



CENTAURUS

CENTAURUS ENERGY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(UNAUDITED)

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim condensed financial statements of Centaurus Energy have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.



Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

USD 000s	Note	At March 31 2023	At December 31 2022
Assets			
Current assets			
Cash and cash equivalents		172	459
Trade and other receivables		400	20,064
Inventory		-	251
Other current assets		43	78
Total current assets		615	20,852
Property, plant and equipment	3	-	4,040
Exploration and evaluation assets	4	-	3,864
Other long-term assets	5	15,522	2,795
Total non-current assets		15,522	10,699
TOTAL ASSETS		16,137	31,551
Liabilities			
Current liabilities			
Current Loan		612	544
Short term debt	6	2,444	2,462
Derivative liability	6	5	5
Trade and other payables		1,239	7,974
Taxes payable		-	267
Short-term lease liability		-	-
Total current liabilities		4,300	11,252
Non-current Loan		-	-
Non-current decommissioning obligations		-	7,324
Other long-term liabilities	10	932	2,889
Total non-current liabilities		932	10,213
TOTAL LIABILITIES		5,232	21,465
Shareholders' Equity			
Share capital	8	239,029	239,029
Contributed surplus		18,623	18,623
Accumulated other comprehensive loss		(26,941)	(26,941)
Deficit		(219,806)	(220,633)
Total equity		10,905	10,078
TOTAL LIABILITIES AND EQUITY		16,137	31,543

Commitments and Other Long-term Liabilities (note 13)

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.



Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)

USD 000s, except per share amounts	Note	Three months ended March 31	
		2023	2022
Revenues			
Oil and natural gas revenues	11	-	5,807
Royalties		-	(819)
Other Income		-	40,581
		-	45,569
Expenses			
Operating	12	-	1,959
General and administrative	12	4,452	6,663
Finance (income) expenses	13	73	(921)
Share-based and long-term incentive compensation	14	-	57
Depletion and depreciation	3	-	180
Depreciation of right-of-use assets		-	-
Loss (Gain) on disposal of assets	3, 4	-	-
Fair value change on warrant liability		-	-
Impairment	3	-	-
Other gains and losses		(5,353)	(53)
		(828)	7,855
Income (Loss) before income taxes		828	37,714
Income tax recovery (expense)			
Current		-	-
Deferred		-	-
		-	-
Net Income (Loss)		828	37,714
Comprehensive Gain (Loss)		828	37,714
Net Income (Loss) per share			
Basic and diluted – continuing	8	0.76	0.07
Basic and diluted – total	8	0.79	0.07

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.

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Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

USD 000s	Share Capital (note 8)	Contributed Surplus	Equity Component of Convertible Debentures (note 8)	Accumulated Other Comprehensive Loss	Deficit	Total Equity
Balance at December 31, 2022	239,029	18,622	-	(26,941)	(220,633)	10,077
Net Loss	-	-	-	-	828	828
Share-based compensation (note 14)	-	-	-	-	-	-
Balance at March 31, 2023	239,029	18,622	-	(26,941)	(219,805)	10,905
Balance at December 31, 2021	239,029	18,683	-	(26,941)	(258,027)	(27,256)
Net Gain	-	-	-	-	37,714	37,714
Share-based compensation (note 14)	-	58	-	-	-	58
Balance at March 31, 2022	239,029	18,741	-	(26,941)	(220,313)	10,516

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.



Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

USD 000s	Note	Three months ended March 31	
		2023	2022
Cash provided by (used in):			
Operating			
Net Gain (Loss)		828	37,714
Items not affecting cash:			
Depletion and depreciation	3	-	180
Depreciation of right-of-use assets		-	-
Impairment	3	-	-
Accretion		-	31
Fair value change on convertible debentures held		-	-
Loss (Gain) on disposal of assets	3	-	-
Share-based and long-term incentive compensation	14	-	57
Deferred income tax expense (recovery)		-	-
Unrealized (gain) loss on foreign exchange	13	29	287
Lease commitment liability		-	(53)
Non-cash increase of contingent liability		-	2
Change in non-cash working capital	9	12,113	(37,992)
Cash flow from (used in) operating activities		12,970	226
Investing			
Property, plant and equipment additions	3	-	(15)
Evaluation and exploration assets additions	4	-	-
Change in non-cash working capital	9	-	-
Net cash from (used in) investing activities		-	(15)
Financing			
Loan term debt proceeds		-	-
Convertible debentures repayment		-	-
Lease payment		-	-
Change in non-cash working capital		-	-
Net cash used in financing activities		-	-
Change in cash and cash equivalents		(287)	158
Cash and cash equivalents, beginning of period		459	568
Cash and cash equivalents, end of period		172	726

See the accompanying Notes to the Condensed Interim Consolidated Financial Statements.



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Three Months Ended March 31, 2023 and 2022 (Unaudited)

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

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

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern, which contemplate the realization of assets and the settlement of liabilities in the normal course of business as they become due.

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. The rapid outbreak and subsequent measures intended to limit the spread of COVID-19 have contributed to a significant increase in economic uncertainty, with more volatile commodity prices. The duration and severity of the business disruptions and reduction in consumer activity internationally and the resulting financial effect is difficult to reliably estimate. There could be further prospective material effects in future periods which could impact future cash flows and cause uncertainty as to whether the Company has sufficient liquidity throughout 2023.

Furthermore, the Company received notice of default on the existing credit facilities, being the Working Capital Loan Agreement dated May 8, 2017, as amended April 7, 2019 between the Company and Hispania Petroleum S.A and the Amended and Restated Convertible Loan Agreement made effective as of April 7, 2019 among the Company, Hispania Petroleum S.A. ("Hispania"), and KD Energy International Capital Limited ("KD Energy"). (Refer to Note 6.)

These condensed interim consolidated financial statements do not include adjustments in the carrying values of the assets and liabilities that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

Statement of Compliance

These condensed interim 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 condensed interim consolidated financial statements follow the same accounting policies and method of computation as the annual consolidated financial statements for the year ended December 31, 2022. The disclosures provided below are incremental to those included with the annual consolidated financial statements. Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Three Months Ended March 31, 2023 and 2022 (Unaudited)

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

December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB").

The financial statements prepared and audited as of December 31, 2022 contained the consolidation of Madalena Energy Argentina SRL, a company that was sold in January 2023 (see note 15), which means that the comparative figures observed in these financial statements are not directly comparable with the balances as of March 2023.

The condensed interim consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on May 30, 2023.

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

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

Having sold its working interest in Madalena Energy Argentina SRL, Centaurus Energy Inc no longer has fixed assets to report.

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

USD 000s	2023	2022
Cost		
Balance, beginning of period	3,864	3,864
Additions	-	-
Disposals	(3,864)	-
Change in decommissioning liabilities	-	-
Balance, end of period	-	3,864



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Three Months Ended March 31, 2023 and 2022 (Unaudited)

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

Having sold its working interest in Madalena Energy Argentina SRL, Centaurus Energy Inc no longer has fixed assets to report.

5. 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 (\$15.9 million).

The PAE 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 over the net proceeds corresponding to the 29% interest assigned by Centaurus to Pan American Energy, S.R.L., Argentine Branch ("PAE"), which is payable by PAE in semi-annual installments, and other considerations totaling US\$16.83 million (as of the effective date of January 1, 2021).

6. Convertible Loan Working Capital 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 March 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.

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

USD 000s	Liability	Derivative Liability	Total
At December 31, 2022	2,442	5	2,447
Revaluation of conversion option	-	-	-
Interest	35	-	35

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Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Three Months Ended March 31, 2023 and 2022 (Unaudited)

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

At March 31, 2023	2,477	5	2,482
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7. Decommissioning Obligations

USD 000s	September 30 2022	December 31 2022
Balance, beginning of year	7,324	9,106
Disposals	(7,324)	(2,259)
Additions from development activities	-	-
Accretion expense (note 17)	-	213
Revision of estimates	-	265
Balance	-	7,324
Current	-	-
Long-term	-	7,324
Total	-	7,324

Having sold its stake in Madalena Energy Argentina SRL, Centaurus Energy Inc no longer has decommissioning obligations to report.

8. 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 March 31, 2023 or December 31, 2022. No dividends have been declared by the Company at March 31, 2023 or December 31, 2022.

	Number of Shares 000s	Share Capital 000s
Balance at December 31, 2022	1,093	239,029
Balance at December 31, 2022	1,093	239,029
Balance at March 31, 2023	1,093	239,029

Net Income (Loss) Per Share

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



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Three Months Ended March 31, 2023 and 2022 (Unaudited)

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

	Three months ended March 31	
	2023	2022
Weighted average number of common shares - basic – 000s	1,093	544,060
Net Gain (Loss) from continuing operations - USD 000s	828	37,714
Per share – basic & diluted - continuing operations (\$/share)	0.76	0.07
Per share – basic & diluted - total (\$/share)	0.79	0.07

On December 21, 2022 all of the issued and outstanding common shares of the Corporation were consolidated on a five-hundred to one (500:1) basis. Under the Consolidation, every 500 common shares held by a Shareholder, received one Common Share. Following the completion of the Consolidation, there are currently 1,093,156 common shares issued and outstanding in the share capital of the Corporation.

Due to the consolidation, the earnings / loss per share of 2023 are not comparable with those of 2022.

9. Supplemental Cash Flow Information

Changes in non-cash working capital

USD 000s	Three months ended March 31	
	2023	2022
Trade and other receivables	19,664	5,967
Other current assets, including inventory	286	(31)
Lease liabilities	-	-
Trade and other payables	(7,837)	(43,928)
Change in non-cash working capital ⁽¹⁾	12,113	(37,992)
Attributable to:		
Operating activities	12,113	(37,992)
Investing activities	-	-
Financing activities	-	-
	12,113	(37,992)

(1) Change in non-cash working capital excludes the current portion of long-term debt, as this is considered part of financing activities.



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Three Months Ended March 31, 2023 and 2022 (Unaudited)

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

Other cash flow information

USD 000s	Three months ended March 31	
	2023	2022
Interest received (paid)	44	(1,274)

10. Other Long-term Liabilities

Other long term liabilities includes a provision for the lease of office space in Calgary, Alberta which has been under contract negotiations since October, 2017.

11. Revenue

Having sold its working interest in Madalena Energy Argentina SRL, Centaurus Energy Inc no longer has sales to report.

USD 000s	Three months ended March 31	
	2023	2022
Crude Oil	-	5,603
Natural gas	-	203
Oil and natural gas sales	-	5,806

12. Operating Expenses – G&A

Centaurus's condensed interim consolidated statements of income (loss) and comprehensive income (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 on the condensed interim consolidated statements of income (loss) and comprehensive income (loss). The following table details the amount of total employee compensation costs included in the operating and general and administrative expense line items in the condensed interim consolidated statements of income (loss) and comprehensive income (loss).



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Three Months Ended March 31, 2023 and 2022 (Unaudited)

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

USD 000s	Three months ended March 31	
	2023	2022
Operating expenses		
Compensation costs	-	902
Transportation and processing	-	385
Maintenance, workovers and other	-	671
	-	1,958
General & administrative expenses		
Compensation costs	18	300
Other	4,434	6,333
	4,452	6,633

13. Finance (Income) Expenses

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

USD 000s	Three months ended March 31	
	2023	2022
Bank charges	-	37
Foreign exchange loss (gain)	29	287
Decommissioning obligations accretion (note 12)	-	31
Accretion of debt portion of convertible debenture issued (note 8)	-	-
Lease liabilities accretion	-	-
Interest (income) and other expenses	44	(1,276)
	73	(921)

USD 000s	Three months ended March 31	
	2023	2022
Unrealized foreign exchange loss (gain)	29	287
Total	29	287



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Three Months Ended March 31, 2023 and 2022 (Unaudited)

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

14. Share-based Compensation

There were no stock options exercised during the three months ended March 31, 2023 or 2022.

On January 8, 2021, 24,205,954 options (on a pre-consolidated basis) were granted to certain directors of the Company with exercise prices of USD \$0.04337 (CAD \$0.055) per share (2020 – nil). In addition, the Company and certain option holders agreed to cancel 2,700,000 options originally issued in April 2018 and 600,000 issued in January 2021.

The share-based compensation expense recorded in the consolidated statements of loss for the three months ended March 31, 2023 was nil (2022 – \$57 thousand).

15. 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.

16. 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 update to risk exposures and explains how they are managed.

Capital Management

The Corporation'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 Corporation 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 its underlying assets. The Corporation considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Corporation may obtain or 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 Corporation 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 Corporation 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 Corporation's capital structure.

Liquidity

At March 31, 2023, cash and cash equivalents of \$1 hundred was mostly deposited with banks in Canada (December 31, 2022 - \$17 thousand in Argentina), and is held in CAD.



Notes to the Condensed Interim Consolidated Financial Statements

As of and for the Three Months Ended March 31, 2023 and 2022 (Unaudited)

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

Repatriation of Funds to Canada

Centaurus's corporate office is in Canada. Funds are required to enable the Company to maintain its Canadian corporate office and manage the regulatory, reporting, audit, legal and tax requirements of a TSX-V listed company.

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.

Credit risk

The Company is exposed to credit risk in relation to its cash and cash equivalents, trade and other receivables, and other long-term assets.

Cash and cash equivalents are held in local short term investments, 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 PAE in Argentina relating to the ORRI. These amounts are expected to be received pursuant to the terms of the ORRI.

During 2023, no provision for doubtful accounts has been recorded (2022 - nil).

17. Subsequent Events

On May 19, 2023, Centaurus announced that the TSX Venture Exchange ("TSX-V") 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. The NCIB will expire no later than May 25, 2024.