

CGX Energy Inc.

Interim MD&A – Quarterly Highlights

*For the three month periods ended March 31, 2022 and 2021
May 03, 2022*



1. INTRODUCTION

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

This Quarterly Highlights has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with Annual MD&A, the audited consolidated financial statements of the Company for the years ended December 31, 2021 and 2020 and the unaudited condensed interim consolidated financial statements for the three month periods ended March 31, 2022 and 2021, together with the notes thereto. Results are reported in United States dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three month period ended March 31, 2022 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at May 03, 2022 unless otherwise indicated.

The unaudited condensed interim consolidated financial statements for the three month periods ended March 31, 2022 and 2021, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

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

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

2. FORWARD-LOOKING STATEMENTS

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

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

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

3. OVERVIEW

Company Profile

CGX Energy Inc. (“**CGX**” or the “**Company**”) 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. As at May 03, 2022, CGX through its subsidiaries holds an interest in three Petroleum Prospecting Licences (“**PPLs**”) and related Petroleum Agreements (“**PAs**”), known as the Corentyne, Berbice, and Demerara Blocks, in the Guyana Basin, collectively covering approximately 11,005.2 km² (approximately 7,183.0 net km²) offshore and onshore Guyana. The Company, through its subsidiary, is involved in the construction and development of the Berbice Deep Water Port (“**BDWP**”), located on the eastern bank of the Berbice River.

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

Recent Highlights

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

- On April 8, 2022, CGX completed a financing agreement for a U.S. \$35 million loan (the “**Loan**”) with Frontera Energy Corporation (“**Frontera**”), which was first agreed on March 10, 2022, and then amended; to finance part of its share of costs related to the Corentyne Block, the Berbice Deepwater Port and other budgeted costs as agreed to with Frontera. The Loan will be available for drawdown in tranches on a non-revolving basis until the earlier of September 10, 2023, or the date on which CGX has drawn down the maximum amount of the Loan. The loan was fully drawn in one tranche on April 13, 2022. The Loan, together with all interest accrued, shall be due and payable September 10, 2023, or such later date as determined by Frontera, at its sole discretion. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum, with interest on overdue interest. If the Loan is extended by Frontera past September 10, 2023, in its sole discretion, the new interest rate will be 15% per annum. A standby fee of 2% per annum multiplied by the daily average amount of unused commitment under the Loan in excess of U.S. \$19 million shall be payable quarterly in arrears by CGX, on the last business day of each fiscal quarter, during the drawdown period. Frontera in its sole discretion, any time after July 31, 2022, up to and including September 10, 2023, may elect to convert all or a portion of the principal amount of the Loan outstanding, into common shares of CGX at a conversion price equal to U.S. \$2.42 per common share (being the U.S. dollar equivalent of Cdn. \$ 3.10 per common share), provided Frontera provides CGX with 15 business days notice of such conversion. CGX has the right to prepay all or any portion of the Loan, including any unpaid interest, on 15 business days notice to Frontera before September 10, 2023. CGX is also required to repay all of the Loan that is outstanding in the event that without the consent of Frontera, it issues any security that would dilute Frontera’s current ownership of CGX, or any of its subsidiaries enters into any transaction the proceeds of which are used by CGX to pay its part of the authorized costs of the Wei-1 exploration well. The maximum number of common shares of CGX which may be acquired by Frontera upon the conversion of the principal amount of the Loan is 14,462,809 million common shares of CGX. If the Loan principal is converted in full, Frontera will hold approximately 77.93% of the currently issued and outstanding common shares of CGX (compared to its current ownership of 76.97%).
- 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 the March 2, 2022, press release; which indicated the presence of liquid hydrocarbons in the Santonian reservoir:
 - Cuttings samples from twelve reservoir zones in the Kawa-1 well are being analyzed with a variety of geochemical methods to evaluate in situ hydrocarbons. Preliminary data from four pay intervals in the Santonian show consistent fingerprints which provide confidence in the interpretation and mitigate mud contaminants by overcoming the presence of Synthetic Oil Based Mud (SOBM) in the cuttings. A

technique called Low Temperature Hydrous Pyrolysis (LTHP) was utilized to analyze the cuttings to preserve volatile hydrocarbons.

- High Resolution Gas Chromatography (HRGC) analysis of the LTHP mobilized hydrocarbons demonstrate the reproducible presence of light hydrocarbons (C4- C12). Distinctive molecular ratios in these light hydrocarbons indicate that these Santonian reservoirs likely contain a light oil, consistent with fluorescence analysis of cuttings during drilling. These results are supported by analysis of solvent-extracted samples from the cuttings, which contain biomarkers that show characteristic patterns consistent with a Cretaceous Santonian source.
- Measured ratios of Dibenzothiophene/Phenanthrene aromatics from the samples are low (<0.15) in line with low sulfur content and a marine shale source. Further geochemical investigation of samples taken from the Santonian, Campanian and Maastrichtian intervals continue and will be communicated when fully analyzed.

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

- On February 14, 2022, the Company and its Joint Venture partners Frontera Energy Corporation (“**Frontera**”), (the “**Joint Venture**”) announced that, as a result of the initial positive results at the Kawa-1 exploration well, the Joint Venture will focus on the significant exploration opportunities in the Corentyne block and will not engage in drilling activities on the Demerara block in 2022. Furthermore, the Joint Venture announced that Kawa-1 early-stage Wireline Logging results confirm the Logging While Drilling (LWD) indications previously disclosed on January 31, 2022, with a total of 200 feet of net pay encountered at multiple depths.
- On January 31, 2022, the Company and Frontera announced a discovery at the Kawa-1 well and the Joint Venture’s commitment to drill second well on Corentyne block in the second half of 2022. The Kawa-1 well was drilled to a depth of 21,578 feet (6,578 meters) and encountered approximately 177 feet (54 meters) of hydrocarbon-bearing reservoirs within Maastrichtian, Campanian and Santonian horizons based on initial evaluation of Logging While Drilling (LWD) data. The end of the Kawa-1 well forecast was projected to be the end of February 2022. Based on the offshore positive results at the Kawa-1 exploration well, the Joint Venture anticipates spudding its second commitment well, called Wei-1, in the northwestern part of the Corentyne block in the second half of 2022.
- Grand Canal, a wholly owned subsidiary of the Company is engaged in the ongoing construction of the BDWP on 30 acres of land on the eastern bank of the Berbice River. The Deepwater port facility intends to serve as an offshore supply base for the Oil and Gas industry (OSB) and as a multi-purpose terminal (MPT) cargo handling base to service agricultural import/export, containerized and specialized cargo. The BDWP aims to enable provisioning of operators and vendors in territorial waters of both Guyana and Suriname. Active construction is ongoing on the rip rap flood protection (96% completed), and quayside laydown yard (92% completed). An access bridge from Corentyne Highway, rehabilitation of access road, extension of electricity infrastructure to the port site and delivery of potable water to the port have all been completed. Requests for proposals were received for the wharf platform and access trestle, capital dredging program, design and construction of all gates, buildings, design and construction of 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 selected. The successful bid incorporates an update to the design of the Wharf and Trestle to realize cost efficiencies. As a result, it is unlikely that the Offshore Supply Base of the port will be fully operational in Q4, 2022 as previously scheduled. A revised schedule for completion is being discussed with the Contractor.

4. UPDATE ON RECENT TRENDS

The Russia-Ukraine War

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

COVID-19

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

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

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

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

5. CARRYING ON BUSINESS IN GUYANA

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

Guyana is situated on the northern coast of the South American continent. It is bound on the north by the Atlantic Ocean, on the east by Suriname, on the south-west by Brazil and on the north-west by Venezuela. Guyana's total area is approximately 215,000 km², slightly smaller than Great Britain. Its coastline is approximately 4.5 feet below sea level at high tide, while its hinterland contains mountains, forests, and savannahs. This topography has endowed Guyana with its extensive network of rivers and creeks as well as a large number of waterfalls. Guyana is endowed with natural resources including fertile agricultural land and rich mineral deposits (including gold, diamonds and semi-precious stones, bauxite and manganese).

Guyana is divided into three counties (Demerara, Essequibo and Berbice) and 10 administrative regions. Georgetown is the capital city of Guyana, the seat of government, the main commercial center, and the principal port. In addition to Georgetown, Guyana has six towns of administrative and commercial importance which are recognized municipal districts; each has its own mayor, council and civic responsibilities.

Guyana is an independent republic headed by the president and National Assembly. Guyana is a member of the British Commonwealth of Nations, with a legal system based for the most part on British Common Law.

6. THE PETROLEUM REGIME IN GUYANA

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

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

In order to obtain a PPL, the licensee must:

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

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

7. GUYANA OPERATIONS

Corentyne PA, Guyana

The original Corentyne PA covered approximately 11,683 km² under two separate PPLs. The Annex PPL (4,047 km²) was held 100%, as was the offshore portion of the Corentyne PPL (6,070 km²), while the onshore portion of the Corentyne PPL (1,566 km²) was held net 62% by CGX through ON Energy.

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

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

In 2008, CRI was the first company to commit to acquire 3D seismic in Guyana when it acquired a 505 km² 3D seismic program to enhance its interpretation of its newly defined Eagle Deep prospect, a large stratigraphic trap in the Cretaceous. The cost of the seismic program was approximately \$8 million. Processing and interpretation of the 3D seismic was completed in 2009.

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

On November 27, 2012, CRI received a new Corentyne PA, offshore Guyana, renewable after four years for up to six additional years. The New Corentyne PA applies to the former offshore portion of the Corentyne PPL, covering 6,212 km².

On December 15, 2017, CRI was issued COR Addendum I to the November 27, 2012 PA. Under the terms of the COR Addendum I to the new Corentyne PA beginning November 27, 2017, the Company’s work commitments were modified. At the end of the of the first renewal period on or before November 27, 2019, the Company shall relinquish the entire contract area except for any discovery area and the area contained in any PPL or relinquish twenty-five (25%) percent of the contract area and renew the PPL for a second period of three (3) years. CRI relinquished 25% of the area of the Corentyne PPL as a result of entering into COR Addendum I, resulting in a reduction of acreage to 4,709 km².

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

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

Commencing in October 2019, a 3D seismic survey of 582 km² was shot on the northern portion of the Corentyne PPL to image an area not previously covered by 3D seismic data adjacent to the recent Pluma and Haimara discoveries on the Stabroek block.

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

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

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.”

The table below outlines the commitments under the COR Addendum III as at March 31, 2022:

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

The Company has submitted its proposed 25% acreage relinquishment which are required by the Corentyne PA to the 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.

The Partnership is moving rapidly to continue to explore the Corentyne Block efficiently and safely, based on the success recorded in the Kawa-1 exploration well. The Maersk Discoverer rig is scheduled to drill Wei-1 next which is expected to commence Q3 2022. Wei-1 will target similar play types to Kawa-1 and seeks to explore the western of two channel complexes (Kawa-1 explores the eastern complex).

Demerara PA, Guyana

On February 12, 2013, the Government of Guyana issued the new Demerara PA and PPL to CRI. The Demerara PA and PPL applies to the former offshore portion of the Annex PPL, covering 3,000 km², which was a subset of the CRI's original Corentyne PA. Under the terms of the new Demerara PA, during the initial period of four years, CGX had an obligation to conduct a 3D seismic survey of a minimum of 1,000 km² and to drill one exploration well.

In September 2014, CRI entered into a seismic contract with Prospector PTE. Ltd. ("**Prospector**") to conduct a 3,116.74 km² 3D seismic survey on the Company's 100% owned Demerara Block as part of its commitments under the Demerara PA and PPL. The aggregate cost of this seismic survey was approximately \$19 million with \$7 million paid to Prospector by way of issuance of 15,534,310 common shares valued at \$0.49 per share, \$2.5 million paid in cash thirty days after receipt of their invoice and the remainder of approximately \$9.5 million payable in cash twelve months after the conclusion of the seismic survey, being December 2015. As of the date hereof, this amount remains unpaid.

On December 15, 2017, CRI was issued Dem Addendum I to the February 12, 2013 PA. Under the terms of Dem Addendum I to the Demerara PA, during phase two of the first renewal period commencing February 12, 2018, the Company will be required to complete any additional processing and planning, and secure all regulatory approvals for the drilling of first exploration well. At the end of the first renewal period of three (3) years, the Company shall elect either to relinquish the entire contract area except for any discovery area and the area contained in any PPL or relinquish twenty-five (25%) percent of the contract area and renew the PPL for a second period of three (3) years. CRI relinquished 25% of the area of the Demerara PPL as a result of entering into Demerara Addendum I, resulting in a reduction of acreage to 3,001 km².

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

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

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

"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

The table below outlines CRI's commitments under the DEM Addendum II as at March 31, 2022:

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

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

On February 4, 2022, CGX Energy and Frontera notified the MNR that, given the focus on the Corentyne Block, operational considerations and investment priorities, the joint venture is unable to drill the Makarapan exploration well on the Demerara Block in 2022 and therefore seeks the Minister's urgent guidance on this matter. On February 21, 2022, the MNR informed the joint venture that the two commitment exploration wells must be drilled on the Demerara block per the terms of the Demerara Petroleum Prospecting License and associated Petroleum Agreement prior to February 12, 2023. The Company will seek further dialogue with the MNR regarding this guidance.

Berbice PA, Guyana

In 2003, CGX, through its 62% owned subsidiary ON Energy, applied for and was granted the Berbice PPL and PA consisting of approximately 1,566.2 km² adjacent to the Corentyne onshore PPL. On the two onshore PPLs, ON Energy completed aeromag re-interpretation, a geochemical sampling program and a 2D seismic program, to fulfill the minimum work obligations, plus drilled three exploration wells which were assessed to be dry-holes.

On February 12, 2013, the Government of Guyana issued a new Berbice PA and PPL to ON Energy, comprising the former Berbice PA and the onshore portion of the former Corentyne PPL, covering 3,295 km². Under the terms of the new Berbice PA, during the initial period of four years, ON Energy had an obligation to conduct an airborne survey comprising a minimum of 1,000 km² and either conduct a 2D seismic survey comprising a minimum of 100 km² or drill one exploration well.

On December 15, 2017, the Company was issued BER Addendum I to the February 12, 2013 PA. Under the terms of the new Berbice PA, during phase two of the first renewal period beginning on August 12, 2018, the Company will (a) complete a geochemical survey of a minimum 120 sq km and (b) commence a seismic program defined by the geochemical survey. In 2018, the Company contracted Exploration Technologies Inc., a Houston, Texas based geochemical survey company, to conduct a geochemical survey on its Berbice PPL, onshore Guyana. The field survey started on October 27, 2018 and was completed on November 4, 2018. A total of 317 sample points and 49 blanks were taken. The survey covered a total area of approximately 391 km². This satisfied part (a) of phase 2 of the first renewal period commitment to complete a geochemical survey of a minimum of 120 km².

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

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

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

The table below outlines ON Energy's commitments under the BER Addendum II as at March 31, 2022:

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

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

On February 4, 2022, the Company, through ON Energy Inc. notified the MNR that, given the focus on the Corentyne Block, operational considerations and investment priorities, ON Energy Inc. is unable to drill an exploration well on the Berbice Block in 2022; proposes that seismic acquisition on the block be shifted to commence in January 2023 and therefore seeks the Minister's urgent guidance on this matter. On February 21, 2022, the MNR informed ON Energy that it must drill one commitment exploration well and acquire seismic on the Berbice block prior to the expiry of the Berbice petroleum prospecting license and associated petroleum agreement in February 2023. The Company will seek further dialogue with the MNR regarding this guidance.

8. 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 on its eastern bank (the "**Leased Land**"). On November 26, 2020, the Company agreed to amend the Lease to reflect acreage containing no more than 30 acres as part of overall negotiations on COR Addendum III. The relinquishment did not affect Grand Canal's plans for the development of its deepwater port project.

The lease was originally acquired in 2010 by CRI and was transferred in 2012 to Grand Canal. Grand Canal plans to build a deep-water port on the Leased Land (the "**Port**"). Grand Canal believes that the Leased Land is the most strategic for a deep-water port facility servicing the oil and gas and agricultural industries in Guyana and that the port will benefit from its proximity to the oil and gas industry in Guyana and Suriname. The Port, which is located adjacent to Crab Island on the Eastern Bank of the Berbice River, is 4.8 km from the Atlantic Ocean.

Grand Canal expects that the 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 southern 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 will also add significant capacity to the agricultural sector, supporting rice, sugar, agro-processing and agricultural materials.

Grand Canal has performed various developmental works on the site, including the installation of vertical drains and geotechnical treatment of the land, the building of access roads and the construction of bridges. Grand Canal is actively engaged in construction of the BDWP. Construction is ongoing on the rip rap flood protection (96% completed), and quayside laydown yard (92% completed). An access bridge from Corentyne Highway, rehabilitation of access road, extension of electricity infrastructure to the port site and delivery of potable water to the port have all been completed. The deep-water port facility intends to serve as an offshore supply base for the Oil and Gas industry (OSB) and as a multi-purpose terminal (MPT) cargo handling base to service agricultural import/export, containerized and specialized cargo. The BDWP aims to enable provisioning of operators and vendors in territorial waters of both Guyana and Suriname.

Requests for proposals were advertised for the wharf platform and access trestle, capital dredging program, design and construction of all gates, buildings, design and construction of 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 selected. The successful bid incorporates an update to the design of the Wharf and Trestle to realize cost efficiencies. As a result, it is unlikely that the Offshore Supply Base of the port will be fully operational in Q4, 2022 as previously scheduled. A revised schedule for completion is being discussed with the Contractor.

The project, with current estimates for a fully developed port involving investment in the range of US\$70MM, targets full operation of the oil and gas support base during mid-2023 and full operation of the cargo terminal aspects of the port at the end of 2023.

For the three month period ended March 31, 2022, Grand Canal incurred additions of \$1,558,096 (December 31, 2021 – \$6,255,754) with respect to expenditures to the Port.

Logistics yard

CRI owns a 16-acre plot of land which is accessible to the BDWP site detailed above via approximately 4.5 km of roadway, 3.2 km of which was built and renovated including a new bridge by Grand Canal. Approximately 6 acres of this plot has been developed by CRI as a functional, fenced logistics yard, with compacted soil, installation of geotextiles and coverage with gravel and other foundational material.

For three month period ended March 31, 2022, CRI incurred additions of \$Nil (2021 – \$Nil) with respect to expenditures on the logistics yard.

9. SOCIAL CORPORATE RESPONSIBILITY

The Company is committed to meeting the highest standards of Environmental, Social and Governance (“ESG”) practices across all aspects of the business. In the countries it operates in, CGX is dedicated to promoting sustainable growth as well as support to 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 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.

10. OVERALL PERFORMANCE

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

The Company recorded a net and comprehensive loss of \$2,860,559 or \$0.01 a share for the three month period ended March 31, 2022, compared with a net loss of \$1,766,662 or \$0.01 a share for the same period in 2021. Net loss for the period is consistent with prior periods as expected, the differences in the period are as follows:

Interest expense increased by \$682,239 to \$822,131 in the three month period ended March 31, 2022 from \$139,892 for the same period in 2021. The increase in interest expense was due to the interest incurred on the Bridge Loan and amortization of loan costs and equity component of the loan.

General and administrative costs increased by \$232,462 to \$549,947 in the three month period ended March 31, 2022 from \$317,484 for the same period in 2021, due to increased business development costs related to pursuing strategic options related to financing activities.

Recent Financings

On April 8, 2022, CGX completed a financing agreement for a U.S. \$35 million loan with Frontera, which was first agreed on March 10, 2022 and then amended; to finance part of its share of costs related to the Corentyne Block, the Berbice Deepwater Port and other budgeted costs as agreed to with Frontera. The Loan will be available for drawdown in tranches on a non-revolving basis until the earlier of September 10, 2023 or the date on which CGX has drawn down the maximum amount of the Loan. The loan was fully drawn in one tranche on April 13, 2022. *For more information, see Recent Highlights.*

11. LIQUIDITY AND CAPITAL RESOURCES

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2022, the Company had a working capital deficiency of \$70,354,955 (December 31, 2021 - \$31,146,332), consisting of current assets of \$8,433,991 (December 31, 2021 - \$29,291,751) to settle current liabilities of \$78,455,613 (December 31, 2021 - \$60,438,083). In order to meet its short-term and longer-term working capital and property exploration expenditures, the Company must secure further financing through a joint venture, property sale or issuance of equity to ensure that its obligations are properly discharged. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. Please refer to "Going Concern Uncertainty and Management's Plans" for further details.

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

Going Concern Uncertainty and Management's Plans

The unaudited condensed interim consolidated financial statements for the three month periods ended March 31, 2022 and 2021 have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company has a history of operating losses and as at March 31, 2022 had a working capital deficiency of \$70,354,955 (December 31, 2021 - \$31,146,332) and an accumulated deficit of \$313,411,279 (December 31, 2021 - \$310,550,720). The ability of the Company to continue as a going concern is dependent on securing additional required financing through issuing additional equity, debt instruments, sale of Company assets, obtaining payments associated with a joint venture farm-out, or otherwise. Given the Company's capital commitment requirements under the Company's PPLs outlined in Note 9 to the unaudited condensed interim financial statements, the Company will not have sufficient cash flow to meet its operating requirements for the 12 month period from the balance sheet date. While the Company has been successful in meeting its working capital requirements in the past, where recently the Company was able to raise \$35 million through a convertible loan (*see Recent Highlights for more information*), and believes in the viability of its strategy and that the actions presently being taken will provide the best opportunity for the Company to continue as a going concern, there can be no assurances to that effect. As a result, there exist material uncertainties which cast significant doubt as to the Company's ability to continue as a going concern.

Proposed Transactions

None.

Contractual Obligations

Further details of the Company's contractual commitments are included in the unaudited condensed interim consolidated financial statements for the three month periods ended March 31, 2022 and 2021.

Pending Litigation

Prospector

In July 2018, Prospector filed a request for arbitration against CGX and CGX Resources in the International Chamber of Commerce (“ICC”) for repayment of the debt accrued under Seismic Acquisition dated September 2014 contract (and the addendum thereto) for the acquisition of 3D seismic data on the Demerara Block. Prospector requested that the International Court of Arbitration of the ICC constitute the arbitral tribunal and requested that the tribunal award to Prospector the relief of (i) the amount \$12,420,442 being the amount Prospector alleged it was owed as at May 1, 2018, (ii) any interest that will continue to accrue from May 1, 2018 until the date of the award in the amount of 6% per annum based on the Deed of Addendum 1 (the “Addendum”) between CGX and Prospector dated October 3, 2016, (iii) post-award interest in the amount of 6% per annum until payment as per the Addendum, and (iv) 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 CGX Resources.

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

On January 23, 2021, Prospector formally gave notice of the end of the suspension and recommencement of the Arbitration. On April 23, 2021, the Company filed its Defence and Counterclaim (along with supporting factual, witness and expert evidence) in the Arbitration against Prospector at the International Chamber of Commerce for \$26,083,000, plus interest and costs, for damages it claims to have suffered as a result of the unsatisfactory processing of the 3D seismic data. If the Company is not successful in defending the claim, and the counterclaim fails, then the Company may be liable to Prospector for the sums sought and, possibly, costs.

As at March 31, 2022, the Company has included the amounts it calculates as claimed by Prospector plus accrued interest, being \$14,012,566, as trade and other payables (December 31, 2021 - \$13,872,673), even though the Company contests liability. This amount does not include any amounts CGX is seeking in its counterclaim. The contingent gains, if any, are not recorded as at March 31, 2022 (or December 31, 2021) as the outcome of the proceedings is still unknown and there can be no assurances that the Company will be successful in its counterclaim or that it will be able to collect any damages that it may be awarded.

The Arbitration hearing was conducted at the end of March 2022 in London, UK. It is uncertain when the Arbitral Tribunal will render its decision on the matter.

ON Energy

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

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

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

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

On May 20, 2020, an application for court approval of the scheme of arrangement and the cancellation of the ordinary shares of ON Energy held by GGC Resources was made. The matter was heard before the

Honourable Justice F. Holder on May 20, 2020, June 30, 2020, August 6, 2020, and September 10, 2020 with his decision reserved. ON Energy is still waiting for the judge's decision, and there is no fixed date as to when that may occur.

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.

On May 28, 2021, the Company entered into a Convertible Loan with Frontera in the aggregate principal amount of \$19,000,000. The Convertible Loan is a non-revolving term facility and together with all interest accrued, will be due and payable on June 30, 2022, or such later date as determined by Frontera, at its sole discretion. Interest payable on the principal amount outstanding will accrue at a rate of 9.7% per annum payable monthly in cash, with interest on overdue interest. The Convertible Loan agreement includes a standby fee of 2% multiplied by the daily average amount of unused commitment under the Convertible Loan payable quarterly in arrears during the drawdown period.

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

On October 28, 2021, the Company completed an Offering, and due to an anti-dilution clause in the Convertible Loan, the conversion price per common share was reduced to US\$0.69743.

The Convertible Loan is secured by all of the assets of the Company. In addition, as of December 31, 2021, CGX Resources and Grand Canal Industrial Estates Inc. signed a guarantee with Frontera for the Convertible Loan. On June 17, 2021, Frontera assigned the Convertible Loan and all the rights associated with it to its wholly owned subsidiary, Frontera ODL Holding Corp. In September 2021, Frontera ODL Holding Corp reassigned the loan back to Frontera.

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

The activity on the Convertible Loan from related party for the three months ended March 31, 2022 and year ended December 31, 2021 is as follows:

Three months ended,	March 31, 2022	December 31, 2021
Opening balance at beginning year	\$ 18,527,722	\$ -
Bridge Loan advances	-	19,000,000
Conversion component of convertible loan	-	(835,000)
Transaction costs	-	(59,971)
Interest accretion	232,463	422,693
Accrued and or paid interest on loan from related party	454,037	905,520
Interest paid on loan from related party	(454,037)	(592,463)
Interest recorded in trade and other payables	-	(313,057)
Total loan from related party	\$ 18,760,185	\$ 18,527,722

On October 8, 2021, the Company received a \$20 million Rights Offering Bridge Loan Facility (the “**Rights Loan**”) from Frontera. This Rights Loan was made available for drawdown in tranches on a non-revolving basis until October 31, 2021. The Rights Loan, together with all interest accrued, was due and payable on October 31, 2021 (the “**Maturity Date**”) or such later date as determined by Frontera, at its sole discretion. The

Company and Frontera agreed that the acquisition cost of any securities acquired by Frontera pursuant to the exercise of Rights Offering would be satisfied by the reduction of the amounts payable to Frontera under the Rights Loan. Interest payable on the principal amount outstanding accrued at a rate of 9.7% per annum payable monthly in cash, with interest on overdue interest. If the Maturity Date was extended by Frontera, at its sole discretion, the new interest rate would have been 15% per annum. The loan was fully drawn on October 25, 2021 and fully settled upon closing of the Right Issue on October 28, 2021 (See Note 13 to the unaudited condensed interim consolidated financial statements for the three month periods ended March 31, 2022 and 2021 for further information).

The activity on the Rights Loan from related party for the three months ended March 31, 2022 and year ended December 31, 2021 is as follows:

	March 31, 2022	December 31, 2021
Opening balance at beginning year	\$ -	\$ -
Bridge Loan advances	-	20,000,000
Interest on loan from related party	-	21,260
Interest paid on loan from related party	-	(21,260)
Settled from Rights Offering	-	(20,000,000)
Total loan from related party	\$ -	\$ -

On October 28, 2021 the Company completed an Offering. Pursuant to the Offering, the Company issued to holders of its outstanding common shares of record as at the close of business on October 1, 2021 an aggregate of 45,151,338 Rights. Each Right entitled the holder thereof to subscribe for one common share upon payment of the subscription price of C\$1.63 (equivalent of approximately \$1.32) per common share until October 28, 2021. The Company issued 45,151,338 common shares, the maximum number of common shares available for issuance under the terms of the Offering, based on shareholders' exercise of the basic subscription privilege and the additional subscription privilege, allocated pro-rata, for aggregate gross proceeds to the Company of C\$73,596,681 (equivalent of approximately \$59,451,865).

Frontera provided a Standby Commitment, in which Frontera would acquire any common shares available as a result of any unexercised Rights under the Rights Offering, such that CGX was guaranteed to issue 45,151,338 common shares in connection with the Offering. In consideration for the Standby Commitment, Frontera received 5-year warrants to purchase up to 1,173,774 common shares at an exercise price equal to \$1.51 per common Share. Frontera acquired an additional 11,737,747 common shares under the Standby Commitment. Frontera acquired an aggregate of 45,083,314 common shares in connection with the Offering pursuant to the exercise of Rights and the Standby Commitment under the Offering for cash consideration of C\$73,485,802 (equivalent of approximately \$59,362,296).

The grant date fair value of the warrants issued on the rights offering of \$917,000 was estimated using the Black-Scholes option pricing model with the following assumptions:	
Risk-free interest rate	1.5%
Expected volatility	111%
Expected life of warrants	5 years
Expected dividend yield	Nil
Common share price value on issue date	C\$1.29

On March 10, 2022, CGX entered into a financing agreement with Frontera for a U.S. \$35 million loan (the "Loan"), to continue 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. This Loan was then amended three times prior to closing. Subsequent to March 31, 2022 and on April 8, 2022, CGX and Frontera subsequently closed the Loan. The 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 Loan. The Loan, together with all interest accrued, shall be due and payable September 10, 2023, or such later date as determined by Frontera, at its sole discretion. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum, with interest on overdue interest. If the Loan is extended by Frontera past September 10, 2023, in its sole discretion, the new interest rate will be 15% per annum. The principal amount of the Loan is convertible at Frontera's sole discretion, any time after July 31, 2022 up to and including September 10, 2023, into common shares of CGX at a conversion price equal to \$2.42 per common share (being the U.S. dollar equivalent of Cdn. \$ 3.10 per common share), provided Frontera provides the Company with 15 business days notice of such conversion. The Company has the right to prepay all or any portion of the Loan, including any unpaid interest, on 15 business days notice to Frontera before September 10, 2023. The maximum number of common shares

of the Company which may be acquired by Frontera upon the conversion of the principal amount of the Loan is 14,462,809 million common shares of the Company. The loan was fully drawn on April 13, 2022. During the three month period ended March 31, 2022, the company incurred transaction costs of \$43,990 (December 31, 2021 – Nil) and has recorded these as deferred transaction costs as at March 31, 2022. These amounts were recorded against the Loan on the date of completion of the Loan, being April 8, 2022.

Farm in partner over/under call

Under the JOAs, the Company is operator on both the Corentyne and Demerara licences. As operator, the Company makes cash calls from its partner to pay for future licence expenditures. As at March 31, 2022, the Company had cash called and received in advanced \$2,817,544 (December 31, 2021 - \$7,838,911 receivable) for future exploration on the Corentyne and Demerara licences.

In addition, as operator of the Corentyne and Demerara licences, the Company receives a fee from its partner to reimburse its indirect costs related to operating the licence. This fee is based on total expenditures under the JOAs. During the three month period ended March 31, 2022, the Company received fees from its farm in partner of \$56,792 (2021 - \$93,933).

Key Management

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

Three month period ended March 31,	2022	2021
Short-term employee benefits	\$ 618,000	\$ 395,000
Share based payments	414,000	257,000
Total compensation paid to key management	\$ 1,032,000	\$ 652,000

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

At March 31, 2022, included in trade and other payables is \$300,000 (December 31, 2021 - \$300,000) due as a result of deferred payment of directors' fees. These amounts are unsecured, non-interest bearing and due on demand. *For more information see Note 15.*

13. RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's Annual MD&A and Annual Information Form for the fiscal year ended December 31, 2021, available on SEDAR at www.sedar.com.

May 03, 2022

"Suresh Narine"

Suresh Narine
Executive Chairman and Executive Director (Guyana)

"Serena Poon"

Hill-York S. Poon
Interim Chief Financial Officer



**Unaudited Condensed Interim Consolidated Financial
Statements**

For the three month periods ended

March 31, 2022 and 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

Toronto, Canada
May 2, 2022

"Suresh Narine"

Suresh Narine
Executive Chairman and Executive Director (Guyana)

"Hill-York S. Poon"

Serena Poon
Interim Chief Financial Officer

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

As at,	Notes	March 31, 2022	December 31, 2021
Assets			
Current			
Cash and cash equivalents	6	\$ 7,456,505	\$ 17,243,017
Trade receivables and other assets	7	933,496	4,209,823
Deferred transaction costs	10	43,990	-
Farm in partner receivable	10	-	7,838,911
Total current assets		8,433,991	29,291,751
Non-current			
Property, plant and equipment	8	16,243,218	14,695,222
Exploration and evaluation expenditures	9,15	125,163,047	90,074,979
Total assets		\$ 149,840,256	\$ 134,061,952
Liabilities			
Current liabilities			
Trade and other payables	9,10,11	\$ 57,211,217	\$ 41,910,361
Farm in partner advances	10	2,817,544	-
Convertible loan from related party	10	18,760,185	18,527,722
Total liabilities		\$ 78,788,946	\$ 60,438,083
Shareholders' equity			
Share capital	12	\$ 356,041,589	\$ 356,041,589
Reserve for share based payments	13	28,421,000	28,133,000
Deficit		(313,411,279)	(310,550,720)
Total shareholders' equity		\$ 71,051,310	\$ 73,623,869
Total liabilities and shareholders' equity		\$ 149,840,256	\$ 134,061,952

Nature of operations and going concern uncertainty (note 1)
Commitments and contingencies (notes 8, 9, and 15)
Subsequent events (note 10)

Approved on behalf of the Board of Directors on May 2, 2022:

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

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

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

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

Three month periods ended March 31,	Notes	2022	2021
Operating expenses			
General and administrative	8,10	\$ 549,947	\$ 317,484
Management and consulting	10	525,496	470,247
Interest expense	9,10	822,131	139,892
Professional fees		605,103	586,491
Share based payments	10,13,14	288,000	329,000
Shareholder information		57,053	44,995
Foreign exchange loss (gain)		46,165	(27,514)
Total operating expenses		(2,893,895)	(1,860,595)
Indirect revenue from farm in partner	10	56,792	93,933
Impairment of exploration and evaluation expenditures	9	(23,456)	-
Net loss and comprehensive loss		\$ (2,860,559)	\$ (1,766,662)
Earnings (loss) per share			
Basic net loss per share		\$ (0.01)	\$ (0.01)
Diluted net loss per share		\$ (0.01)	\$ (0.01)
Weighted average number of shares (000's) – basic		334,509	287,588
Weighted average number of shares (000's) – diluted		334,509	287,588

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

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

	Share Capital		Reserves		
	Number of Shares	Amount	Share based payments	Deficit	Total
Balance at December 31, 2020	287,588,662	\$ 296,458,932	\$ 25,993,000	\$ (297,856,008)	\$ 24,595,924
Shares issued for rights offering	45,151,338	59,451,865	-	-	59,451,865
Share issue costs	-	(258,205)	-	-	(258,205)
Warrants issued under rights offering	-	(917,000)	917,000	-	-
Share based payments	-	-	959,000	-	959,000
Equity portion of convertible loan	-	-	835,000	-	835,000
Shares issued on exercise of options	1,769,000	734,997	-	-	734,997
Transfer of contributed surplus on exercise of options	-	571,000	(571,000)	-	-
Net loss and comprehensive loss for the year	-	-	-	(12,694,712)	(12,694,712)
Balance at December 31, 2021	334,509,000	\$ 356,041,589	\$ 28,133,000	\$ (310,550,720)	\$ 73,623,869
Share based payments	-	-	288,000	-	288,000
Net loss and comprehensive loss for the period	-	-	-	(2,860,559)	(2,860,559)
Balance at March 31, 2022	334,509,000	\$ 356,041,589	\$ 28,421,000	\$ (313,411,279)	\$ 71,051,310
Balance at December 31, 2020	287,588,662	\$ 296,458,932	\$ 25,993,000	\$ (297,856,008)	\$ 24,595,924
Share base payments	-	-	329,000	-	329,000
Net loss and comprehensive loss for the period	-	-	-	(1,766,662)	(1,766,662)
Balance at March 31, 2021	287,588,662	\$ 296,458,932	\$ 26,322,000	\$ (299,622,670)	\$ 23,158,262

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

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

Three month period ended March 31,	2022	2021
Operating Activities		
Net loss for the period	\$ (2,860,559)	\$ (1,766,662)
Adjustments to reconcile net loss for the period to net cash from operating activities:		
Amortization	10,100	2,810
Impairment of exploration and evaluation expenditures	23,456	-
Unrealized foreign exchange loss / (gain)	46,165	(27,514)
Share-based payments	288,000	329,000
Interest accretion on trade and other payables, loans, and convertible debentures payable to related party	367,692	139,892
Net change in non-cash working capital items:		
Trade receivables and other assets	3,276,327	(104,314)
Deferred transaction costs	(43,990)	-
Trade and other payables	2,281,997	158,882
Farm in partner advances	10,656,455	227,605
Net cash provided from (used in) operating activities	\$ 14,045,643	\$ (1,040,301)
Investing Activities		
Purchases of exploration and evaluation expenditures	\$ (23,132,522)	\$ (2,245,392)
Purchases of property, plant and equipment	(653,468)	(209,679)
Net cash (used in) investing activities	\$ (23,785,990)	(2,455,071)
Net decrease in cash and cash equivalents	\$ (9,740,347)	\$ (3,495,372)
Effect of exchange rate changes on cash held in foreign currencies	(46,165)	27,514
Cash and cash equivalents at beginning of period	17,243,017	11,820,059
Cash and cash equivalents at end of period	\$ 7,456,505	\$ 8,352,201

Supplementary Information

Interest paid	767,496	-
Income tax paid	-	-
Trade and other payables related to investing activities – ending	51,158,263	11,065,819
Trade and other payables related to investing activities – opening	(36,274,633)	(12,197,875)

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

GENERAL

CGX Energy Inc. (“**CGX**” or the “**Company**”) is incorporated under the laws of Ontario. The Company’s head office is located at 333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2R2. Its principal business activity is petroleum and natural gas exploration offshore the Cooperative Republic of Guyana, South America (“**Guyana**”).

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

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

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

The Company has a history of operating losses and as at March 31, 2022 had a working capital deficiency of \$70,354,955 (December 31, 2021 - \$31,146,332) and an accumulated deficit of \$313,411,279 (December 31, 2021 - \$310,550,720). The ability of the Company to continue as a going concern is dependent on securing additional required financing through issuing additional equity or debt instruments, the sale of Company assets, securing a joint farm-out for its Petroleum Production Licences (“**PPLs**”), or securing a partner for the deepwater port project. As a result and given the Company’s capital commitment requirements under the Company’s PPLs outlined in note 9, the Company does not have sufficient cash flow to meet its operating requirements for the 12 month period from the statement of financial position date. The Company has been successful in raising financing in the past, where recently the Company was able to raise \$35 million through a convertible loan (see *Note 10 for detail*), and believes in the viability of its strategy and that the actions presently being taken provide the best opportunity for the Company to continue as a going concern, there can be no assurances to that effect. As a result there exist material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern.

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

Covid-19

During the periods ended March 31, 2022 and 2021, COVID-19 significantly impacted Canada, Guyana and the global economy, which impact continues after March 31, 2022 as well. If the impacts of COVID-19 continue for a significant extended period, there could be further impacts on the Company. At this time, the full potential impact of COVID-19 on the Company is unknown.

1. Nature of Operations and Going Concern Uncertainty *(continued)*

The Russia-Ukraine War

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of presentation

These unaudited condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on May 2, 2022.

The notes herein include only significant transactions and events occurring since the Company’s last fiscal year end and are not fully inclusive of all matters required to be disclosed in the annual audited consolidated financial statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with our most recent annual audited financial statements for the year ended December 31, 2021.

2.3 Use of management estimates, judgments, and measurement uncertainty

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

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

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

2. Basis of preparation *(continued)*

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

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

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

The application of the Company’s accounting policy for exploration and evaluation expenditures requires judgement to determine whether it is probable that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Company 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 there is 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 recognize an impairment loss is required.

Deepwater port assets under construction and useful economic life

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

Functional currency

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

Cash generating units and impairment testing

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

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

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

The equivalent combined carrying value of the CGU’s is compared against the recoverable amount of the CGU’s and any resulting impairment loss is written off to net loss. The recoverable amount is the greater of fair value, less costs to sell, 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.

2. Basis of preparation *(continued)*

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

Taxes

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

Contingencies

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

Valuation of share based payments and warrant liability (Notes 12 and 13)

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

Valuation of convertible loans from related party (Note 10)

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

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to, based on the funds available to the Company, in order to support the acquisition, exploration and development of petroleum and natural gas properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration, 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 three month period ended March 31, 2022 and the year ended December 31, 2021.

3. Capital management *(continued)*

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“**TSXV**”) which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2022 and the date of these unaudited condensed interim consolidated 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 March 31, 2022 totaled \$71,051,310 and was comprised of share capital, reserve accounts and deficit (December 31, 2021 – \$73,623,869).

4. FINANCIAL INSTRUMENTS

Fair value

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

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

The fair value hierarchy has the following levels:

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

As at March 31, 2022 and December 31, 2021, the Company does not have any financial assets measured at fair value and that require classification within the fair value hierarchy.

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

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

i) Credit risk

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

- a) **Cash and cash equivalents** – Cash and cash equivalents are held mainly with major Canadian and American financial institutions in Canada and the United States and therefore the risk of loss is minimal. The Company keeps only a minimal amount of cash and cash equivalents in major Guyanese banks to pay only its current month activities.
- b) **Trade receivables and other assets** – The Company is exposed to credit risk attributable to customers or credits from vendors. The Company does not believe that this risk is significant. (See Note 7)
- c) **Farm in partner advances** – The Company is exposed to credit risk attributable to its farm in partner. The Company does not believe that this risk is significant as these are short term in nature. (See Note 10)

The Company's maximum exposure to credit risk as at March 31, 2022 is the carrying value of cash and cash equivalents and trade receivables and other assets.

CGX Energy Inc.
Notes to the Unaudited Condensed Interim Consolidated Financial Statements – (US\$'s)
For the Three Month Periods Ended March 31, 2022 and 2021

4. Financial instruments (continued)

Fair Value (continued)

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at March 31, 2022, the Company had a working capital deficiency of \$70,354,955 (December 31, 2021 - \$31,146,332). In order to meet its working capital and property exploration expenditures, the Company must secure further financing to ensure that those obligations are properly discharged (See Note 1). There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests.

iii) Market risk

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

a) Interest rate risk

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

b) Currency risk

The Company's exploration and evaluation activities are substantially denominated in US dollars. The Company's funds are predominantly kept in Canadian ("C\$") and US dollars, with major Canadian and US financial institutions. As at March 31, 2022, the Company had approximately C\$112,000 (December 31, 2021 - C\$16,437,000) in Canadian dollar denominated cash deposits.

5. SENSITIVITY ANALYSIS

The Company's funds are mainly kept in Canadian and US dollars with major Canadian and US financial institutions. As at March 31, 2022, the Company's exposure to foreign currency balances approximate as follows:

Account	Foreign Currency	Exposure	
		2022	2021
March 31,			
Cash and cash equivalents	C \$	\$ 112,000	\$ 1,072,000
Trade and other receivables	C \$	846,000	85,000
Trade and other payables	C \$	(500,000)	(363,000)
		\$ 458,000	\$ 794,000

Based on management's knowledge and experience of the financial markets, the Company believes it is reasonably possible over a one year period that a change of 10% in foreign exchange rates would increase/decrease net loss for the three month period ended March 31, 2022 by C\$46,000 (2021 - C\$79,000).

6. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents at March 31, 2022, consisted of \$7,416,505 (December 31, 2021 - \$17,203,017) on deposit with major financial institutions and \$40,000 (December 31, 2021 - \$40,000) in short-term guaranteed investment certificates and fixed instruments with remaining maturities on the date of purchase of less than 90 days.

CGX Energy Inc.
Notes to the Unaudited Condensed Interim Consolidated Financial Statements – (US\$'s)
For the Three Month Periods Ended March 31, 2022 and 2021

7. TRADE RECEIVABLES AND OTHER ASSETS

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

As at,	March 31, 2022	December 31, 2021
Trade receivables	\$ 847,232	\$ 761,749
HST	20,706	40,596
Prepaid expenses	65,557	3,407,478
Total trade receivables and other assets	\$ 933,495	\$ 4,209,823

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

As at,	March 31, 2022	December 31, 2021
1 -90 days	\$ 85,749	\$ 269,332
Over 90 days	761,483	492,417
Total trade receivables	\$ 847,232	\$ 761,749

At March 31, 2022 and December 31, 2021, the Company anticipates full recovery of these amounts receivable and therefore no additional allowance has been recorded against these receivables. Of the trade receivable amount outstanding as at March 31, 2022, \$735,416 (2021 - \$735,000) relates to amounts owed from Frontera. The credit risk on the receivables has been further discussed in Note 4(i). The Company holds no collateral for any receivable amounts outstanding as at March 31, 2022 and December 31, 2021.

8. PROPERTY, PLANT AND EQUIPMENT

	Staging Facility ⁽¹⁾	Logistics Yard ⁽¹⁾	Vehicles, office furniture and fixtures	Computer, software and equipment	Total
Cost					
As at December 31, 2020	\$ 7,597,099	\$ 706,184	\$ 223,354	\$ 539,637	\$ 9,066,274
Net additions	6,255,754	-	103,334	-	6,359,088
As at December 31, 2021	\$ 13,852,853	\$ 706,184	\$ 326,688	\$ 539,637	\$ 15,425,362
Net additions	1,558,096	-	-	-	1,558,096
As at March 31, 2022	15,410,949	706,184	326,688	539,637	16,983,458
Accumulated amortization					
As at December 31, 2020	\$ -	\$ -	\$ 167,114	\$ 539,637	\$ 706,751
Amortization ⁽²⁾	-	-	23,389	-	23,389
As at December 31, 2021	\$ -	\$ -	\$ 190,503	\$ 539,637	\$ 730,140
Amortization ⁽²⁾	-	-	10,100	-	10,100
As at March 31, 2022	-	-	200,603	539,637	740,240
Net book value					
As at December 31, 2021	\$ 13,852,853	\$ 706,184	\$ 136,185	\$ -	\$ 14,695,222
As at March 31, 2022	\$ 15,410,949	\$ 706,184	\$ 126,085	\$ -	\$ 16,243,218

Notes: ⁽¹⁾ No amortization has been recorded on these assets as they are still under construction.

⁽²⁾ Amortization has been recorded within general and administrative expense in the statement of comprehensive income (loss).

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

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

CGX Energy Inc.
Notes to the Unaudited Condensed Interim Consolidated Financial Statements – (US\$'s)
For the Three Month Periods Ended March 31, 2022 and 2021

9. EXPLORATION AND EVALUATION EXPENDITURES

	Corentyne	Berbice	Demerara	Total
Balance, December 31, 2020	\$ 15,732,529	\$ 1,467,609	\$ 1,424,641	\$ 18,624,779
Additions	74,342,450	430,105	1,235,631	76,008,186
Impairment of exploration and evaluation expenditures	-	(1,897,714)	(2,660,272)	(4,557,986)
Balance, December 31, 2021	\$ 90,074,979	\$ -	\$ -	\$ 90,074,979
Additions	35,088,068	8,796	14,660	35,111,524
Impairment of exploration and evaluation expenditures	-	(8,796)	(14,660)	(23,456)
Balance, March 31, 2022	\$ 125,163,047	\$ -	\$ -	\$ 125,163,047

As at March 31, 2022 and December 31, 2021, the expenditures capitalized above include costs for licence acquisitions and maintenance of licences, general exploration, geological and geophysical consulting, surveys, 3D-seismic acquisition, processing and interpretation, drill planning and well exploration costs.

During the year ended December 31, 2021, the Company reviewed its exploration and evaluation expenditures for impairment using IFRS guidance. Considering these factors, in particular the Company prioritizing its work plans on the Corentyne PPL, which reduces the likelihood of the being able to meet its current commitments under the Demerara and Berbice PPLs, the Company recorded an impairment of exploration and evaluation expenditures of \$14,660 and \$8,796 during the three month period ended March 31, 2022 (Year ended December 31, 2021 - \$2,660,272 and 1,897,714), respectively, due to this uncertainty on being able to maintain the Demerara and Berbice PPLs.

While the Company is still in discussions about being able to find a solution to maintain the Demerara and Berbice PPLs, as of the date of these financial statements there can be no assurance that such resolution will be achieved. In the event that such resolution can be achieved in the future, the Company may reverse this impairment and record such reversal as a recovery of previously impaired exploration and evaluation expenditures.

Corentyne PA, Guyana

The Company's 100% owned subsidiary, CGX Resources Inc. ("**CGX Resources**"), was granted the Corentyne PA on June 24, 1998. On November 27, 2012, the Company was issued a new PA and PPL offshore Guyana. On December 15, 2017, the Company was issued an addendum to the November 27, 2012 PA ("**COR Addendum I**"). Under the terms of the COR Addendum I, the Company's work commitments were modified and the Company relinquished 25% of the original contract area block. Effective May 20, 2019 and as at March 31, 2022 and December 31, 2021, the Corentyne PA and PPL is 66.667% owned by CGX Resources. During the year ended December 31, 2019, the CGX Resources received an addendum ("**COR Addendum II**") to the COR Addendum I on the Corentyne PPL as follows:

First Renewal Period, Phase Two (27th November 2017 to 27th November 2019)

"During phase two of the first renewal period, the Company shall complete additional seismic acquisition or seismic processing."

Second Renewal Period, Phase One (27th November 2019 to 26th November 2020)

"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

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

Second Renewal Period, Phase One (27th November 2019 to 26th November 2021)

"During phase one of the second renewal period, the Company shall drill one (1) exploration well."

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

CGX Energy Inc.
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9. Exploration and evaluation expenditures (continued)

Corentyne PA, Guyana (continued)

The table below outlines the commitments under the COR Addendum III as at March 31, 2022:

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

The Company has submitted its proposed 25% acreage relinquishment which are required by the Corentyne PA to the 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 Petroleum Production Licence with respect to that portion of the contract area having a significant discovery.

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

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

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

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

9. Exploration and evaluation expenditures (continued)

Farm-in agreement

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

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

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

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

Demerara PA, Guyana

On February 12, 2013, the Company entered into the Demerara PA and PPL. The new PPL applies to the former offshore portion of the Annex PPL, which was a subset of the Company's original Corentyne PA. On December 15, 2017, the Company was issued an addendum to the February 12, 2013 PA (“**DEM Addendum I**”). Under the terms of the DEM Addendum I, the Company’s work commitments were modified and the Company relinquished 25% of the original contract area block. Effective May 20, 2019 and as at March 31, 2022 and December 31, 2021, the Demerara PA and PPL is 66.667% owned by CGX Resources.

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

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

“During phase one of the second renewal period, the Company shall drill one (1) exploration well.”

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9. Exploration and evaluation expenditures (continued)

Demerara PA, Guyana (continued)

The table below outlines the commitments under the DEM Addendum II as at March 31, 2022:

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

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

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

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

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

The Company has \$1,000,000 of recoverable contract costs brought forward from the original Annex licence. This cost can be recovered against any future commercial production. Annual rental fees of \$100,000 and training fees of \$100,000 are required to be paid under the PA.

9. Exploration and evaluation expenditures (continued)

Demerara PA, Guyana (continued)

Demerara Seismic agreement

In September 2014, the Company entered into a contract with Prospector PTE. Ltd. (“Prospector”) to conduct a 3D seismic survey on the Company’s previously 100% owned Demerara Block as part of its commitments under the Demerara PA. The aggregate cost of this seismic survey was approximately \$19 million with \$7 million paid to Prospector by way of issuance of 15,534,310 common shares, \$2.5 million paid in cash in 2014 and the remainder of approximately \$9.5 million payable in cash twelve months after the conclusion of the seismic survey (December 2015), which is included in trade and other payables as at December 31, 2021 and 2020. In accordance with the contract with Prospector, the amounts outstanding twelve months after the conclusion of the seismic survey shall accrue interest at a rate of 12% per annum. On October 3, 2016, the Company renegotiated the interest rate down from 12% per annum to 6% per annum and agreed to have Prospector complete the seismic processing of the seismic survey. In exchange, CGX has agreed to be responsible under certain circumstances to Prospector for up to a maximum of \$500,000. The processing began in late 2016 and was substantially completed in 2017 (albeit there is an ongoing dispute as to the quality – see below) and as a result, the Company has recorded a provision of \$500,000 in trade and other payables as at December 31, 2021 and 2020.

In July 2018, Prospector filed a request for arbitration against CGX and CGX Resources in the International Chamber of Commerce (“ICC”) for repayment of the debt accrued under Seismic Acquisition dated September 2014 contract (and the addendum thereto) for the acquisition of 3D seismic data on the Demerara Block. Prospector requested that the International Court of Arbitration of the ICC constitute the arbitral tribunal and requested that the tribunal award to Prospector the relief of (i) the amount \$12,420,442 being the amount Prospector alleged it was owed as at May 1, 2018, (ii) any interest that will continue to accrue from May 1, 2018 until the date of the award in the amount of 6% per annum based on the Deed of Addendum 1 (the “Addendum”) between CGX and Prospector dated October 3, 2016, (iii) post-award interest in the amount of 6% per annum until payment as per the Addendum, and (iv) 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 CGX Resources.

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

On January 23, 2021, Prospector formally gave notice of the end of the suspension and recommencement of the Arbitration. On April 23, 2021, the Company filed its Defence and Counterclaim (along with supporting factual, witness and expert evidence) in the Arbitration against Prospector at the International Chamber of Commerce for \$26,083,000, plus interest and costs, for damages it claims to have suffered as a result of the unsatisfactory processing of the 3D seismic data. If the Company is not successful in defending the claim, and the counterclaim fails, then the Company may be liable to Prospector for the sums sought and, possibly, costs.

As at March 31, 2022, the Company has included the amounts it calculates as claimed by Prospector plus accrued interest, being \$14,012,566, as trade and other payables (December 31, 2021 - \$13,872,673), even though the Company contests liability. This amount does not include any amounts CGX is seeking in its counterclaim. The contingent gains, if any, are not recorded as at March 31, 2022 (or December 31, 2021) as the outcome of the proceedings is still unknown and there can be no assurances that the Company will be successful in its counterclaim or that it will be able to collect any damages that it may be awarded.

The Arbitration hearing was conducted at the end of March 2022 in London, UK. It is uncertain when the Arbitral Tribunal will render its decision on the matter.

Berbice PA, Guyana

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

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9. Exploration and evaluation expenditures (continued)

Berbice PA, Guyana (continued)

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

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

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

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

The table below outlines the commitments under the BER Addendum II as at March 31, 2022:

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

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

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

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

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

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10. COMPENSATION OF KEY MANAGEMENT PERSONNEL AND RELATED PARTY TRANSACTIONS

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

On May 28, 2021, the Company entered into a secured convertible bridge loan agreement (the “**Convertible Loan**”) with Frontera in the aggregate principal amount of \$19,000,000. The Convertible Loan is a non-revolving term facility and together with all interest accrued, will be due and payable on June 30, 2022, or such later date as determined by Frontera, at its sole discretion. Interest payable on the principal amount outstanding will accrue at a rate of 9.7% per annum payable monthly in cash, with interest on overdue interest. The Convertible Loan agreement includes a standby fee of 2% multiplied by the daily average amount of unused commitment under the Convertible Loan payable quarterly in arrears during the drawdown period.

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

On October 28, 2021, the Company completed a rights offering (See Note 13), and due to an anti-dilution clause in the Convertible Loan, the conversion price per common share was reduced to US\$0.69743.

The Convertible Loan is secured by all of the assets of the Company. In addition, as of December 31, 2021, CGX Resources and Grand Canal Industrial Estates Inc. signed a guarantee with Frontera for the Convertible Loan. On June 17, 2021, Frontera assigned the Convertible Loan and all the rights associated with it to its wholly owned subsidiary, Frontera ODL Holding Corp. In September 2021, Frontera ODL Holding Corp reassigned the loan back to Frontera.

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

The activity on the Convertible Loan from related party for the three months ended March 31, 2022 and year ended December 31, 2021 is as follows:

	March 31, 2022	December 31, 2021
Opening balance at beginning period/year	\$ 18,527,722	\$ -
Bridge Loan advances	-	19,000,000
Conversion component of convertible loan	-	(835,000)
Transaction costs	-	(59,971)
Interest accretion	232,463	422,693
Accrued and or paid interest on loan from related party	454,037	905,520
Interest paid on loan from related party	(454,037)	(592,463)
Interest recorded in trade and other payables	-	(313,057)
Total loan from related party	\$ 18,760,185	\$ 18,527,722

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

On October 8, 2021, the Company received a \$20 million Rights Offering Bridge Loan Facility (the “**Rights Loan**”) from Frontera. This Rights Loan was made available for drawdown in tranches on a non-revolving basis until October 31, 2021. The Rights Loan, together with all interest accrued, was due and payable on October 31, 2021 (the “**Maturity Date**”) or such later date as determined by Frontera, at its sole discretion. The Company and Frontera agreed that the acquisition cost of any securities acquired by Frontera pursuant to the exercise of Rights Offering would be satisfied by the reduction of the amounts payable to Frontera under the Rights Loan. Interest payable on the principal amount outstanding accrued at a rate of 9.7% per annum payable monthly in cash, with interest on overdue interest. If the Maturity Date was extended by Frontera, at its sole discretion, the new interest rate would have been 15% per annum. The loan was fully drawn on October 25, 2021 and fully settled upon closing of the Right Issue on October 28, 2021 (See Note 13).

The activity on the Rights Loan from related party for the three months ended March 31, 2022 and year ended December 31, 2021 is as follows:

	March 31, 2022	December 31, 2021
Opening balance at beginning of period/year	\$ -	\$ -
Bridge Loan advances	-	20,000,000
Interest on loan from related party	-	21,260
Interest paid on loan from related party	-	(21,260)
Settled from Rights Offering (see note 13)	-	(20,000,000)
Total loan from related party	\$ -	\$ -

On April 8, 2022, CGX completed a financing agreement for a U.S. \$35 million loan (the “**Loan**”) with Frontera Energy Corporation (“**Frontera**”), which was first agreed on March 10, 2022, and then amended; to finance part of its share of costs related to the Corentyne Block, the Berbice Deepwater Port and other budgeted costs as agreed to with Frontera. The Loan will be available for drawdown in tranches on a non-revolving basis until the earlier of September 10, 2023, or the date on which CGX has drawn down the maximum amount of the Loan. The loan was fully drawn in one tranche on April 13, 2022. The Loan, together with all interest accrued, shall be due and payable September 10, 2023, or such later date as determined by Frontera, at its sole discretion. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum, with interest on overdue interest. If the Loan is extended by Frontera past September 10, 2023, in its sole discretion, the new interest rate will be 15% per annum. A standby fee of 2% per annum multiplied by the daily average amount of unused commitment under the Loan in excess of U.S. \$19 million shall be payable quarterly in arrears by CGX, on the last business day of each fiscal quarter, during the drawdown period. Frontera in its sole discretion, any time after July 31, 2022, up to and including September 10, 2023, may elect to convert all or a portion of the principal amount of the Loan outstanding, into common shares of CGX at a conversion price equal to U.S. \$2.42 per common share (being the U.S. dollar equivalent of Cdn. \$ 3.10 per common share), provided Frontera provides CGX with 15 business days notice of such conversion. CGX has the right to prepay all or any portion of the Loan, including any unpaid interest, on 15 business days notice to Frontera before September 10, 2023. CGX is also required to repay all of the Loan that is outstanding in the event that without the consent of Frontera, it issues any security that would dilute Frontera’s current ownership of CGX, or any of its subsidiaries enters into any transaction the proceeds of which are used by CGX to pay its part of the authorized costs of the Wei-1 exploration well. The maximum number of common shares of CGX which may be acquired by Frontera upon the conversion of the principal amount of the Loan is 14,462,809 million common shares of CGX. If the Loan principal is converted in full, Frontera will hold approximately 77.93% of the currently issued and outstanding common shares of CGX (compared to its current ownership of 76.97%). During the three month period ended March 31, 2022, the company incurred deferred transaction costs of \$43,990 (December 31, 2021 – Nil) and has recorded these as deferred transaction costs as at March 31, 2022. These amounts were recorded against the Loan on the date of completion of the Loan, being April 8, 2022.

Farm in partner over/under call

Under the JOAs, the Company is operator on both the Corentyne and Demerara licences. As operator, the Company makes cash calls from its partner to pay for future licence expenditures. As at March 31, 2022, the Company had cash called and received in advanced \$2,817,544 (December 31, 2021 - \$7,838,911 receivable) for future exploration on the Corentyne and Demerara licences.

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

Farm in partner over/under call (continued)

In addition, as operator of the Corentyne and Demerara licences, the Company receives a fee from its partner to reimburse its indirect costs related to operating the licence. This fee is based on total expenditures under the JOAs. During the three month period ended March 31, 2022, the Company received fees from its farm in partner of \$56,792 (2021 - \$93,933).

Key Management

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

Three month period ended March 31,	2022		2021	
Short-term employee benefits	\$	618,000	\$	395,000
Share based payments		414,000		257,000
Total compensation paid to key management	\$	1,032,000	\$	652,000

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

At March 31, 2022, included in trade and other payables is \$300,000 (December 31, 2021 - \$300,000) due as a result of deferred payment of directors' fees. These amounts are unsecured, non-interest bearing and due on demand. See also Note 15.

11. TRADE AND OTHER PAYABLES

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

As at,	March 31, 2022		December 31, 2021	
Less than one month, accruals and accrued interest	\$	31,157,652	\$	30,787,052
One month to three months		16,273,576		1,601,557
Over three months		9,779,989		9,521,752
Total trade and other payables	\$	57,211,217	\$	41,910,361

12. CAPITAL STOCK

Share capital

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

	Number of Shares		\$	
Balance at December 31, 2020	287,588,662		296,458,932	
Shares issued for rights offering	45,151,338		59,451,865	
Share issue costs	-		(258,205)	
Warrants issued under rights offering	-		(917,000)	
Shares issued on exercise of options ¹	1,769,000		734,997	
Value of contributed surplus transferred on exercise of options	-		571,000	
Balance at March 31, 2022 and December 31, 2021	334,509,000		356,034,995	

¹ The weighted average trading price on date of exercise for the stock options exercised during the three month period ended March 31, 2022 was \$1.12 (C\$1.39) (year ended December 31, 2021 - \$1.12 (C\$1.39)).

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12. Capital stock (continued)

Share capital (continued)

On October 28, 2021 the Company completed a rights offering (the “**Offering**”). Pursuant to the Offering, the Company issued to holders of its outstanding common shares of record as at the close of business on October 1, 2021 an aggregate of 45,151,338 transferable rights (each, a “**Right**”). Each Right entitled the holder thereof to subscribe for one common share upon payment of the subscription price of C\$1.63 (equivalent of approximately \$1.32) per common share until October 28, 2021. The Company issued 45,151,338 common shares, the maximum number of common shares available for issuance under the terms of the Offering, based on shareholders’ exercise of the basic subscription privilege and the additional subscription privilege, allocated pro-rata, for aggregate gross proceeds to the Company of C\$73,596,681 (equivalent of approximately \$59,451,865).

Frontera provided a standby commitment in connection with the Offering (the “**Standby Commitment**”), in which Frontera would acquire any common shares available as a result of any unexercised Rights under the Rights Offering, such that CGX was guaranteed to issue 45,151,338 common shares in connection with the Offering. In consideration for the Standby Commitment, Frontera received 5-year warrants to purchase up to 1,173,774 common shares at an exercise price equal to \$1.51 per common Share. Frontera acquired an additional 11,737,747 common shares under the Standby Commitment. Frontera acquired an aggregate of 45,083,314 common shares in connection with the Offering pursuant to the exercise of Rights and the Standby Commitment under the Offering for cash consideration of C\$73,485,802 (equivalent of approximately \$59,362,296). As of December 31, 2021, Frontera owns an aggregate of 257,475,469 common shares on a non-diluted basis, which represents approximately 76.97% of the issued and outstanding common shares.

The grant date fair value of the warrants issued on the rights offering of \$917,000 was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.5%
Expected volatility	111%
Expected life of warrants	5 years
Expected dividend yield	Nil
Common share price value on issue date	C\$1.29

Common share purchase warrants

The exercise price and expiry date of the warrants outstanding at March 31, 2022 are as follows:

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

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

	Three months ended March 31, 2022		Year ended December 31, 2021	
	Weighted Average Exercise Price (\$)	No. of Warrants	Weighted Average Exercise Price (\$)	No. of Warrants
Outstanding at beginning of period/year	\$1.51	1,173,774	-	-
Transactions during the period/year:				
Issued	-	-	\$1.51	1,173,774
Exercised	-	-	-	-
Outstanding at end of period/year	\$1.51	1,173,774	\$1.51	1,173,77

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12. Capital stock (continued)

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

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

	Three months ended		Year ended	
	Weighted Average Exercise Price (\$)	No. of Options	Weighted Average Exercise Price (\$)	No. of Options
Outstanding at beginning of period/year	C\$0.59	16,191,00	C\$0.46	14,360,000
Transactions during the period/year:				
Granted	-	-	C\$1.05	3,600,000
Exercised	-	-	C\$0.51	(1,769,000)
Forfeited	-	-	-	-
Outstanding at end of period/year	C\$0.59	16,191,00	C\$0.59	16,191,000
Exercisable at end of period/year	C\$0.49	14,391,00	C\$0.48	13,790,999

The following table provides additional outstanding stock option information as at March 31, 2022:

Exercise Price	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	No. of Options Exercisable	Weighted Average Exercise Price
C\$ 0.085	1,000,000	0.09	C\$0.085	1,000,000	C\$0.085
C\$ 0.46 – 0.495	10,741,000	2.72	C\$0.460	10,741,000	C\$0.460
C\$ 0.71 – 0.82	2,650,000	3.31	C\$0.760	2,650,000	C\$0.760
C\$ 1.36	1,800,000	4.57	C\$1.360	-	-
C\$ 0.085 - 0.82	16,191,000	2.86	C\$0.590	14,391,000	C\$0.490

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 three month period ended March 31, 2022:

	Vesting of prior year issued options	Totals
Share based compensation	\$ 288,000	\$ 288,000

CGX Energy Inc.
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12. Capital stock (continued)

Options (continued)

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share based compensation for the stock options granted and/or vested during the year ended December 31, 2021:

	Vesting of prior year issued options	January 5, 2021	March 23, 2021	October 25, 2021	Totals
Number of options granted		400,000	1,400,000	1,800,000	3,600,000
Exercise price		C\$0.495	C\$0.82	\$1.36	
Risk-free interest rate		0.39%	0.95%	1.34%	
Expected life (years)		5.0	5.0	5.0	
Expected volatility		101.58%	106.77%	110.55%	
Market price		C\$0.495	C\$0.82	\$1.36	
Expected dividends and forfeiture rate		-	-	-	
Vesting		1/3 immediately, 1/3 in 6 months and 1/3 in 12 months	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months	1/3 on anniversary of year 1, year 2 and year 3	
Fair value of grant		\$ 116,000	\$ 703,000	\$ 1,564,000	\$ 2,383,000
Share based compensation	\$ 11,000	\$ 116,000	\$ 654,000	\$ 178,000	\$ 959,000

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

The weighted average grant-date fair value of options granted during the three month period ended March 31, 2022 was \$Nil (year ended December 31, 2021 – \$0.66) per option issued.

13. RESERVE FOR SHARE BASED PAYMENTS

A summary of the changes in the Company's reserve for share based payments for the three month period ended March 31, 2022 and year ended December 31, 2021 is set out below:

As at,	March 31, 2022	December 31, 2021
Balance at beginning of period/year	\$ 28,133,000	\$ 25,993,000
Share based payments (note 13)	288,000	959,000
Equity portion of convertible debt (note 10)	-	835,000
Value transferred on exercise of options (note 13)	-	(571,000)
Warrants issued under rights offering (note 13)	-	917,000
Balance at end of period/year	\$ 28,421,000	\$ 28,133,000

CGX Energy Inc.
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14. SEGMENTED INFORMATION

Operating and geographic segments

At March 31, 2022 and December 31, 2021, the Company's current operations are comprised of a single reporting operating segment engaged in petroleum and natural gas exploration in Guyana. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in IFRS 8 'Operating Segments'.

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

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

As at,	March 31, 2022	December 31, 2021
Total current assets		
Canada	\$ 8,070,475	\$ 25,461,691
Guyana	363,516	3,830,059
	\$ 8,433,991	\$ 29,291,750
Total non-current assets		
Canada	\$ -	\$ -
Guyana	141,406,265	104,770,202
	\$ 141,406,265	\$ 104,770,202
Total Identifiable assets		
Canada	\$ 8,070,475	\$ 25,461,691
Guyana	141,769,781	108,600,261
	\$ 149,840,256	\$ 134,061,952

15. COMMITMENTS AND CONTINGENCIES

Contractual obligations

The Company has entered into agreements for service contracts. As at March 31, 2022, the future minimum consultancy commitments and contract commitments over the next five years are as follows:

	Contractual Obligations
2022	\$ 9,519,801

The Company has entered into contracts for Pore Study, Modeling, 3D Reprocessing, and long lead items over the Corentyne Block and the Berbice Deepwater Port to complete its requirement under the Corentyne PPLs and agreements for access road construction, rip rap flood protection in the southern transition, laydown yard constructions for the Wharf Project. As at March 31, 2022, aggregate minimum future obligation still outstanding under these agreements is \$9,519,801, of which the Company's share of these costs is \$6,131,830, with the remainder to be collected from its farm-in partner. All these amounts are expected to be paid in 2022.

Contingencies

As at March 31, 2022, the Company is party to two (December 31, 2021 – two) separate written management agreements with certain senior officers of the Company. The two contracts currently require a total payment of up to \$2,061,000 (December 31, 2021 –\$2,061,000) be made upon the occurrence of certain events such as termination and change in control. During the year ended December 31, 2021 and on November 8, 2021, the Company terminated one of these agreements for a termination payment of \$754,000 and settled this amount by paying \$388,000 during the year end December 31, 2021 and recording a liability of \$366,000 in trade and other payables as at December 31, 2021. The amount in trade and other payables is to be settled in 12 equal monthly installments of \$33,000 ending on November 15, 2022. As at March 31, 2022, the balance in trade and other payables was \$275,000.