



CENTAURUS ENERGY INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025



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(Unless otherwise indicated, all dollar amounts are in United States dollars ("USD"))

This Management's Discussion and Analysis of financial condition and results of operations ("MD&A") is based on information available to October 28, 2025 and should be read in conjunction with Centaurus Energy Inc.'s ("Centaurus" or the "Company") unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2025 and the accompanying notes as well as the audited consolidated financial statements for the year ended December 31, 2024 and the accompanying notes. This MD&A contains forward-looking information about the Company's current expectations, estimates, projections and assumptions. See the Advisory for information on the risk factors that could cause actual results to differ materially and the assumptions underlying the Company's forward-looking information. Centaurus's Management prepared the MD&A, while the Audit Committee of the Centaurus Board of Directors (the "Board") reviewed and recommended its approval by the Board. Additional information relevant to the Company's activities contained in its continuous disclosure documents, including quarterly condensed interim consolidated financial statements and the Annual Information Form ("AIF"), is available on SEDAR at www.sedar.com and on the Company's website at www.ctaurus.com.

Basis of Presentation

This MD&A and the unaudited condensed interim consolidated financial statements and comparative information have been prepared in United States dollars ("USD"), except where another currency has been indicated, and have been prepared in accordance with IFRS Accounting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB").

Non-GAAP Measures

Certain financial measures in this document do not have a standardized meaning as prescribed by IFRS, such as funds flow from (used in) operations, working capital and netbacks and therefore are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented to provide shareholders and potential investors with additional measures for analyzing the Company's ability to generate funds to finance its operations and information regarding its liquidity. The additional information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. The definition and/or reconciliation of each non-GAAP measure is presented in the Netbacks and Reconciliation of Cash Flow from (used in) Operating Activities and Funds Flow from (used in) Continuing Operations sections of this MD&A.

Funds flow from (used in) continuing operations per share is calculated using the same basic and diluted weighted average number of shares for the period, consistent with the calculations of loss per share.



Introduction

Centaurus Energy Inc. ("Centaurus," the "Company," or the "Corporation") is an independent, Canadian company that was focused on Argentine upstream oil and gas with operations until January 2023. The Company is currently focused on investing in Ether and other digital commodities and on managing the future proceeds from the ORRI.

Centaurus trades on the TSX Venture Exchange ("TSXV") under the symbol CTA and on the OTCID market under the symbol CTARF. Unless specifically noted, all current and comparative reporting periods' operating and financial disclosures and discussion are in reference to the continuing Argentine operations and corporate segments.

2023 Highlights

The ORRI

The ORRI, announced on April 28, 2021 and closed on March 23, 2022, is the payment to Centaurus, over time, of 1.25% to 2.5% Overriding Royalty Interest (ORRI) over the net proceeds corresponding to the 29% interest assigned by Centaurus to Pan American Energy, S.R.L., Argentine Branch ("PAE") in the Coiron Amargo Sur Este petroleum block in the Province of Neuquén, which is payable by PAE in semi-annual installments, and other considerations totaling \$16.83 million (as of the effective date of January 1, 2021).

To date, PAE has made payments to Centaurus as planned. And Centaurus expects that PAE will continue to make the payments in the future from the output and revenue from Coiron Amargo Sur Este.

Initially, the payments to Centaurus equal an overriding royalty of 1.25%, with another 1.25% being credit to PAE for previous payment made to the Province of Neuquén on behalf of Centaurus. Upon complete satisfaction of the previous payments made to the Province of Neuquén by PAE on behalf of Centaurus, Centaurus will receive semi-annual overriding royalty payments of 2.5% corresponding to the 29% interest assigned by Centaurus to PAE.

The ORRI agreement provides for an annual adjustment, for calculation and addition of interest and other expenses (income).

In February 2024, Centaurus received \$150,200 from the ORRI.

In August 2024, Centaurus received \$264,818 from the ORRI.

In February 2025, Centaurus received \$321,454 from the ORRI.

In August 2025, Centaurus received \$339,191 from the ORRI.

Nature of the ORRI

The original ORRI agreement contract (the "2021 PAE Agreement"), between PAE and MEA, was signed on April 28, 2021.

The 2021 PAE Agreement sets out that in exchange for the Transferred Interests (MEA's 29% ownership interest in CASE) PAE would pay MEA a Referenced Value of \$ 51,425,625.56 comprised of:

- \$26,425,625.56 for the Outstanding Loan (under the Loan Agreement; *i.e.* PAE would cancel all the outstanding amounts owed by MEA to PAE under the Loan Agreement);
- \$350,000 for a deposit amount; and
- \$24,650,000 for the ORRI Payments (payable overtime in semi-annual installments, on the basis of a 2.5% net royalty on the Transferred Interests)

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In addition, an Adjustment Factor rate (interest rate) of 1.5% is set for years 2023-2028, a 3% rate for years 2029-2033, and a 4.5% rate for years 2034 to 2040.

Finally, PAE's payment obligations are satisfied upon the earlier of:

- Payment in full of the ORRI Payments;
- December 31, 2040; and
- the termination of the CASE operating agreement by the Argentina Government

Due to multiple closing conditions, the agreement/transfer was closed on March 23, 2022.

Prior to Closing, an Amendment to the 2021 PAE Agreement, reducing the total amount of the ORRI to \$16.8mm, was executed on March 21, 2022 (the "Amended PAE Agreement").

Pursuant to the Amended PAE Agreement

- the Referenced Value was amended to \$49,255,625.56 (reduced by \$2,170,000);
- PAE would pay, on behalf of MEA, to the Province of Neuquén the amount of \$6,000,000, relating to independent amounts owed by MEA to the Province of Neuquén;
- The ORRI Payments were reduced to \$16,830,000.

The Amended PAE Agreement also sets out that MEA would split its quota payment of 2.5% (outlined in the original 2021 PAE Agreement) to be received from PAE for the ORRI Payments to:

- 1.25% would be received by PAE up and until PAE receives \$8,000,000 of ORRI Payments (for its upfront payment of the \$6.0m to the Province of Neuquén); and
- 1.25% of the Net Proceeds of the ORRI will be paid to Centaurus until 1) above is completed.

After the \$8m is completely paid, the quota payment shall revert to entire 2.5% payable to MEA until the ORRI Payments are fully paid.

MEA transferred the ORRI to Centaurus pursuant to the Assignment Agreement dated January 12, 2023.

PAE is required to pay the ORRI Payments semi-annually; Jan-June (H1) and July-Dec (H2).

The H1 payment amount is calculated, detailed and communicated by PAE in July of the corresponding year, and payment is made mid-August.

The H2 payment amount is calculated, detailed and communicated by PAE in January of the following year, and payment is made in mid-February.

Sale of Madalena Energy Argentina SRL to Gasener

On January 12, 2023, Centaurus closed an agreement with Gasener SRL, a hydrocarbon trading company based in Argentina, whereby Gasener acquired Madalena Energy Argentina S.R.L., the Company's operating subsidiary based in Argentina. Pursuant to the Transaction, Gasener acquired MEA for a purchase price of \$20,000 and assumed all liabilities with respect to MEA. Prior to the Transaction, Centaurus acquired MEA's interests in the ORRI in exchange for assumption and extinguishment of the intercompany debt owed by MEA to Centaurus. In addition, as part of the Transaction, a debt obligation of approximately \$260,000 owed by MEA to David Tawil was assumed by Centaurus. The effect of the Transaction was that the Company transferred all its conventional oil and gas assets and related liabilities in Argentina, including sizable upcoming drilling commitments, to Gasener, while retaining the ORRI.



2024 Highlights

New capital allocation strategy

On March 27, 2024, Centaurus announced a new capital allocation strategy, focused on the digital commodity Ether (ETH), the native asset of the Ethereum blockchain. Now, the Company will hold that digital commodity as its primary treasury reserve asset.

Centaurus began purchasing Ether on March 26, 2024.

As at September 30, 2025, the company owned a total of 137.9459 Ether (ETH). That holding includes 0.7396 ETH earned during the quarter through staking activities.

The Company's average purchase cost per ETH is \$2,882.05.

The following table presents the reconciliation of the beginning and ending balances of the digital assets as at December 31, 2024 and as at September 30, 2025:

Asset	Detail	Beg. Balance	Purchases	Sales	Staking rewards	End. Balance
Ether	Quantity	135.7192	0.0000	0.0000	2.2267	137.9459
	Valuation - USD	390,988	-	-	6,580	397,567

New loan agreement with David Tawil

On March 20, 2024, in connection with the Company's new capital allocation strategy, David Tawil entered into a new loan agreement with Centaurus, providing up to \$1.5 million of capital, at the greater of: (i) 7% per annum or (ii) 65% of the profits on the corresponding Ether purchased by the Company.

Plan to Focus on Investing Directly in Physical and Digital Commodities and Related Proposed Change of Business into an Investment Issuer, Name Change to Layer One Inc., 2:1 Share Consolidation

On July 16, 2024, Centaurus announced that it proposed a change of business of the Company from a Tier 2 Oil & Gas Issuer to a Tier 2 Investment Issuer (the "Proposed Change of Business"), pursuant to TSX-V Policy 5.2 - *Changes of Business and Reverse Takeovers*.

The update aims to refine the Company's transition from oil & gas exploration and production operator, which was the result of the 2023 sale of Madalena Energy Argentina S.R.L. to Gasener, to making strategic investments in



physical and digital commodities. With this new listing status, Centaurus may invest directly in physical and digital commodities, undertake corporate transactions, and acquire strategic equity positions.

On December 23, 2024, the Exchange conditionally accepted the Company's Proposed Change of Business. Additionally, the Exchange conditionally accepted the Company's application for a name change to "Layer One Inc." (the "Name Change"), the reviewable transactions for the sale of the Coiron Amargo Sur Este petroleum block (the "CASE Transaction"), and the Madalena Energy Argentina S.R.L./Gasener SRL disposition (the "Gasener Transaction").

The Company is focused on fulfilling the prescribed requirements to obtain the Exchange's approval of the Proposed Change of Business. Subsequent to the completion of the Proposed Change of Business, and subject to obtaining final approval of the Exchange, the Company will be listed on the TSX-V as a Tier 2 Investment Issuer, aligning the Company with its current business focus in investment in physical and digital commodities. In addition, subject to approval by the Exchange, the Company plans to change its name to "Layer One Inc." and its trading symbol to "LAYR" or such other name and trading symbol as may be determined by Centaurus which are acceptable to the Exchange.

Stock purchases

Since 2023, Centaurus has been purchasing its own shares. During the three-month period ended September 30, 2025, Centaurus did not purchase any shares. As at September 30, 2025, the Company holds 37,300 shares.

On May 28, 2024, Centaurus announced that the TSX Venture Exchange ("TSX-V") accepted the Company's notice to extend and implement a normal course issuer bid ("NCIB") to purchase up to 108,545 of its common shares, representing 10% of Centaurus' Public Float (calculated in accordance with the rules of the TSX-V), over a twelve month period commencing on May 30, 2024. The NCIB expired on May 30, 2025.

The following table presents the reconciliation of common shares holdings as at December 31, 2024 and as at September 30, 2025:

Asset	Detail	Beg. Balance	Purchases	Sales	End. Balance
CENTAURUS ENERGY INC REGISTERED SHS ISIN#CA15138B3065	Quantity	15,300	22,000	-	37,300



Foreign Exchange Fluctuations

The table below provides various exchange rates that illustrate the quarterly foreign exchange fluctuations between the USD, the Argentine Peso (“ARS”), and the Canadian dollar (“CAD”). The table illustrates the impact of both the ARS and CAD changes relative to the USD in the three months ended September 30, 2025 compared to the three months ended September 30, 2024. Foreign exchange changes in CAD and ARS impact the unrealized foreign exchange gains and losses recorded in the condensed interim consolidated statements of income (loss).

(1)

USD	Three months ended September 30			Nine months ended September 30		
	2025	2024	% Change ⁽¹⁾	2025	2024	% Change ⁽¹⁾
Average CAD to USD	0.726	0.733	(0.96%)	0.715	0.730	(2.08%)
Period end CAD to USD	0.718	0.741	3.03%	0.718	0.695	3.36%

(1) Differences calculated from the numbers within the table are due to rounding.

Continuing Argentine Operations and Corporate Segments

General and Administration (“G&A”) Expenses

USD 000s	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Gross G&A				
Compensation costs	62	61	185	183
Audit	44	-	74	-
Professional services	25	-	70	-
Consulting fees	(8)	-	80	-
Other	-	128	7	165
	123	189	416	348



Finance (Income) and Expenses

USD 000s	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Corporate				
Bank charges	-	1	1	2
Foreign exchange loss – unrealized	(9)	7	20	(7)
Accrued interest	52	124	155	(198)
Investment (gain) loss	3	-	55	-
ORRI Accretion	(198)	-	(588)	-
	(152)	131	(357)	(203)

Foreign exchange loss (gain)

During the Quarter, the Company recorded an unrealized foreign exchange gain of \$9 thousand (Q3-2024 loss \$7 thousand).

Funds flow from (used in) Continuing Operations, Net Income (Loss) and Comprehensive Income (Loss) from Continuing Operations

USD 000s	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Funds flow from (used in) continuing operations	(444)	(128)	(665)	(338)
Per share – basic and diluted	(0.42)	(0.19)	(0.63)	(0.31)
Net gain (loss)	31	(72)	(52)	260
Per share – basic and diluted	0.03	(0.07)	(0.05)	0.24
Comprehensive gain (loss)	31	(72)	(52)	260

Transactions with Related Parties

As at September 30, 2025, the interest expense accrued on the two David Tawil loans was \$50 thousand (Dec 2024 - \$55 thousand).

As at September 30, 2025, the Company owes David Tawil the sum of \$891,913 for consulting fees. That debt is included within “Trade and other payables”.

On March 25, 2020, the Corporation announced the termination of employment of Jose Penafiel as President and Chief Executive Officer, the employment of Alejandro Penafiel as Vice President, Growth and Capital and the employment of Ezequiel Martinez Ariet as Chief Financial Officer. In addition, the Corporation announced that David D. Tawil and Steven Azarbad had been appointed to the Board, and that David D. Tawil had been appointed interim Chief Executive Officer.



On September 13, 2017, the shareholders of the Corporation passed an ordinary resolution approving KD Energy as a new "Control Person" (as such term is defined in the TSX Venture Exchange Corporate Finance Manual) of the Corporation. In connection therewith, the convertible loan agreement dated May 8, 2017, for an amount up to \$16.5 million is available to be drawn upon by the Corporation in accordance with the terms thereof, as amended by the Amended and Restated Loan Agreement. During the period ended September 30, 2025, there were not any disbursements (2023 – nil) and interests related for \$107 thousand (Dec 2024 – \$143 thousand).

The transactions arose during the normal course of business and have been recorded at the exchange amounts, which are the amounts agreed upon by the related parties. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available in similar transactions with arm's length third parties.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk

USD 000s	September 30 2025	December 31 2024
Working capital (deficit) surplus		
Canada	(4,626)	(4,795)
Shareholders' equity	6,459	6,556

As at September 30, 2025, the working capital deficit of the Company was \$4.6 million (December 31, 2024 -\$4.8 million).

On March 27, 2020, the Company received a notice of default and reservation of rights from KD Energy and Hispania, alleging that the Corporation is in default of the terms of the Working Capital Loan Agreement and Amended and Restated Convertible Loan Agreement.

KD Energy International, Capital Limited, Jose David Peñafiel, Alejandro Augusto Peñafiel, and Totisa Holdings S.A. v Centaurus Energy Inc

In a Canadian court, KD Energy made a claim for repayment of funds advanced to Centaurus allegedly under the Capex Loan in the amount of \$2,093,014.76, plus 7% interest from 7 April 2020 to date of trial, or alternatively claim by Totisa in unjust enrichment for funds advanced in the amount of \$2,093,014.76 plus interest under the Judgment Interest Act, plus costs. In addition, in the same case, Jose Peñafiel claimed for wrongful dismissal damages of \$315,000 plus aggravated and punitive damages of \$300,000, and Alejandro Peñafiel claimed for wrongful dismissal damages of \$180,000 plus aggravated and punitive damages of \$150,000, plus interest.

In this case, Centaurus defeated a summary judgment application by Totisa.

KD Energy International Capital Limited and Hispania Petroleum S.A. v Centaurus Energy Inc.

In the same Canadian court, KD Energy and Hispania have made claims for repayment of debt in the amount of \$2,411,770.40 plus interest of 7% per annum accruing from 27 June 2022 to date of trial, for funds advanced to



Centaurus under either a capex loan or a working capital loan facility, plus costs. This relief sought is duplicative of the relief sought previously.

Centaurus filed a Statement of Defence and Counterclaim, seeking to set off any amounts owing, seeking damages of at least \$3,000,000 and punitive damages against the Plaintiffs, and seeking to consolidate the Actions.

The Plaintiffs filed a Statement of Defence to Counterclaim and Reply to Defence. Centaurus filed a Reply to Statement of Defence to Counterclaim.

PEÑAFIEL, JOSÉ S/INFRACCIÓN ARTS. 309 Y 311 DEL C.P.

Centaurus' prior management, specifically, Mr. José David Peñafiel and Mr. Alejandro Peñafiel, have been charged with and are being investigated by federal prosecutors in Buenos Aires, Argentina for numerous criminal counts, including, fraudulent management, special fraud to shareholders, market manipulation, accounting fraud, and money laundering.

Repatriation of Funds to Canada

Despite the proceeds of the ORRI being paid in Argentina, the Company no longer has any operations in Argentina. Funds are required to enable the Company to maintain compliance and manage the regulatory, reporting, audit, legal and tax requirements of a company listed on the TSXV.

Fair value of Financial Instruments

The Corporation's financial instruments include cash and cash equivalents, the ORRI and other receivables, certain items in other long-term assets and liabilities, current portion of long-term debt, trade and other payables, taxes payable, convertible loan, the carrying values of which approximate their fair values due to their short-term nature with the exception of certain long-term assets and liabilities whose calculated fair value approximates its carrying value.

QUARTERLY FINANCIAL RESULTS

Continuing Operations

USD 000s, unless otherwise noted	Q3 2025	Q2 2025	Q1 2025	Q4 2024
Oil and natural gas revenues	-	-	-	-
Net income (loss)	31	(52)	(32)	163
Shares outstanding – millions	1.1	1.1	1.1	1.1
Net income (loss) per share – basic and diluted	0.03	(0.05)	(0.03)	0.15

USD 000s, unless otherwise noted	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Oil and natural gas revenues	-	-	-	-
Net income (loss)	260	349	(16)	(392)
Shares outstanding – millions	1.1	1.1	1.1	1.1
Net income (loss) per share – basic and diluted	0.24	0.32	(0.01)	(0.36)

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Critical Accounting Judgments, Estimates and Accounting Policies

For more details regarding the Company's critical accounting judgments, estimates and accounting policies the following should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024.

Management is required to make judgments, estimates and assumptions in the application of accounting policies that could have a significant impact on the Company's financial results. Actual results may differ from those estimates and those differences may be material. The estimates and assumptions used are subject to updates based on experience and the application of new information. The Company's critical accounting policies and estimates are reviewed annually by the Audit Committee of the Board. Further details on the basis of presentation and significant accounting policies can be found in the Company's notes to the consolidated financial statements for the year ended December 31, 2024.

Critical Accounting Judgments in Applying Accounting Policies

Critical judgments are those judgments made by management in the process of applying accounting policies that have the most significant effect on the amounts recognized in the Corporation's Condensed Interim consolidated financial statements and accompanying notes for the period ended June 30, 2025. Further information on management's critical accounting judgments in applying accounting policies can be found in the notes to the consolidated financial statements for the year ended December 31, 2024.

Critical accounting estimates

Critical accounting estimates are those estimates that require Management to make particularly subjective or complex judgments about matters that are inherently uncertain. Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to accounting estimates are recognized in the period in which the estimates are revised. During the Quarter, there were no changes to the Company's key sources of estimation uncertainty. Further information on the Company's key sources of estimation uncertainty can be found in the notes to the consolidated financial statements for the year ended December 31, 2024.

Risk Management

For a full understanding of the risks that impact the Company, the following discussion should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024.

The Company is exposed to a number of risks through the pursuit of its strategic objectives. Some of these risks impact the oil and gas industry as a whole and others are unique to its operations and its involvement in Argentina. Actively managing these risks improves the Company's ability to effectively execute its business strategy. The factors that impact the Company's exposure to liquidity risk, safety risk, capital project execution and operating risk, reserves replacement risk, environmental risk and regulatory risk has not changed substantially since December 31, 2023. For a further and more in-depth discussion of the Company's risk management see the Company's Consolidated Financial Statements for the year ended December 31, 2024.

Advisory

Forward Looking Statements

This MD&A may include forward-looking statements including opinions, assumptions, estimates and management's assessment of future plans and operations, expected depletion, depreciation and accretion expenses, expectations as to the taxability of the Company and planned capital expenditures and the timing and funding thereof. When used in this document, the words "anticipate," "believe," "estimate," "expect," "intent," "may," "project," "plan", "should" and similar expressions are intended to be among the statements that identify forward-looking statements. Forward-



looking statements are subject to a wide range of risks and uncertainties, and although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to, the outcome of the strategic review process, risks associated with petroleum and natural gas exploration, development, exploitation, production, marketing and transportation, the volatility of petroleum and natural gas prices, currency fluctuations, the ability to implement corporate strategies, the ability to repatriate funds from Argentina, the state of domestic capital markets, the ability to obtain financing, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, changes in petroleum and natural gas acquisition and drilling programs, delays resulting from inability to obtain required regulatory approvals, delays resulting from inability to obtain drilling rigs and other services, labour supply risks, environmental risks, competition from other producers, imprecision of reserve estimates, changes in general economic conditions, ability to execute farm-in and farm-out opportunities, and other factors, all of which are more fully described from time to time in the reports and filings made by the Company with securities regulatory authorities.

The forward looking statements contained in this MD&A are expressly qualified by this cautionary statement. Readers are cautioned not to place undue reliance on forward-looking statements, as no assurances can be given as to future results, levels of activity or achievements. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements.

Numerical Amounts

The reporting and the measurement currency is the USD.