to formally move into the second renewal period of the Berbice PA.

If a discovery is made, CGX has the right to apply to the Minister for a PPL with respect to that portion of the contract area having a significant discovery.

After commercial production begins, the Company is allowed to recover contract costs as defined in the Berbice PA from "cost oil" produced and sold from the contract area and limited in any month to an amount which equals seventy-five percent (75%) of the total production from the contract area for such month excluding any crude oil and/or natural gas used in petroleum operations or which is lost. The Company's share of the remaining production or "profit oil" is 47%.

9. Exploration and evaluation expenditures *(continued)*

Berbice PA, Guyana *(continued)*

To the extent that in any month recoverable contract costs exceed the value of cost oil and/or cost gas, the unrecoverable amount shall be carried forward and shall be recoverable in the immediately succeeding month, and to the extent not then recovered, in the subsequent month or months.

The Company has $500,000 of recoverable costs brought forward from the original Berbice licence. This cost can be recovered against any future commercial production.

Annual rental fees of $25,000 and training fees of $25,000 are required to be paid under the PA.

Demerara PA, Guyana

On February 12, 2013, the Company entered into the Demerara PA and PPL. The new PPL applies to the former offshore portion of the Annex PPL, which was a subset of the Company's original Corentyne PA. On December 15, 2017, the Company was issued an addendum to the February 12, 2013 PA (**"DEM Addendum I"**). Under the terms of the DEM Addendum I, the Company's work commitments were modified and the Company relinquished 25% of the original contract area block. Effective May 20, 2019 and as at June 30, 2021 and December 31, 2020, the Demerara PA and PPL is 66.667% owned by CGX Resources.

On February 12, 2021, the Company received an addendum, subject to final documentation, (**"DEM Addendum II"**), whereby the principal agreement has now been modified as follows:

Second Renewal Period, Phase One (12th February 2020 to 11th February 2022)
"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

The table below outlines the commitments under the DEM Addendum II as at September 30, 2021:

<table>
<tr><th>Period</th><th>Phase</th><th>Exploration Obligation</th><th>Dates</th></tr>
<tr><td rowspan="4">First Renewal Period - 3 Years</td><td>Phase One - 12 Months</td><td>Conduct additional data processing and planning for 1st exploration well (Conducted)</td><td>Feb 12, 2017 - Feb 12, 2018</td></tr>
<tr><td colspan="3">- At the end of phase one (1) of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2. (Company has commited to complete work in phase 2)</td></tr>
<tr><td>Phase Two - 24 Months</td><td>Complete any additional processing and planning, and secure all regulatory approvals for the drilling of 1st exploration well (Completed)</td><td>Feb 12, 2018 - Feb 12, 2020</td></tr>
<tr><td colspan="3">- At the end of the first renewal period of three (3) years, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or relinquish twenty-five (25%) percent of the Contract Area and renew the Petroleum Prospecting Licence for a second period of three (3) years.</td></tr>
<tr><td rowspan="4">Second Renewal Period - 3 Years</td><td>Phase One - 24 Months</td><td>Drill 1 exploration well</td><td>Feb 12, 2020 - Feb 11, 2022</td></tr>
<tr><td colspan="3">- At the end of phase one of the second renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2.</td></tr>
<tr><td>Phase Two - 12 Months</td><td>Drill 1 exploration well</td><td>Feb 11, 2022 - Feb 12, 2023</td></tr>
<tr><td colspan="3">- At the end of the second renewal period of three (3) years, the Company shall relinquish the entire Contract Area except for any Discovery Area, the area contained in any Petroleum Production Licence and any other portion of the Contract Area on which the Minister Responsible for Petroleum agrees to permit the Company to conduct further exploration activities.</td></tr>
</table>

9. Exploration and evaluation expenditures *(continued)*

Demerara PA, Guyana *(continued)*

The Company has submitted its proposed 25% acreage relinquishment which are required by the Demerara PA to the DOE and GGMC and is now awaiting the agreement of these agencies on the acceptance of the proposed relinquishment and final instruments to formally move into the second renewal period of the Demerara PA.

If a discovery is made, the Company has the right to apply to the Minister for a PPL with respect to that portion of the contract area having a significant discovery.

After commercial production begins, the Company is allowed to recover contract costs as defined in the Demerara PA from "cost oil" produced and sold from the contract area and limited in any month to an amount which equals seventy-five percent (75%) of the total production from the contract area for such month excluding any crude oil and/or natural gas used in petroleum operations or which is lost. The Company's share of the remaining production or "profit oil" is 47%.

To the extent that in any month recoverable contract costs exceed the value of cost oil and/or cost gas, the unrecoverable amount shall be carried forward and shall be recoverable in the immediately succeeding month, and to the extent not then recovered, in the subsequent month or months.

The Company has $1,000,000 of recoverable contract costs brought forward from the original Annex licence. This cost can be recovered against any future commercial production.

Annual rental fees of $100,000 and training fees of $100,000 are required to be paid under the PA.

Demerara Seismic agreement

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 million with $7 million paid to Prospector by way of issuance of 15,534,310 common shares, $2.5 million paid in cash in 2014 and the remainder of approximately $9.5 million payable in cash twelve months after the conclusion of the seismic survey (December 2015), which is included in trade and other payables as at September 30, 2021 and December 31, 2020. In accordance with the contract with Prospector, the amounts outstanding twelve months after the conclusion of the seismic survey shall accrue 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 has agreed to be responsible under certain circumstances to Prospector for up to a maximum of $500,000. The processing began in late 2016 and was substantially completed in 2017 and as a result, the Company has recorded a provision of $500,000 recorded in trade and other payables as at September 30, 2021 and December 31, 2020.

In July 2018, Prospector filed a request for arbitration against CGX and CGX Resources in the International Chamber of Commerce ('**ICC**") for repayment of the debt accrued under Seismic Acquisition dated September 2014 contract (and the addendum thereto) 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 and requested that the tribunal award to Prospector the relief of (i) the amount $12,420,442 being the amount Prospector alleged it was owed as at May 1, 2018, (ii) any interest that will continue to accrue 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) cost and reasonable and necessary attorney's fees incurred by Prospector in bringing forward the arbitration (the "**Arbitration**"). It was subsequently agreed that the Tribunal had no jurisdiction over CGX Resources.

9. Exploration and evaluation expenditures *(continued)*

Demerara PA, Guyana *(continued)*

Demerara Seismic agreement *(continued)*

On January 15, 2019, Prospector and CGX agreed to a one (1) year suspension of the Arbitration. The arbitral 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. The hearing is scheduled to be held late first quarter 2022 and the award will follow thereafter. If the Company is not successful in defending the claim, and the counterclaim fails, then the Company may be liable for the sums sought, and, possibly, costs. 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 International Chamber of Commerce for $26,083,000, plus interest and costs, for damages it claims to have suffered. The contingent gains, if any, are not recorded as at September 30, 2021 or and December 31, 2020 as the outcome of these proceedings is still unknown and there can be no assurances that the Company will be successful in its lawsuit or that it will be able to collect any damages that it may be awarded. As at September 30, 2021, the Company has included the amounts it calculates as owing, plus accrued interest, being $13,729,673 in trade and other payables (December 31, 2020 - $13,305,332). This amount is not offset by any amounts CGX is seeking in its Counterclaim.

10. Compensation of key management personnel and 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.

On May 28, 2021, the Company entered into a secured convertible bridge loan agreement (the "**Convertible Loan**") with Frontera in the aggregate principal amount of $19,000,000. The Convertible Loan is a non-revolving term facility and together with all interest accrued, will be due and payable on June 30, 2022, or such later date as determined by Frontera, at its sole discretion. 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 Convertible Loan agreement includes a standby fee of 2% multiplied by the daily average amount of unused commitment under the Convertible Loan payable quarterly in arrears during the drawdown period.

Frontera in its sole discretion, may elect to convert all or a portion of the principal amount of the Convertible Loan outstanding into common shares of the Company at a conversion price per common share equal to US$0.712 at any time (A) after July 15, 2021 and on or before February 15, 2022, in certain circumstances, on the condition that Frontera first notifies CGX in writing of its decision to exercise its conversion right, and CGX either (i) fails to notify Frontera, within fifteen calendar days following delivery of the Frontera notice, that it will repay all amounts outstanding under the Convertible Loan in cash or (ii) fails to so repay all amounts outstanding under the Convertible Loan within fifteen calendar days following CGX's timely notice of its intent to repay the Loan, or (B) after February 15, 2022, on the delivery of a conversion notice by Frontera if CGX Resources has as of July 15, 2021 entered into a binding transaction that will provide it with funds to repay outstanding amounts under the Convertible Loan. The maximum number of common shares which may be acquired by Frontera upon the conversion of the Loan is 26,685,393 common shares.

Subsequent to September 30, 2021, the Company completed a rights offering (See Note 17), and due to an anti-dilution clause in the Convertible Loan, the conversion price per common share was reduced to US$0.69743.

10. Compensation of key management personnel and related party transactions *(continued)*

The Convertible Loan is secured by all of the assets of the Company. In addition, during the nine months ended September 30, 2021, CGX Resources and Grand Canal Industrial Estates Inc. signed a guarantee with Frontera for the Convertible Loan. On June 17, 2021, Frontera assigned the Convertible Loan and all the rights associated with it to its wholly owned subsidiary, Frontera ODL Holding Corp. In September 2021, Frontera ODL Holding Corp reassigned the loan back to Frontera.

The 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 Convertible Loan being less than face value. The discount was accreted over the term of the Convertible Loan utilizing the effective interest rate method at a 15% discount rate.

The activity on the Convertible Loan from related party for the nine months ended September 30, 2021 and 2020 is as follows:

Nine months ended September 30,		**2021**		2020
Opening balance at beginning year	**$**	**-**	$	-
Bridge Loan advances		**19,000,000**		-
Conversion component of convertible loan		**(835,000)**		-
Transaction costs		**(59,971)**		-
Interest accretion		**193,024**		-
Accrued and paid interest on loan from related party		**435,935**		-
Interest paid on loan from related party		**(233,746)**		-
Interest recorded in trade and other payables		**(202,189)**		-
Total loan from related party	**$**	**18,298,053**	$	-

Farm in partner over/under call

Under the JOAs, the Company is operator on both the Corentyne and Demerara licences. As operator, the Company makes cash calls from its partner to pay for future licence expenditures. As at September 30, 2021, the Company had cash called and received $161,189 (December 31, 2020 - $149,306 receivable) in advances for future exploration on the Corentyne and Demerara licences.

In addition, as operator of the Corentyne and Demerara licences, the Company receives a fee from its partner to reimburse its indirect costs related to operating the licence. This fee is based on total expenditures under the JOAs. During the nine month period ended September 30, 2021, the Company received fees from its farm in partner of $884,235 (2020 - $24,528).

Key Management

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

Nine month period ended September 30,		**2021**		2020
Short-term employee benefits		**$** [illegible]	$	934,000
Share based payments		**541,000**		1,912,000
Total compensation paid to key management	**$**	**1,962,000**	$	2,846,000

At September 30, 2021, included in trade and other payables is $400,000 (December 31, 2020 - $246,000) due as a result of deferred payment of directors' fees. These amounts are unsecured, non-interest bearing and due on demand. See also Note 16.

11. Trade and other payables

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days. The following is an aged analysis of the trade and other payables:

As at,	September 30, 2021	December 31, 2020
Less than one month, accruals and accrued interest	$ 35,568,475	$ 5,042,901
One month to three months	3,625,458	47,465
Over three months	9,879,187	9,490,223
Total trade and other payables	$ 49,073,120	$ 14,580,589

12. Warrant liability

As at September 30, 2021 and December 31, 2020, there was no warrant liability outstanding.

On March 12, 2019, the Company completed a rights offering (the "**Offering**"). Frontera provided a standby commitment in connection with the Offering (the "**Standby Commitment**"), in which Frontera would acquire any common shares available as a result of any unexercised Rights under the Rights Offering. In consideration for the Standby Commitment, Frontera received 5-year warrants to purchase up to 15,009,026 common shares at an exercise price equal to C$0.415 per common share (each a "**Warrant**").

The warrant liability was re-valued at the end of the reporting period with the change in fair value of the warrant liability recorded as a gain or loss in the Company's consolidated statements of comprehensive income (loss). On December 29, 2020, Frontera exercised all the 15,009,026 warrants for proceeds to the Company of $4,864,028 (C$6,228,746), and as a result of this exercise, 15,009,026 common shares of the Company were issued. The warrant liability was accounted for at its estimated fair value as follows:

	September 30, 2021	December 31, 2020
Warrant liability, beginning of period/year	$ -	$ 4,736,000
Change in fair value	-	(400,000)
Fair value of warrant liability transferred on exercise of warrants	-	(4,336,000)
Warrant liability, end of period/year	$ -	$ -

The Company utilized the Black-Scholes valuation model to estimate the fair value of the warrants at December 29, 2020 using the following assumptions:

As at,	December 29, 2020
Number of warrants outstanding	15,009,026
Exercise price	C$0.415
Risk-free interest rate	0.27%
Expected life (years)	3.21
Expected volatility	119%
Expected dividends	0%
Market price of shares	C$0.50
Fair value of warrants	$ 4,336,000

Volatility for these warrants has been calculated using the historical volatility of the Company.

13. Capital stock

Share capital

The Company is authorized to issue an unlimited number of common shares without par value. Changes in the issued and outstanding common shares are as follows:

	Number of Shares	$
Balance at December 31, 2019	272,579,636	287,258,904
Shares issued on exercise of warrants[1] (*Note 12*)	15,009,026	4,864,028
Fair value of warrant liability transferred on exercise of warrants *(Note 12)*	-	4,336,000
Balance at December 31, 2020 and September 30, 2021	**287,588,662**	**296,458,932**

[1] The weighted average trading price on date of exercise for the warrants exercised during the nine month period ended September 30, 2021 was C$Nil (year ended December 31, 2020 – C$0.50).

Common share purchase warrants

Changes in the number of common share purchase warrants outstanding are as follows:

For the period/year ended,	**Nine months ended September 30, 2021**		Year ended December 31, 2020	
	Weighted Average Exercise Price ($)	**No. of Warrants**	Weighted Average Exercise Price ($)	No. of Warrants
Outstanding at beginning of period/year	**-**	**-**	C$0.415	15,009,026
Transactions during the period/year:				
Issued	**-**	**-**	-	-
Exercised	**-**	**-**	C$0.415	(15,009,026)
Outstanding at end of period/year	**-**	**-**	-	-

Options

The Company established a share option plan to provide additional incentive to its directors, officers, employees and consultants for their efforts on behalf of the Company in the conduct of its affairs. The maximum number of common shares reserved for issuance under the share option plan comprising part of the share incentive plan may not exceed 10% of the number of common shares outstanding. Under the terms of the plan, all options vest immediately, unless otherwise specified. All options granted under the plan expire no later than the tenth anniversary of the grant date. As at September 30, 2021, the Company had 12,598,866 (December 31, 2020 – 14,398,866) options available for issuance under the plan.

13. Capital stock *(continued)*

Changes in the number of stock options outstanding are as follows:

For the period/year ended,	**Nine months ended September 30, 2021**		Year ended December 31, 2020	
	Weighted Average Exercise Price ($)	**No. of Options**	Weighted Average Exercise Price ($)	No. of Options
Outstanding at beginning of	**C$0.46**	**14,360,00**	C$0.43	14,000,00
Transactions during the period/year:				
Granted	**C$0.75**	**1,800,000**	C$0.71	1,510,000
Forfeited	**-**	**-**	C$0.46	(1,150,000)
Outstanding at end of period/year	**C$0.49**	**16,160,00**	C$0.46	14,360,00
Exercisable at end of period/year	**C$0.48**	**15,559,99**	C$0.45	13,856,66

Subsequent to September 30, 2021, 1,719,000 stock options were exercised for proceeds of C$884,340 (equivalent of approximately $712,446) at an average exercise price of approximately C$0.51 (equivalent of approximately $0.41).

The following table provides additional outstanding stock option information as at September 30, 2021:

Exercise Price	**No. of Options Outstanding**	**Weighted Average Remaining Life (Years)**	**Weighted Average Exercise Price**	**No. of Options Exercisable**	**Weighted Average Exercise Price**
C$ 0.085	1,000,000	0.59	C$0.085	1,000,000	C$0.085
C$ 0.46 – 0.495	12,250,000	3.21	C$0.46	12,116,666	C$0.46
C$ 0.71 – 0.82	2,910,000	3.87	C$0.76	2,443,333	C$0.75
C$ 0.085 - 0.82	**16,160,000**	**3.17**	**C$0.49**	**15,559,999**	**C$0.48**

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share based compensation for the stock options granted and/or vested during the nine month period ended September 30, 2021:

	Vesting of prior year issued options	**March 23, 2021**	**January 5, 2021**	**Totals**
Number of options granted		1,400,000	400,000	1,800,000
Exercise price		C$0.82	C$0.495	
Risk-free interest rate		0.95%	0.39%	
Expected life (years)		5.0	5.0	
Expected volatility		106.77%	101.58%	
Market price		C$0.82	C$0.495	
Expected dividends and forfeiture rate		-	-	
Vesting		1/3 immediately, 1/3 in 6 months and 1/3 in 12 months	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months	
Fair value of grant		$ 703,000	$ 116,000	$
Share based compensation	**$ 11,000**	**$ 594,000**	**106,000**	**$ 711,000**

13. Capital stock *(continued)*

Options *(continued)*

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share based compensation for the stock options granted and/or vested during the year ended December 31, 2020:

	Vesting of prior year issued options	January 17, 2020	Totals
Number of options granted		1,510,000	
Exercise price		C$0.71	
Risk-free interest rate		1.58%	
Expected life (years)		5.0	
Expected volatility		120.57%	
Market price per share		C$0.71	
Expected dividends and forfeiture rate		-	
Vesting		1/3 immediately, 1/3 in 6 months and 1/3 in 12 months	
Fair value of grant		$ 681,000	$ 681,000
Share based compensation	**$ 2,123,001**	**$ 670,000**	**$ 2,793,001**

Volatility for all option grants has been calculated using the Company's historical information.

The weighted average grant-date fair value of options granted during the nine month period ended September 30, 2021 was $0.46 (year ended December 31, 2020 – $0.45) per option issued.

14. Reserve for share based payments

A summary of the changes in the Company's reserve for share based payments for the nine month period ended September 30, 2021 and year ended December 31, 2020 is set out below:

As at,	**September 30, 2021**	December 31, 2020
Balance at beginning of period/year	**$ 25,993,000**	$ 23,199,999
Share based payments *(note 13)*	**711,000**	2,793,001
Equity portion of convertible debt *(note 10)*	**835,000**	-
Balance at end of period/year	**$ 27,539,000**	$ 25,993,000

15. Segmented information

Operating and geographic segments

At September 30, 2021 and December 31, 2020, the Company's current operations are comprised of a single reporting operating segment engaged in petroleum and natural gas exploration in Guyana. The Company expects that once the wharf project is constructed that it will have two operating segments. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in IFRS 8 *'Operating Segments'*.

15. Segmented information *(continued)*

As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim consolidated financial statements also represent operating segment amounts.

The following is a detailed breakdown of the Company's assets by geographical location:

As at,	**September 30, 2021**	December 31, 2020
Total current assets		
Canada	**$ 15,775,098**	$ 11,673,425
Guyana	**3,759,845**	518,786
	$ 19,534,943	$ 12,192,211
Total non-current assets		
Canada	**$ -**	$ -
Guyana	**69,630,969**	26,984,302
	$ 69,630,969	$ 26,984,302
Total Identifiable assets		
Canada	**$ 15,775,098**	$ 11,673,425
Guyana	**73,390,814**	27,503,088
	$ 89,165,912	$ 39,176,513

16. Commitments and contingencies

Contractual obligations

The Company has entered into agreements for service contracts. As at September 30, 2021, the future minimum consultancy commitments and contract commitments over the next five years are as follows:

	Contractual Obligations
2021	**$ 35,945,000**

The Company has entered into contracts for Pore Study, Modeling, 3D Reprocessing, a semi-submersible drilling unit, and long lead items over the Corentyne, Demerara, and Berbice Blocks, and the Berbice Deepwater Port to complete its requirement under the Corentyne and Demerara PPLs and agreements for a road construction, road and bridge construction supervision and laydown design for the Wharf Project. As at September 30, 2021, aggregate minimum future obligation still outstanding under these agreements is $35,945,000, of which the Company's share of these costs is $25,641,000, with the remainder to be collected from its farm-in partner. All these amounts are expected to be paid in 2021.

Contingencies

As at September 30, 2021, the Company is party to three (December 31, 2020 – three) separate written management agreements with certain senior officers of the Company. The three contracts currently require a total payment of up to $2,056,000 (December 31, 2020 – $2,056,000) be made upon the occurrence of certain events such as termination and change in control. As the likelihood of these events taking place was not determinable as at September 30, 2021, the contingent payments have not been reflected in these unaudited condensed interim consolidated financial statements.

17. Subsequent events

Rights offering and bridge loan

Subsequent to September 30, 2021, the Company completed a rights offering (the "**Offering**"). Pursuant to the Offering, the Company issued to holders of its outstanding common shares of record as at the close of business on October 1, 2021 an aggregate of 45,151,338 transferable rights (each, a "**Right**"). Each Right entitled the holder thereof to subscribe for one common share upon payment of the subscription price of C$1.63 (equivalent of approximately $1.32) per common share until October 28, 2021. The Company issued 45,151,338 common shares, the maximum number of common shares available for issuance under the terms of the Offering, based on shareholders' exercise of the basic subscription privilege and the additional subscription privilege, allocated pro-rata, for aggregate gross proceeds to the Company of C$73,596,681 (equivalent of approximately $59,598,592).

Frontera provided a standby commitment in connection with the Offering (the "**Standby Commitment**"), in which Frontera would acquire any common shares available as a result of any unexercised Rights under the Rights Offering, such that CGX was guaranteed to issue 45,151,338 common shares in connection with the Offering. In consideration for the Standby Commitment, Frontera received 5-year warrants to purchase up to 1,173,774 common shares at an exercise price equal to $1.51 per common Share. Frontera acquired an additional 11,737,747 shares under the Standby Commitment. Frontera acquired an aggregate of 45,083,314 common shares in connection with the Offering pursuant to the exercise of Rights and the Standby Commitment under the Offering for cash consideration of C$73,485,802 (equivalent of approximately $59,508,802). As of November 1, 2021, Frontera now owns an aggregate of 257,475,469 common shares on a non-diluted basis, which represents approximately 76.98% of the issued and outstanding common shares.

In addition, on October 8, 2021, the Company received a $20 million Rights Offering Bridge Loan Facility (the "**Rights Loan**") from Frontera. This Rights Loan was made available for drawdown in tranches on a non-revolving basis until October 31, 2021. The Rights Loan, together with all interest accrued, shall be due and payable on October 31, 2021 (the "**Maturity Date**") or such later date as determined by Frontera, at its sole discretion. The Company and Frontera agreed that the acquisition cost of any securities acquired by Frontera pursuant to the exercise of Rights Offering will be satisfied by the reduction of the amounts payable to Frontera under the Rights Loan. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum paid monthly in cash, with interest on overdue interest. If the Maturity Date is extended by Frontera, at its sole discretion, the new interest rate will be 15% per annum.

The loan was fully drawn on October 25, 2021 and fully settled upon closing of the Right Issue on October 28, 2021.

Option Grant

Subsequent to September 30, 2021, and on October 26,2021 the Company granted a total of 1,800,000 incentive stock options ("**Options**"). The Options were granted pursuant to the Company's stock option plan and are exercisable at a price of Canadian $1.36 per share and expire on October 24, 2026. These Options vest as follows: (a) 1/3 of the Options granted on one year anniversary date of grant; (b) 1/3 of the Options granted on the second anniversary of the Option grant; and (c) 1/3 of the Options granted, being the remaining amount, on the third anniversary of the Option grant, subject to a vesting acceleration clause under certain events.

Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine month periods ended

September 30, 2021 and 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of CGX Energy Inc. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Toronto, Canada
November 1, 2021

"Suresh Narine"	*"Tralisa Maraj"*
Suresh Narine Executive Chairman and Executive Director (Guyana)	Tralisa Maraj Chief Financial Officer

CGX Energy Inc.
Unaudited Condensed Interim Consolidated Statements of Financial Position

(US$'s)

As at,	**September 30, 2021**	December 31, 2020
	$	$
Assets		
Current assets		
Cash and cash equivalents *(note 6)*	**15,786,667**	11,820,059
Trade receivables and other assets *(note 7)*	**3,748,276**	222,846
Farm in partner receivable *(note 10)*	**-**	149,306
Total current assets	**19,534,943**	12,192,211
Property, plant and equipment *(note 8)*	**12,368,420**	8,359,523
Exploration and evaluation expenditures *(notes 9 and 16)*	**57,262,549**	18,624,779
Total assets	**89,165,912**	39,176,513
Liabilities		
Current liabilities		
Trade and other payables *(notes 9, 10, and 11)*	**49,073,120**	14,580,589
Farm in partner advances *(note 10)*	**161,189**	-
Convertible loan from related party *(note 10)*	**18,298,053**	-
Total liabilities	**67,532,362**	14,580,589
Shareholders' equity		
Share capital *(note 13)*	**296,458,932**	296,458,932
Reserve for share based payments *(note 14)*	**27,539,000**	25,993,000
Deficit	**(302,364,382)**	(297,856,008)
Total shareholders' equity	**21,633,550**	24,595,924
Total liabilities and shareholders' equity	**89,165,912**	39,176,513

Nature of operations and going concern uncertainty (note 1)
Commitments and contingencies (notes 8, 9, and 16)
Subsequent events (notes 10, 13 and 17)

Approved on behalf of the Board of Directors on November 1, 2021:

("Signed" Suresh Narine)
_________________________, Director
Suresh Narine

("Signed" Dennis Mills)
_____________________________, Director
Dennis Mills

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CGX Energy Inc.
Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss

(US$'s)

For the periods ended September 30,	Three months 2021	Three months 2020	Nine months 2021	Nine months 2020
	$	$	**$**	$
Operating expenses				
General and administrative *(notes 8 and 10)*	**309,369**	**(106,201)**	**1,303,076**	**375,137**
Management and consulting *(note 10)*	**401,991**	**376,122**	**1,405,491**	**1,202,267**
Interest expense *(notes 9 and 10)*	**677,691**	**144,555**	**1,053,299**	**427,449**
Professional fees	**16,641**	**109,396**	**885,310**	**330,060**
Share based payments *(notes 10, 13 and 14)*	**179,000**	**378,000**	**711,000**	**2,528,000**
Shareholder information	**35,036**	**927**	**94,255**	**53,433**
Foreign exchange (gain) loss	**(13,942)**	**(110,865)**	**(59,822)**	**117,701**
	(1,605,786)	**(791,934)**	**(5,392,609)**	**(5,034,047)**
Indirect revenue from farm in partner *(note 10)*	**554,952**	**(12,006)**	**884,235**	**12,522**
(Loss) Gain on revaluation of warrant liability *(note 12)*	**-**	**(654,000)**	**-**	**841,000**
Net loss and comprehensive loss	**(1,050,834)**	**(1,457,940)**	**(4,508,374)**	**(4,180,525)**
Basic and diluted loss per share	**(0.00)**	**(0.01)**	**(0.02)**	**(0.02)**
Weighted average number of shares (000's) – basic and diluted	**287,588**	**272,579**	**287,588**	**272,579**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CGX Energy Inc.
Unaudited Condensed Interim Consolidated Statements of Changes in Equity (Deficit)

(US$'s)

	Share Capital		Reserves		
	Number of Shares	Amount	Share based	Deficit	Total
Balance at December 31, 2019	272,579,636	$287,258,904	$ 23,199,999	$ (292,359,628)	$ 18,099,275
Shares issued on exercise of warrants	15,009,026	4,864,028	-	-	4,864,028
Fair value of warrant liability transferred on exercise of warrants	-	4,336,000	-	-	4,336,000
Share based payments	-	-	2,793,001	-	2,793,001
Net loss and comprehensive loss for the year	-	-	-	(5,496,380)	(5,496,380)
Balance at December 31, 2020	**287,588,662**	**$296,458,932**	**$ 25,993,000**	**$ (297,856,008)**	**$ 24,595,924**
Share based payments	**-**	**-**	**711,000**	**-**	**711,000**
Equity portion of convertible loan	**-**	**-**	**835,000**	**-**	**835,000**
Net loss and comprehensive loss for the period	**-**	**-**	**-**	**(4,508,374)**	**(4,508,374)**
Balance at September 30, 2021	**287,588,662**	**$296,458,932**	**$27,539,000**	**$ (302,364,382)**	**21,633,550**

Balance at December 31, 2019	272,579,636	$287,258,904	$23,199,999	$(292,359,628)	$ 18,099,275
Share based payments	-	-	2,528,000	-	2,528,000
Net loss and comprehensive loss for the period	-	-	-	(4,180,525)	(4,180,525)
Balance at September 30, 2020	272,579,636	$287,258,904	$25,727,999	$(296,540,153)	$ 16,446,750

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CGX Energy Inc.
Unaudited Condensed Interim Consolidated Statements of Cash Flow

(US$'s)

Nine month period ended September 30,	2021	2020
Operations	**$**	$
Net loss for the period	**(4,508,374)**	(4,180,525)
Adjustments to reconcile net loss for the period to cash flow from operating activities:		
Unrealized foreign exchange (gain) / loss	**(59,822)**	117,701
Amortization	**8,493**	6,492
Share based payments	**711,000**	2,528,000
Interest accretion on trade and other payables, loans and convertible debentures payable to related party	**819,553**	427,449
Loss on revaluation of warrant liability	**-**	(841,000)
Net change in non-cash working capital items:		
Trade receivables and other assets	**(3,525,430)**	(11,841)
Trade and other payables	**508,523**	17,408
Farm in partner advances	**310,495**	2,639
Cash flow (used in) operating activities	**(5,735,562)**	(1,933,677)
Financing		
Proceeds from convertible loan from related party	**19,000,000**	-
Transaction costs on convertible loan from related party	**(59,971)**	-
Cash flow from financing activities	**18,940,029**	-
Investing		
Purchases of exploration and evaluation expenditures	**(6,329,113)**	(2,977,629)
Purchases of property, plant and equipment	**(2,968,568)**	(744,924)
Cash flow (used in) investing activities	**(9,297,681)**	(3,722,553)
Net increase (decrease) in cash and cash equivalents	**3,906,786**	(5,656,230)
Effect of exchange rate changes on cash held in foreign currencies	**59,822**	(117,701)
Cash and cash equivalents at beginning of period	**11,820,059**	15,821,285
Cash and cash equivalents at end of period	**15,786,667**	10,047,354

Supplementary Information

Interest paid	**233,746**	-
Income tax paid	**-**	-

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

General

CGX Energy Inc. ("**CGX**" or the "**Company**") is incorporated under the laws of Ontario. The Company's head office is located at 333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2R2. Its principal business activity is petroleum and natural gas exploration offshore the Cooperative Republic of Guyana, South America ("**Guyana**"). The Company is also developing a deep water port in Guyana.

1. Nature of operations and going concern uncertainty

The Company is in the process of exploring and evaluating petroleum and natural gas properties in the Guyana Suriname basin in South America and construction of a deep water port on the Berbice river in Guyana. The business of petroleum and natural gas exploration involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable operations. In addition, there is no guarantee that the Company will be able to secure the necessary financing to complete the deep water port project or be able to operate it profitably. The amounts shown as exploration and evaluation expenditures include acquisition costs and are net of any impairment charges to date; these amounts are not necessarily representative of present or future cash flows. The recoverability of the Company's exploration and evaluation expenditures is dependent upon the discovery of economically recoverable petroleum and natural gas reserves; securing and maintaining title and beneficial interest in the properties; the ability to obtain the necessary financing to complete exploration, development and construction of processing facilities; obtaining certain government approvals and attaining profitable production or alternatively, upon the Company's ability to farm-out its interest on an advantageous basis; all of which are uncertain.

The Company has a history of operating losses and as at September 30, 2021 had a working capital deficiency of $47,997,419 (December 31, 2020 - $2,388,378) and an accumulated deficit of $302,364,382 (December 31, 2020 - $297,856,008). The ability of the Company to continue as a going concern is dependent on securing additional required financing through issuing additional equity or debt instruments, the sale of Company assets, securing a joint farm-out for its interest in the Petroleum Production Licences ("**PPLs**"), or securing a partner for the deep water port project. As a result and given the Company's capital commitment requirements under the Company's PPLs outlined in note 9, the Company does not have sufficient cash flow to meet its operating requirements for the 12 month period from the statement of financial position date. While the Company has been successful in raising financing in the past and believes in the viability of its strategy and that the actions presently being taken provide the best opportunity for the Company to continue as a going concern, there can be no assurances to that effect. As a result there exist material uncertainties which cast significant doubt as to the Company's ability to continue as a going concern.

The Company's PPLs title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, and non-compliance with regulatory, environmental and social requirements.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited condensed interim consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations.

1. Nature of operations and going concern uncertainty *(continued)*

During the periods ended September 30, 2021 and 2020, COVID-19 significantly impacted Canada, Guyana and the global economy, which impact continues after September 30, 2021 as well. If the impacts of COVID-19 continue for a significant extended period, there could be further impacts on the Company. At this time, the full potential impact of COVID-19 on the Company is unknown.

2. Basis of preparation

2.1 Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("**IAS**") 34 'Interim Financial Reporting' ("**IAS 34**") using accounting policies consistent with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and Interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**").

2.2 Basis of presentation

These unaudited condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on November 1, 2021.

The notes herein include only significant transactions and events occurring since the Company's last fiscal year end and are not fully inclusive of all matters required to be disclosed in the annual audited consolidated financial statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with our most recent annual audited financial statements for the year ended December 31, 2020.

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2020.

2.3 Use of management estimates, judgments and measurement uncertainty

The preparation of these unaudited condensed interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting years. Such estimates primarily relate to unsettled transactions and events as at the date of the unaudited condensed interim consolidated financial statements.

On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

In March 2020, the World Health Organization declared the coronavirus outbreak a pandemic. The spread of COVID-19 has resulted in a challenging economic environment, with more volatile commodity prices, foreign exchange rates, and long-term interest rates. It remains difficult to reliably estimate the length or severity of these developments and their financial impact. As there are many variables and uncertainties regarding the COVID-19 pandemic, as well as its impact on the global demand in the oil and gas industry, it is not possible to precisely estimate the potential impact of the COVID-19 pandemic on the Company's financial condition and operations. This presents uncertainty and risk with respect to management's judgments, estimates and assumptions that affect the application of accounting policies.

2. Basis of preparation *(continued)*

2.3 Use of management estimates, judgments and measurement uncertainty *(continued)*

The most significant estimates and judgements relate to the valuation of exploration and evaluation expenditures, property, plant and equipment ("**PP&E**"), warrant liability, income tax amounts, determination of cash generating units and impairment testing, functional currency, valuation of share-based payments, and contingencies. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below:

Exploration and evaluation ("E&E") expenditures (Note 9) and PP&E (Note 8)

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgement to determine whether it is probable that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Company defers exploration and evaluation expenditures. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances; in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available.

If, after an expenditure is capitalised or for PP&E, information becomes available suggesting that the recovery of the expenditure or PP&E is unlikely or if an impairment of the expenditure or PP&E has incurred, the relevant capitalised amount is written off in the statement of profit or loss in the period when the new information becomes available.

Deep water port assets under construction and useful economic life

Assets in the course of construction are carried at cost. These assets are not amortized until they are available for use in commercial operation. Management reviews progress reports to determine when the deep water port is ready for commercial operation and will begin amortizing the port over the useful economic life of the deep water port. Once available for use, the annual depreciation charge for the deep water port is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values will be re-assessed annually and amended where necessary.

Functional currency

The determination of the Company's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the Company to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency, the Company analyzed both the primary and secondary factors, including the currency of the Company's operating costs in Canada, United States and Guyana, and sources of financing.

Cash generating units and impairment testing

Cash generating units ("**CGU's**") are identified to be the major producing fields and the deep water harbor at Berbice, the lowest level at which there are identifiable cash inflows that are largely independent of cash inflows of other groups of assets. The determination of CGUs requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs for major producing fields are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets to be held and used to determine whether there is any indication that those assets have suffered an impairment loss.

2. Basis of preparation *(continued)*

2.3 Use of management estimates, judgments and measurement uncertainty *(continued)*

Cash generating units and impairment testing *(continued)*

If and when facts and circumstances indicate that the carrying value of an exploration and evaluation expenditures or the deep water port may exceed its recoverable amount, an impairment review is performed. For exploration and evaluation expenditures or the deep water port, when there are such indications, an impairment test is carried out by grouping the exploration and evaluation expenditures or the deep water port expenditures with property, plant and equipment CGU's to which they belong for impairment testing.

The equivalent combined carrying value of the CGU's is compared against the recoverable amount of the CGU's and any resulting impairment loss is written off to net income (loss). The recoverable amount is the greater of fair value, less costs of disposal or value-in-use. Impairments of exploration and evaluation expenditures are only reversed when there is significant evidence that the impairment has been reversed, but only to the extent of what the carrying amount would have been, had no impairment been recognized.

Income taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Contingencies
Contingent gains or liabilities are possible receipts or 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 inflow or outflow of economic benefits would be required to settle the obligation or the amount cannot be measured reliably. Contingent gains or 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.

Valuation of share based payments and warrant liability (Notes 12 and 13)
The Black-Scholes option pricing model is used to determine the fair value for the share based payments and warrant liability and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

3. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of petroleum and natural gas properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration, deep water port development and pay for administrative costs, the Company will spend its existing working capital and will be required to raise additional funding. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine month period ended September 30, 2021 and the year ended December 31, 2020.

The Company considers its capital to be equity, which as at September 30, 2021 totaled $39,931,603 and was comprised of convertible loan from related party, share capital, reserve accounts and deficit (December 31, 2020 – $24,595,924).

4. Financial instruments

Fair value

Cash and cash equivalents, trade receivables and other assets and farm in partner receivable are measured at amortized cost which approximates fair value due to their short-term nature. Trade and other payables, farm in partner advances and convertible loan from related party are measured at amortized cost which also approximates fair value due to their short-term nature.

Warrant liability is measured as fair value through profit and loss with Level two classification within the fair value hierarchy.

The fair value hierarchy has the following levels:
- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

As at September 30, 2021 and December 31, 2020, the Company does not have any financial assets measured at fair value and that require classification within the fair value hierarchy.

These estimates are subject to and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position:

a) **Cash and cash equivalents** – Cash and cash equivalents are held mainly with major Canadian and American financial institutions in Canada and the United States and therefore the risk of loss is minimal. The Company keeps only a minimal amount of cash and cash equivalents in major Guyanese banks to pay only its current month activities.

4. Financial instruments *(continued)*

Fair Value *(continued)*

i) **Credit risk** *(continued)*

i. **Trade receivables and other assets** – The Company is exposed to credit risk attributable to customers or credits from vendors. The Company does not believe that this risk is significant. (See Note 7)

ii. **Farm in partner advances** – The Company is exposed to credit risk attributable to its farm in partner. The Company does not believe that this risk is significant as these are short term in nature. (See Note 10)

The Company's maximum exposure to credit risk as at September 30, 2021 is the carrying value of cash and cash equivalents and trade receivables and other assets.

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at September 30, 2021, the Company had a working capital deficiency of $47,997,419 (December 31, 2020 - $2,388,378). In order to meet its working capital and property exploration expenditures, the Company must secure further financing to ensure that those obligations are properly discharged (See Note 1). There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

a) **Interest rate risk**
The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term is invested in short-term guaranteed investment certificates and in high interest saving accounts, as appropriate.

b) **Currency risk**
The Company's exploration and evaluation activities are substantially denominated in US dollars. The Company's funds are predominantly kept in Canadian ("**C$**") and US dollars, with major Canadian and US financial Institutions. As at September 30, 2021, the Company had approximately C$4,000 (December 31, 2020 - C$3,416,000) in Canadian dollar denominated cash deposits.

5. Sensitivity analysis

The Company's funds are mainly kept in Canadian and US dollars with major Canadian and US financial institutions. As at September 30, 2021, the Company's exposure to foreign currency balances approximate as follows:

Account	**Foreign Currency**	**Exposure**	
September 30,		**2021**	2020
Cash and cash equivalents	C $	**$ -**	$ 4,000,000
Trade and other receivables	C $	**600,000**	100,000
Trade and other payables	C $	**(400,000)**	(200,000)
		$ 200,000	$ 3,900,000

Based on management's knowledge and experience of the financial markets, the Company believes it is reasonably possible over a one year period that a change of 10% in foreign exchange rates would increase/decrease net loss for the nine month period ended September 30, 2021 by C$20,000 (2020 - C$390,000).

6. Cash and cash equivalents

The balance of cash and cash equivalents at September 30, 2021, consisted of $15,761,667 (December 31, 2020 - $11,795,059) on deposit with major financial institutions and $25,000 (December 31, 2020 - $25,000) in short-term guaranteed investment certificates and fixed instruments with remaining maturities on the date of purchase of less than 90 days.

7. Trade receivables and other assets

The Company's trade receivables and other assets arise from harmonized sales tax ("**HST**") receivable, trade receivables and prepaid expenses. These are broken down as follows:

As at,	**September 30, 2021**	December 31, 2020
Trade receivables	**$ 519,587**	$ 60,379
HST	**13,426**	11,625
Prepaid expenses	**3,215,263**	150,842
Total trade receivables and other assets	**$ 3,748,276**	$ 222,846

Below is an aged analysis of the Company's trade receivables:

As at,	**September 30, 2021**	December 31, 2020
1 - 90 days	**$ 37,030**	$ 37,053
Over 90 days	**482,557**	23,326
Total trade receivables	**$ 519,587**	$ 60,379

At September 30, 2021 and December 31, 2020, the Company anticipates full recovery of the amounts receivable and therefore no additional allowance has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 4(i). The Company holds no collateral for any receivable amounts outstanding as at September 30, 2021 and December 31, 2020.

8. Property, plant and equipment

	Staging Facility(1)	Logistics Yard(1)	Vehicles, office furniture and fixtures	Computer, software and equipment	Total
Cost					
As at December 31, 2019	$ 6,414,871	$ 706,184	$ 223,354	$ 539,637	$ 7,884,046
Net additions	1,182,228	-	-	-	1,182,228
As at December 31, 2020	**$ 7,597,099**	**$ 706,184**	**$ 223,354**	**$ 539,637**	**$ 9,066,274**
Net additions	**3,913,462**	**-**	**103,928**	**-**	**4,017,390**
As at September 30, 2021	**$ 11,510,561**	**$ 706,184**	**$ 327,282**	**$ 539,637**	**$13,083,664**
Accumulated amortization					
As at December 31, 2019	$ -	$ -	$ 158,437	$ 539,637	$ 698,074
Amortization (2))	-	-	8,677	-	8,677
As at December 31, 2020	**$ -**	**$ -**	**$ 167,114**	**$ 539,637**	**$ 706,751**
Amortization (2)	**-**	**-**	**8,493**	**-**	**8,493**
As at September 30, 2021	**$ -**	**$ -**	**$ 175,607**	**$ 539,637**	**$ 715,244**
Net book value					
As at December 31, 2020	$ 7,597,099	$ 706,184	$ 56,240	$ -	$ 8,359,523
As at September 30, 2021	**$ 11,510,561**	**$ 706,184**	**$ 151,675**	**$ -**	**$ 12,368,420**

Notes: (1) No amortization has been recorded on these assets as they are still under construction.
(2) Amortization has been recorded within general and administrative expense in the statement of comprehensive loss.

The lands upon which the wharf project is located are subject to an industrial lease of state land with the Commissioner of Lands and Surveys in Guyana. The term of the lease is for a period of 50 years commencing in 2010 with an option to renew for an additional 50 years. This land is subject to annual rental commitments relating to this lease.

As part of the COR addendum III on the Petroleum Agreement ("**PA**") on Corentyne during the year ended December 31, 2020, the Company has agreed to amend its 54.96 acres lease on the staging facility to reflect acreage containing no more than 30 acres. See also note 9.

9. Exploration and evaluation expenditures

	Corentyne	Berbice	Demerara	Total
Balance, December 31, 2019	$ 14,758,529	$ 1,414,509	$ 564,365	$ 16,737,403
Net additions	974,000	53,100	860,276	1,887,376
Balance, December 31, 2020	**$ 15,732,529**	**$ 1,467,609**	**$ 1,424,641**	**$ 18,624,779**
Net additions	**37,419,273**	**111,083**	**1,107,414**	**38,637,770**
Balance, September 30, 2021	**$ 53,151,802**	**$ 1,578,692**	**$ 2,532,055**	**$ 57,262,549**

As at September 30, 2021 and December 31, 2020, the expenditures capitalized above include costs for licence acquisitions and maintenance of licences, general exploration, geological and geophysical consulting, surveys, 3D-seismic acquisition, processing and interpretation, drill planning and well exploration costs.

9. Exploration and evaluation expenditures *(continued)*

Corentyne PA, Guyana

The Company's 100% owned subsidiary, CGX Resources Inc. ("**CGX Resources**"), was granted the Corentyne PA on June 24, 1998. On November 27, 2012, the Company was issued a new PA and PPL offshore Guyana. On December 15, 2017, the Company was issued an addendum to the November 27, 2012 PA ("**COR Addendum I**"). Under the terms of the COR Addendum I, the Company's work commitments were modified and the Company relinquished 25% of the original contract area block. Effective May 20, 2019 and as at September 30, 2021 and December 31, 2020, the Corentyne PA and PPL is 66.667% owned by CGX Resources. During the year ended December 31, 2019, the CGX Resources received an addendum ("**COR Addendum II**") to the COR Addendum I on the Corentyne PPL as follows:

<u>First Renewal Period, Phase Two (27th November 2017 to 27th November 2019)</u>
"During phase two of the first renewal period, the Company shall complete additional seismic acquisition or seismic processing."

<u>Second Renewal Period, Phase One (27th November 2019 to 26th November 2020)</u>
"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

During the year ended December 31, 2020, the Company received a third addendum ("**COR Addendum III**") whereby the principal agreement has now been modified as follows:

<u>Second Renewal Period, Phase One (27th November 2019 to 26th November 2021)</u>
"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

As part of the COR Addendum III during the year ended December 31, 2020, the Company has agreed to amend its staging facility to reflect acreage containing no more than 30 acres.

9. Exploration and evaluation expenditures *(continued)*

Corentyne PA, Guyana *(continued)*

The table below outlines the commitments under the COR Addendum III as at September 30, 2021:

<table>
<tr><th>Period</th><th>Phase</th><th>Exploration Obligation</th><th>Dates</th></tr>
<tr><td rowspan="4">First Renewal Period - 3 Years</td><td>Phase One - 12 Months</td><td>Commence planning to drill 1 exploration well (Completed)</td><td>Nov 27, 2016 - Nov 27, 2017</td></tr>
<tr><td colspan="3">- At the end of phase one of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2. (Company has commited to complete work in phase 2)</td></tr>
<tr><td>Phase Two - 24 Months</td><td>Complete additional seismic acquisition or reprocessing (Completed)</td><td>Nov 27, 2017 - Nov 27, 2019</td></tr>
<tr><td colspan="3">- At the end of the first renewal period of three (3) years, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or relinquish twenty-five (25%) percent of the Contract Area and renew the Petroleum Prospecting Licence for a second period of three (3) years.</td></tr>
<tr><td rowspan="4">Second Renewal Period - 3 Years</td><td>Phase One - 24 Months</td><td>Drill 1 exploration well</td><td>Nov 27, 2019 - Nov 26, 2021</td></tr>
<tr><td colspan="3">- At the end of phase one of the second renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2.</td></tr>
<tr><td>Phase Two - 12 Months</td><td>Drill 1 exploration well</td><td>Nov 26, 2021 - Nov 26, 2022</td></tr>
<tr><td colspan="3">- At the end of the second renewal period of three (3) years, the Company shall relinquish the entire Contract Area except for any Discovery Area, the area contained in any Petroleum Production Licence and any other portion of the Contract Area on which the Minister Responsible for Petroleum agrees to permit the Company to conduct further exploration activities.</td></tr>
</table>

The Company has submitted its proposed 25% acreage relinquishment which are required by the Corentyne PA to the Department of Energy ("**DOE**") and the Guyana Geology and Mines Commission ("**GGMC**") and is now awaiting the agreement of these agencies on the acceptance of the proposed relinquishment and final instruments to formally move into the second renewal period of the Corentyne PA.

If a discovery is made, the Company has the right to apply to the Minister for a Petroleum Production Licence with respect to that portion of the contract area having a significant discovery.

After commercial production begins, the Company is allowed to recover contract costs as defined in the Corentyne PA from "cost oil" produced and sold from the contract area and limited in any month to an amount which equals seventy-five percent (75%) of the total production from the contract area for such month excluding any crude oil and/or natural gas used in petroleum operations or which is lost. The Company's share of the remaining production or "profit oil" is 47%.

To the extent that in any month recoverable contract costs exceed the value of cost oil and/or cost gas, the unrecoverable amount shall be carried forward and shall be recoverable in the immediately succeeding month, and to the extent not then recovered, in the subsequent month or months.

The Company has $155,000,000 of recoverable contract costs brought forward from the original Corentyne licence. This cost can be recovered against any future commercial production.

Annual rental fees of $100,000 and training fees of $100,000 are required to be paid under the PA.

9. Exploration and evaluation expenditures *(continued)*

Corentyne PA, Guyana *(continued)*

Farm-in agreement

In December 2018, the Company and Frontera Energy Corporation ("**Frontera**") entered into a letter of intent, whereby a Frontera subsidiary and the Company, were to enter into Joint Operating Agreements (the "**JOAs**") covering the Company's two shallow water offshore Petroleum Prospecting Licenses in Guyana, the Corentyne and Demerara PPLs and PAs.

On January 30, 2019, the Company and Frontera Energy Guyana Corp. ("**Frontera Guyana**") executed the JOAs, subject to amendments as agreed upon by both parties. The JOAs provided for a transfer of a 33.333% interest in both Corentyne and Demerara Petroleum Prospecting Licences to Frontera Guyana in exchange for a $33,333,000 signing bonus. Under the JOAs, Frontera Guyana would pay one-third of the applicable costs plus an additional 8.333% of the Company's direct drilling costs for the initial exploratory commitment wells in the two blocks. The additional 8.333% carry provided shall be subject to a maximum gross amount (including tax and all costs) of (i) $30,000,000 for drilling the first exploratory well under the Corentyne PA and (ii) $40,000,000 for drilling the first exploratory well under the Demerara PA. CGX Resources is the operator of under the JOA's.

On May 28, 2019, the transfers of the 33.333% interest in both the Corentyne and Demerara Prospecting Licences were completed. The transfers are effective May 20, 2019. As a result, on May 28, 2019, the Company received $8,500,851 on closing, being the net of the $33,333,000 signing bonus due from Frontera Guyana, less the amount of $24,832,149 of outstanding debts due to Frontera Guyana by the Company.

The JOAs do not meet the definition of a joint venture under IFRS 11 *Joint Arrangements* ("**IFRS 11**") and have thus been accounted for as joint operations in accordance with IFRS 11. The JOAs do not have any assets or liabilities aside from the exploration and evaluation expenditures asset.

Rig agreement

During the year ended December 31, 2019, the Company on behalf of the JOA executed a letter of understanding ("**LOU**") with Rowan Rigs S.a.r.l. ("**Rowan**") regarding the drilling rig contract entered into on December 14, 2018, which required the prepayment of certain costs for the use of the Ralph Coffman offshore jack-up rig. Under the terms of the LOU, the Company and Rowan agreed that all operational obligations under the drilling rig contract were deferred until the parties could enter into an amended agreement. The Company and Rowan did not enter into an amended agreement by the specified date, and as such, on August 10, 2020 the amount of $1.17 million was returned to the JOA parties, of which, the Company's net share was $0.7 million.

Berbice PA, Guyana

The Company, through its 62% owned subsidiary ON Energy Inc., acquired the Berbice PA in October 2003. The Berbice PA was renewable for up to two three-year periods.

On February 12, 2013, the Company entered into a new Berbice PA and PPL, which applies to the former Berbice licence and the former onshore portion of the Company's original Corentyne PA. On December 15, 2017, the Company was issued an addendum to the February 12, 2013 PA (**"BER Addendum I"**). Under the terms of the BER Addendum I, the Company's work commitments were modified.

9. Exploration and evaluation expenditures *(continued)*

Berbice PA, Guyana *(continued)*

On February 12, 2021, the Company received an addendum, subject to final documentation, (**"BER Addendum II"**), whereby the principal agreement has now been modified as follows:

Second Renewal Period, Phase One (12th February 2020 to 11th August, 2022)
"During phase one of the second renewal period, the Company shall complete a seismic program and complete all processing and interpretation so as to inform and lead to the drilling of at least one (1) Exploration Well by the June 15, 2022."

The table below outlines the commitments under the BER Addendum II as at September 30, 2021:

<table>
<tr><th>Period</th><th>Phase</th><th>Exploration Obligation</th><th>Dates</th></tr>
<tr><td rowspan="4">First Renewal Period - 3 Years</td><td>Phase One - 18 Months</td><td>Compile all relevant data, information and budgetary allocations for a geochemical survey and submit to the GGMC for approval (Completed)</td><td>Feb 12, 2017 - Aug 12, 2018</td></tr>
<tr><td colspan="3">- At the end of phase one (1) of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production License or commit to the work programme in phase two (2).</td></tr>
<tr><td>Phase Two - 18 Months</td><td>(a) Complete a geochemical survey of a minimum 120 sq km (Completed) (b) Commence a seismic program defined by the geochemical survey (Completed)</td><td>Aug 12, 2018 - Feb 12, 2020</td></tr>
<tr><td colspan="3">- At the end of the first renewal period of three (3) years, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or relinquish twenty-five (25%) percent of the Contract Area and renew the Petroleum Prospecting Licence for a second period of three (3) years.</td></tr>
<tr><td rowspan="4">Second Renewal Period - 3 Years</td><td>Phase One - 30 Months</td><td>Complete seismic program and all associated processing and interpretation and drill 1 exploration well by June 15, 2022</td><td>Feb 12, 2020 - August 12, 2022</td></tr>
<tr><td colspan="3">- At the end of phase one (1) of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production License or commit to the work programme in phase two (2).</td></tr>
<tr><td>Phase Two - 6 Months</td><td>Drill 1 exploration well</td><td>August 12, 2022 - Feb 12, 2023</td></tr>
<tr><td colspan="3">- At the end of the second renewal period of three (3) years, the Company shall relinquish the entire Contract Area except for any Discovery Area, the area contained in any Petroleum Production Licence and any other portion of the Contract Area on which the Minister Responsible for Petroleum agrees to permit the Company to conduct further exploration activities.</td></tr>
</table>

The Company has submitted its proposed 25% acreage relinquishment which are required by the Berbice PA to the DOE and GGMC and is now awaiting the agreement of these agencies on the acceptance of the proposed relinquishment and final instruments to formally move into the second renewal period of the Berbice PA.

If a discovery is made, CGX has the right to apply to the Minister for a PPL with respect to that portion of the contract area having a significant discovery.

After commercial production begins, the Company is allowed to recover contract costs as defined in the Berbice PA from "cost oil" produced and sold from the contract area and limited in any month to an amount which equals seventy-five percent (75%) of the total production from the contract area for such month excluding any crude oil and/or natural gas used in petroleum operations or which is lost. The Company's share of the remaining production or "profit oil" is 47%.

9. Exploration and evaluation expenditures *(continued)*

Berbice PA, Guyana *(continued)*

To the extent that in any month recoverable contract costs exceed the value of cost oil and/or cost gas, the unrecoverable amount shall be carried forward and shall be recoverable in the immediately succeeding month, and to the extent not then recovered, in the subsequent month or months.

The Company has $500,000 of recoverable costs brought forward from the original Berbice licence. This cost can be recovered against any future commercial production.

Annual rental fees of $25,000 and training fees of $25,000 are required to be paid under the PA.

Demerara PA, Guyana

On February 12, 2013, the Company entered into the Demerara PA and PPL. The new PPL applies to the former offshore portion of the Annex PPL, which was a subset of the Company's original Corentyne PA. On December 15, 2017, the Company was issued an addendum to the February 12, 2013 PA (**"DEM Addendum I"**). Under the terms of the DEM Addendum I, the Company's work commitments were modified and the Company relinquished 25% of the original contract area block. Effective May 20, 2019 and as at June 30, 2021 and December 31, 2020, the Demerara PA and PPL is 66.667% owned by CGX Resources.

On February 12, 2021, the Company received an addendum, subject to final documentation, (**"DEM Addendum II"**), whereby the principal agreement has now been modified as follows:

Second Renewal Period, Phase One (12th February 2020 to 11th February 2022)
"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

The table below outlines the commitments under the DEM Addendum II as at September 30, 2021:

<table>
<tr><th>Period</th><th>Phase</th><th>Exploration Obligation</th><th>Dates</th></tr>
<tr><td rowspan="4">First Renewal Period - 3 Years</td><td>Phase One - 12 Months</td><td>Conduct additional data processing and planning for 1st exploration well (Conducted)</td><td>Feb 12, 2017 - Feb 12, 2018</td></tr>
<tr><td colspan="3">- At the end of phase one (1) of the first renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2. (Company has commited to complete work in phase 2)</td></tr>
<tr><td>Phase Two - 24 Months</td><td>Complete any additional processing and planning, and secure all regulatory approvals for the drilling of 1st exploration well (Completed)</td><td>Feb 12, 2018 - Feb 12, 2020</td></tr>
<tr><td colspan="3">- At the end of the first renewal period of three (3) years, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or relinquish twenty-five (25%) percent of the Contract Area and renew the Petroleum Prospecting Licence for a second period of three (3) years.</td></tr>
<tr><td rowspan="4">Second Renewal Period - 3 Years</td><td>Phase One - 24 Months</td><td>Drill 1 exploration well</td><td>Feb 12, 2020 - Feb 11, 2022</td></tr>
<tr><td colspan="3">- At the end of phase one of the second renewal period, the Company shall elect either to relinquish the entire Contract Area except for any Discovery Area and the area contained in any Petroleum Production Licence or commit to the work programme in phase 2.</td></tr>
<tr><td>Phase Two - 12 Months</td><td>Drill 1 exploration well</td><td>Feb 11, 2022 - Feb 12, 2023</td></tr>
<tr><td colspan="3">- At the end of the second renewal period of three (3) years, the Company shall relinquish the entire Contract Area except for any Discovery Area, the area contained in any Petroleum Production Licence and any other portion of the Contract Area on which the Minister Responsible for Petroleum agrees to permit the Company to conduct further exploration activities.</td></tr>
</table>

9. Exploration and evaluation expenditures *(continued)*

Demerara PA, Guyana *(continued)*

The Company has submitted its proposed 25% acreage relinquishment which are required by the Demerara PA to the DOE and GGMC and is now awaiting the agreement of these agencies on the acceptance of the proposed relinquishment and final instruments to formally move into the second renewal period of the Demerara PA.

If a discovery is made, the Company has the right to apply to the Minister for a PPL with respect to that portion of the contract area having a significant discovery.

After commercial production begins, the Company is allowed to recover contract costs as defined in the Demerara PA from "cost oil" produced and sold from the contract area and limited in any month to an amount which equals seventy-five percent (75%) of the total production from the contract area for such month excluding any crude oil and/or natural gas used in petroleum operations or which is lost. The Company's share of the remaining production or "profit oil" is 47%.

To the extent that in any month recoverable contract costs exceed the value of cost oil and/or cost gas, the unrecoverable amount shall be carried forward and shall be recoverable in the immediately succeeding month, and to the extent not then recovered, in the subsequent month or months.

The Company has $1,000,000 of recoverable contract costs brought forward from the original Annex licence. This cost can be recovered against any future commercial production.

Annual rental fees of $100,000 and training fees of $100,000 are required to be paid under the PA.

Demerara Seismic agreement

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 million with $7 million paid to Prospector by way of issuance of 15,534,310 common shares, $2.5 million paid in cash in 2014 and the remainder of approximately $9.5 million payable in cash twelve months after the conclusion of the seismic survey (December 2015), which is included in trade and other payables as at September 30, 2021 and December 31, 2020. In accordance with the contract with Prospector, the amounts outstanding twelve months after the conclusion of the seismic survey shall accrue 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 has agreed to be responsible under certain circumstances to Prospector for up to a maximum of $500,000. The processing began in late 2016 and was substantially completed in 2017 and as a result, the Company has recorded a provision of $500,000 recorded in trade and other payables as at September 30, 2021 and December 31, 2020.

In July 2018, Prospector filed a request for arbitration against CGX and CGX Resources in the International Chamber of Commerce ('**ICC**") for repayment of the debt accrued under Seismic Acquisition dated September 2014 contract (and the addendum thereto) 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 and requested that the tribunal award to Prospector the relief of (i) the amount $12,420,442 being the amount Prospector alleged it was owed as at May 1, 2018, (ii) any interest that will continue to accrue 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) cost and reasonable and necessary attorney's fees incurred by Prospector in bringing forward the arbitration (the "**Arbitration**"). It was subsequently agreed that the Tribunal had no jurisdiction over CGX Resources.

9. Exploration and evaluation expenditures *(continued)*

Demerara PA, Guyana *(continued)*

Demerara Seismic agreement *(continued)*

On January 15, 2019, Prospector and CGX agreed to a one (1) year suspension of the Arbitration. The arbitral 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. The hearing is scheduled to be held late first quarter 2022 and the award will follow thereafter. If the Company is not successful in defending the claim, and the counterclaim fails, then the Company may be liable for the sums sought, and, possibly, costs. 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 International Chamber of Commerce for $26,083,000, plus interest and costs, for damages it claims to have suffered. The contingent gains, if any, are not recorded as at September 30, 2021 or and December 31, 2020 as the outcome of these proceedings is still unknown and there can be no assurances that the Company will be successful in its lawsuit or that it will be able to collect any damages that it may be awarded. As at September 30, 2021, the Company has included the amounts it calculates as owing, plus accrued interest, being $13,729,673 in trade and other payables (December 31, 2020 - $13,305,332). This amount is not offset by any amounts CGX is seeking in its Counterclaim.

10. Compensation of key management personnel and 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.

On May 28, 2021, the Company entered into a secured convertible bridge loan agreement (the "**Convertible Loan**") with Frontera in the aggregate principal amount of $19,000,000. The Convertible Loan is a non-revolving term facility and together with all interest accrued, will be due and payable on June 30, 2022, or such later date as determined by Frontera, at its sole discretion. 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 Convertible Loan agreement includes a standby fee of 2% multiplied by the daily average amount of unused commitment under the Convertible Loan payable quarterly in arrears during the drawdown period.

Frontera in its sole discretion, may elect to convert all or a portion of the principal amount of the Convertible Loan outstanding into common shares of the Company at a conversion price per common share equal to US$0.712 at any time (A) after July 15, 2021 and on or before February 15, 2022, in certain circumstances, on the condition that Frontera first notifies CGX in writing of its decision to exercise its conversion right, and CGX either (i) fails to notify Frontera, within fifteen calendar days following delivery of the Frontera notice, that it will repay all amounts outstanding under the Convertible Loan in cash or (ii) fails to so repay all amounts outstanding under the Convertible Loan within fifteen calendar days following CGX's timely notice of its intent to repay the Loan, or (B) after February 15, 2022, on the delivery of a conversion notice by Frontera if CGX Resources has as of July 15, 2021 entered into a binding transaction that will provide it with funds to repay outstanding amounts under the Convertible Loan. The maximum number of common shares which may be acquired by Frontera upon the conversion of the Loan is 26,685,393 common shares.

Subsequent to September 30, 2021, the Company completed a rights offering (See Note 17), and due to an anti-dilution clause in the Convertible Loan, the conversion price per common share was reduced to US$0.69743.

10. Compensation of key management personnel and related party transactions *(continued)*

The Convertible Loan is secured by all of the assets of the Company. In addition, during the nine months ended September 30, 2021, CGX Resources and Grand Canal Industrial Estates Inc. signed a guarantee with Frontera for the Convertible Loan. On June 17, 2021, Frontera assigned the Convertible Loan and all the rights associated with it to its wholly owned subsidiary, Frontera ODL Holding Corp. In September 2021, Frontera ODL Holding Corp reassigned the loan back to Frontera.

The 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 Convertible Loan being less than face value. The discount was accreted over the term of the Convertible Loan utilizing the effective interest rate method at a 15% discount rate.

The activity on the Convertible Loan from related party for the nine months ended September 30, 2021 and 2020 is as follows:

Nine months ended September 30,		**2021**		2020
Opening balance at beginning year	**$**	**-**	$	-
Bridge Loan advances		**19,000,000**		-
Conversion component of convertible loan		**(835,000)**		-
Transaction costs		**(59,971)**		-
Interest accretion		**193,024**		-
Accrued and paid interest on loan from related party		**435,935**		-
Interest paid on loan from related party		**(233,746)**		-
Interest recorded in trade and other payables		**(202,189)**		-
Total loan from related party	**$**	**18,298,053**	$	-

Farm in partner over/under call

Under the JOAs, the Company is operator on both the Corentyne and Demerara licences. As operator, the Company makes cash calls from its partner to pay for future licence expenditures. As at September 30, 2021, the Company had cash called and received $161,189 (December 31, 2020 - $149,306 receivable) in advances for future exploration on the Corentyne and Demerara licences.

In addition, as operator of the Corentyne and Demerara licences, the Company receives a fee from its partner to reimburse its indirect costs related to operating the licence. This fee is based on total expenditures under the JOAs. During the nine month period ended September 30, 2021, the Company received fees from its farm in partner of $884,235 (2020 - $24,528).

Key Management

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

Nine month period ended September 30,		**2021**		2020
Short-term employee benefits		**$** [illegible]	$	934,000
Share based payments		**541,000**		1,912,000
Total compensation paid to key management	**$**	**1,962,000**	$	2,846,000

At September 30, 2021, included in trade and other payables is $400,000 (December 31, 2020 - $246,000) due as a result of deferred payment of directors' fees. These amounts are unsecured, non-interest bearing and due on demand. See also Note 16.

11. Trade and other payables

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days. The following is an aged analysis of the trade and other payables:

As at,	**September 30, 2021**	December 31, 2020
Less than one month, accruals and accrued interest	**$ 35,568,475**	$ 5,042,901
One month to three months	**3,625,458**	47,465
Over three months	**9,879,187**	9,490,223
Total trade and other payables	**$ 49,073,120**	$ 14,580,589

12. Warrant liability

As at September 30, 2021 and December 31, 2020, there was no warrant liability outstanding.

On March 12, 2019, the Company completed a rights offering (the "**Offering**"). Frontera provided a standby commitment in connection with the Offering (the "**Standby Commitment**"), in which Frontera would acquire any common shares available as a result of any unexercised Rights under the Rights Offering. In consideration for the Standby Commitment, Frontera received 5-year warrants to purchase up to 15,009,026 common shares at an exercise price equal to C$0.415 per common share (each a "**Warrant**").

The warrant liability was re-valued at the end of the reporting period with the change in fair value of the warrant liability recorded as a gain or loss in the Company's consolidated statements of comprehensive income (loss). On December 29, 2020, Frontera exercised all the 15,009,026 warrants for proceeds to the Company of $4,864,028 (C$6,228,746), and as a result of this exercise, 15,009,026 common shares of the Company were issued. The warrant liability was accounted for at its estimated fair value as follows:

	September 30, 2021	December 31, 2020
Warrant liability, beginning of period/year	**$ -**	$ 4,736,000
Change in fair value	**-**	(400,000)
Fair value of warrant liability transferred on exercise of warrants	**-**	(4,336,000)
Warrant liability, end of period/year	**$ -**	$ -

The Company utilized the Black-Scholes valuation model to estimate the fair value of the warrants at December 29, 2020 using the following assumptions:

As at,	December 29, 2020
Number of warrants outstanding	15,009,026
Exercise price	C$0.415
Risk-free interest rate	0.27%
Expected life (years)	3.21
Expected volatility	119%
Expected dividends	0%
Market price of shares	C$0.50
Fair value of warrants	$ 4,336,000

Volatility for these warrants has been calculated using the historical volatility of the Company.

13. Capital stock

Share capital

The Company is authorized to issue an unlimited number of common shares without par value. Changes in the issued and outstanding common shares are as follows:

	Number of Shares	$
Balance at December 31, 2019	272,579,636	287,258,904
Shares issued on exercise of warrants[1] (*Note 12*)	15,009,026	4,864,028
Fair value of warrant liability transferred on exercise of warrants *(Note 12)*	-	4,336,000
Balance at December 31, 2020 and September 30, 2021	**287,588,662**	**296,458,932**

[1] The weighted average trading price on date of exercise for the warrants exercised during the nine month period ended September 30, 2021 was C$Nil (year ended December 31, 2020 – C$0.50).

Common share purchase warrants

Changes in the number of common share purchase warrants outstanding are as follows:

For the period/year ended,	Nine months ended September 30, 2021		Year ended December 31, 2020	
	Weighted Average Exercise Price ($)	**No. of Warrants**	Weighted Average Exercise Price ($)	No. of Warrants
Outstanding at beginning of period/year	-	-	C$0.415	15,009,026
Transactions during the period/year:				
Issued	-	-	-	-
Exercised	-	-	C$0.415	(15,009,026)
Outstanding at end of period/year	-	-	-	-

Options

The Company established a share option plan to provide additional incentive to its directors, officers, employees and consultants for their efforts on behalf of the Company in the conduct of its affairs. The maximum number of common shares reserved for issuance under the share option plan comprising part of the share incentive plan may not exceed 10% of the number of common shares outstanding. Under the terms of the plan, all options vest immediately, unless otherwise specified. All options granted under the plan expire no later than the tenth anniversary of the grant date. As at September 30, 2021, the Company had 12,598,866 (December 31, 2020 – 14,398,866) options available for issuance under the plan.

13. Capital stock *(continued)*

Changes in the number of stock options outstanding are as follows:

For the period/year ended,	**Nine months ended September 30, 2021**		Year ended December 31, 2020	
	Weighted Average Exercise Price ($)	**No. of Options**	Weighted Average Exercise Price ($)	No. of Options
Outstanding at beginning of	**C$0.46**	**14,360,00**	C$0.43	14,000,00
Transactions during the period/year:				
Granted	**C$0.75**	**1,800,000**	C$0.71	1,510,000
Forfeited	**-**	**-**	C$0.46	(1,150,000)
Outstanding at end of period/year	**C$0.49**	**16,160,00**	C$0.46	14,360,00
Exercisable at end of period/year	**C$0.48**	**15,559,99**	C$0.45	13,856,66

Subsequent to September 30, 2021, 1,719,000 stock options were exercised for proceeds of C$884,340 (equivalent of approximately $712,446) at an average exercise price of approximately C$0.51 (equivalent of approximately $0.41).

The following table provides additional outstanding stock option information as at September 30, 2021:

Exercise Price	**No. of Options Outstanding**	**Weighted Average Remaining Life (Years)**	**Weighted Average Exercise Price**	**No. of Options Exercisable**	**Weighted Average Exercise Price**
C$ 0.085	1,000,000	0.59	C$0.085	1,000,000	C$0.085
C$ 0.46 – 0.495	12,250,000	3.21	C$0.46	12,116,666	C$0.46
C$ 0.71 – 0.82	2,910,000	3.87	C$0.76	2,443,333	C$0.75
C$ 0.085 - 0.82	**16,160,000**	**3.17**	**C$0.49**	**15,559,999**	**C$0.48**

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share based compensation for the stock options granted and/or vested during the nine month period ended September 30, 2021:

	Vesting of prior year issued options	**March 23, 2021**	**January 5, 2021**	**Totals**
Number of options granted		1,400,000	400,000	1,800,000
Exercise price		C$0.82	C$0.495	
Risk-free interest rate		0.95%	0.39%	
Expected life (years)		5.0	5.0	
Expected volatility		106.77%	101.58%	
Market price		C$0.82	C$0.495	
Expected dividends and forfeiture rate		-	-	
Vesting		1/3 immediately, 1/3 in 6 months and 1/3 in 12 months	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months	
Fair value of grant		$ 703,000	$ 116,000	$
Share based compensation	**$ 11,000**	**$ 594,000**	**106,000**	**$ 711,000**

13. Capital stock *(continued)*

Options *(continued)*

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share based compensation for the stock options granted and/or vested during the year ended December 31, 2020:

	Vesting of prior year issued options	January 17, 2020	Totals
Number of options granted		1,510,000	
Exercise price		C$0.71	
Risk-free interest rate		1.58%	
Expected life (years)		5.0	
Expected volatility		120.57%	
Market price per share		C$0.71	
Expected dividends and forfeiture rate		-	
Vesting		1/3 immediately, 1/3 in 6 months and 1/3 in 12 months	
Fair value of grant		$ 681,000	$ 681,000
Share based compensation	**$ 2,123,001**	**$ 670,000**	**$ 2,793,001**

Volatility for all option grants has been calculated using the Company's historical information.

The weighted average grant-date fair value of options granted during the nine month period ended September 30, 2021 was $0.46 (year ended December 31, 2020 – $0.45) per option issued.

14. Reserve for share based payments

A summary of the changes in the Company's reserve for share based payments for the nine month period ended September 30, 2021 and year ended December 31, 2020 is set out below:

As at,	**September 30, 2021**	December 31, 2020
Balance at beginning of period/year	**$ 25,993,000**	$ 23,199,999
Share based payments *(note 13)*	**711,000**	2,793,001
Equity portion of convertible debt *(note 10)*	**835,000**	-
Balance at end of period/year	**$ 27,539,000**	$ 25,993,000

15. Segmented information

Operating and geographic segments

At September 30, 2021 and December 31, 2020, the Company's current operations are comprised of a single reporting operating segment engaged in petroleum and natural gas exploration in Guyana. The Company expects that once the wharf project is constructed that it will have two operating segments. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in IFRS 8 *'Operating Segments'*.

15. Segmented information *(continued)*

As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim consolidated financial statements also represent operating segment amounts.

The following is a detailed breakdown of the Company's assets by geographical location:

As at,	September 30, 2021	December 31, 2020
Total current assets		
Canada	**$ 15,775,098**	$ 11,673,425
Guyana	**3,759,845**	518,786
	$ 19,534,943	$ 12,192,211
Total non-current assets		
Canada	**$ -**	$ -
Guyana	**69,630,969**	26,984,302
	$ 69,630,969	$ 26,984,302
Total Identifiable assets		
Canada	**$ 15,775,098**	$ 11,673,425
Guyana	**73,390,814**	27,503,088
	$ 89,165,912	$ 39,176,513

16. Commitments and contingencies

Contractual obligations

The Company has entered into agreements for service contracts. As at September 30, 2021, the future minimum consultancy commitments and contract commitments over the next five years are as follows:

	Contractual Obligations
2021	**$ 35,945,000**

The Company has entered into contracts for Pore Study, Modeling, 3D Reprocessing, a semi-submersible drilling unit, and long lead items over the Corentyne, Demerara, and Berbice Blocks, and the Berbice Deepwater Port to complete its requirement under the Corentyne and Demerara PPLs and agreements for a road construction, road and bridge construction supervision and laydown design for the Wharf Project. As at September 30, 2021, aggregate minimum future obligation still outstanding under these agreements is $35,945,000, of which the Company's share of these costs is $25,641,000, with the remainder to be collected from its farm-in partner. All these amounts are expected to be paid in 2021.

Contingencies

As at September 30, 2021, the Company is party to three (December 31, 2020 – three) separate written management agreements with certain senior officers of the Company. The three contracts currently require a total payment of up to $2,056,000 (December 31, 2020 – $2,056,000) be made upon the occurrence of certain events such as termination and change in control. As the likelihood of these events taking place was not determinable as at September 30, 2021, the contingent payments have not been reflected in these unaudited condensed interim consolidated financial statements.

17. Subsequent events

Rights offering and bridge loan

Subsequent to September 30, 2021, the Company completed a rights offering (the "**Offering**"). Pursuant to the Offering, the Company issued to holders of its outstanding common shares of record as at the close of business on October 1, 2021 an aggregate of 45,151,338 transferable rights (each, a "**Right**"). Each Right entitled the holder thereof to subscribe for one common share upon payment of the subscription price of C$1.63 (equivalent of approximately $1.32) per common share until October 28, 2021. The Company issued 45,151,338 common shares, the maximum number of common shares available for issuance under the terms of the Offering, based on shareholders' exercise of the basic subscription privilege and the additional subscription privilege, allocated pro-rata, for aggregate gross proceeds to the Company of C$73,596,681 (equivalent of approximately $59,598,592).

Frontera provided a standby commitment in connection with the Offering (the "**Standby Commitment**"), in which Frontera would acquire any common shares available as a result of any unexercised Rights under the Rights Offering, such that CGX was guaranteed to issue 45,151,338 common shares in connection with the Offering. In consideration for the Standby Commitment, Frontera received 5-year warrants to purchase up to 1,173,774 common shares at an exercise price equal to $1.51 per common Share. Frontera acquired an additional 11,737,747 shares under the Standby Commitment. Frontera acquired an aggregate of 45,083,314 common shares in connection with the Offering pursuant to the exercise of Rights and the Standby Commitment under the Offering for cash consideration of C$73,485,802 (equivalent of approximately $59,508,802). As of November 1, 2021, Frontera now owns an aggregate of 257,475,469 common shares on a non-diluted basis, which represents approximately 76.98% of the issued and outstanding common shares.

In addition, on October 8, 2021, the Company received a $20 million Rights Offering Bridge Loan Facility (the "**Rights Loan**") from Frontera. This Rights Loan was made available for drawdown in tranches on a non-revolving basis until October 31, 2021. The Rights Loan, together with all interest accrued, shall be due and payable on October 31, 2021 (the "**Maturity Date**") or such later date as determined by Frontera, at its sole discretion. The Company and Frontera agreed that the acquisition cost of any securities acquired by Frontera pursuant to the exercise of Rights Offering will be satisfied by the reduction of the amounts payable to Frontera under the Rights Loan. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum paid monthly in cash, with interest on overdue interest. If the Maturity Date is extended by Frontera, at its sole discretion, the new interest rate will be 15% per annum.

The loan was fully drawn on October 25, 2021 and fully settled upon closing of the Right Issue on October 28, 2021.

Option Grant

Subsequent to September 30, 2021, and on October 26,2021 the Company granted a total of 1,800,000 incentive stock options ("**Options**"). The Options were granted pursuant to the Company's stock option plan and are exercisable at a price of Canadian $1.36 per share and expire on October 24, 2026. These Options vest as follows: (a) 1/3 of the Options granted on one year anniversary date of grant; (b) 1/3 of the Options granted on the second anniversary of the Option grant; and (c) 1/3 of the Options granted, being the remaining amount, on the third anniversary of the Option grant, subject to a vesting acceleration clause under certain events.