GALLO LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

CENTAURUS

CENTAURUS ENERGY INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN UNITED STATES DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Centaurus Energy Inc.

Opinion

We have audited the consolidated financial statements of Centaurus Energy Inc. (the Group), which comprise the statement of financial position as at December 31, 2023, and the consolidated statements of comprehensive (loss) income and changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Gallo, CPA, CA, MBA.

Gallo LLP

March 25, 2024

Edmonton, Alberta

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Consolidated Statements of Financial Position

USD 000s	Note	As at December 31 2023	As at December 31 2022
Assets			
Current assets			
Cash and cash equivalents		**13**	459
Trade and other receivables	6	**300**	20,064
Inventory		**-**	251
Other current assets		**-**	78
Total current assets		**313**	20,852
Property, plant and equipment		**-**	4,040
Exploration and evaluation assets		**-**	3,864
Other long-term assets	6	**15,318**	2,795
Total non-current assets		**15,318**	10,699
TOTAL ASSETS		**15,631**	31,551
Liabilities			
Current liabilities			
Current Loan	7	**641**	544
Short term debt	8	**2,551**	2,462
Derivative liability	8	**5**	5
Trade and other payables		**1,744**	7,974
Taxes payable		**-**	267
Total current liabilities		**4,941**	11,252
Loan		**-**	-
Decommissioning obligations		**-**	7,324
Other long-term liabilities	16	**-**	2,889
Total non-current liabilities		**-**	10,213
TOTAL LIABILITIES		**4,941**	21,465
Shareholders' Deficiency			
Share capital	10	**239,029**	239,029
Contributed surplus		**18,597**	18,623
Accumulated other comprehensive loss		**(26,941)**	(26,941)
Deficit		**(219,995)**	(220,633)
Total surplus		**10,690**	10,078
TOTAL LIABILITIES AND DEFICIENCY		**15,631**	31,543

Going Concern (note 2)

See the accompanying Notes to the Consolidated Financial Statements

On behalf of the Board:

David Tawil
Director

/s/ David Tawil

Steven Balsam
Director

/s/ Steven Balsam

Consolidated Statements of Loss and Comprehensive Loss

USD 000s, except per share amounts	Note	Year ended December 31 2023	2022
Revenues			
Oil and natural gas revenues	19	**-**	12,148
Royalties		**-**	(1,896)
Other income		**-**	46,109
		-	56,361
Expenses			
Operating	18	**-**	10,687
General and administrative	18	**349**	24,036
Finance	12	**645**	(19,036)
Share-based and long-term incentive compensation	11	**(26)**	(61)
Depletion and depreciation		**-**	554
Other gains and losses		**(1,606)**	9
		(638)	16,189
Gain / Loss before income taxes		**638**	40,172
Income tax expense			
Current	14	**-**	-
Deferred	14	**-**	-
		-	-
Gain		**638**	40,172
Comprehensive Gain		**638**	40,172
Net Gain per share:			
Basic Diluted		**0.59**	36.75

See the accompanying Notes to the Consolidated Financial Statements

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Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

USD 000s	**Share Capital (note 12)**	**Contributed Surplus**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total Surplus**
Balance at December 31, 2022	**239,029**	**18,622**	**(26,941)**	**(220,633)**	**10,077**
Net loss	-	-	-	**638**	**638**
Share-based compensation (note 11)	-	**(26)**	-	-	**(26)**
Balance at December 31, 2023	**239,029**	**18,612**	**(26,941)**	**(220,011)**	**10,689**

USD 000s	Share Capital (note 12)	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Equity (Deficiency)
Balance at December 31, 2021	239,029	18,683	(26,941)	(260,805)	(30,034)
Net loss	-	-	-	40,172	40,172
Share-based compensation (note 11)	-	(61)	-	-	(61)
Balance at December 31, 2022	239,029	18,622	(26,941)	(220,633)	10,077

See the accompanying Notes to the Consolidated Financial Statements

Consolidated Statements of Cash Flows

USD 000s	Note	Year ended December 31 2023	2022
Cash provided by (used in):			
Operating			
Net loss		**638**	40,172
Items not affecting cash:			
Depletion and depreciation		**-**	554
Accretion		**-**	205
Share-based and long-term incentive compensation	11	**(26)**	(61)
Unrealized loss (gain) on foreign exchange		**286**	(18,406)
Other gains and losses		**(1,606)**	-
Non-cash increase of other long term liabilities		**(2,005)**	(73)
Change in non-cash working capital	15	**2,085**	(37,317)
Net cash from (used in) operating activities		**(628)**	(14,926)
Investing (1)			
Property, plant and equipment additions/disposals, net			15,084
Net cash used in investing activities			15,084
Financing (2)			
Change in non-cash working capital	15	**181**	-
Net cash from (used in) financing activities		**181**	-
Change in cash and cash equivalents		**(446)**	191
Cash and cash equivalents, beginning of year		**459**	268
Cash and cash equivalents, end of year		**13**	459

Supplemental Cash Flow Information (note 15)

See the accompanying Notes to the Consolidated Financial Statements

1. Reporting Entity

Centaurus Energy Inc. (the "Company," the "Corporation," or "Centaurus") was involved in the exploration, development and production of oil and natural gas in Argentina until January 2023. The Company is currently focused on managing the future proceeds from the PAE ORRI, totaling up to US$16.2 million, which may include investment in new endeavors and/or capital returns. Centaurus's registered office is 1250, 639 – 5th Avenue S.W., Calgary, Alberta, T2P 0M9.

The consolidated financial statements include the results of the following wholly-owned subsidiaries:

- Madalena Petroleum Ltd. (Canada) ("MPL")
- Madalena Petroleum Americas Limited (Barbados) ("MPAL")
- Madalena Petroleum Holdings Limited (Barbados)

2. Basis of Preparation and Going Concern

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that Centaurus Energy Inc. will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company incurred a net gain of $638 for the year ended December 31, 2023 (2022 –$40,172), has a working capital deficiency of $4,628 (2022 - $9,600) and an accumulated deficit of $220,011 (2022 - $220,633).

Statement of Compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and are presented in United States Dollars ("USD") unless otherwise indicated.

These consolidated financial statements follow the same accounting policies and methods of computation for all periods presented as outlined in note 3.

The consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on March 22, 2024.

Basis of Measurement
The consolidated financial statements have been prepared on the historical cost basis, except as described in the accompanying notes.

Functional and Presentation Currency
The functional and presentation currency is the USD.

Use of Estimates and Judgments
The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the change is identified, and prospectively in future periods.

Critical Judgments in Applying Accounting Policies
The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

- The Company's assets are aggregated into cash-generating units for the purpose of calculating impairment. Cash generating units ("CGU" or "CGUs") are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGUs is based on management's judgment in regard to shared infrastructure, geographical proximity of properties, commodity and/or petroleum type and similar exposure to market risk.

- Judgment is required when assessing if indicators of impairment or reversals exist and therefore whether impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates, market value of land, and other relevant assumptions.

- The Company's concessions in Argentina are, from time to time, subject to renewal which requires approval from regulatory authorities. As there is no indication that pending extensions will not be approved or revised contracts will not be entered into, management has used judgment to conclude that all extensions or a revised form of a block contract will be approved. If the Company fails to obtain block contract renewals, the carrying value of the Company's property, plant and equipment and exploration and evaluation assets could be negatively impacted. Further, commitments entered into for concessions are based on the agreement signed at the time of concession entry, extension or renewal. To the extent that commitments have not been fulfilled by the expiry date, the Company may enter into negotiations to extend or renew. Should the concession not be extended or renewed, the Company could lose the concession.

- The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves or commercial resources have been found.

- Management has exercised judgment in concluding that joint arrangements are subject to joint control. Specifically, judgment has been used in determining that decisions concerning the relevant activities of each arrangement require that the specified parties must act together even though the Company's interests in these arrangements may not be the same as the other parties to the arrangement. Centaurus has classified and accounted for its interests in joint arrangements as joint operations.

- Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings.

- Determination of Functional Currency:

  Judgments made by management in determining the appropriate functional currency include an analysis of primary and secondary indicators, as follows:

  (1) Primary indicators of functional currency included the review of the currency that mainly influences sales prices; the currency whose competitive forces and regulations mainly determine sales price; and the currency that mainly influences labour, material and other costs. Specific relevant factors that management considered included:

    - the government of Argentina sets the benchmark price for oil in USD per barrel and, although the benchmark prices do not always follow world oil price changes in a predictable manner, the government is aware of and takes into consideration world prices when establishing the benchmark;

    - although settled in the Argentina peso ("ARS"), all oil and gas sales are invoiced in USD and various credits and incentives that the Company is entitled to through the government of Argentina are expected to be denominated in USD;

- the Company's budget is prepared and managed in USD; and
- the majority of anticipated spending in the next 3 – 5 years is expected to be weighted to USD denominated expenditures, mainly as a result of the anticipated capital spending budgets in Argentina, although influenced as well by USD denominated operating costs. The size of the expenditures being made will result in the engagement of international companies that will require USD as the invoicing currency.

(2) Secondary indicators of functional currency determination include the currency in which funds from financing are generated; the currency in which funds from operations are retained; the degree of autonomy of the foreign operation; the frequency of the transactions with the reporting entity; the cash flow impact on the reporting entity and the ability of the foreign operation to finance its own activities. Relevant indicators considered in management's assessment included:

- as the expectation of growth existed, the anticipated financing currency was and continues to be the USD. Although ARS loans are available, given the Company's planned growth, any financing of significance is expected to be USD denominated; and
- funds retained in Argentina are in ARS.

While the above noted factors are mixed in support of both the USD and ARS, Management concludes that when considered collectively, it is appropriate to continue the conclusion that the USD is the appropriate functional currency for all subsidiaries.

Key Sources of Estimation Uncertainty
The following are key estimates and the assumptions made by management affecting the measurement of balances and transaction in these consolidated financial statements:

- Estimation of recoverable quantities of proven and probable reserves and/or contingent resources include estimates and assumptions regarding future commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows as well as the interpretation of complex geological and geophysical models and data. These estimates are reviewed at least annually, through the engagement of qualified independent reserves evaluators. Changes in reported reserves and resources can affect the impairment of assets, the decommissioning obligations, the economic feasibility of exploration and evaluation assets and the amounts reported for depletion, depreciation and amortization of property, plant and equipment.
- The Company estimates the decommissioning obligations for oil and natural gas wells and their associated production facilities, if applicable. In most instances, removal of assets and remediation occurs many years into the future. Amounts recorded for the decommissioning obligations and related accretion expense require assumptions regarding removal date, the extent of reclamation activities required, the engineering methodology for estimating cost, inflation estimates, and the estimate of the specific discount rates for these liabilities in order to determine the present value of these obligation settlements.
- A number of accounting policies and disclosures require that fair value measurements be determined, specifically, financial instruments. In determining fair value, the Company uses observable market data as much as possible. The fair value hierarchy used:
  - Level 1 – Quoted prices in active markets for identical assets or liabilities. Cash and cash equivalents, and the refundable deposit are Level 1 financial instruments.
  - Level 2 – Observable prices for similar assets or liabilities, either directly or indirectly determined. Long-term debt is a Level 2 financial instrument.

- Level 3 – Unobservable input sources. Convertible debentures are Level 3 financial instruments.

3. Significant Accounting Policies

(a) Basis of Consolidation

i. Subsidiaries

Subsidiaries are entities controlled by Centaurus. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements, unless IFRS indicates otherwise.

(b) Foreign Currency

Centaurus and each of its subsidiaries use US dollar as their functional currency. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

(c) Financial Instruments

Centaurus recognizes financial assets and financial liabilities, on the consolidated statement of financial position when the Company becomes a party to the contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized from the consolidated financial statements when the liability is extinguished either through settlement of or release from the obligation of the underlying liability.

Classification and Measurement of Financial Instruments

The classification of financial assets is determined by their context in Centaurus' business model and by the characteristics of the financial asset's contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification, as described below:

- Cash and cash equivalents (includes cash and bank overdraft), accounts receivable, accounts payable and accrued liabilities and long-term debt are measured at amortized cost.

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of Financial Assets

Financial assets are assessed with an expected credit loss ("ECL") model. The impairment model applies to financial assets measured at amortized cost, a lease receivable, a contract asset or a loan commitment and a financial guarantee.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash held at banks and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts. There are no cash equivalents as at December 31, 2023 and 2022.

(e) Property, Plant and Equipment and Exploration and Evaluation Assets

i. *Pre-license costs*
Exploration and evaluation ("E&E") costs incurred prior to receiving the legal rights to explore an area are expensed when incurred.

ii. *Exploration and evaluation assets*
Exploration licenses, unproved property acquisition costs, geological and geophysical costs and costs directly associated with an exploration well and appraisal activities are capitalized within E&E assets. The costs are accumulated in cost centers by well, field or exploration area pending determination of their technical feasibility and commercial viability. Upon determination of technical feasibility and commercial viability, E&E assets are first tested for impairment and then reclassified from E&E assets to property, plant and equipment. E&E assets are not depleted but are assessed for impairment when there are indicators of impairment.

Initial wells on an E&E property that are drilled for the purpose of proving the technical feasibility and commercial viability of a reserve are capitalized and the property remains in the E&E phase pending a decision to fully develop the property. Multiple wells may need to be drilled to determine whether the E&E property will be developed. A review of each exploration area is carried out to ascertain whether technical feasibility and commercial viability has been established and there is a reasonable assessment of the economics associated with the future production of those reserves, required government and regulatory approvals have been obtained, or are likely to be obtained and management has made the decision to proceed with development and production of the project by incurring the future capital costs attributed to them. Upon determination of technical feasibility and commercial viability, E&E assets attributable to those reserves, in that particular area, are first tested for impairment and then reclassified from E&E assets to property, plant and equipment. If the cost of the asset is greater than the fair value, then the excess is written off in profit or loss.

iii. *Property, plant and equipment assets ("PP&E")*
PP&E assets are measured at cost less accumulated depletion, depreciation and amortization and accumulated net impairment losses. Development and production assets are accumulated into major area cost centers and represent the cost of developing the commercial reserves and initiating production. Capitalized costs include the purchase price or construction cost of the asset, any costs directly attributable to bringing the asset into operation, the estimate of any decommissioning obligation and borrowing costs for qualifying assets, if any. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

iv. *Subsequent costs*

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing components of equipment are recognized as PP&E only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are expensed as incurred. Such capitalized amounts generally represent costs incurred in developing proven and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

An asset within PP&E is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

Exchanges of assets within PP&E are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. Unless the fair value of the asset received is more clearly evident, the cost of the acquired asset is measured at the fair value of the asset given up. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the asset given up. The gain or loss on de-recognition of the asset given up is recognized in profit and loss.

v. *Depletion and depreciation*

Depletion of oil and natural gas properties and depreciation of production equipment are calculated based on the establishment of depletable components, using the unit-of-production method. Components are generally determined at a field level. The component's volumes of total proven and probable oil and natural gas reserves and production before royalties, as determined by independent petroleum reservoir engineers is the unit basis for calculating depletion. Natural gas reserves and production are converted to equivalent barrels of oil based upon the energy equivalent conversion ratio of six thousand cubic feet of natural gas to one barrel of oil, calculated in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. The depletion base includes all capitalized costs and estimated future development costs of proven and probable undeveloped reserves.

vi. *Impairment*

The carrying amounts of the Company's PP&E and E&E assets are reviewed at each reporting date to determine whether an indication of impairment exists. If any such indication exists, then the asset's recoverable amount is estimated. In addition, E&E assets are assessed for impairment when they are reclassified to PP&E and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

Fair value less costs to sell is determined as the amount that would be obtained for the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. Fair value less costs to sell of a CGU can also be determined by using assumptions that an independent market participant may take into account. This evaluation could use discounted future net cash flows of proved and probable reserves using forecast prices and costs including the development of prospective lands.

Centaurus's management determines value in use for each CGU by estimating the present value of estimated future net cash flows from continued production through exploitation of its proved and probable reserves. Management applies a present value to these cash flows using pre-tax discount rate range depending on the category of reserves being discounted. The discount rates reflect current market assessments and the risks specific to the assets.

E&E assets are allocated to related CGUs when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to PP&E.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of any goodwill, should it exist, allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

Impairment losses related to PP&E can be reversed in future periods if the estimated recoverable amount of the asset exceeds the carrying value. The impairment recovery is limited to a maximum of the estimated depleted historical cost if the impairment had not been recognized. The reversal of the impairment loss is recognized in impairment.

(f) Share Based Compensation and Long-term Incentive Plan

i. *Share based compensation*
The grant date fair value of equity settled options granted to employees and directors is recognized as share-based compensation expense with a corresponding increase in contributed surplus over the vesting period. A forfeiture rate is estimated on the grant date and is subsequently adjusted each period to eventually reflect the actual number of options that vest. Upon exercise of the stock options, the consideration received plus the amount previously recorded in contributed surplus is recorded as an increase in share capital.

ii. *Long-term incentive plan*
For cash based incentive plans, units issued are recorded at fair value and recognized over the requisite service period. Changes in fair value each period are recognized in the statement of loss.

(g) Decommissioning Obligations

Obligations for dismantling, decommissioning and site disturbance remediation may arise as a result of the Company's activities. Once it is determined that an obligation exists, a decommissioning obligation is recorded for the estimated cost of site restoration, with the offset capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of the expected expenditures, including the timing, that is required to remediate the property. The decommissioning obligation reflects current market assessments of the time value of money and the risks specific to the liability. The discount and inflation rates used to present value the obligation is based on the risk free rate associated with the currency by which payment is most influenced. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time, changes in the estimated future cash flows underlying the obligation, and for changes in discount and inflation rates as required. These changes are accounted for prospectively. The increase in the decommissioning obligation due to the passage of time is recognized as finance costs (accretion) whereas increases/decreases due to changes in the estimated future cash flows are capitalized and amortized based on the methodology that is consistent with the asset to which it is capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. Should the asset to which the obligation is related, be disposed of, the decommissioning obligation associated with it is derecognized.

(h) Revenue

Centaurus recognizes crude oil and natural gas revenue when title passes from Centaurus to the purchaser or, in the case of services, as contracted services are performed. Production revenues are determined pursuant to the terms outlined in contractual agreements and are based on fixed or variable price components. The transaction price for crude oil and natural gas is based on the commodity price in the month of production, adjusted for various factors including product quality and location. Commodity prices are based on monthly or daily market indices.

Performance obligations in the contract are fulfilled on the last day of the month.

The Company considers its performance obligations to be satisfied and control to be transferred when all of the following conditions are satisfied:

- Centaurus has transferred title and physical possession of the commodity to the buyer;
- Centaurus has transferred the significant risks and rewards of ownership of the commodity to the buyer; and
- Centaurus has the present right to payment.

(i) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes the amounts paid or accrued for minimal presumed income tax, which is an Argentine tax on net assets, levied on those companies with no taxable income.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(j) Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

On December 21, 2022 the consolidation of all the issued and outstanding common shares of the Corporation on a five-hundred to one (500:1) basis was completed. Under the Consolidation, every shareholder holding 500 common shares received one Common Share. Upon completion of the Consolidation, there were 1,093,156 common shares issued and outstanding in the share capital of the Corporation.

The consolidation of 5,096 class 144A shares had to be delayed until April 2023; therefore, as of December 31, 2023, the total number of common shares remaining is 1,088,070.

(k) Inventory

Inventory consists of oil in tanks and third party pipelines, as well as supplies, and is valued at the lower of cost or market value. The cost of inventory is determined using the weighted average method. Oil inventories include expenditures incurred to produce, upgrade and transport the product to the storage facilities and include operating, depletion and depreciation expenses and cash royalties. Allocated to inventory is a relevant share of operating, royalty expense and depletion. Depending on inventory levels, this could increase or decrease inventory otherwise recorded.

(l) Value added tax ("VAT")

VAT on purchases is applied against VAT on sales to reduce the amount paid to the Argentine government. VAT is recorded as a receivable when it is expected that it will be recovered through future sales. To the extent that amounts are expected to be recovered over a period greater than a year, the amount is discounted. VAT does not expire and may be carried forward indefinitely.

(m) Leases

The Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. The Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Leases are recognized as a Right-of Use ("ROU") asset and a corresponding lease liability at the date on which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. These payments are discounted using the Company's incremental borrowing rate when the rate implicit in the lease is not readily available. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics. Lease payments are allocated between the liability and finance costs. The finance cost is charged to net earnings over the lease term. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in the Statements of Loss and Comprehensive Loss if the carrying amount of the ROU asset has been reduced to zero.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability, any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located less any lease payments made at or before the commencement date. The ROU asset is depreciated, on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain re-measurements of the lease liability and impairment losses. Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the Statements of Loss and Comprehensive Loss on a straight-line basis over the lease term. A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will re-measure the lease liability using the Company's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognizing a gain or loss in net loss that reflects the proportionate decrease in scope.

ROU assets are assessed for impairment on initial recognition and subsequently on an annual basis, at a minimum. ROU assets subject to leases that have become onerous in nature are adjusted by the amount of any provision for onerous leases.

(n) Future accounting standards and pronouncements

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These amendments are effective for reporting period beginning on or after January 1, 2022.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. Property, Plant and Equipment ("PP&E")

USD 000s	2023	2022	2019	2018
Cost				
Balance, beginning of year	148,903	190,607		
Additions	-	(69)		
Disposals	(148,903)	(41,772)		
Change in decommissiong liabilities	-	137		
Balance, end of year	-	148,903		
Accumulated depreciation and depletion				
Balance, beginning of year	(144,863)	(169,649)		
Depletion and depreciation	-	(554)		
Disposals	144,863			
Impairment	-	25,340		
Balance, end of year	-	(144,863)		
Net book value, beginning of year	-	20,958		
Net book value, end of year	-	4,040		

As a result of Centaurus' sale of Madalena Energy Argentina SRL, Centaurus currently has no fixed assets to report.

5. Exploration and Evaluation Assets ("E&E")

USD 000s	2023	2022	2019	2018
Cost				
Balance, beginning of year	3,864	3,864		
Additions	-	-		
Disposals	(3,864)	-		
Change in decommissiong liabilities	-	-		
Balance, end of year	-	3,864		

As a result of Centaurus' sale of Madalena Energy Argentina SRL, ,Centaurus currently has no fixed assets to report.

6. Other Long-term Assets

Other long-term assets are comprised of long-term receivables for which the fair value approximates the carrying value. The long-term receivables primarily relate to the USD denominated ORRI receivable from PAE due to the CASE Sale Agreement.

The PAE ORRI, announced on April 28, 2021, and closed on March 23, 2022, involves the payment to Centaurusover time. These payments are a 1.25% to 2.5% Overriding Royalty Interest on the net proceeds from the 29% interest that Centaurus assigned to Pan American Energy, S.R.L., Argentine Branch ("PAE"). This interest is payable by PAE in semi-annual installments, along with 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 future payments from the output and revenue from Coiron Amargo Sur Este.

Initially, the payments to Centaurus equal to an overriding royalty of 1.25%, with another 1.25% credited to PAE for previous payments made to the Province of Neuquén on behalf of Centaurus. Upon complete satisfaction of these previous payments made by PAE to the Province of Neuquen 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.

Centaurus received a payment of $113,508 in February 2023 and a payment of $190,712 in October 2023.

The amounts repatriated by Centaurus in U.S. dollars to Canada were materially lower due to Argentinian foreign exchange and capital control policies.

7. Loan

On October 19, 2020, the Corporation signed an unsecured loan agreement with David Tawil, the interim Chief Executive Officer, bearing interest at 7% per annum and due on demand (note 13).

USD 000s	Total
At December 31, 2022	**563**
Proceeds	-
Settlement of trade payables on behalf of Company	39
Interest	39
At December 31, 2023	**641**
Current	641
Long-term	-
Total	**641**

8. Convertible loan, Working Capital loan and Short term debt

On May 8, 2017, Centaurus entered into a series of agreements (the "Transactions") with Hispania Petroleum S.A., ("Hispania"), a private, family-owned Spanish energy company and a related party of the Company, where José David Penafiel is a director, which provides for a total package of debt and mezzanine financing of up to $23 million through (i) a working capital loan (the "Working Capital Loan") of up to $6.5 million and (ii) a convertible loan of up to $16.5 million (the "Capex Loan") for purposes of funding Centaurus' capital expenditure obligations in the Puesto Morales concession and funding one or more acquisitions of oil and gas assets.

The Working Capital Loan and the Capex Loans are each multi-drawdown facility. Interest accrues at 7% per annum. Principal and interest on each drawdown is repayable thirty-six months after drawdown.On September 13, 2017, the shareholders of the Company 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 Company.

On April 7, 2019 the Company entered into an amended and restated convertible loan agreement (the "Amended and Restated Loan Agreement") with KD Energy and Hispania, and extended the term of the Working Capital Loan agreement (the "Working Capital Loan Agreement"). Key amendments included the right of KD Energy to designate Jose David Penafiel and one additional representative to the board of directors during the term of the Amended and Restated Loan Agreement, and an expansion to the purposes for which the Company can draw on the loan to include acquisitions of oil and gas assets, subject to consent of KD Energy. The expiry date of the Working Capital Loan Agreement was also extended to May 8, 2023. The Amended and Restated Loan Agreement was approved on June 5, 2019 by a special meeting of shareholders.

As of December 31, 2023, $0.3 million has been drawn on the Capex Loan and $1.7 million has been drawn on the Working Capital Loan by the Company.

On March 25, 2020, the Corporation announced that Jose Peñafiel and Alejandro Peñafiel had been terminated and had ceased to be officers and directors of the Corporation. On March 27, 2020 the Company announced it had received a notice of default and reservation of rights from KD Energy and Hispania.

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

In a Canadian court, KD Energy has made a claim for repayment of funds advanced to Centaurus allegedly under a CapEx loan in the amount of USD$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 USD $2,093,014.76 plus interest under the Judgment Interest Act, plus costs. In addition, in the same case, Jose Penafiel has claimed for wrongful dismissal damages of USD$315,000 plus aggravated and punitive damages of $300,000, and Alejandro Penafiel has claimed for wrongful dismissal damages of USD$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 USD$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 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 Energy's 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.

The following table presents the reconciliation of the beginning and ending balances of the components of the loans as at December 31, 2023 and 2022:

USD 000s	Liability	Derivative Liability	Total
At December 31, 2022	**2,408**	**5**	**2,413**
Interests	143	-	143
At December 31, 2023	**2,551**	**5**	**2,556**

The Company has no bank debt in Canada at December 31, 2023 and 2022.

9. Decommissioning Obligations

USD 000s	Year ended December 31 2023	2022
Balance, beginning of year	**7,324**	9,106
Disposals	**(7,324)**	(2,259)
Accretion expense	**-**	213
Revision of estimates	**-**	265
Balance, end of year	**-**	7,324
Current	**-**	-
Long-term	**-**	7,324
Total	**-**	7,324

As a result of Centaurus' sale of Madalena Energy Argentina SRL, Centaurus no longer has decommissioning obligations to report.

10. Share Capital

The Company is authorized to issue an unlimited number of common shares and preferred shares. The holders of common shares are entitled to receive dividends as declared by the Company and are entitled to one vote per share. No preferred shares were outstanding at December 31, 2023 or 2022. No dividends have been declared by the Company for the years ended December 31, 2023 or 2022.

	Number of Shares 000s	Share Capital 000s
Balance at December 31, 2021	544,060	239,029
Balance at December 31, 2022	**1,093**	**239,029**
Balance at December 31, 2023	**1,088**	**239,029**

Net Gain Per Share

As at December 31, 2023, there is no resulting dilutive impact of the convertible loan or share options. The following table provides the weighted average number of common shares used in the per share calculations:

	Year ended December 31 2023	2022
Weighted average number of common shares - basic and diluted – 000s	**1,088**	1,093
Net gain - USD 000s	**638**	40,172
Per share – basic - ($/share)	**0.59**	36.76

Normal Course Issuer Bid

On May 19, 2023, Centaurus announced that the TSX Venture Exchange ("TSX-V") had accepted the Company's notice to implement a normal course issuer bid ("NCIB") to purchase, for cancellation, up to 109,315 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 25, 2023.

Since this announcement, Centaurus has purchased 5,400 shares at an average price of CAD 1.62 per share.

11. Share-based Compensation

Under the Company's stock option plan, directors, officers, employees and certain consultants are eligible to receive options to acquire common stock of the Company. The exercise price of the granted options is no less than the closing trading price per share on the last day preceding the date of the grant. Total options granted cannot exceed 10% of the issued and outstanding common shares of the Company. Options granted to directors, officers, employees and consultants vest over three years on each anniversary of the grant date. Options expire three to five years from the grant date. There are no cash settlement alternatives for employees under the Company's stock option plan.

All stock options were canceled in November 2023, which generated an impact on results of $26 thousand (2021 - $61 thousand).

Movements in the number of stock options outstanding and their related weighted average exercise prices are summarized as follows:

	Number of options 000s	Weighted average exercise price
Outstanding at December 31, 2021	51,106	0.06
Granted		
500:1 Consolidation	(51,004)	-
Expired or cancelled	-	-
Outstanding at December 31, 2022	**102**	**0.06**
Granted	-	-
Expired or cancelled	(102)	-
Outstanding at December 31, 2023	**-**	**0.06**
Exercisable at December 31, 2023	**-**	**0.06**

12. Finance (Income) Expenses

Finance (Income) and Expenses are made up of the following:

USD 000s	Year ended December 31 2023	2022
Bank charges and fees	-	52
Foreign exchange (gain) loss	286	(18,406)
Decommissioning liability accretion	-	213
Provision (reversal) of doubtful tax accounts		-
Lease liability accretion	-	(8)
Interest and other	359	(888)
	645	(19,037)

USD 000s	Year ended December 31 2023	2022
Unrealized foreign exchange loss (gain)	286	(18,406)
Total	286	(18,406)
Currency exchange rate at period end:		
$1 USD = CAD	1.3226	$1.3544
$1 USD = ARS	808.45	$177.16

13. Related Parties

On December 1, 2020, the Corporation signed a loan agreement with David Tawil, the interim Chief Executive Officer. As of December 31, 2023, there was $39 thousand (2022 – $205 thousand) related to trade payables settled by the officer on behalf of the Company and accrued interest expense of $39 thousand (2022 - $32 thousand) (note 7).

As of December 31, 2023, the Company owes David Tawil the sum of $812,400 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 Peñafiel as President and Chief Executive Officer, the employment of Alejandro Peñafiel 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 year ended December 31, 2023, there were nil disbursements (2022 – nil) and accrued interests expense of $143 thousand (2022 – $207 thousand).

(Tabular amounts are stated in thousands of United States dollars ("USD"), except per share amounts and as otherwise stated)

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.

14. Income Taxes

The provision for income tax differs from the result that would be obtained by applying the combined Canadian federal and provincial tax rate of 23% to the loss before income taxes. The difference results from the following:

	Year ended December 31	
	2023	**2022**
Income (Loss) before income tax – continuing operations	**638**	40,172
Tax rate	**23%**	23%
Expected income tax recovery (expense)	**147**	9,240
Recovery (expense) resulting from:		
Effect of foreign tax rates	**(6)**	4,821
Share-based compensation	**-**	-
Unrecognized deferred tax benefit and other	**(534)**	(15,172)
Canadian tax rate adjustments	**-**	454
Argentina tax rate adjustments	**-**	-
Deductible/non-taxable differences on foreign operation	**66**	-
Other	**327**	658
Total income tax recovery (expense)	**-**	-

Attributable to:		
Current tax recovery (expense)	**-**	-
Deferred tax recovery (expense)	**-**	-
Total income tax recovery (expense)	**-**	-

Deferred tax assets have not been recognized on the temporary differences and credits:

No deferred tax liability has been recognized for temporary differences associated with investments in subsidiaries and joint ventures as the Company is in a position to control the entities and it is considered probable that these timing differences will not reverse in the foreseeable future.

15. Supplemental Cash Flow Information

Changes in non-cash working capital

	Year ended December 31	
USD 000s	**2023**	**2022**
Trade and other receivables	**7,752**	(19,257)
Other current assets, including inventory	**329**	101
Lease liabilities	**-**	(8)
Trade, tax and other payables	**(5,815)**	(18,153)
Change in non-cash working capital	**2,266**	(37,317)
Attributable to:		
Operating activities	**2,085**	(37,317)
Investing activities	**-**	-
Financing activities	**181**	-
	2,266	(37,317)

Other cash flow information

	Year ended December 31	
USD 000s	**2023**	**2022**
Interest paid	**182**	687
Interest received (income)	**-**	(43)

16. Other Long-term Liabilities

Other long-term liabilities

Other long-term liabilities included a provision for the lease of office space in Calgary, Alberta which had been under contract negotiations since October, 2017. This provision was reversed as of September 2023. As of April 30, claims and counterclaims related to the lease for previous office premises in Calgary were dropped and the related actions were discontinued. The parties settled out of Court, with both sides dropping their claims; no amount was paid by either party to the other. Prior to the reversal, the Company had estimated the range of possible loss to be from CAD $0.9 million to CAD $1.2 million and had accrued CAD $1.2 million in other long-term liabilities.

17. Financial Instruments and Risk Management

The Company is exposed to various risks that arise from its business environment and the financial instruments it holds. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, policies and procedures. The following outlines the Company's risk exposures and explains how these risks and its capital structure are managed.

Capital Management

The Company's objective has been to maintain its capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it, as it is able to, in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. The Company considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Company may obtain issue shares, adjust its capital spending to manage current and projected debt levels, sell non-core assets, farm-out existing opportunities or attempt to obtain new credit facilities.

In order to facilitate the management of its capital structure, the Company prepares annual capital expenditure budgets, which are updated throughout the year depending on varying factors including current and forecast prices, actual capital deployment and general industry conditions, if necessary.

The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the next twelve months and there are no external restrictions on the Company's capital structure.

As of December 31, 2023, the Company's consolidated working capital was a deficit of $4.6 million (December 31, 2022 - $9.6 million).

Liquidity risk

As of December 31, 2023, cash and cash equivalents totaling $13 thousand were deposited with banks in Canada and the United States of America..

Credit risk

The Company's primary source of revenue is in Argentina. The Company is exposed to credit risk in relation to its cash and cash equivalents, and receivables.

Cash and cash equivalents consist of funds held on deposit with reputable financial institutions, and therefore the Company does not believe these financial instruments are subject to material credit risk.

Other long-term assets relate to amounts due from various governments in Argentina primarily as it relates to VAT and is collected as revenue is earned. Although collection is slow, it is expected.

Maximum exposure to credit risk for trade and other receivables by type of customer

USD 000s	Year Ended December 31 2023	2022
Oil and natural gas marketing companies	**15,618**	6,829
Other trade receivables	**-**	5,236
Total trade receivables	**15,618**	12,065
Taxes receivable	**-**	7,999
Total trade and other receivables	**15,618**	20,064

Amounts due from oil and gas marketing companies were subsequently collected by the Company.

Aged trade and other receivables

USD 000s	Year Ended December 31 2023	2022
Current (less than 90 days)	**15,618**	20,064
Past due (more than 90 days)	**-**	-
Total	**15,618**	20,064

Market risk

Changes in commodity prices, interest rates and foreign currency exchange rates can expose the Company to fluctuations in its net earnings and in the fair value of its financial assets and liabilities.

Interest rate risk

The Company has entered into a loan agreement with David D. Tawil, under which Tawil has paid certain payables on behalf of the Company. Interest on these amounts accrues at 7% in USD per annum.
As of December 31, 2023, $641 thousand is owing.

Foreign currency exchange risk

The majority of the Company's exploration and development activities are conducted in Argentina and the majority of the Company's cash and cash equivalents are denominated in ARS. The Company is exposed to currency risk to the extent that revenue, expenses and monetary assets and liabilities are denominated in currencies that differ from the functional currency of the respective entity within the Company. The company has all its revenue nominated in USD. This mitigate most of the effect associated with foreign currency behaviors.

18. Operating Expenses – General and Administrative Expenses

Centaurus's consolidated statements of loss and comprehensive loss are prepared primarily by nature of expenses, with the exception of employee compensation costs which are included in both the operating and general and administrative expense line items in the consolidated statements of loss and comprehensive loss. The following table details the amount of total employee compensation costs included in the operating and general and administrative expenses line items in the consolidated statements of loss and comprehensive loss.

	Year ended December 31	
USD 000s	2023	2022
Operating expenses		
Compensation costs	-	4,171
Transportation and processing	-	861
Maintenance, workovers and others	-	5,656
	-	10,688
General & Administrative expenses		
Compensation costs	149	1,005
Other	200	23,031
	349	24,036

19. Revenues

As a result of Centaurus' sale of Madalena Energy Argentina SRL, currently, Centaurus does not have sales to report.

	Twelve months ended December 31	
USD 000s	2023	2022
Crude Oil	-	11,106
Natural gas	-	1,042
Oil and natural gas sales	-	12,148

20. 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 has acquired Madalena Energy Argentina S.R.L, the Company's operating subsidiary based in Argentina. Pursuant to the Transaction, Gasener has acquired MEA for a purchase price of US$20,000 and will assume all liabilities with respect to MEA. Prior to the Transaction, Centaurus acquired MEA's interests in the PAE 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 US$260,000 owed by MEA to David D. Tawil was assumed by Centaurus. The effect of the Transaction is that the Company has transferred all its conventional oil and gas assets and related liabilities in Argentina, including sizable upcoming drilling commitments, to Gasener, while retaining the PAE ORRI.

For this operation as a whole, net of the forgiveness of Intercompany interest to Madalena Energy Argentina, Centaurus has recognized a gain of US$844,937 thousand, which is included in Other gains and losses.