CGX Energy Inc.

Interim MD&A- Quarterly Highlights

For the three and six months period ended June 30, 2023 and 2022

August 10, 2023

1. INTRODUCTION

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

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

Results are reported in United States dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and six month periods ended June 30, 2023 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at August 10, 2023, unless otherwise indicated.

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

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

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

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

2. FORWARD LOOKING STATEMENTS

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

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

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

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 June 30, 2023, CGX through one of its subsidiaries holds an interest in a Petroleum Prospecting Licence ("**PPL**") and related Petroleum Agreement ("**PA**") on the Corentyne block in the Guyana Basin, offshore Guyana, and is involved through one of its subsidiaries in the construction and development of the BDWP.

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

Company	Registered Office	Percentage of Interest (%)
CGX Resources Inc. ("**CRI**")	Bahamas	100%
GCIE Holdings Limited ("**GCIE Holding**")	Barbados	100%
Grand Canal Industrial Estates Inc. ("**GCIE**") [1]	Guyana	100%
CGX Energy Management Corp. ("**CGMC**")	United States, Delaware	100%
ON Energy Inc. ("**ON Energy**") [2]	Guyana	62%

1. Owned 100% by GCIE Holding
2. ON Energy is in the process of being dissolved. The Company holds no assets, and this process is expected to be completed during the second semester of 2023 with no impact on the Financial Statements.

Highlights

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

Wei-1 Well Operational Update

On June 11, 2023, the Wei-1 well, reached a total depth of 20,450 feet (total depth planned 20,500 feet) and wireline logging operations were completed on June 23, 2023. The Wei-1 well operations were completed on July 5, 2023, and the rig was released. The Wei-1 well was drilled by the Company and Frontera Energy Corporation ("**Frontera**"), joint venture partners (the "**Joint Venture**"), the Company holds 32.00% participating interest with Frontera holding the remaining 68.00% participating interest in the Corentyne block. Wei-1 is located 14 kilometers west of the Kawa-1 discovery well announced by the Joint Venture last year.

The Wei-1 well encountered 210 feet of hydrocarbon bearing sands in the Santonian horizon. The Joint Venture acquired wireline logs and extensive core samples from the Santonian, however, due to a tool failure downhole and a back-up tool not being available, oil samples were not obtained. The rock and fluid properties of the Santonian will now be analyzed by an independent third-party laboratory over the next two months to define net pay and a basis for the evaluation of this interval. The Joint Venture updated its previously announced discovery in the Maastrichtian and the Campanian intervals to 77 feet of net pay.

The Wei-1 well encountered multiple oil-bearing intervals in the western channel fan complex of the northern portion of the Corentyne block in formations of Maastrichtian, Campanian and Santonian ages. A comprehensive logging campaign in the Maastrichtian interval indicated the presence of medium sweet crude oil of 24.9 API. Downhole fluid analysis confirmed light crude oil in the Campanian interval. Wireline logging data and cuttings indicated the presence of hydrocarbons in the Santonian; fluid samples have not yet been obtained. Core samples have been recovered in the Santonian interval and are currently in the lab being analyzed. It is not yet certain that the hydrocarbons encountered to date in the Wei-1 well are yet sufficient to underpin commercial development on the Northern portion of the Corentyne block.

On June 13, 2023, the Joint Venture updated its Wei-1 well total cost to approximately $190-$195 million to reach the total depth, complete the logging runs and finish the well as planned. The Company continues with the financial closing of the Wei-1 well and expects final costs to be in line with the $190-$195 million range. The additional cost includes the delays associated with the late release of the rig by a third-party, and costs associated with fishing, lost sampling tool, and the drilling of the bypass well. CGX is required to fund its 32% interest, after partner carry, of approximately $16 to $17 million.

*2023 Joint Operating Agreement Amendment (the "**2023 JOA Amendment**")*

On August 9, 2023, the Joint Venture has entered into an agreement to amend the joint operation agreement originally signed on January 30, 2019 and subsequently amended on July 21, 2022 (the "2023 JOA Amendment"), whereby Frontera will effectively be farming into the Corentyne block to cover unexpected additional costs of the Wei-1 well.

As part of the 2023 JOA Amendment, the Company will transfer up to 4.7% of its participating interest in the Corentyne block to Frontera in exchange for Frontera funding CGX's additional expected outstanding share of the Joint Venture's costs associated with the Wei-1 well for up to approximately $16.5 million. As a result of this agreement, if the maximum amount is transferred by CGX, the Company will have a 27.3% participating interest and Frontera will have a 72.7% participating interest in the Corentyne block. The Agreement remains subject to regulatory approvals, including approval of the TSX Venture Exchange.

Berbice Deep Water Port

Work on in-river construction of the 50 x 12 m access trestle being built from the quayside yard westward into the Berbice river is progressing on budget and no HSE related incidents, with completion of the trestle expected in August 2023. The Berbice Deep Water Port ("**BDWP**") facility intends to serve as an offshore supply base for the oil and gas industry and as a multipurpose terminal to service agricultural import and export, containerized and specialized cargo including aggregates for construction purposes. The BDWP aims to enable provisioning of operators and vendors in territorial waters of both Guyana and Suriname.

Change in Directors

CGX announced on March 1, 2023 that Veronique Giry, a Frontera nominee to the CGX Board, has stepped down as a director of the Company, effective February 28, 2022, and that Mr. Orlando Cabrales Segovia, CEO and Board Member of Frontera, has been appointed to the CGX Board.

4. CARRYING ON BUSINESS IN GUYANA

The exploration and evaluation activities of the Company are currently being conducted in Guyana through its subsidiaries. Guyana is situated on the northern coast of the South American continent. It is bound on the north by the Atlantic Ocean, on the east by Suriname, on the south-west by Brazil and on the north-west by Venezuela. Guyana's total area is approximately 215,000 km^2. 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 and PPL, Guyana (32% owned by CRI)

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, the Company shall complete additional seismic acquisition or seismic processing, and drill one (1) exploration well before November 2020.

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.

On January 23, 2023, the Joint Venture announced the Government of Guyana approved an Appraisal Plan ("**AAP**") for the northern section of the Corentyne block which commenced with the Wei-1 well. Following completion of Wei-1 well and upon detailed analysis of the results, the Joint Venture may consider future wells per its appraisal program to evaluate possible development feasibility in the Kawa-1 discovery area and throughout the northern section of the Corentyne block. Any future drilling is contingent on positive results at Wei-1 well and the Joint Venture has no further drilling obligations beyond the Wei-1 well. The appraisal programme was approved for a period of 24 months from June 29, 2022 to June 28, 2024, and designated an area of approximately 993.9 km^2.

Wei-1 Well

On June 11, 2023, the Wei-1 well, reached a total depth of 20,450 feet (planned total depth of 20,500 feet) and wireline logging operations were completed on June 23, 2023. The Wei-1 well operations were completed on July 5, 2023, and the rig was released. The Wei-1 well is located 14 kilometers west of the Kawa-1 discovery well announced by the Joint Venture last year.

The original Wei-1 wellbore reached a depth of 19,142 feet. A bypass well was drilled from 18,757 feet to total depth of 20,450 feet and penetrated the primary Santonian targets of the Wei-1 well in the western complex in the northern portion of the Corentyne block. Prior to the bypass, the Wei-1 well encountered an aggregate of 77 feet of net oil pay in the in the Maastrichtian and Campanian intervals.

The Wei-1 well encountered 210 feet of hydrocarbon bearing sands in the Santonian horizon. The Joint Venture acquired wireline logs and extensive core samples from the Santonian, however, due to a tool failure downhole and a back-up tool not being available, oil samples were not obtained. The rock and fluid properties of the Santonian will now be analyzed by an independent third-party laboratory over the next two months to define net pay and a basis for the evaluation of this interval. The Joint Venture updated its previously announced discovery in the Maastrichtian and the Campanian intervals to 77 feet of net pay.

The Wei-1 well encountered multiple oil-bearing intervals in the western channel fan complex of the northern portion of the Corentyne block in formations of Maastrichtian, Campanian and Santonian ages. A comprehensive logging campaign in the Maastrichtian interval indicated the presence of medium sweet crude oil of 24.9 API. Downhole fluid analysis confirmed light crude oil in the Campanian interval. Wireline logging data and cuttings indicated the presence of hydrocarbons in the Santonian; fluid samples were attempted and only a single water sample was recovered. Core samples have been recovered in the Santonian interval and are currently in the lab being analyzed. It is not yet certain that the hydrocarbons encountered to date in the Wei-1 well are yet sufficient to underpin commercial development on the Northern portion of the Corentyne block.

On June 13, 2023, the Joint Venture updated its Wei-1 well total cost to approximately $190-$195 million to reach the total depth, complete the logging runs and finish the well as planned. The Company continues with the financial closing of the Wei-1 well and expects final costs to be in line with the $190-$195 million range. The additional cost includes the delays associated with the late release of the rig by a third-party, and costs associated with fishing, lost sampling tool, and the drilling of the bypass well. CGX is required to fund its 32% interest, after partner carry, of approximately $16 to $17 million and is currently assessing strategies to fulfill this obligation.

Kawa-1 Well

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

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

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

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

Joint Operation Agreements

On January 30, 2019, CRI and Frontera Energy Guyana Corp ("**Frontera Guyana**") executed Joint Operating Agreements ("**JOAs**") providing for Frontera Guyana to acquire a 33.333% interest in CRI's Corentyne and Demerara PPLs and PAs, in exchange for a $33.3 million signing bonus. Frontera Guyana agreed to 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.

On December 1, 2022, the Joint Venture announced that the 2022 JOA Amendment was completed. All conditions precedent to the 2022 JOA Amendment were satisfied. As a result of the signing of the 2022 JOA Amendment, CGX has a 32.00% participating interest and Frontera has a 68.00% participating interest in the Corentyne block, pending approval by the Government of Guyana.

On August 9, 2023, the Joint Venture has entered into an agreement to amend the joint operation agreement originally signed on January 30, 2019 and subsequently amended on July 21, 2022 (the "2023 JOA Amendment"), whereby Frontera will effectively be farming into the Corentyne block to cover unexpected additional costs of the Wei-1 well.

As part of the 2023 JOA Amendment, the Company will transfer up to 4.7% of its participating interest in the Corentyne block to Frontera in exchange for Frontera funding CGX's additional expected outstanding share of the Joint Venture's costs associated with the Wei-1 well for up to approximately $16.5 million. As a result of this agreement, if the maximum amount is transferred by CGX, the Company will have a 27.3% participating interest and Frontera will have a 72.7% participating interest in the Corentyne block. The Agreement remains subject to regulatory approvals, including approval of the TSX Venture Exchange.

Block Relinquishment's Complete

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

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 to add significant capacity to the agricultural sector, supporting rice, sugar, agro-processing and agricultural materials.

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

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

Work on in-river construction of the 50 x 12 m access trestle being built from the quayside yard westward into the Berbice river is progressing on budget and no HSE related incidents, with completion of the trestle expected in August 2023.

The project now targets operation of the cargo terminal aspects of the BDWP during first quarter of 2024 and operation of oil and gas support base in mid-2024, subject to construction schedules, financing, 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.

During the six months period ended June 30, 2023 GCIE incurred additions of $551,549 (Year ended December 31, 2022: $3,245,855) with respect to expenditures to the Port.

Logistics yard

CRI owns a 16-acre plot of land which is accessible to the BDWP site detailed above via approximately 3.2 km of high quality, built to ASSHTO standards roadway. Approximately 5 acres of this plot has been developed by CRI as a functional, fenced logistics yard with a load bearing capacity of 5 tons per square metre, with fuel supply, office buildings, sanitary blocks, security and fully licensed to operate as a laydown logistics facility. During the six months period ended June 30, 2023, CRI incurred additions of $Nil (six months ended June 30, 2022: $Nil), 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. CGX and Frontera funds the Sustainable Guyana program established between Trent University and The University of Guyana which supports the education of Guyana's future leaders in fields crucial for the development of sustainable sectors of the Guyanese economy as described at www.trentu.ca/sustainableguyana.

9. LIQUIDITY AND CAPITAL RESOURCES

Recent Financing

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

Capital Management

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

		June 30, 2023		December 31, 2022
Current Assets	$	**46,591,563**	$	25,023,523
Current Liabilities		**62,326,017**		27,665,449
Working capital	$	**(15,734,454)**	$	(2,641,926)

In order to meet its short-term and long-term working capital and property exploration expenditures, the Company closed 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 arrange additional financing on terms satisfactory to the Company.

Going Concern Uncertainty and Management's Plans

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

The Company has a history of operating losses, as of June 30, 2023, had accumulated deficit of $322,444,294 (December 31, 2022: $320,568,941. The ability of the Company to continue as a going concern is dependent on securing additional required financing through issuing additional equity, debt instruments, sale of Company assets, obtaining payments associated with a joint venture farm-out, or otherwise. Given the Company's capital commitment requirements outlined in Note 14. of the Interim Financial Statements, the Company would have challenges in meeting its operating requirements for the 12-month period from the balance sheet date. While the Company has been successful in meeting its working capital requirements in the past, and although the Company believes in the viability of its strategy and that the actions presently being taken by Management will provide the best opportunity for the Company to continue as a going concern, there can be no assurances to that effect. As a result, there exist material uncertainties which cast significant doubt as to the Company's ability to continue as a going concern.

10. COMPANY'S PERFORMANCE

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

Six Months Ended June 30, 2023

The Company recorded a net loss of $1,875,353 or $(0.01) a share for the Six months period ended June 30 2023 compared with a net loss of $6,814,260 or $0.01 a share for the same period in 2022. The variances in the period are as follows:

General and administrative costs decreased by $911,824 to $407,595 in the Six months period ended June 30 2023 from $1,319,419 for the same period in 2022. Decrease was mainly due to certain administrates expenses reduction.

Management and consulting costs increased by $868,236 to $1,967,308 in the Six months period ended June 30 2023 from $1,099,072 for the same period in 2022. Increase was mainly due to the recognition of incentive remuneration of $894,000.

Interest expense decreased by $2,356,969 to $281,339 during the Six months period ended June 30 2023 due to settlement of the 2021 and 2022 Convertible Loan as the result of 2022 JOA amendment.

Professional fees decreased by $440,129 to $598,583 in the Six months period ended June 30 2023 from $1,038,712 for the same period. The decrease was mainly due to legal fees during 2022 related to Demerara Seismic agreement Prospector claim (See section 11. Commitments and Contingencies).

The Company incurred stock-based compensation during the Six months period ended June 30 2023 of $290,000 compared to $526,000 for the same period in 2022. Stock-based compensation expenses are recorded based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued and/or vested in the period and the underlying assumptions used in the model.

CGX incurred a foreign exchange loss of $82,386 for the Six months period ended June 30 2023, compared to a loss of $141,767 for the same period in 2022.

The Company earned indirect charges from its Joint Venture Partner during the Six months period ended June 30 2023 of $1,851,359, compared to $140,125 for the same period in 2022. As Operator of the Corentyne starting in 2019, the Company charges the Joint Account to reimburse its indirect costs representing the cost of general assistance and support services provided by the Operator and its Affiliates to the Corentyne PAs. The charges are based on total expenditures under the JOAs, with a minimum annual assessment of $200,000 per licence ($136,000 net to CGX as operator).

11. COMMITMENTS, AND CONTINGENCIES

Commitments

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

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

Contingencies

Demerara Seismic agreement - Prospector

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

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

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

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

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

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

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

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

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

As at June 30, 2023, the Company has a provision for the amounts claimed by Prospector plus accrued interest, being $15.6 million, as trade and other payables (December 31, 2022: $15.2 million).

Other Contingencies

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

Management Agreements

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

12. RELATED PARTY TRANSACTIONS

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

Frontera

As at June 30, 2023, Frontera held approximately 76.05% of the issued and outstanding Common Shares of CGX on an undiluted basis and has the voting power to influence the outcome of all corporate transactions. Frontera consolidates the financials statements of the Company and is listed and publicly traded on the Toronto Stock Exchange under the trading symbol "FEC".

Convertible Loans

On May 28, 2021, the Company entered into a secured convertible bridge loan agreement (the "**2021 Convertible Loan**") with Frontera in the aggregate principal amount of $19.0 million. Interest payable on the principal amount outstanding will accrue at a rate of 9.7% per annum payable monthly in cash, with interest on overdue interest. The Convertible Loan was classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the Convertible Loan being less than face value. The discount was accreted over the term of the Convertible Loan utilizing the effective interest rate method at a 15% discount rate. During the six months period ended June 30, 2023 the Company paid interest of $Nil (six months period ended June 30, 2022: $767,510). The 2021 Convertible Loan was settled during the fourth quarter of 2022 as part of the 2022 JOA Amendment (For further information see note 9 of the 2022 Annual Financial Statements).

On April 8, 2022, the Company completed a financing agreement for a $35.0 million loan (the "**2022 Convertible Loan**") with Frontera; to finance part of its share of costs related to the Corentyne block, the Berbice Deepwater Port and other budgeted costs as agreed to with Frontera. The loan was fully drawn on April 13, 2022. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum, with interest on overdue interest. During the six months period ended June 30, 2023 the Company paid interest of $Nil (six months ended June 30, 2022: $446,465). The 2022 Convertible Loan was settled during the fourth quarter of 2022 as part of the 2022 JOA Amendment (For further information see note 9 of the 2022 Annual Financial Statements).

Farm-in partner cash call balances

Under the JOA, the Company is the operator of the Corentyne licence. As operator, the Company makes cash calls from its Joint Venture partner to pay for future licence expenditures. As at June 30, 2023, Joint Venture partner has a balance of $26,910,561 receivable (December 31, 2022: $5,518,818 receivable) related to capital expenditures on the Corentyne licence.

In addition, as operator of the Corentyne licence, the Company receives a fee from its Joint Venture partner to reimburse its indirect costs related to operating the licence. This fee is based on total expenditures under the JOA. During the six months period ended June 30, 2023, the Company recognized fees from its Joint Venture partner in the amount of $1,851,359 (Six months period ended June 30, 2022: $140,125).

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

Other related party transactions

On November 22, 2022, the Company entered into a contract with Gaico Construction and General Services Inc. ("**Gaico**"), Gaico was contracted through a bid to construct the Company's access trestle and wharf as well as to perform required dredging operations for Port Operations, the contract price is $2.5 million. Gaico is controlled by a family member of the Executive Chairman and Executive Director of the Company. The transaction is in the normal course of operations. During the six months period ended June 30, 2023, the Company paid $1.2 million as part of the contract.

Key Management Personnel

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

Six months period ended June 30		**2023**		2022
Short-term employee benefits	**$**	**2,005,110**	$	1,448,855
Share based payments		**17,000**		414,000
Total compensation paid to key management	**$**	**2,022,110**	$	1,862,855

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

During the three months ended June 30, 2023, the Company, as per approvals by the Board of Directors of the Company, recorded incentive remuneration of $894,000 for services related to the years 2020 - 2022. Of this amount, approximately $414,000 will be paid in three annual installments of $138,000 in August of 2024, 2025, and 2026, respectively.

As of June 30, 2023, key management outstanding compensation included in trade and other payables is $863,000 (December 31, 2022: $560,000). These amounts are unsecured, non-interest-bearing, and due upon demand. Included as Other Payables non-current liabilities is $414,000 (December 31, 2022: $Nil). These amounts are ranked as senior obligations.

13. ABBREVIATIONS AND DEFINITIONS

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

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

API

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

Boe Conversion

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

August 10, 2023

"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 six month periods ended

June 30, 2023 and 2022

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 Unaudited 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, 2022 (the "**2022 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

August 10, 2023

"Suresh Narine"
Suresh Narine
Executive Chairman and Executive Director (Guyana)

"Daniel Sanchez"
Daniel Sanchez
Chief Financial Officer

CGX Energy Inc.

Unaudited Interim Condensed Consolidated Statements of Financial Position

(US$'s)

As at,	**Notes**		**June 30, 2023**		**December 31, 2022**
Assets					
Current					
Cash and cash equivalents	5	$	12,901,406	$	12,390,419
Trade receivables and other assets	6		6,779,596		7,114,286
Farm in partner receivable	9		26,910,561		5,518,818
Total current assets			**46,591,563**		**25,023,523**
Non-current					
Property, plant and equipment	7		18,561,053		18,028,479
Exploration and evaluation assets	8		62,501,349		49,955,896
Total non-current assets			**81,062,402**		**67,984,375**
Total assets		**$**	**127,653,965**	**$**	**93,007,898**
Liabilities					
Current					
Trade and other payables	10	$	62,326,017	$	27,665,449
Total Current liabilities			**62,326,017**		**27,665,449**
Non-current					
Other payables	9		414,000		—
Total non-current liabilities			**414,000**		**—**
Total liabilities		**$**	**62,740,017**	**$**	**27,665,449**
Shareholders' equity					
Share capital	11	$	358,163,441	$	356,041,589
Reserve for share based payments	12		29,194,801		29,869,801
Accumulated deficit			(322,444,294)		(320,568,941)
Total shareholders' equity		**$**	**64,913,948**	**$**	**65,342,449**
Total liabilities and shareholders' equity		**$**	**127,653,965**	**$**	**93,007,898**

Nature of operations and going concern uncertainty (note 1)
Commitments and contingencies (note 14)

Approved on behalf of the Board of Directors on August 10, 2023:

("Signed" Suresh Narine)	("Signed" Dennis Mills)
____________________, Director	____________________, Director
Suresh Narine	Dennis Mills

The accompanying notes are an integral part of these Interim Financial Statements

CGX Energy Inc.

Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss

(US$'s)

		Three months		Six months	
For the periods ended June 30,	**Notes**	**2023**	**2022**	**2023**	**2022**
Operating expenses					
General and administrative		$ 192,706	$ 769,472	$ 407,595	$ 1,319,419
Management and consulting		1,369,512	573,576	1,967,308	1,099,072
Interest expense		141,447	1,816,177	281,339	2,638,308
Shareholder information		17,181	70,648	99,501	127,701
Professional fees		333,747	433,609	598,583	1,038,712
Share based payments	11,12	263,000	238,000	290,000	526,000
Foreign exchange loss		41,731	95,602	82,386	141,767
Total operating expenses		**$(2,359,324)**	**$(3,997,084)**	**$(3,726,712)**	**$(6,890,979)**
Indirect revenue from farm in partner	9	732,196	83,333	1,851,359	140,125
Impairment of exploration and evaluation assets	8	—	(39,950)	—	(63,406)
Net loss and comprehensive loss		**$(1,627,128)**	**$(3,953,701)**	**$(1,875,353)**	**$(6,814,260)**
Loss per share					
Basic net loss per share		**$0.00**	-$0.01	**-$0.01**	-$0.02
Diluted net loss per share		**$0.00**	-$0.01	**-$0.01**	-$0.02
Weighted average number of shares (000's) – basic		**338,549**	334,509	**337,900**	334,509
Weighted average number of shares (000's) – diluted		**338,549**	334,509	**337,900**	334,509

The accompanying notes are an integral part of these Interim Financial Statements

CGX Energy Inc.

Unaudited Interim Condensed 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, 2022	334,509,000	$	356,041,589	$	29,869,801	$	(320,568,941)	$ 65,342,449
Share based payments (Note 12)	–		–		290,000		–	290,000
Shares issued on exercise of options	4,040,000		1,156,852		–		–	1,156,852
Transfer of contributed surplus on exercise of options	–		965,000		(965,000)		–	–
Net loss and comprehensive loss for the period	–		–		–		(1,875,353)	(1,875,353)
Balance at June 30, 2023	**338,549,000**		**358,163,441**		**29,194,801**		**(322,444,294)**	**64,913,948**

Balance at December 31, 2021	334,509,000	$	356,041,589	$	28,133,000	$	(310,550,720)	$ 73,623,869
Share based payments (Note 12)	–				526,000		–	526,000
Equity portion of convertible loan (Note 9)	–		–		2,331,000		–	2,331,000
Net loss and comprehensive loss for the period	–		–		–		(6,814,260)	(6,814,260)
Balance at June 30, 2022	**334,509,000**	**$**	**356,041,589**	**$**	**30,990,000**	**$**	**(317,364,980)**	**$ 69,666,609**

The accompanying notes are an integral part of these Interim Financial Statements

CGX Energy Inc.

Unaudited Interim Condensed Consolidated Statements of Cash Flow

(US$'s)

Three and six months period ended June 30		Three months Ended 2023	Three months Ended 2022	Six months Ended 2023	Six months Ended 2022
Operating Activities					
Net loss for the period		$ (1,627,128)	$ (3,953,701)	$ (1,875,353)	$ (6,814,260)
Items not affecting cash:					
Amortization	7	5,483	10,100	18,665	20,199
Impairment of exploration and evaluation expenditures	9	—	39,950	—	63,406
Share-based payments	12	263,000	238,000	290,000	526,000
Unrealized foreign exchange (gain) / loss		14,949	95,602	(18,676)	141,767
Interest accretion on trade and other payables, loans, and convertible debentures payable to related party		141,447	1,061,704	281,339	1,429,396
Net change in non-cash working capital items:					
Trade receivables and other assets		591,327	481,123	334,690	3,757,450
Deferred transaction costs		—	43,990	—	—
Trade and other payables		758,876	(466,149)	1,732,482	1,815,848
Net cash provided by operating activities		**$ 147,954**	**$ (2,449,381)**	**$ 763,147**	**$ 939,806**
Investing Activities					
Purchases of exploration and evaluation expenditures		—	(39,408,394)	(20,840)	(62,540,916)
Purchases of property, plant and equipment		(533,177)	(1,426,274)	(1,426,572)	(2,079,742)
Trade and other payables		(12,524,613)	—	(12,524,614)	—
Farm in partner advances		20,118,657	12,867,715	12,569,239	23,524,170
Net cash used in investing activities		**$ 7,060,867**	**$(27,966,953)**	**$ (1,402,787)**	**$(41,096,488)**
Financing Activities					
Proceeds from convertible loan from related party	10	—	35,000,000	—	35,000,000
Transaction costs on convertible loan from related party		—	(87,828)	—	(87,828)
Proceeds from share options exercises		—	—	1,156,852	—
Net cash provided from financing activities		**$ —**	**$34,912,172**	**$ 1,156,852**	**$34,912,172**
Net decrease in cash and cash equivalents		**$ 7,208,821**	**$ 4,495,838**	**$ 517,212**	**$ (5,244,510)**
Effect of exchange rate changes		4,984	(95,602)	(6,225)	(141,766)
Cash and cash equivalents at beginning of period		**$ 5,687,601**	**$ 7,456,505**	**$12,390,419**	**$17,243,017**
Cash and cash equivalents at end of period		**$12,901,406**	**$11,856,741**	**$12,901,406**	**$11,856,741**

The accompanying notes are an integral part of these Interim Financial Statements

GENERAL

CGX Energy Inc. ("**CGX**" or the "**Company**") is 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 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**") [1]	Guyana	100%
CGX Energy Management Corp. ("**CGMC**")	United States	100%
ON Energy Inc. ("**ON Energy**") [2]	Guyana	62%

1. Owned 100% by GCIE Holding
2. ON Energy is in the process of being dissolved. The Company holds no assets, and this process is expected to be completed during 2023 with no impact on the Interim Financial Statements.

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 Petroleum Production Licence ("PPL") 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 June 30, 2023 had a working capital deficiency of $15,734,454 (December 31, 2022: $2,641,926) and an accumulated deficit of $322,444,294 (December 31, 2022: $320,568,941). 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 PPL, 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 PPL outlined in Note 8, 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.

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 August 10, 2023.

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 2022 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 2022 Interim 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 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 8) and PP&E (Note 7)

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. The functional currency of the Company and each of its subsidiaries is the US$. The Interim Finanancial Statements are presented in US$, which is the Company's presentation currency.

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 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.

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 Six months ended June 30, 2023.

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) C$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months. As of June 30, 2023, 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 June 30, 2023 totaled $64,913,948 and was comprised of share capital, reserve accounts and deficit (December 31, 2022: $65,342,449).

4 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 June 30, 2023 and December 31, 2022 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 Company's maximum exposure to credit risk as at June 30, 2023 is the carrying value of cash and cash equivalents, trade receivables and other assets and farm-in partner balances.

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

ii. **Trade receivables and other assets:** The Company is exposed to credit risk attributable to cash advances to suppliers, prepaid expenses, or credits from vendors. The Company does not believe that this risk is significant, prepaid expenses are mainly related to contracts with major vendors and will be settled trough deliver of goods and services. (See Note 6)

iii. **Farm in partner balances:** 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 9)

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 June 30, 2023, the Company had a working capital deficiency of $15,734,454 (December 31, 2022: $2,641,926). 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 June 30, 2023, the Company had approximately C$1,000 (December 31, 2022: C$100,000) in Canadian dollars denominated cash deposits.

Sensitivity Analysis

The Company's funds are mainly kept in Canadian and US dollars with major Canadian and US financial institutions. As at June 30, 2023, the Company's exposure to foreign currency balances approximate as follows:

Account	Foreign Currency	Exposure	
		As at June 30, 2023	As at December 31, 2022
Cash and cash equivalents	C $	$ 1,000	$ 100,000
Trade and other receivables	C $	164,000	400,000
Trade and other payables	C $	(1,268,000)	(500,000)
Other payables	C $	(546,250)	–
		$ (1,649,250)	**$** –

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 Six months ended June 30, 2023 by C$164,925 (December 31, 2022: C$ Nil).

5. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2023, consisted of $12,901,406 (December 31, 2022: $12,390,419) on deposit with major financial institutions, of which $50,000 (December 31, 2022: $50,000) was in short-term guaranteed investment certificates with remaining maturities on the date of purchase of less than 90 days.

6. 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,		**June 30, 2023**		December 31, 2022
Trade receivables	**$**	—	$	211,939
HST		**52,708**		45,582
Prepaid expenses		**6,726,888**		6,856,765
Total trade receivables and other assets	**$**	**6,779,596**	$	7,114,286

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

As at,		**June 30, 2023**		December 31, 2022
1 -90 days	**$**	—	$	140,974
Over 90 days		—		70,965
Total trade receivables	**$**	—	$	211,939

At December 31, 2022, the Company anticipates full recovery of these amounts receivable and therefore no additional allowance was recorded against these receivables. Of the trade receivable amount outstanding as at June 30, 2023, $Nil, (December 31, 2022: $140,974) relates to amounts owed from Frontera Energy Corporation ("**Frontera**").

Prepaid expenses as of June 30, 2023, includes $6.5 million paid (December 31, 2022: $6.5 million) in advance, mainly to suppliers as part of the services required for the Wei-1 well.

The Company holds no collateral for any receivable amounts outstanding as at June 30, 2023 and 2022. The credit risk on the receivables has been further discussed in Note 4 (ii).

7. Property, Plant and Equipment

	Port (staging facility) (1)	Logistics Yard (1)	Vehicles, office furniture and fixtures	Computer, software & equipment	Total
Cost					
As at December 31, 2022	$ 17,098,708	$ 707,230	$ 453,443	$ 539,637	$ 18,799,018
Additions	551,549	—	287	—	551,836
Disposal	—	(34)	(24,530)	—	(24,564)
As at June 30, 2023	**$ 17,650,257**	**$ 707,196**	**$ 429,200**	**$ 539,637**	**$ 19,326,290**
Accumulated amortization					
As at December 31, 2022	$ —	$ —	$ 230,902	$ 539,637	$ 770,539
Amortization (2)	—	—	18,665	—	18,665
Disposal	—	—	(23,967)	—	(23,967)
As at June 30, 2023	**$ —**	**$ —**	**$ 225,600**	**$ 539,637**	**$ 765,237**
Net book value					
As at December 31, 2022	$ 17,098,708	$ 707,230	$ 222,541	$ —	$ 18,028,479
As at June 30, 2023	**$ 17,650,257**	**$ 707,196**	**$ 203,600**	**$ —**	**$ 18,561,053**

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, 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 8.

8. Exploration and Evaluation Assets

	Corentyne
Balance, December 31, 2022	**$ 49,955,896**
Additions	$ 12,545,453
Balance, June 30, 2023	**$ 62,501,349**

As at June 30, 2023 and December 31, 2022, the expenditures capitalized above include costs for license 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 first quarter of 2023 the Company received acknowledgement on the surrender of the Berbice block and Demerara block. Both blocks were impaired in previous periods and no impairment was recorded during the three and six month periods ended June 30, 2023 (three and six months periods ended 2022: $39,950 and $63,406, respectively).

Farm-in agreement

*2022 Joint Operating Agreement Amendment (the "**2022 JOA Amendment**")*

On July 21, 2022, CGX and Frontera entered into an agreement (the "**2022 JOA Amendment**") to amend the joint operation agreement ("**JOA**"). The JOA Amendment transferred 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 costs, Wei-1 pre-drill costs, and other costs.

In addition, CGX assigned 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 retains a 68.00% participating interest in the Corentyne block.

*2023 Joint Operating Agreement Amendment (the "**2023 JOA Amendment**")*

On August 9, 2023, the Joint Venture has entered into an agreement to amend the JOA originally signed on January 30, 2019 and subsequently amended on July 21, 2022 (the "2023 JOA Amendment"), whereby Frontera will effectively be farming into the Corentyne block to cover unexpected additional costs of the Wei-1 well.

As part of the 2023 JOA Amendment, the Company will transfer up to 4.7% of its participating interest in the Corentyne block to Frontera in exchange for Frontera funding CGX's additional expected outstanding share of the Joint Venture's costs associated with the Wei-1 well for up to approximately $16.5 million. As a result of this agreement, if the maximum amount is transferred by CGX, the Company will have a 27.3% participating interest and Frontera will have a 72.7% participating interest in the Corentyne block. The Agreement remains subject to regulatory approvals, including approval of the TSX Venture Exchange.

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

CRI has 32% working interest in the Corentyne PA and is the operator. 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.

In 2020, the Company submitted its proposed 25% acreage relinquishment as 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.

On January 23, 2023, the Joint Venture announced that the Government of Guyana approved an Appraisal Plan ("**AAP**") for the northern section of the Corentyne block which commenced with the Wei-1 well. Following completion of Wei-1 drilling operations and upon detailed analysis of the results, the Joint Venture may consider future wells per its appraisal program to evaluate possible development feasibility in the Kawa-1 discovery area and throughout the northern section of the Corentyne block. Any future drilling is contingent on positive results at Wei-1 well and the Joint Venture has no further drilling obligations beyond the Wei-1 well. The appraisal programme was approved for a period of 24 months from June 29, 2022 to June 28, 2024.

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.

Block Relinquishment's Complete

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

9. 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

As at June 30, 2023 Frontera held approximately 76.05% of the issued and outstanding Common Shares of CGX on an undiluted basis and has the voting power to influence the outcome of all corporate transactions. Frontera consolidates the financials statements of the Company and is listed and publicly traded on the Toronto Stock Exchange under the trading symbol "FEC".

Convertible Loans

On May 28, 2021, the Company entered into a secured convertible bridge loan agreement (the "**2021 Convertible Loan**") with Frontera in the aggregate principal amount of $19.0 million. Interest payable on the principal amount outstanding will accrue at a rate of 9.7% per annum payable monthly in cash, with interest on overdue interest. The Convertible Loan was classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the Convertible Loan being less than face value. The discount was accreted over the term of the Convertible Loan utilizing the effective interest rate method at a 15% discount rate. During the six months period ended June 30, 2023 the Company paid interest of $Nil (Six months period ended June 30, 2022: $767,510). The 2021 Convertible Loan was settled during the fourth quarter of 2022 as part of the 2022 JOA Amendment (For further information see note 9 of the 2022 Annual Financial Statements).

On April 8, 2022, the Company completed a financing agreement for a $35.0 million loan (the "**2022 Convertible Loan**") with Frontera; to finance part of its share of costs related to the Corentyne block, the Berbice Deepwater Port and other budgeted costs as agreed to with Frontera. The loan was fully drawn on April 13, 2022. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum, with interest on overdue interest. During the six months period ended June 30, 2023 the Company paid interest of $Nil (Six months period ended June 30, 2022: $446,465). The 2022 Convertible Loan was settled during the fourth quarter of 2022 as part of the 2022 JOA Amendment (For further information see note 9 of the 2022 Annual Financial Statements).

Farm-in partner cash call balances

Under the JOA, the Company is the operator of the Corentyne licence. As operator, the Company makes cash calls from its Joint Venture partner to pay for future licence expenditures. As at June 30, 2023, Joint Venture partner has a balance of $26,910,561 receivable (December 31, 2022: $5,518,818 receivable) related to capital expenditures on the Corentyne licence.

In addition, as operator of the Corentyne licence, the Company receives a fee from its Joint Venture partner to reimburse its indirect costs related to operating the licence. This fee is based on total expenditures under the JOA. During the six months period ended June 30, 2023, the Company recorded fees from its Joint Venture partner of $1,851,359 (2022: $140,125).

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

Other related party transactions

On November 22, 2022, the Company entered into a contract with Gaico Construction and General Services Inc. ("**Gaico**"), Gaico was contracted through a bid to construct the Company's access trestle and wharf as well as to perform required dredging operations for Port Operations, the contract price is $2.5 million. Gaico is controlled by a family member of the Executive Chairman and Executive Director of the Company. The transaction is in the normal course of operations. During the six months period ended June 30, 2023, the Company paid $1.2 million as part of the contract. The payments were recorded as Property, plant and equipment and Trade receivables and other assets in the Interim Financial Statements.

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:

Six months period ended June 30		2023		2022
Short-term employee benefits	$	2,005,110	$	1,448,855
Share based payments		17,000		414,000
Total compensation paid to key management	**$**	**2,022,110**	**$**	**1,862,855**

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

During the three months ended June 30, 2023, the Company, as per approvals by the Board of Directors of the Company, recorded incentive remuneration of $894,000 for services related to the years 2020 - 2022. Of this amount, approximately $414,000 will be paid in three annual installments of $138,000 in August of 2024, 2025, and 2026, respectively.

As of June 30, 2023, key management outstanding compensation included in trade and other payables is $863,000 (December 31, 2022: $560,000). These amounts are unsecured, non-interest-bearing, and due upon demand. Included as Other Payables non-current liabilities is $414,000 (December 31, 2022: $Nil). These amounts are ranked as senior obligations.

10. 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,		June 30, 2023		December 31, 2022
Less than one month, accruals	$	45,445,959	$	11,257,602
One month to three months		545,780		826,962
Over three months (1)		16,334,278		15,580,885
Total trade and other payables	**$**	**62,326,017**	**$**	**27,665,449**

(1) Includes $15.6 million provision related to the Prospector claim, refer to Note 14 Contingencies.

11. Capital Stock

Share Capital

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

As at,	Number of Shares		$
Balance at December 31, 2022	334,509,000	$	356,041,589
Shares issued on exercise of options	4,040,000		1,156,852
Transfer of contributed surplus on exercise of options	—		965,000
Balance at June 30, 2023	**338,549,000**	**$**	**358,163,441**

(1) The weighted average trading price on date of exercise for the stock options exercised during the six months period ended June 30, 2023 was C$1.28 ($0.96) (year ended December 31, 2022: $Nil)).

Common share purchase warrants

The exercise price and expiry date of the warrants outstanding at June 30, 2023 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 six months period ended June 30, 2023.

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 June 30, 2023, the Company had 21,580,567 (December 31, 2022: 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	June 30, 2023		December 31, 2022	
	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$0.59	16,191,000
Transactions during the period/ year:				
Granted	$1.49	800,000	—	—
Exercised	$0.38	(4,040,000)	—	—
Expired or retracted	$1.35	(676,667)	—	—
Outstanding at end of period/ year	$0.67	12,274,333	C$0.59	16,191,000
Exercisable at end of period/ year	$0.59	11,074,333	C$0.52	14,991,000

The following table provides additional outstanding stock option information as at June 30, 2023:

Exercise Price	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	No. of Options Exercisable	Weighted Average Exercise Price
C$ 0.46	7,841,000	1.43	0.46	7,841,000	0.46
C$ 0.710 - 0.82	2,500,000	2.02	0.75	2,500,000	0.75
C$ 1.360 - 1.49	1,933,333	3.31	1.41	733,332	1.38
C$ 0.46 - 1.49	**12,274,333**	**1.85**	**0.67**	**11,074,332**	**0.59**

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 six months period ended June 30, 2023 was $0.89 (December 31, 2022: $Nil) per option issued.

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 six months period ended June 30, 2023:

	Vesting of prior year issued options	January 25, 2023	March 23, 2022	Totals
Number of options granted		400,000	400,000	800,000
Exercise price		C$1.49	C$1.49	
Risk-free interest rate		2.88%	2.88%	
Expected life (years)		5	5	
Expected volatility		111.22%	111.22%	
Market price		C$1.49	C$1.49	
Expected dividends and forfeiture rate		—	—	
Vesting		1/3 immediately, 1/3 in 6 months and 1/3 in 12 months	vest 9 months from the date of grant	
Fair value of grant		$ 357,000	$ 357,000	$ 714,000
Share based compensation	**$ (192,000)**	**$ 273,000**	**$ 209,000**	**$ 290,000**

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share based compensation for the stock options granted and/or vested during the year ended December 31, 2022:

	Vesting of prior year issued options	Totals
Share based compensation	**$ 911,000**	**$ 911,000**

12. Reserve for Share Based Payments

A summary of the changes in the Company's reserve for share based payments for the six months period ended June 30, 2023 and year ended December 31, 2022 is set out below:

As at,	June 30, 2023	December 31, 2022
Balance at beginning of period / year	$ 29,869,801	$ 28,133,000
Share based payments	290,000	911,000
Equity portion of convertible debt (note 9)	—	825,801
Value transferred on exercise of options (note 12)	(965,000)	—
Balance at end of period / year	**$ 29,194,801**	**$ 29,869,801**

13. Segmented Information

Operating and geographic segments

At June 30, 2023 and December 31, 2022, the Company's current operations are comprised of two reporting operating segment engaged in petroleum and natural gas exploration in Guyana, and the Berbice Deep Water Port project. The Company currently has no revenues.

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

As at,	June 30, 2023	December 31, 2022
Non-Current Assets		
Guyana	$ 81,062,402	$ 67,984,375
Total Non-Current Assets	**$ 81,062,402**	**$ 67,984,375**

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 June 30, 2023, the Company Purchase Orders issued and contracts under these agreements are $12.7 million for the year 2023 and early 2024, of which the Company's share of these costs is $5.5 million, with the major portion funded by the farm-in partner according to the 2022 JOA Amendment.

Demerara Seismic agreement - Prospector

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

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

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

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

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

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

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

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

Prospector also brought an application against the Company to recognize and enforce the Partial Final Award and the Final Award of the International Court of Arbitration of the ICC in Ontario. The

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

As at June 30, 2023, the Company has a provision for the amounts claimed by Prospector plus accrued interest, being $15.6 million, as trade and other payables (December 31, 2022: $15.2 million).

Other Contingencies

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

Management Agreements

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