CGX Energy Inc.

Interim MD&A – Quarterly Highlights

For the three and nine month periods ended September 30, 2022 and 2021

October 31, 2022

1. INTRODUCTION

This Management's Discussion and Analysis – Quarterly Highlights ("**Quarterly Highlights**") of CGX Energy Inc. (the "**Company**" or "**CGX**") has been prepared to provide material updates to the business operations, liquidity and capital resources of the Corporation since its last Management Discussion & Analysis for the fiscal year ended December 31, 2021 ("**Annual MD&A**"). This Quarterly Highlights does not provide a general update to the Annual MD&A, or reflect any non-material events since date of the Annual MD&A.

This Quarterly Highlights has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited consolidated financial statements of the Company for the years ended December 31, 2021 and 2020 (the "**2021 Annual Financial Statements**"), and the unaudited interim condensed consolidated financial statements for the three and nine month periods ended September 30, 2022 and 2021 (**"Interim Financial Statements"**), 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, 2022 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at October 31, 2022 unless otherwise indicated.

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

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

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

2. FORWARD LOOKING STATEMENTS

This Quarterly Highlights includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and other similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the offshore oil and gas industry (including operational risks in exploration development; delays or changes in plans with respect to exploration 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, the risk of impacts from the Covid-19 pandemic, or risk due to adverse economy factors as a consequence of the Russia-Ukraine war, 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.

3. OVERVIEW

Company Profile

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

The Company's head office is located in Toronto, Canada and its principal business involves the exploration for hydrocarbons in Guyana, South America and construction of a deepwater port ("**BDWP**"), located on the eastern bank of the Berbice River, Guyana. As at October 31, 2022, CGX through one of its subsidiaries holds an interest in a Petroleum Prospecting Licence ("**PPL**") and related Petroleum Agreement ("**PA**") on the Corentyne block in the Guyana Basin, offshore Guyana and through one of its other subsidiaries, is also involved in the construction and development of the BDWP.

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

Company	Registered Office	Percentage of Interest (%)
CGX Resources Inc. ("**CRI**")	Bahamas	100%
GCIE Holdings Limited ("**GCIE Holding**")	Barbados	100%
Grand Canal Industrial Estates Inc. ("**GCIE**") *	Guyana	100%
CGX Energy Management Corp. ("**CGMC**")	United States, Delaware	100%
ON Energy Inc. ("**ON Energy**")	Guyana	62%

*Owned 100% by GCIE Holding

Highlights

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

- On October 3, 2022 the Company and Frontera Energy Corporation ("**Frontera**"), joint venture partners (the "**Joint Venture**") in the PPL Corentyne block, announced that the parties have agreed to (i) extend the maturity date of the previously announced $19.0 million convertible loan to CGX dated May 28, 2021, as amended, to November 30, 2022; and (ii) amend the amended Joint Operating Agreement dated July 21, 2022 (described below) to extend the outside date by which the conditions precedent to such agreement must be fulfilled to November 30, 2022, as the Joint Venture awaits the satisfaction of all conditions precedent.

- On August 22, 2022, the Company received TSXV conditional approval for the 2022 JOA Amendment. The Agreement still remains subject to certain confirmations from the Government of Guyana relating to the petroleum agreement for the Corentyne block and final approval from the TSXV.
- On July 22, 2022, CGX and Frontera entered into an agreement to amend the Joint Operating Agreement originally signed between CGX and a subsidiary of Frontera on January 30, 2019, effectively farming into the Corentyne block and securing funding for the Wei-1 well (the "**2022 JOA Amendment**"). As part of the 2022 JOA Amendment, CGX will transfer 29.73% of its participating interest in the Corentyne block to Frontera in exchange for Frontera funding the Joint Venture's costs associated with the Wei-1 exploration well for up to $130.0 million and up to an additional $28.8 million of certain Kawa-1 exploration well, Wei-1 pre-drill, and other costs. In addition, CGX shall assign an additional 4.94% of its participating interest in the Corentyne block to Frontera as consideration for the repayment of the outstanding principal amounts owed to Frontera under (i) the $19.0 million convertible loan dated May 28, 2021, as amended, and (ii) the $35.0 million convertible loan dated March 10, 2022, as amended (the "2022 Convertible Loan"), and a cash payment of $3.8 million. On closing of the 2022 JOA Amendment, CGX will retain a 32.00% participating interest in the Corentyne block, and Frontera will have a 68.00% participating interest in the Corentyne block. The Agreement is subject to certain conditions precedent and regulatory approvals.
- On July 18, 2022, Daniel Sanchez was appointed as CFO of CGX. On July 5, 2022, Paul Langlois was appointed as Exploration Manager of CGX.
- On June 16, 2022, the Company communicated that it had, in principle, reached an agreement with the Government of Guyana to allow for the relinquishment of the Demerara block through a mutual termination agreement which terms remain to be defined and documented.
- On June 16, 2022, ON Energy, the holder of the Petroleum Prospective Licence of the Berbice block also communicated that it had, in principle reached an agreement with the Government of Guyana to relinquish the Berbice block through a mutual termination agreement, which also remains to be defined and documented.
- On May 9, 2022, the Joint Venture announced that it continued to integrate detailed seismic and lithological analysis and pore pressure studies from the Kawa-1 well into preparations in advance of drilling the Joint Venture's second exploration well, called Wei-1, in the third quarter of 2022, subject to rig release from a third-party operator. The Wei-1 exploration well will be located approximately 14 kilometers northwest of the Kawa-1 exploration well in the Corentyne block, approximately 200 kilometers offshore from Georgetown, Guyana. The Wei-1 exploration well will be drilled in water depth of approximately 1,912 feet (583 meters) to a targeted total depth of 20,500 (6,248 meters) and will target Campanian and Santonian aged stacked channels in a western channel complex in the northern section of the Corentyne block. Information gained at Kawa-1 well has improved the chance of success at Wei-1 well from 29% to 56%. Data from the Kawa-1 and Wei-1 exploration wells will inform future activities and potential development decisions.
- On April 8, 2022, CGX completed a financing agreement for a $35.0 million loan with Frontera, which was first agreed on March 10, 2022 (the"**2022 Convertible Loan**"), and then amended; to finance part of its share of costs related to the Corentyne block, the Berbice Deepwater Port and other budgeted costs as agreed to with Frontera. The 2022 Convertible Loan was fully drawn in one tranche on April 13, 2022.
- On March 4, 2022, CGX provided additional details regarding findings from analyses by an independent laboratory on Kawa-1 well samples of cuttings in the Santonian previously reported in a March 2, 2022, press release, which indicated the presence of liquid hydrocarbons in the Santonian reservoir:

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

Furthermore, CGX reiterated that Kawa-1 was a first stage exploration well intended to identify the presence of hydrocarbons, which occurred. The well was then decommissioned by way of safely plugging and abandoning it, a standard practice and planned event. The Kawa-1 well was never intended to be kept active following completion of the successful drilling campaign.

- On February 14, 2022, the Joint Venture announced that, as a result of the initial positive results at the Kawa-1 exploration well, the Joint Venture will focus on the significant exploration opportunities in the Corentyne block and will not engage in drilling activities on the Demerara block in 2022. Furthermore, the Joint Venture announced that Kawa-1 early-stage Wireline Logging results confirm the Logging While Drilling ("**LWD**") indications previously disclosed on January 31, 2022, with a total of 200 feet (final determination revised to 228 feet, see May 9, 2022 press release) of net pay encountered at multiple depths.
- On January 31, 2022, the Joint Venture announced a discovery at the Kawa-1 well and the Joint Venture's commitment to drill second well on Corentyne block in the second half of 2022. The Kawa-1 well was drilled to a depth of 21,578 feet (6,578 meters) and encountered approximately 177 feet (54 meters) of hydrocarbon-bearing reservoirs within Maastrichtian, Campanian and Santonian horizons based on initial evaluation of LWD data. Based on the offshore positive results at the Kawa-1 exploration well, the Joint Venture anticipates spudding its second commitment well, called Wei-1, in the northwestern part of the Corentyne block in the second half of 2022.
- GCIE, is engaged in the ongoing construction of the Berbice Deep Water Port on 30 acres of land on the eastern bank of the Berbice river. The Deepwater port facility intends to serve as an offshore supply base for the oil and gas industry and as a multi-purpose terminal cargo handling base to service agricultural import/export, containerized and specialized cargo. The BDWP aims to enable provisioning of operators and vendors in territorial waters of both Guyana and Suriname. Riverside construction is completed on approximately 500 m of rip rap flood protection, a 10 acre quayside laydown yard built to a five tons per square metre load bearing capacity, an access bridge to the main Corentyne highway and 3.2 km access road, both built to American Association of State Highway and Transportation Officials (ASSHTO) standards, concrete drains and driveways for residents along the roadway and extension of municipal water and power to the port site. In-river construction will begin in Q4 of 2022, with a 50 x 12 m access trestle being built from the quayside yard westward into the Berbice river, together with necessary dredging of the river. This is intended to be followed by the construction of the wharf, perpendicular to the trestle. GCIE began the installation of solar lights along the bridge, roadway and at the quayside yard in October, 2022.

4. CARRYING ON BUSINESS IN GUYANA

The exploration and evaluation activities of CGX are currently being conducted in Guyana through its subsidiaries. Guyana is situated on the northern coast of the South American continent. It is bound on the north by the Atlantic Ocean, on the east by Suriname, on the south-west by Brazil and on the north-west by Venezuela. Guyana's total area is approximately 215,000 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 Guyana. In addition to Georgetown, Guyana has six towns of administrative and commercial importance which are recognized municipal districts; each has its own mayor, council and civic responsibilities. Guyana is an independent republic headed by the Executive President and National Assembly. Guyana is a member of the British Commonwealth of Nations, with a legal system based for the most part on British Common Law.

5. 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) the procedure and manner with respect to the exercise of Ministerial discretion; and (iv) any matter incidental to or connected with the foregoing.

The Guyana Geology and Mines Commission (“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 licencee 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.

6. EXPLORATION ACTIVITIES, GUYANA

Corentyne PA, Guyana

The original Corentyne PA was awarded to CRI in 1998, following which CRI began an active exploration program, however the activities were suspended due to a border dispute between Guyana and Suriname. In 2007 an International Tribunal confirmed that 93% of the original Corentyne PPL was in Guyana. The original Corentyne PA was extended to June 2013. The Company drilled the Eagle well in 2012 which was declared as a dry-hole.

On November 27, 2012, CRI received the current Corentyne PA, offshore Guyana, renewable after four years for up to six additional years. The Corentyne PA applies to the former offshore portion of the Corentyne PPL, covering 6,212 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 Corentyne PA, the Company's work commitments were modified. At the end of the first renewal period on or before November 27, 2019, the Company would relinquish the entire contract area except for any discovery area and the area contained in any PPL or relinquish twenty-five (25%) percent of the contract area and renew the PPL for a second period of three (3) years. 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.

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

Commencing in October 2019, a 3D seismic survey of 582 km^2 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 was 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." already completed.

The table below outlines the current commitments under the COR Addendum III as of September 30, 2022:

Period	**Phase**	**Exploration obligation**	**Dates**
Second renewal period (3 years)	Phase two - 12 months	Drill 1 exploration well	Nov 27, 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 PPL and any other portion of the contract area on which the Minister Responsible for the 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 Ministry of Natural Resources ("**MNR**") and the GGMC and is now awaiting the agreement of these agencies on the acceptance of the proposed relinquishment and final instruments.

Due to unforeseen challenges to the exploration activities of a third-party operator, the release of the NobleCorp Discoverer drilling unit to CGX has been delayed. This situation is beyond the reasonable control of the Joint Venture. Frontera and CGX have communicated the revised spud window for the Wei-1 well to the Government of Guyana; expected to now be between December 2022 and late January 2023, subject to rig release by the third-party operator.

Final preparations are complete in advance of spudding the Wei-1 well on the Corentyne block, and follows the discovery of light oil and condensate at the Kawa-1 well earlier this year. The Wei-1 well will be located approximately 14 kilometres northwest of the Kawa-1 exploration well in the Corentyne block, approximately 200 kilometres offshore from Georgetown, Guyana and will be drilled in water depth of approximately 1,912 feet (583 metres) to an anticipated total depth of 20,500 feet (6,248 metres). Wei-1 will target Maastrichtian, Campanian and Santonian aged stacked channels in a western channel complex in the northern section of the Corentyne block.

Joint Operation Agreements ("JOAs")

On January 30, 2019, CRI and Frontera Energy Guyana Corp (“Frontera Guyana’) executed Joint Operating Agreements (“JOAs”) providing for Frontera Guyana to acquire a 33.333% interest in CRI’s Corentyne and Demerara PPLs and PAs, in exchange for a $33.3 million signing bonus. Frontera Guyana agreed to 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 two blocks (Corentyne and Demerara PAs). The additional 8.333% carry provided will be subject to a maximum gross amount (including tax and all costs) of (i) $30.0 million for drilling the first exploratory well under the Corentyne PA and (ii) $40.0 million 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 were completed on May 20, 2019.

On July 21, 2022, the Company entered into the 2022 JOA Amendment to transfer 34.67% of its interest in the Corentyne PA to Frontera in exchange of (i) Up to $130.0 million funding of Wei-1 well, (ii) up to $28.8 million of certain Kawa-1 exploration well, Wei-1 pre-drill, and other costs, (iii) $54.0 million of outstanding payables settled (the 2021 Convertible Loan and the 2022 Convertible Loan), and (iv) $3.8 million cash consideration. After completion, subject to governmental approval, regulatory approvals and certain other conditions precedents being satisfied, the Company and Frontera will own 32% and 68% of the interest in Corentyne PA, respectively.

Demerara PA, Guyana

On February 12, 2013, the Company entered into the Demerara PA and PPL. The PPL applies to the former offshore portion of the Annex PPL, which was a subset of the Company's original Corentyne PA.

The Company was issued two addendums, (i) On December 15, 2017, under the terms of the addendum, the Company’s work commitments were modified and the Company relinquished 25% of the original contract area block. (ii) On February 12, 2021, the Company received an addendum, subject to final documentation, modifying the timing of the commitments.

As of December 31, 2021, the Company reviewed its exploration and evaluation ("**E&E**") assets expenditures for impairment and determined that the carrying value of the Demerara PPL was fully impaired and remains fully impaired as at September 30, 2022.

On September 20, 2022, the Government of Guyana provided CGX with a surrender deed to formalize the relinquishment of the Demerara block. Subsequent to September 30, 2022, the Joint Venture signed the surrender deed of the Demerara PPL, and as of October 31, 2022, was in process of being finalized. The Joint Venture’s relinquishment of the block allows the people of Guyana to benefit from exploration activities under the stewardship of interested parties.

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. The Company was issued two addendums in 2017 and 2021 respectively modifying the timing of the commitments.

As of December 31, 2021, the Company reviewed its E&E assets for impairment and determined that the carrying value of the Berbice PPL was fully impaired and remains fully impaired as at September 30, 2022.

On September 20, 2022, the Government of Guyana provided ON Energy with a surrender deed to formalize the relinquishment of the Berbice block. Subsequent to September 30, 2022, On Energy signed the surrender deed of the Berbice PPL, and as of October 31, 2022, was in process of being finalized. The Company's relinquishment of the block allows the people of Guyana to benefit from exploration activities under the stewardship of interested parties.

7. DEEP WATER PORT FACILITY AND LOGISTICS YARD, GUYANA

Deep Water Port Facility

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

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

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

GCIE has performed various developmental works on the site, including the installation of vertical drains and geotechnical treatment of the quayside land. Riverside construction is completed on approximately 500 m of rip rap flood protection, a 10 acre quayside laydown yard built to a five tons per square metre load bearing capacity, an access bridge to the main Corentyne highway and 3.2 km access road, both built to American Association of State Highway and Transportation Officials (ASSHTO) standards, concrete drains and driveways for residents along the roadway and extension of municipal water and power to the port site.

Requests for proposals were advertised for the wharf platform and access trestle, capital dredging program, design and construction of all gates, buildings, firefighting and first aid structures and covered storage areas. Evaluations of submitted proposals for the capital dredging and construction of the wharf platform and access trestle were completed and a Local Contractor, Gaico Construction and General Services, selected. The successful bid incorporates an update to the design of the wharf and trestle to realize cost efficiencies.

In-river construction will begins in Q4 of 2022, with a 50 x 12 m access trestle being built from the quayside yard westward into the Berbice river, together with necessary dredging of the river. This is intended to be followed by the construction of the wharf, perpendicular to the trestle. GCIE began the installation of solar lights along the bridge, roadway and at the quayside yard in October, 2022.

The Offshore Supply Base of the Port will not be fully operational in Q4, 2022 as previously scheduled, due to the need to revise designs to realize cost efficiencies. A revised schedule for completion is being discussed with the contractor.

The project now targets operation of the cargo terminal aspects of the Port in mid 2023 and operation of oil and gas support base in late-2023, subject to construction schedules and supply chains. Significant infrastructure projects in Region 6 which have been announced by the Government of Guyana motivates the completion of the cargo aspects of the Port earlier, especially with respect to the handling of aggregates and other construction materials which must be imported into the region from elsewhere in the country and offshore.

For the nine month period ended September 30, 2022, GCIE incurred additions of $3,229,507 (December 31, 2021: $6,255,754) with respect to expenditures to the Port.

Logistics yard

CRI owns a 16-acre plot of land which is accessible to the BDWP site detailed above via approximately 4.5 km of high quality, built to ASSHTO standards roadway. Approximately 6 acres of this plot has been developed by CRI as a functional, fenced logistics yard with a load bearing capacity of 5 tons per square metre, with fuel supply, office buildings, sanitary blocks, security and full licence to operate as a laydown logistics facility. This facility has been without any HSE related incidents since its inception of operations in 2005. For the nine month period ended September 30, 2022, and fiscal year ended December 31, 2021, no additions incurred with respect to expenditures on the logistics yard.

8. SOCIAL CORPORATE RESPONSIBILITY

The Company is committed to meeting the highest standards of Environmental, Social and Governance ("**ESG**") practices across all aspects of its business. CGX is dedicated to promoting sustainable growth as well as supporting local communities in Guyana. CGX has begun implementing early-stage social responsibility programs focused on education in Guyana. The Company firmly believes that by providing the younger generation with the valuable skills and education tools needed to succeed, the whole country will benefit from growth and prosperity. CGX's primary ESG goal is to contribute to a sustainable future in Guyana. As the petroleum sector continues to develop and thrive, the country will inevitably benefit from the creation of new jobs, economic growth, infrastructure development and education. Within this context, CGX will continue to demonstrate its support and participation through proactive social and corporate responsibility. As an example of its approach to ESG, the Company has partnered with Frontera, its Joint Venture Partner and major shareholder, in the Sustainable Guyana program, described at www.trentu.ca/sustainableguyana.

9. LIQUIDITY AND CAPITAL RESOURCES

Financing

2022 Convertible Loan.
On April 8, 2022, CGX completed a financing agreement for a $35.0 million loan with Frontera, which was first agreed on March 10, 2022, and subsequently amended; to finance part of its share of costs related to the Corentyne block, the Berbice Deepwater Port and other budgeted costs as agreed to with Frontera. The 2022 Convertible Loan was available for drawdown in tranches on a non-revolving basis until the earlier of September 10, 2023 or the date on which CGX has drawn down the maximum amount of the 2022 Convertible Loan. The loan was fully drawn in one tranche on April 13, 2022. The 2022 Convertible Loan is expected to be settled as part of the 2022 JOA Amendment, when it is concluded. See additional details in section "11. Related party transactions".

Company's Performance

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

The Company recorded a net and comprehensive loss of $10,137,563 or $0.03 per share for the nine month period ended September 30, 2022, compared with a net loss of $4,508,374 or $0.02 per share for the same period in 2021. Net loss for the period is consistent with prior periods as expected, the main changes during the period are as follows:

- Interest expense increased by $3,540,869 to $4,594,168 in the nine month period ended September 30, 2022 from $1,053,299 for the same period in 2021. The increase in interest expense was due to the interest incurred, amortization of loan costs, and amortization of the equity component of the 2021 Convertible Loan and the 2022 Convertible Loan.
- General and administrative costs increased by $260,265 to $1,563,341 in the nine month period ended September 30, 2022 from $1,303,076 for the same period in 2021, due to increased business travel as a result of Covid-19 restrictions being eased and a pick up in operations in Guyana and inflation.
- The Company received indirect revenue from its Joint Venture Partner in the nine month period ended September 30, 2022 in the amount of $176,764 compared to $884,235 for the same period in 2021. As operator of the Corentyne PPL, the Company charges the Joint Venture to reimburse its indirect costs representing the cost of general assistance and support services provided by it and its affiliates to the Corentyne and Demerara PAs. The charges are based on total expenditures under the JOAs, with a minimum annual assessment of $200,000 per licence ($66,667 net to CGX). These fees are expected to be consistent in the coming year as a result of expected exploration and appraisal on the Corentyne block in 2022.
- Professional fees increased by $518,717 to $1,404,027 in the nine month period ended September 30, 2022 from $885,310 for the same period in 2021, primarily due to an increase in legal fees relating to arbitration with Prospector.

Capital Management

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

	September 30, 2022	December 31, 2021
Current Assets	**$ 16,534,962**	$ 29,291,751
Current Liabilities	**$ 110,401,838**	60,438,083
Working capital	**$ (93,866,876)**	$ (31,146,332)

In order to meet its short-term and longer-term working capital and property exploration expenditures, the Company expects to close the 2022 JOA Amendment and may seek to secure further financing through a joint venture, property sale or issuance of equity to ensure that its obligations are properly discharged. There can be no assurance that the Company will be successful in its efforts to close the 2022 JOA Amendment or arrange additional financing on terms satisfactory to the Company.

Going Concern Uncertainty and Management's Plans

These Interim 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 the next twelve months. Realization values may be substantially different from carrying values as shown and the Company's financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The Company has a history of operating losses, as of September 30, 2022 had accumulated deficit of $320,688,283 (December 31, 2021: $310,550,720). 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. E&E assets of the Interim Financial Statements, the Company would have challenges in meeting its operating requirements for the 12-month period from the balance sheet date. While the Company has been successful in meeting its working capital requirements in the past, (i.e. in April 2022 the Company was able to raise $35.0 million through the 2022 Convertible Loan, and in July 2022 signed the 2022 JOA Amendment securing funding for drilling the Wei-1 well, and although the Company believes in the viability of its strategy and that the actions presently being taken by Management will provide the best opportunity for the Company to continue as a going concern, there can be no assurances to that effect. As a result, there exist material uncertainties which cast significant doubt as to the Company's ability to continue as a going concern.

10. CONTRACTUAL OBLIGATIONS AND COMMITMENTS, AND CONTINGENCIES

Contractual Obligations

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

Contingencies

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 $19.0 million with $7.0 million paid to Prospector by way of issuance of 15,534,310 Common Shares, $2.5 million paid in cash in 2014 and the remainder of approximately $9.5 million payable in cash twelve months after the conclusion of the seismic survey (December 2015), which is included in trade and other payables as at September 30, 2022 and December 31, 2021. In accordance with the contract with Prospector, the amounts outstanding twelve months after the conclusion of the seismic survey accrued interest at a rate of 12% per annum. On October 3, 2016, the Company renegotiated the interest rate down from 12% per annum to 6% per annum and agreed to have Prospector complete the seismic processing of the seismic survey. In exchange, CGX agreed to be responsible under certain circumstances to Prospector for up to a maximum of $0.5 million.

The processing began in late 2016 and was substantially completed in 2017 (albeit there is an ongoing dispute as to the quality – see below) and as a result, the Company has recorded a provision of $0.6 million in trade and other payables as at September 30, 2022 (December 31, 2021: $0.5 million).

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

On January 15, 2019, Prospector and CGX agreed to a one (1) year suspension of the Arbitration. The Tribunal indicated that the Arbitration would be stayed for 12 months from January 22, 2019 until January 22, 2020. The parties subsequently agreed to extend the suspension for a further year until January 22, 2021.

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

The Arbitration hearing was conducted at the end of March 2022 in London, UK. On September 13, 2022, the International Court of Arbitration of the ICC released its Partial Final Award in the amounts of $9.5 million and $0.6 million in favour of Prospector and denied the Company's counterclaim. The Company had previously recorded in trade and other payables $9.5 million and $0.5 million, respectively and had no recorded amount for its counterclaim. The Company is expecting the release of the Final Award shortly, which will include a decision on out of pocket costs and interest. In October 2022, the Company initiated a challenge to the Partial Final Award and is awaiting the results of such challenge. Prospector has also commenced proceedings against the Company to enforce the Partial Final Award of the International Court of Arbitration of the ICC in Ontario. The Company intends to oppose that proceeding, including because there is an ongoing challenge of the award.

As at September 30, 2022, the Company has a provision for the amounts claimed by Prospector plus accrued interest, being $14.1 million, as trade and other payables (December 31, 2021: $13.9 million), even though the Company contests liability. The contingent gains, if any, are not recorded as at September 30, 2022 (December 31, 2021: Nil) as the outcome of the proceedings is still unknown and there can be no assurances that the Company will be successful in its challenge.

ON Energy

On May 20, 2019, the GGMC informed ON Energy that in accordance with Section (11), Section 15 (2) and 15(2A) of the *Anti-Money Laundering and Countering the Financing of Terrorism Act* Chapter 10:11 of the Laws of Guyana, all transactions between the GGMC and ON Energy must cease until and unless information of the ownership of GGC Resources Inc. is provided to the Guyana Securities Council ("**GSC**"). GGC Resources holds 30% of the issued and outstanding shares of ON Energy. The GSC had made prior requests from ON Energy for details on the directors and ownership of GGC Resources. CGX and ON Energy have confirmed previously to the GSC information that was readily available to both entities. However, the matter had not been resolved as at December 31, 2019 as the information was not deemed adequate by the GSC.

As result, on January 22, 2020, ON Energy applied to the High Court of the Supreme Court of Judicature of Guyana (the "**Court**") to convene a meeting of the holders of the ordinary shares of ON Energy. The application to the Court for an order that such meeting be convened was done pursuant to Section 217 of the *Companies Act*, Cap. 89:01. ON Energy proposed to present to holders of ordinary shares at the Court-ordered meeting a plan to address the shareholding of GGC Resources Inc. to satisfy the requirements of the GGMC and GSC.

On February 28, 2020, the High Court of the Supreme Court of Judicature of Guyana granted the order for ON Energy to convene the meeting of the holders of the ordinary shares of ON Energy.

As per the order granted, a meeting of shareholders of ON Energy was held on May 14, 2020. At this meeting, the shareholders of ON Energy resolved that the issued share capital be reduced from 211,920,000 ordinary shares to 148,110,000 ordinary shares by cancelling the 63,810,000 ordinary shares of ON Energy registered in the name of GGC Resources for a sum equal to the fair value of such shares, which would be deposited into the account of ON Energy.

On May 20, 2020, an application for court approval of the scheme of arrangement and the cancellation of the ordinary shares of ON Energy held by GGC Resources was made. The matter was heard before the Honourable Justice F. Holder on May 20, 2020, June 30, 2020, August 6, 2020, and September 10, 2020 with his decision reserved. The application to the High Court of Judicature of Guyana for the sanction of the proposed scheme which envisions the company's share capital being reduced by cancelling and extinguishing 63,810,000 ordinary shares by GGC Resources Inc. has been denied by the High Court of Judicature on May 20, 2022.

Proposed Transactions
None.

11. RELATED PARTY TRANSACTIONS

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

Frontera
Frontera holds approximately 76.97% of the issued and outstanding Common Shares of CGX on an undiluted basis and has the voting power to influence the outcome of all corporate transactions. Frontera consolidates the financials statements of the Company and is listed and publicly traded on the Toronto Stock Exchange under the trading symbol "FEC".

Convertible loan	**Maturity**	**Principal**	**Interest Rate**		**September 30, 2022**		December 31, 2021
2021 Convertible Loan	Nov 2022	19,000,000	9.70 %	$	19,000,000	$	18,527,722
2022 Convertible Loan	Sep 2023	35,000,000	9.70 %		33,312,628		–
Total convertible loans				**$**	**52,312,628**	**$**	**18,527,722**

2021 Convertible Loan

On May 28, 2021, the Company entered into a secured convertible bridge loan agreement (the "**2021 Convertible Loan**") with Frontera in the aggregate principal amount of $19.0 million. The 2021 Convertible Loan, including all amendments, is a non-revolving term facility and together with all interest accrued, will be due and payable on November 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 2021 Convertible Loan agreement includes a standby fee of 2% multiplied by the daily average amount of unused commitment under the 2021 Convertible Loan payable quarterly in arrears during the drawdown period.

Under the original terms of the 2021 Convertible Loan, Frontera at its sole discretion, had the option to elect to convert all or a portion of the principal amount of the 2021 Convertible Loan outstanding into Common Shares of the Company at a conversion price per Common Share equal to $0.712 at any time in certain circumstances. On October 28, 2021, the Company completed a rights offering (See *Rights Offering Bridge Loan Facility* below), and due to an anti-dilution clause in the 2021 Convertible Loan, the conversion price per Common Share was reduced to $0.69743. On June 30, 2022, this option expired unexercised and the 2021 Convertible Loan is now no longer convertible in Common Shares of CGX. The 2021 Convertible Loan is expected to be settled as part of the 2022 JOA Amendment, when it is concluded.

The 2021 Convertible Loan is secured by all of the assets of the Company. In addition, as of September 30, 2022, CGX Resources and GCIE signed a guarantee with Frontera for the 2021 Convertible Loan.

The 2021 Convertible Loan was classified as a liability, with the exception of the portion relating to the original conversion feature, resulting in the carrying value of the 2021 Convertible Loan being less than face value. The discount was accreted over the term of the 2021 Convertible Loan utilizing the effective interest rate method at a 15% discount rate.

The activity on the 2021 Convertible Loan from related party for the nine month period ended September 30, 2022 and year ended December 31, 2021 is as follows:

		September 30, 2022		December 31, 2021
Opening balance	**$**	**18,527,722**	$	–
Loan advance		–		19,000,000
Equity portion of the convertible loan		–		(835,000)
Transaction costs		–		(59,971)
Interest accretion		**472,278**		422,693
Accrued and or paid interest on loan		**1,378,464**		905,520
Interest paid		**(1,019,963)**		(592,463)
Interest recorded in trade and other payables		**(358,501)**		(313,057)
Total 2021 Convertible Loan	**$**	**19,000,000**	$	18,527,722

2022 Convertible Loan

On April 8, 2022, the Company completed a financing agreement for a $35.0 million loan (the "**2022 Convertible Loan**") with Frontera, which was first agreed on March 10, 2022, and then amended; to finance part of its share of costs related to the Corentyne block, the Berbice Deepwater Port and other budgeted costs as agreed to with Frontera.

The 2022 Convertible Loan will be available for drawdown in tranches on a non-revolving basis until the earlier of September 10, 2023, or the date on which CGX has drawn down the maximum amount of the 2022 Convertible Loan. The loan was fully drawn in one tranche on April 13, 2022. The 2022 Convertible Loan, together with all interest accrued, shall be due and payable on September 10, 2023, or such later date as determined by Frontera, at its sole discretion. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum, with interest on overdue interest. If the Loan is extended by Frontera past September 10, 2023, in its sole discretion, the new interest rate will be 15% per annum. A standby fee of 2% per annum multiplied by the daily average amount of unused commitment under the 2022 Convertible Loan in excess of $19 million shall be payable quarterly in arrears by CGX, on the last business day of each fiscal quarter, during the drawdown period.

Frontera in its sole discretion, any time after July 31, 2022, up to and including September 10, 2023, may elect to convert all or a portion of the principal amount of the 2022 Convertible Loan outstanding, into Common Shares of CGX at a conversion price equal to $2.42 per common share (being the U.S. dollar equivalent of CDN $ 3.10 per common share), provided Frontera provides CGX with 15 business days notice of such conversion. CGX has the right to prepay all or any portion of the Loan, including any unpaid interest, on 15 business days notice to Frontera before September 10, 2023.

The Company is also required to repay all of the 2022 Convertible Loan that is outstanding in the event that without the consent of Frontera, it issues any security that would dilute Frontera's current ownership of CGX, or any of its subsidiaries enters into any transaction the proceeds of which are used by CGX to pay its part of the authorized costs of the Wei-1 well. The maximum number of Common Shares of CGX which may be acquired by Frontera upon the conversion of the principal amount of the 2022 Convertible Loan is 14,462,809 Common Shares of CGX. If the 2022 Convertible Loan principal is converted in full, Frontera will hold approximately 77.93% of the currently issued and outstanding Common Shares of CGX (compared to its current ownership of 76.97%). The 2022 Convertible Loan is expected to be settled as part of the 2022 JOA Amendment, when it is concluded.

During the nine month period ended September 30, 2022, transaction costs total $98,891 (December 31, 2021: Nil) and were recorded against the 2022 Convertible Loan on the date of completion, being April 8, 2022.

The activity on the 2022 Convertible Loan from related party for the nine month period ended September 30, 2022 and year ended December 31, 2021 is as follows:

	September 30, 2022	December 31, 2021
Opening balance	**$ –**	$ –
Loan advances	**35,000,000**	–
Equity portion of the convertible loan	**(2,331,000)**	–
Transaction costs	**(98,891)**	–
Interest accretion	**742,518**	–
Accrued and or paid interest on loan	**1,581,231**	–
Interest paid on loan	**(920,834)**	–
Interest recorded in trade and other payables	**(660,397)**	–
Total 2022 Convertible Loan	**$ 33,312,628**	$ –

As at September 30, 2022, the Company has recorded interest from the date of the 2022 JOA amendment to September 30, 2022 of $358,501 and $660,397 on the 2021 and 2022 Convertible Loans, respectively, for a total of $1,018,898 recorded as trade and other payables. The Company expects this interest to be settled without payment as part of the closing of the 2022 JOA Amendment.

Rights Offering Bridge Loan Facility

On October 8, 2021, the Company received a $20.0 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, was 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 would be satisfied by the reduction of the amounts payable to Frontera under the Rights 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 fully settled upon closing of the Right Issue on October 28, 2021 including the payment of $21,260 interest expense.

On October 28, 2021 the Company completed an 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 Rights. Each Right entitled the holder thereof to subscribe for one Common Share of CGX 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 $59,451,865).

Frontera provided a standby commitment, in which Frontera would acquire any Common Shares available as a result of any unexercised rights under the 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 Common 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 the rights and the standby commitment under the Offering for cash consideration of C$73,485,802 (equivalent of approximately $59,362,296).

The grant date fair value of the warrants issued on the rights offering of $917,000 (note 13) was estimated using the Black-Scholes option pricing model with the following assumptions:	
Risk-free interest rate	1.50%
Expected volatility	111%
Expected life of warrants	5 years
Expected dividend yield	Nil
Common share price value on issue date	C$1.29

Farm-in partner cash call balances

Under the JOAs, the Company is the operator of the Corentyne licences. As operator, the Company makes cash calls from its partner to pay for future licence expenditures. As at September 30, 2022, farm-in-partner has a balance of $30,863,843 payable (December 31, 2021: $7,838,911 receivable) for future exploration on the Corentyne licence.

In addition, as operator of the Corentyne and Demerara licences, the Company receives a fee from its Joint Venture partner to reimburse its indirect costs related to operating the licence. This fee is based on total expenditures under the JOAs. During the nine month period ended September 30, 2022, the Company received fees from its Joint Venture partner in the amount of $176,764 (2021: $884,235).

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,		**2022**		2021
Short-term employee benefits	**$**	**2,593,152**	$	948,000
Share based payments		**414,000**		257,000
Total compensation paid to key management	**$**	**3,007,152**	$	1,205,000

During the nine month period ended September 30, 2022, key management of CGX exercised Nil (year ended December 31, 2021: 1,050,000) stock options at a weighted average exercise price of $Nil (year ended December 31, 2021: C$0.46 ($0.37)). The weighted average trading price on date of exercise for the stock options exercised during the nine month period ended September 30, 2022 was $Nil ($1.06) (year ended December 31, 2021: C$1.31 ($1.06)).

As of September 30, 2022, deferred directors' fee payments of $454,000 (December 31, 2021: $300,000) in trade and other payables. These amounts are unsecured, non-interest bearing and due on demand.

12. RISK 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, 2021, available on SEDAR at www.sedar.com.

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.

The Covid-19 pandemic shows considerable signs of easing as many countries have lifted travel bans, ended lockdowns and eased quarantine measures. Many governments have announced curtailment of certain measures to provide financial and non-financial assistance to the affected entities. At the same time, COVID-19 may continue to affect companies and economies. Many entities are still dealing with lost revenue and disrupted supply chains and, as a result, millions of workers have lost their jobs.

Given the uncertainty regarding the duration and scope of the COVID-19 pandemic 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.

The Russia-Ukraine War

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

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

13. ABBREVIATIONS

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

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

October 31, 2022

"Suresh Narine"	*"Daniel Sanchez"*
Suresh Narine Executive Chairman and Executive Director (Guyana)	Daniel Sanchez Chief Financial Officer

Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended

September 30, 2022 and 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The Interim Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Accounting Standards 34 'Interim Financial Reporting' ("**IAS 34**") using accounting policies consistent with International Financial Reporting Standards ("**IFRS**"). Accordingly, these Interim Financial Statements should be read in conjunction with our most recent annual audited financial statements for the year ended December 31, 2021 (the "**2021 Annual 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 Interim Financial Statements have been prepared within acceptable limits of materiality.

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 Interim Financial Statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The 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 Interim 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 Interim 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

October 31, 2022

"Suresh Narine"

Suresh Narine
Executive Chairman and Executive Director (Guyana)

"Daniel Sanchez"

Daniel Sanchez
Chief Financial Officer

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

As at,	**Notes**		**2022**		**2021**
Assets					
Current					
Cash and cash equivalents	6	**$**	**10,411,554**	$	17,243,017
Trade receivables and other assets	7		**6,123,408**		4,209,823
Farm in partner receivable	10		—		7,838,911
Total current assets		**$**	**16,534,962**	$	29,291,751
Non-current					
Property, plant and equipment	8		**17,894,430**		14,695,222
Exploration and evaluation assets	9,14		**142,396,752**		90,074,979
Total Non-current assets		**$**	**160,291,182**	$	104,770,201
Total assets		**$**	**176,826,144**	$	134,061,952
Liabilities					
Current liabilities					
Trade and other payables	11	**$**	**27,225,367**	$	41,910,361
Farm in partner advances	10		**30,863,843**		–
Convertible loan from related party	10		**52,312,628**		18,527,722
Total liabilities		**$**	**110,401,838**	$	60,438,083
Shareholders' equity					
Share capital	12	**$**	**356,041,589**	$	356,041,589
Reserve for share based payments	13		**31,071,000**		28,133,000
Accumulated deficit			**(320,688,283)**		(310,550,720)
Total shareholders' equity		**$**	**66,424,306**	$	73,623,869
Total liabilities and shareholders' equity		**$**	**176,826,144**	$	134,061,952

Nature of operations and going concern uncertainty (note 1)
Commitments and contingencies (notes 9, and 14)
Subsequent events (notes 9)

Approved on behalf of the Board of Directors on October 31, 2022:

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

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

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

(US$'s)

		Three months		Nine months	
For the periods ended September 30,	**Notes**	**2022**	2021	**2022**	2021
Operating expenses					
General and administrative	8,10	**243,922**	309,369	**1,563,341**	1,303,076
Management and consulting	10	**633,821**	401,991	**1,732,893**	1,405,491
Interest expense	9,10	**1,955,860**	677,691	**4,594,168**	1,053,299
Shareholder information		**67,770**	35,036	**195,471**	94,255
Professional fees		**365,315**	16,641	**1,404,027**	885,310
Share based payments	10,12,13	**81,000**	179,000	**607,000**	711,000
Foreign exchange loss (gain)		**(87,746)**	(13,942)	**54,021**	(59,822)
Total operating expenses		**3,259,942**	**1,605,786**	**10,150,921**	**5,392,609**
Indirect revenue from farm in partner	10	**(36,639)**	(554,952)	**(176,764)**	(884,235)
Impairment of exploration and evaluation assets	9	**100,000**	—	**163,406**	—
Net loss and comprehensive loss		**(3,323,303)**	**(1,050,834)**	**(10,137,563)**	**(4,508,374)**

Loss per share				
Basic net loss per share	**0.01**	—	**0.03**	0.02
Diluted net loss per share	**0.01**	—	**0.03**	0.02
Weighted average number of shares (000's) – basic	**334,509**	287,588	**334,509**	287,588
Weighted average number of shares (000's) – diluted	**334,509**	287,588	**334,509**	287,588

CGX Energy Inc.
Unaudited Condensed Interim Consolidated Statements of Changes in Equity
(US$'s)

	Share Capital			Reserves	Accumulated		
	Number of Shares		Amount	Share based payments	Deficit		Total
Balance at December 31, 2021	334,509,000	$	356,041,589	$ 28,133,000	$ (310,550,720)	$	73,623,869
Share based payments	–		–	607,000	–		607,000
Equity portion of convertible loan	–		–	2,331,000	–		2,331,000
Net loss and comprehensive loss for the period	–		–	–	(10,137,563)		(10,137,563)
Balance at September 30, 2022	**334,509,000**	**$**	**356,041,589**	**$ 31,071,000**	**$ (320,688,283)**	**$**	**66,424,306**

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

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

		Three Months Ended September 30		Nine Months Ended September 30	
	Notes	**2022**	**2021**	**2022**	**2021**
Operating Activities					
Net loss for the period		**$ (3,323,303)**	$ (1,050,834)	**$(10,137,563]**	$ (4,508,374)
Items not affecting cash:					
Amortization	8	**10,100**	2,810	**30,299**	8,493
Impairment of exploration and evaluation expenditures	9	**100,000**	–	**163,406**	–
Unrealized foreign exchange (gain) / loss		**(104,296)**	(13,942)	**37,471**	(59,822)
Share-based payments		**81,000**	179,000	**607,000**	711,000
Interest accretion on trade and other payables, loans, and convertible debentures payable to related party		**1,234,674**	349,676	**2,664,070**	819,553
Net change in non-cash working capital items:					
Trade receivables and other assets		**(171,034)**	(3,125,214)	**3,586,416**	(3,525,430)
Trade and other payables		**(765,425)**	(427,898)	**1,050,423**	508,523
Net cash used in operating activities		**$ (2,938,284)**	$ (4,086,402)	**$ (1,998,478)**	$ (6,046,057)
Investing Activities					
Purchases of exploration and evaluation expenditures		**(7,926,236)**	(1,099,697)	**(70,467,152)**	(6,329,113)
Purchases of property, plant and equipment		**(285,678)**	(1,622,945)	**(2,365,420)**	(2,968,568)
Cash advances for E&E investments	7	**(5,500,000)**	–	**(5,500,000)**	–
Farm in partner advances		**15,178,584**	(650,617)	**38,702,754**	310,495
Net cash provided from (used in) investing activities		**$ 1,466,670**	$ (3,373,259)	**$(39,629,818]**	$ (8,987,186)
Financing Activities					
Proceeds from convertible loan from related party	10	**–**	11,236,629	**35,000,000**	19,000,000
Transaction costs on convertible loan from related party		**11,063**	–	**(76,765)**	(59,971)
Net cash provided from financing activities		**$ 11,063**	$ 11,236,629	**$ 34,923,235**	$ 18,940,029
Net increase (decrease) in cash and cash equivalents		**$ (1,460,551)**	$ 3,776,968	**$ (6,705,061)**	$ 3,906,786
Effect of exchange rate changes		**15,365**	13,942	**(126,402)**	59,822
Cash and cash equivalents at beginning of period		**11,856,740**	11,995,757	**17,243,017**	11,820,059
Cash and cash equivalents at end of period		**$ 10,411,554**	$ 15,786,667	**$ 10,411,554**	$ 15,786,667

GENERAL

CGX Energy Inc. ("**CGX**" or the "**Company**") is incorporated under the laws of Ontario. The Company's common shares ("**Common Shares**") are listed and publicly traded on the TSX Venture Exchange ("**TSXV**") under the trading symbol "OYL". The Company's head office is located at 333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2T6. Its principal business activities are petroleum and natural gas exploration offshore the Cooperative Republic of Guyana, South America ("**Guyana**") and construction of a deepwater port on the Berbice river in Guyana.

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

Company	Registered Office	Percentage of Interest (%)
CGX Resources Inc. ("**CRI**")	Bahamas	100%
GCIE Holdings Limited ("**GCIE Holding**")	Barbados	100%
Grand Canal Industrial Estates Inc. ("**GCIE**") *	Guyana	100%
CGX Energy Management Corp. ("**CGMC**")	United States	100%
ON Energy Inc. ("**ON Energy**")	Guyana	62%

*Owned 100% by GCIE Holding

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 deepwater 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 deepwater 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'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.

The Company has a history of operating losses and as at September 30, 2022 had a working capital deficiency of $93,866,876 (December 31, 2021: $31,146,332) and an accumulated deficit of $320,688,283 (December 31, 2021: $310,550,720). 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, securing a joint farm-out for its Petroleum Production Licences ("**PPLs**"), the sale of Company assets, or securing a partner for the deepwater 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 current date of its statement of financial position. 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 by management of CGX provide the best opportunity for the Company to continue as a going concern, but there can be no assurances to that effect. As a result there exist material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern.

These Interim 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 Interim 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.

COVID-19

Since March 2020, COVID-19 significantly impacted Canada, Guyana and the global economy, which impact continues after September 30, 2022 as well. If the impacts of COVID-19 continue for a significant extended period, there could be further impacts on the Company. Currently, the full potential impact of COVID-19 on the Company is unknown.

The Russia-Ukraine War

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

2. Basis of Preparation

2.1 Statement of compliance

These Interim Financial Statements, including comparatives, have been prepared in accordance with IAS 34 'Interim Financial Reporting' using accounting policies consistent with the 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 Interim Financial Statements were authorized by the Board of Directors of the Company on October 31, 2022.

These Interim Financial Statements 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 and should be read in conjunction with the 2021 Annual Financial Statements. In preparing these Interim Financial Statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the 2021 Annual Financial Statements.

2.3 Use of management estimates, judgments, and measurement uncertainty

The preparation of the Interim Financial Statements requires management of CGX 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. Such estimates primarily relate to unsettled transactions and events as at the date of CGX's 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.

The Covid-19 outbreak and the Russia-Ukraine war has resulted in a challenging economic environment globally, 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 impact on the global supply and demand in the oil and gas industry, it is not possible to precisely estimate the potential impact of these events 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.

The most significant estimates and judgements relate to the valuation of exploration and evaluation expenditures, property, plant and equipment ("**PP&E**"), warrant liability, taxes, 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 E&E 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 capitalizes E&E expenditures as assets. The accounting 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 any facts and circumstances indicate an E&E asset or PP&E is carried at more than its recoverable amount, the E&E asset or PP&E is impaired, and recognizing an impairment loss is required.

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 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 and impairment testing Cash generating units ("**CGU's**") are identified to be the exploration and evaluation licenses and the deep water port 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.

The Company monitors internal and external indicators of impairment relating to its properties, plant and equipment, and E&E assets. External sources of information include changes in the economic and legal environment in Guyana. In assessing impairment for E&E assets, the Company applies judgment in considering various factors that determine technical feasibility and commercial viability.

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. 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.

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.

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 its unaudited interim condensed 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

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.

Valuation of convertible loans from related party (Note 10)
Convertible loans issued by the Company are compound financial instruments containing both a liability and equity component. The Company first calculates the fair value of the liability component at the time of issue using a discounted cash flow for the convertible loan based on the estimated market interest rate for debt financing without a conversion feature. The fair value of the equity component (conversion feature) is then determined at the time of issue as the difference between the fair value of the compound convertible loan and the fair value of the liability component. The Company uses its best estimates in determining market interest rates and cash flow periods. Discrepancies in these input assumptions can significantly affect the fair value estimate of the initial valuation of the liability and equity components.

3. Capital Management

The Company manages its capital structure and makes adjustments to, based on the funds available to the Company, in order to support the 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 property in which the Company currently has an interest is 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, deepwater port development and pay for administrative costs, the Company will spend its existing funds available 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, 2022 and the year ended December 31, 2021.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of September 30, 2022 and the date of these Interim Financial Statements, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

The Company considers its capital to be equity, which as at September 30, 2022 totaled $66,424,306 and was comprised of share capital, reserve accounts and deficit (December 31, 2021: $73,623,869).

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 and farm in partner advances 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, 2022 and December 31, 2021, 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:

1) 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:

i. **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.

ii. **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)

iii. **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, 2022 is the carrying value of cash and cash equivalents and trade receivables and other assets.

2) 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, 2022, the Company had a working capital deficiency of $93,866,876 (December 31, 2021: $31,146,332). 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.

3) 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).

1) 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.

2) Currency risk

The Company's E&E activities are substantially denominated in US dollars. The Company's funds are predominantly kept in Canadian ("C$") and US dollars, with major Canadian and United States financial Institutions. As at September 30, 2022, the Company had approximately C$234,000 (December 31, 2021: C$16,437,000) in Canadian dollars 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, 2022, the Company's exposure to foreign currency balances approximate as follows:

Account	Foreign Currency	Exposure	
September 30,		**2022**	2021
Cash and cash equivalents	C $	**$ 234,000**	$ –
Trade and other receivables	C $	**433,000**	600,000
Trade and other payables	C $	**(773,000)**	(400,000)
		$ (106,000)	$ 200,000

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, 2022 by C$10,600 (September 30, 2021: C$20,000).

6. Cash and Cash Equivalents

Cash and cash equivalents at September 30, 2022, consisted of $10,411,554 (December 31, 2021: $17,243,017) on deposit with major financial institutions, including $40,000 (December 31, 2021: $40,000) 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, 2022**	**December 31, 2021**
Trade receivables	**$202,115**	$761,749
HST	**36,364**	40,596
Prepaid expenses	**5,884,929**	3,407,478
Total trade receivables and other assets	**$6,123,408**	$4,209,823

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

As at,	**September 30, 2022**	**December 31, 2021**
1 -90 days	**$8,895**	$269,332
Over 90 days	**193,220**	492,417
Total trade receivables	**$202,115**	$761,749

At September 30, 2022 and December 31, 2021, the Company anticipates full recovery of these amounts receivable and therefore no additional allowance has been recorded against these receivables. Of the trade receivable amount outstanding as at September 30, 2022, $201,310 (December 31, 2021: $735,000) relates to amounts owed from Frontera Energy Corporation ("**Frontera**").

Prepaid expenses as of September 30, 2022, includes $5.5 million paid in advance mainly to Schlumberger Guyana Inc. as part of the services required for the Wei-1 well.

The Company holds no collateral for any receivable amounts outstanding as at September 30, 2022 and December 31, 2021. The credit risk on the receivables has been further discussed in Note 4.3 (i).

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, 2020	$ 7,597,099	$ 706,184	$ 223,354	$ 539,637	$ 9,066,274
Net additions	6,255,754	–	103,334	–	6,359,088
As at December 31, 2021	$ 13,852,853	$ 706,184	$ 326,688	$ 539,637	$ 15,425,362
Net additions	3,229,507	–	–	–	3,229,507
As at September 30, 2022	**$ 17,082,360**	**$ 706,184**	**$ 326,688**	**$ 539,637**	**$ 18,654,869**
Accumulated amortization					
As at December 31, 2020	$ –	$ –	$ 167,114	$ 539,637	$ 706,751
Amortization (2)	–	–	23,389	–	23,389
As at December 31, 2021	$ –	$ –	$ 190,503	$ 539,637	$ 730,140
Amortization (2)	–	–	30,299	–	30,299
As at September 30, 2022	**$ –**	**$ –**	**$ 220,802**	**$ 539,637**	**$ 760,439**
Net book value					
As at December 31, 2021	$ 13,852,853	$ 706,184	$ 136,185	$ –	$ 14,695,222
As at September 30, 2022	**$ 17,082,360**	**$ 706,184**	**$ 105,886**	**$ –**	**$ 17,894,430**

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 income (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 Assets

	Corentyne	Berbice	Demerara	Total
Balance, December 31, 2020	$ 15,732,529	$ 1,467,609	$ 1,424,641	$ 18,624,779
Additions	74,342,450	430,105	1,235,631	76,008,186
Impairment of E&E	–	(1,897,714)	(2,660,272)	(4,557,986)
Balance, December 31, 2021	$ 90,074,979	$ –	$ –	$ 90,074,979
Additions	52,321,773	8,796	154,610	52,485,179
Impairment of E&E	–	(8,796)	(154,610)	(163,406)
Balance, September 30, 2022	**$ 142,396,752**	**$ –**	**$ –**	**$ 142,396,752**

As at September 30, 2022 and December 31, 2021, 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.

During the year ended December 31, 2021, the Company reviewed its E&E expenditures for impairment and considering the Company prioritizes its work plans on the Corentyne Petroleum Prospecting Licences ("**PPL**"), the likelihood of being able to meet its current commitments under the Demerara and Berbice PPLs were reduced. The Company recorded an impairment of exploration and evaluation expenditures of $163,406 during the nine month period ended September 30, 2022 (December 31, 2021: $4,557,986). Subsequent to September 30, 2022, the Joint Venture signed the surrender deed of the Demerara block, and ON Energy signed the surrender deed of the Berbice block as decribed below.

Farm-in agreements

*2019 Joint Operating Agreements (the "**2019 JOAs**")*

On January 30, 2019, the Company and Frontera Energy Guyana Corp. ("**Frontera Guyana**") executed the Joint Operating Agreements (the "2019 JOAs"). The 2019 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 $33.3 million signing bonus. Under the 2019 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) $30.0 million for drilling the first exploratory well under the Corentyne PA and (ii) $40.0 million for drilling the first exploratory well under the Demerara PA. CGX Resources remains as operator under the 2019 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 were effective May 20, 2019. As a result, on May 28, 2019, the Company received $8.5 million on closing, being the net of the $33.3 million signing bonus due from Frontera Guyana, less the amount of $24.8 million of outstanding debts due to Frontera Guyana by the Company.

2022 Joint Operating Agreement

On July 21, 2022, CGX and Frontera entered into an agreement (the "**2022 JOA Amendment**") to amend the joint operation agreement ("**JOA**"). As part of the 2022 JOA Amendment, CGX will transfer 29.73% of its participating interest in the Corentyne block to Frontera in exchange for Frontera funding the joint venture's costs associated with the Wei-1 exploration well for up to $130.0 million and up to an additional $28.8 million of certain Kawa-1 exploration well, Wei-1 pre-drill costs, and other costs. In addition, CGX shall assign an additional 4.94% of its participating interest in the Corentyne block to Frontera as consideration for the repayment of the outstanding principal amounts under (i) $19.0 million convertible loan dated May 28, 2021, as amended, and (ii) $35.0 million convertible loan dated March 10, 2022, as amended, and a cash payment of $3.8 million. CGX retains a 32.00% participating interest in the Corentyne block and Frontera will have a 68.00% participating interest in the Corentyne block. The 2022 JOA Amendment remains subject to certain conditions precedent and regulatory approvals.

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

Corentyne Petroleum Agreements ("Corentyne PA") Commitment, Guyana

The Company through its wholly owned subsidiary CGX Resources Inc. ("**CRI**"), has held a Corentyne PA since June 24, 1998. On November 27, 2012, the Company was issued a new PA and PPL offshore Guyana.

The Company was issued three addendums, (i) COR Addendum I on November 27, 2012 PA, under the terms of the addendum, the Company's work commitments were modified and the Company relinquished 25% of the original contract area block, (ii) COR Addendum II in 2019 where the Company's work commitments were modified, and (iii) the Company received the COR Addendum III in 2020, modifying the Company's work commitments. The table below outlines the current commitments under the COR Addendum III as of September 30, 2022:

Period	Phase	Exploration obligation	Dates
Second renewal period (3 years)	Phase two - 12 months	Drill 1 exploration well	Nov 27, 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 PPL and any other portion of the contract area on which the Minister Responsible for the Petroleum agrees to permit the Company to conduct further exploration activities.

In 2020, the Company submitted its proposed 25% acreage relinquishment which are required by the Corentyne PA to the Ministry of Natural Resources ("**MNR**") 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 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 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 hydrocarbon 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 hydrocarbons, 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 $155.0 million 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 $0.1 million and training fees of $0.1 million 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 PPL applies to the former offshore portion of the Annex PPL, which was a subset of the Company's original Corentyne PA.

The Company was issued two addendums, (i) On December 15, 2017, under the terms of the addendum, the Company's work commitments were modified and the Company relinquished 25% of the original contract area block, and (ii) on February 12, 2021, the Company received an addendum, subject to final documentation, modifying the timing of the commitments.

As of December 31, 2021, the Company reviewed its E&E expenditures for impairment and determined that the carrying value of the Demerara PPL was fully impaired and remains fully impaired as at September 30, 2022.

On September 20, 2022, the Government of Guyana provided CGX a surrender deed to formalize relinquishment of the Demerara block. Subsequent to September 30, 2022, the Joint Venture signed the surrender of the Demerara PPL, and as of October 31, 2022, was in process of being finalized. The Joint Venture's relinquishment of the block allows the people of Guyana to benefit from exploration activities under the stewardship of interested parties.

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. The Company was issued two addendum in 2017 and 2021 respectively modifying the timing of the commitments.

As of December 31, 2021, the Company reviewed its exploration and evaluation expenditures for impairment and the carrying value of the Berbice PPL was fully impaired and remains fully impaired as at September 30, 2022.

On September 20, 2022, the Government of Guyana provided ON Energy a surrender deed to formalize relinquishment of the Berbice PPL. Subsequent to September 30, 2022, ON Energy signed the surrender deed of the Berbice PPL, and as of October 31, 2022, was in process of being finalized. The Company's relinquishment of the block deed allows the people of Guyana to benefit from exploration activities under the stewardship of interested parties.

10. Related Party Transactions and Compensation of Key Management

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

Frontera

Frontera holds approximately 76.97% of the issued and outstanding Common Shares of CGX on an undiluted basis and has the voting power to influence the outcome of all corporate transactions. Frontera consolidates the financials statements of the Company and is listed and publicly traded on the Toronto Stock Exchange under the trading symbol "FEC".

Convertible loan	**Maturity**	**Principal**	**Interest Rate**		**September 30, 2022**		December 31, 2021
2021 Convertible Loan	Nov 2022	19,000,000	9.70%	**$**	**19,000,000**	$	18,527,722
2022 Convertible Loan	Sep 2023	35,000,000	9.70%		**33,312,628**		–
Total convertible loans				**$**	**52,312,628**	**$**	**18,527,722**

2021 Convertible Loan

On May 28, 2021, the Company entered into a secured convertible bridge loan agreement (the "**2021 Convertible Loan**") with Frontera in the aggregate principal amount of $19.0 million. The 2021 Convertible Loan, including all amendments, is a non-revolving term facility and together with all interest accrued, will be due and payable on November 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 2021 Convertible Loan agreement includes a standby fee of 2% multiplied by the daily average amount of unused commitment under the 2021 Convertible Loan payable quarterly in arrears during the drawdown period.

Under the original terms of the 2021 Convertible Loan, Frontera at its sole discretion, had the option to elect to convert all or a portion of the principal amount of the 2021 Convertible Loan outstanding into Common Shares of the Company at a conversion price per Common Share equal to $0.712 at any time in certain circumstances. On October 28, 2021, the Company completed a rights offering (See Note 12), and due to an anti-dilution clause in the 2021 Convertible Loan, the conversion price per Common Share was reduced to $0.69743. On June 30, 2022, this option expired unexercised and the 2021 Convertible Loan is now no longer convertible in common shares. The 2021 Convertible Loan is expected to be settled as part of the 2022 JOA Amendment, when it is concluded.

The 2021 Convertible Loan is secured by all of the assets of the Company. In addition, as of September 30, 2022, CGX Resources and GCIE signed a guarantee with Frontera for the 2021 Convertible Loan.

The 2021 Convertible Loan was classified as a liability, with the exception of the portion relating to the original conversion feature, resulting in the carrying value of the 2021 Convertible Loan being less than face value. The discount was accreted over the term of the 2021 Convertible Loan utilizing the effective interest rate method at a 15% discount rate.

The activity on the 2021 Convertible Loan from related party for the nine month period ended September 30, 2022 and year ended December 31, 2021 is as follows:

		September 30, 2022		December 31, 2021
Opening balance	**$**	**18,527,722**	$	–
Loan advance		–		19,000,000
Equity portion of the convertible loan		–		(835,000)
Transaction costs		–		(59,971)
Interest accretion		**472,278**		422,693
Accrued and or paid interest on loan		**1,378,464**		905,520
Interest paid		**(1,019,963)**		(592,463)
Interest recorded in trade and other payables		**(358,501)**		(313,057)
Total 2021 Convertible Loan	**$**	**19,000,000**	$	18,527,722

2022 Convertible Loan

On April 8, 2022, the Company completed a financing agreement for a $35.0 million loan (the "**2022 Convertible Loan**") with Frontera, which was first agreed on March 10, 2022, and then amended; to finance part of its share of costs related to the Corentyne block, the Berbice Deepwater Port and other budgeted costs as agreed to with Frontera.

The 2022 Convertible Loan will be available for drawdown in tranches on a non-revolving basis until the earlier of September 10, 2023, or the date on which CGX has drawn down the maximum amount of the 2022 Convertible Loan. The loan was fully drawn in one tranche on April 13, 2022. The 2022 Convertible Loan, together with all interest accrued, shall be due and payable on September 10, 2023, or such later date as determined by Frontera, at its sole discretion. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum, with interest on overdue interest. If the Loan is extended by Frontera past September 10, 2023, in its sole discretion, the new interest rate will be 15% per annum. A standby fee of 2% per annum multiplied by the daily average amount of unused commitment under the 2022 Convertible Loan in excess of $19 million shall be payable quarterly in arrears by CGX, on the last business day of each fiscal quarter, during the drawdown period.

Frontera in its sole discretion, any time after July 31, 2022, up to and including September 10, 2023, may elect to convert all or a portion of the principal amount of the 2022 Convertible Loan outstanding, into Common Shares of CGX at a conversion price equal to $2.42 per Common Share (being the U.S. dollar equivalent of CDN $ 3.10 per Common Share), provided Frontera provides CGX with 15 business days notice of such conversion. CGX has the right to prepay all or any portion of the Loan, including any unpaid interest, on 15 business days notice to Frontera before September 10, 2023.

The Company is also required to repay all of the 2022 Convertible Loan that is outstanding in the event that without the consent of Frontera, it issues any security that would dilute Frontera's current ownership of CGX, or any of its subsidiaries enters into any transaction the proceeds of which are used by CGX to pay its part of the authorized costs of the Wei-1 exploration well. The maximum number of common shares of CGX which may be acquired by Frontera upon the conversion of the principal amount of the 2022 Convertible Loan is 14,462,809 common shares of CGX. If the 2022 Convertible Loan principal is converted in full, Frontera will hold approximately 77.93% of the currently issued and outstanding common shares of CGX (compared to its current ownership of 76.97%). The 2022 Convertible Loan is expected to be settled as part of the 2022 JOA Amendment, when it is concluded

During the nine month period ended September 30, 2022, transaction costs total $98,891 (December 31, 2021: Nil) and were recorded against the 2022 Convertible Loan on the date of completion, being April 8, 2022.

The activity on the 2022 Convertible Loan from related party for the nine month period ended September 30, 2022 and year ended December 31, 2021 is as follows:

	September 30, 2022	December 31, 2021
Opening balance	**$ –**	$ –
Loan advances	**35,000,000**	–
Equity portion of the convertible loan	**(2,331,000)**	–
Transaction costs	**(98,891)**	–
Interest accretion	**742,518**	–
Accrued and or paid interest on loan	**1,581,231**	–
Interest paid on loan	**(920,834)**	–
Interest recorded in trade and other payables	**(660,397)**	–
Total 2022 Convertible Loan	**$ 33,312,628**	$ –

Rights Offering Bridge Loan Facility
On October 8, 2021, the Company received a $20.0 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, was 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 would be satisfied by the reduction of the amounts payable to Frontera under the Rights 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. The Rights Loan was fully drawn on October 25, 2021 and fully settled upon closing of the right issue on October 28, 2021.

On October 28, 2021 the Company completed an 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 Rights. 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 $59,451,865).

Frontera provided a standby commitment, in which Frontera would acquire any Common Shares available as a result of any unexercised rights under the 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 Common 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 $59,362,296).

The grant date fair value of the warrants issued on the rights offering of $917,000 (note 13) was estimated using the Black-Scholes option pricing model with the following assumptions:	
Risk-free interest rate	1.50%
Expected volatility	111%
Expected life of warrants	5 years
Expected dividend yield	Nil
Common share price value on issue date	C$1.29

Farm-in partner cash call balances

Under the JOAs, the Company is operator on the Corentyne licences. As operator, the Company makes cash calls from its Joint Venture partner to pay for future licence expenditures. As at September 30, 2022, CGX's farm-in-partner has a balance of $30,863,843 payable (December 31, 2021: $7,838,911 receivable) for future exploration on the Corentyne licence.

In addition, as operator of the Corentyne and Demerara licences, the Company receives a fee from its joint Venture partner to reimburse its indirect costs related to operating the licence. This fee is based on total expenditures under the JOAs. During the nine month period ended September 30, 2022, the Company received fees from its farm in joint venture partner of $176,764 (2021: $884,235).

Key Management Personnel

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

Nine month period ended September 30,		**2022**		2021
Short-term employee benefits	**$**	**2,593,152**	$	948,000
Share based payments		**414,000**		257,000
Total compensation paid to key management	**$**	**3,007,152**	$	1,205,000

During the nine month period ended September 30, 2022, key management exercised Nil (year ended December 31, 2021: 1,050,000) stock options at a weighted average exercise price of $Nil (year ended December 31, 2021: C$0.46 ($0.37)). The weighted average trading price on date of exercise for the stock options exercised during the nine month period ended September 30, 2022 was $Nil (year ended December 31, 2021: C$1.31 ($1.06)).

At September 30, 2022, included in trade and other payables is $454,000 (December 31, 2021: $300,000) due as a result of deferred payment of directors' fees. These amounts are unsecured, non-interest bearing and due on demand.

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, 2022**	December 31, 2021
Less than one month, accruals and accrued interest	**$ 11,960,028**	$ 30,787,052
One month to three months	**270,893**	1,601,557
Over three months	**14,994,446**	9,521,752
Total trade and other payables	**$ 27,225,367**	$ 41,910,361

12. Capital Stock

Common share purchase warrants

The exercise price and expiry date of the warrants outstanding at September 30, 2022 are as follows:

Warrants	**Exercise Price**	**Expiry Date**
1,173,774	$1.51	October 28, 2026

There are no changes in the number of common share purchase warrants outstanding for the nine months ended September 30, 2022. The grant date fair value of the warrants issued on the rights offering was $917,000 (Note 13), and recorded as Reserve for share based payments.

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, 2022, the Company had 17,259,900 (December 31, 2021: 17,259,900) options available for issuance under the plan.

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

For the period/year ended	**Nine months ended September 30, 2022**		Year ended December 31, 2021	
	Weighted Average Exercise Price ($)	**No. of Options**	Weighted Average Exercise Price ($)	No. of Options
Outstanding at beginning of period/ year	**C$0.59**	**16,191,000**	C$0.46	14,360,000
Transactions during the period/year:				
Granted	**-**	**-**	C$1.05	3,600,000
Exercised	**-**	**-**	C$0.51	(1,769,000)
Outstanding at end of period/year	**C$0.59**	**16,191,000**	C$0.59	16,191,000
Exercisable at end of period/year	**C$0.49**	**14,391,000**	C$0.48	13,790,999

The following table provides additional outstanding stock option information as at September 30, 2022:

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]	1,000,000	0.01	C$0.085	1,000,000	C$0.085
C$ 0.460 – 0.495	10,741,000	2.47	C$0.461	10,741,000	C$0.461
C$ 0.710 – 0.820	2,650,000	3.06	C$0.757	2,650,000	C$0.757
C$ 1.360	1,800,000	4.32	C$1.360	—	-
C$ 0.085 – 0.820	**16,191,000**	**2.62**	**C$0.586**	**14,391,000**	**C$0.490**

[1] On July 29, 2022, at the Company's annual and special meeting of shareholders, the option expiry date of these options held by key management was extend from May 3, 2022 to May 3, 2023. All other terms of the options remained the same. The fair value of the modification of this award calculated as $Nil, using the Black-Scholes valuation model on this date.

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 months ended September 30, 2021:

	Vesting of prior year	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	5	
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	$ 819,000
Share based compensation	**$ 11,000**	**$ 594,000**	**$ 106,000**	**$ 711,000**

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, 2022 was $Nil (nine months ended September 30, 2021: $0.45) per option issued.

13. 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, 2022 and year ended December 31, 2021 is set out below:

As at,	**September 30, 2022**	**December 31, 2021**
Balance at beginning of period/year	**$ 28,133,000**	$ 25,993,000
Share based payments (note 12)	**607,000**	959,000
Equity portion of convertible debt (note 10)	**2,331,000**	835,000
Value transferred on exercise of options (note 12)	**-**	(571,000)
Warrants issued under rights offering (note 12)	**-**	917,000
Balance at end of period/year	**$ 31,071,000**	$ 28,133,000

14. Commitments and Contingencies

Contractual obligations

The Company has entered into contracts for the Corentyne block and the Berbice Deepwater Port to complete its requirement under the Corentyne PPL mainly related to the drilling of the Wei-1 well, and agreements for the Port Project. As at September 30, 2022, the Company Purchase Orders issued and contracts under these agreements are $111.6 million for the years 2022 and 2023, of which the Company's share of these costs is $37.0 million, with the major portion funded by the farm-in partner according to the 2022 JOA Amendment.

Contingencies

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 $19.0 million with $7.0 million paid to Prospector by way of issuance of 15,534,310 Common Shares, $2.5 million paid in cash in 2014 and the remainder of approximately $9.5 million payable in cash twelve months after the conclusion of the seismic survey (December 2015), which is included in trade and other payables as at September 30, 2022 and December 31, 2021. 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 $0.5 million.

The processing began in late 2016 and was substantially completed in 2017 (albeit there is an ongoing dispute as to the quality – see below) and as a result, the Company has recorded a provision of $0.6 million in trade and other payables as at September 30, 2022 (December 31, 2021: $0.5 million).

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

On January 15, 2019, Prospector and CGX agreed to a one (1) year suspension of the Arbitration. The Tribunal indicated that the Arbitration would be stayed for 12 months from January 22, 2019 until January 22, 2020. The parties subsequently agreed to extend the suspension for a further year until January 22, 2021.

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

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

Company had previously recorded in trade and other payables $9.5 million and $0.5 million, respectively and had no recorded amount for its counterclaim. The Company is expecting the release of the Final Award shortly, which will include a decision on out of pocket costs and interest. In October 2022, the Company initiated a challenge to the Partial Final Award and is awaiting the results of such challenge. Prospector has also commenced proceedings against the Company to enforce the Partial Final Award of the International Court of Arbitration of the ICC in Ontario. The Company intends to oppose that proceeding, including because there is an ongoing challenge of the award.

As at September 30, 2022, the Company has a provision for the amounts claimed by Prospector plus accrued interest, being $14.4 million, as trade and other payables (December 31, 2021: $13.9 million), even though the Company contests liability. The contingent gains, if any, are not recorded as at September 30, 2022 (December 31, 2021: Nil) as the outcome of the proceedings is still unknown and there can be no assurances that the Company will be successful in its challenge.

Management Agreements

As at September 30, 2022, the Company is party to three (December 31, 2021: two) separate written management agreements with certain senior officers of the Company. The three contracts currently require a total payment of up to $1.3 million (December 31, 2021: $2.1 million) be made upon the occurrence of certain events such as termination and change in control.

During the year ended December 31, 2021 and on November 8, 2021, the Company terminated one of these such agreements for a termination payment of $0.8 million and settled this amount by paying $0.4 million during the year end December 31, 2021 and recording a liability of $0.4 million in trade and other payables as at December 31, 2021. The amount in trade and other payables is to be settled in 12 equal monthly installments of $33 thousand ending on November 15, 2022. As at September 30, 2022, the balance in trade and other payables was $62 thousand.