CENTAURUS ENERGY INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2022

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

This Management's Discussion and Analysis of financial condition and results of operations ("MD&A") is based on information available to April 25, 2023 and should be read in conjunction with Centaurus Energy Inc.'s ("Centaurus" or the "Corporation") ***audited condensed consolidated financial statements*** *for the year ended December 31, 2022 and the accompanying notes. This MD&A contains forward-looking information about the Corporation's current expectations, estimates, projections and assumptions. See the Advisory for information on the risk factors that could cause actual results to differ materially and the assumptions underlying the Corporation's forward-looking information. Centaurus management prepared the MD&A, while the Audit Committee of the Centaurus Board of Directors (the "Board") reviewed and recommended its approval by the Board. Additional information relevant to the Corporation's activities contained in its continuous disclosure documents, including the consolidated financial statements and the Annual Information Form ("AIF"), is available on* the *System for Electronic Document Analysis and Retrieval ("SEDAR") under the Corporation's profile at* www.sedar.com *and on the Corporation's* website at ***www.ctaurus.com***.

Basis of Presentation

This MD&A and the consolidated financial statements and comparative information have been prepared in United States dollars ("USD"), except where another currency has been indicated, and have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB"). Sales volumes are presented on a before royalties basis.

Non-GAAP Measures

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

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

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Per boe amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. This equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Review of Operations

Introduction

Centaurus Energy Inc. ("Centaurus", or the "Corporation") is an independent, Canadian company focused on Argentine upstream oil and gas with operations. Centaurus trades on the TSX Venture Exchange ("TSXV") under the symbol CTA and on the OTC Pink Market under the symbol CTARF. Centaurus' Argentine upstream oil and gas operations as well as the corporate segment are discussed in the "Continuing Argentine Operations and Corporate Segments" section of this MD&A. Unless specifically noted, all current and comparative reporting periods' operating and financial disclosures and discussion are in reference to the continuing Argentine operations and corporate segments.

2022 Highlights

Shares consolidation

On December 21, 2022 it was completed the consolidation all of the issued and outstanding common shares of the Corporation on five-hundred to one (500:1) basis. Under the Consolidation, every 500 common shares held by a Shareholder, received one Common Share. Upon 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 what was mentioned in the previous paragraph, the earnings / loss per share of 2022 are not comparable with those of 2021.

Coirón Amargo Sur Este ("CASE"); Assignment agreement to transfer the participating interest to Pan American Energy ("PAE")

On January 22, 2021, Centaurus and PAE interested into an assignment agreement, transferring to PAE a six percent (6%) working interest in CASE for an amount of $8.4 million, with retroactive effect as of July 1, 2020. The $8.4 million represented the value of cash call requests relating to the operating and capital expenditures for the period from April 2020 through December 31, 2020. Pursuant to the assignment agreement, Centaurus remedied its default under the Joint Venture Agreement with respect to the cash calls unpaid and cured its default under the Loan Agreement.

On March 22, 2022, Madalena Energy Argentina S.R.L. ("MEA"), has closed the agreement to sell its remaining working interest in CASE, located in the Province of Neuquén, Argentina to Pan American Energy, S.L., Argentine Branch ("PAE"), the operator of CASE.

Pursuant to the transaction with PAE, Centaurus has sold its remaining working interest (29%) in the CASE block, with an effective date of January 1, 2021, in return for consideration with a reference value of more than US$49 million, including:

a. satisfaction and discharge of all amounts owed by the Company under the Loan Agreement between PAE and Centaurus, dated December 7, 2016 (the "Loan Agreement"), and termination of the Loan Agreement,

b. payment of US$6,000,000 to the Province of Neuquén to settle MEA liabilities related to the Curamhuele hydrocarbons area, located in the Province of Neuquén ("Curamhuele"), and

c. payment to Centaurus, over time, of 1.25% to 2.5% Overriding Royalty Interest (the "ORRI") over the net proceeds corresponding to the 29% interest being assigned to PAE which shall be payable by PAE in semi-annual installments, and other considerations totaling US$16.83 million.

Palmar Largo operation agreement

On January 15, 2021, the Company relinquished the Palmar Largo concession.

El Chivil end of concession

On February 2, 2021, the Company relinquished its El Chivil concession.

Curamhuele; exploratory permit expiration

On March 16, 2021, the Company's exploratory permit relating to the Curamhuele block expired.

Surubí; Agreement to transfer the participating interest to Recursos y Energías Formosa S.A. ("REFSA")

On August 19, 2022, Madalena Energy Argentina S.R.L. entered into an agreement to transfer its working interest in the Surubí block to Recursos y Energía Formosa S.A. ("REFSA") with an effective date of September 1, 2022, for a reference value of USD 2.9 million, payable with 30% of the monthly crude oil production from the PROA-2 and PROA-3 wells until reaching the reference value in a period not exceeding 24 months.

2023 Highlights

Sale of Madalena Energy Argentina SRL to Gasener

On January 12, 2023, Centaurus closed an agreement with Gasener SRL, a hydrocarbon trading company based in Argentina, whereby Gasener acquired Madalena Energy Argentina S.R.L, the Company's operating subsidiary based in Argentina. Pursuant to the Transaction, Gasener acquired MEA for a purchase price of US$20,000 and assumed 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 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.

Grant of options

On January 8, 2021, the Corporation announced the grant of 24,205,954 options to officers, directors, employees and consultants pursuant to the Company's stock option plan, exercisable at a price of USD 0.04337 (CAD 0.055) per share and expiring on January 8, 2026.

Foreign Exchange Fluctuations

The table below provides various exchange rates that illustrate the foreign exchange fluctuations between the USD, the Argentine Peso ("ARS"), and the Canadian dollar ("CAD"). The table illustrates the impact of both the ARS and CAD changes relative to the USD in the three and twelve months ended December 31, 2022 compared to the three and twelve months ended December 31, 2021. During 2022, ARS and CAD continued to depreciate against the USD. Foreign exchange changes in ARS and CAD impact the unrealized foreign exchange gains and losses recorded in the consolidated statements of loss.

	Three months ended December 31		%	Year ended December 31		%
USD	2022	2021	Change(1)	2022	2021	Change(1)
Average CAD to USD	**0.736**	0.793		**0.768**	0.797	
Average ARS to USD	**0.006**	0.010		**0.008**	0.011	
Period end CAD to USD	**0.738**	0.789		**0.738**	0.789	

Period end ARS to USD	**0.006**	0.010	**0.006**	0.010

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

Continuing Argentine Operations and Corporate Segments

Sales Volumes

	Three months ended December 31		Year ended December 31	
	2022	**2021**	**2022**	**2021**
Crude oil and NGLs (bbls/d)	**324**	1,609	**511**	1,212
Natural gas (mcf/d)	**871**	781	**799**	755
Total daily sales (boe/d)	**469**	1,739	**644**	1,337
% oil	**69%**	93%	**79%**	91%

Centaurus's primary producing concessions were at Coirón Amargo Sur Este ("CASE"), Puesto Morales and El Surubí. Since the closing of the CASE and Surubí sales in March and August 2022, respectfully, the primary producing concession is Puesto Morales.

Crude oil and NGL sales volumes for the three months ended December 31, 2022 ("the Quarter" or "Q4-2022") decreased to 324 bbl/d from 1,609 bbl/d for the three months ended December 31, 2021 ("Q4-2021"). The change compared to Q4-2021 can be attributed to the CASE and Surubí sales during Q1 and Q2 2022.

Natural gas sales volumes for the Quarter of 871 mcf/d increased compared to 781 mcf/d for Q4-2021 due to pulling campaign carried out in Puesto Morales.

For the year ended December 31, 2022 ("YTD"), crude oil and NGL sales volumes decreased to 511 bbl/d from 1,212 bbl/d for the year ended December 31, 2021 ("YTD-2021"). The change compared to Q4-2021 can be attributed to the CASE and Surubí sales during Q1 and Q2 2022.

Natural gas sales volumes YTD decreased to 799 mcf/d from 755 mcf/d due to pulling campaign carried out in Puesto Morales.

Average Realized Prices

	Three months ended December 31		Year ended December 31	
USD	**2022**	**2021**	**2022**	**2021**
Crude oil and NGLs - $/bbl	**63,46**	53.71	**59,56**	50.31
Natural gas - $/mcf	**3,91**	1.90	**3,57**	2.56
Total - $/boe	**51,08**	50.54	**51,67**	47.02

The refiners used by the Company have paid an average unofficial crude oil price of $63.46 per barrel for the three months ended December 31, 2022 (2021 - $53.71). Since August 2018, domestic price is agreed upon between refiners and producers. Such a price considers the impact of the export withholding imposed by the government and the possibility to increase fuels to the final consumers.

The significant slowdown in the global economy and certain government imposed shelter-in-place mandates around the world due to the COVID-19 virus have depressed oil demand, further exacerbated by surplus oil supplies in the near-term from the world's producers. Brent crude oil pricing dropped to $22.74/bbl in the month of March 2020 and further collapsed to $19.99/bbl in the month of April 2020. At December 31, 2022, Brent crude oil pricing recovered to $85.91/bbl.

The average price received YTD was $59.56/bbl, higher than the $50.31/bbl realized YTD-2021 due to a recovery in commodity prices compared to the effect that the pandemic caused in 2020.

Natural gas prices in Argentina are subject to seasonal demand and are negotiated between the producer and the buyer. For the period May 2022 to April 2023, the price was set at $4,15/mmbtu (Winter price in 2021 was $3.75/mmbtu and summer price in 2021 were 2.30/mmbtu).

The average total price received for the Quarter was $51.08/boe, higher than the $50.04/boe realized in Q4-2021, and the average for YTD was $51.67/boe, higher than $47.02/boe realized in YTD-2021.

Oil and Natural Gas Revenue

	Three months ended December 31		**Year ended December 31**	
USD 000s, except boe	**2022**	**2021**	**2022**	**2021**
Crude oil	**1,892**	7,949	**11,106**	22,250
Natural gas	**313**	137	**1,042**	704
	2,205	8,085	**12,148**	22,954
$/boe	**51.08**	50.54	**51.67**	47.02

Oil and gas revenues were $2.2 million for the Quarter compared to $8 million for Q4-2021, a decrease of 72% mainly due to a the decrease of sales volumes explained above.

YTD oil and gas revenues were $12.1 million compared to $22.9 million YTD-2021, a decline of 47% due to the decrease in sales volumes explained above.

Other Income

Other income of $46.1 million YTD-2022 primarily related to the agreement to sell 29% of CASE JV to PAE. (YTD-2021, $3.3 million related to the agreement to sell 6% of CASE JV to PAE).

USD 000s	Three months ended December 31 2022	2021	Twelve months ended December 31 2022	2021
Oil storage services in CA-Norte		-		-
Agreement to sell 29% of WI in CASE	-	3,220	**41,180**	3,135
Agreement to sell 85% of WI in Surubí	**3,361**	-	**4,929**	-
Vista retroactive agreement in CA- Norte		-		-
Other		-		-
Other income	**3,361**	3,220	**46,109**	3,135

Royalties

USD 000s, except boe	Three months ended December 31 2022	2021	Year ended December 31 2022	2021
Royalties	**291**	1,332	**1,896**	3,439
As % of revenue	**13%**	16%	**16%**	15%
$/boe	**6.74**	8.32	**8,06**	7.04

Royalty and turnover taxes expenses were $ 0.3 million for the Quarter compared to $1.3 million for Q4-2021. The Royalty rate was 13% for the Quarter compared to 16% in Q4-2021.

YTD, royalties and turnover taxes were $1.9 million compared to $3.4 million YTD-2021.

Operating Costs

USD 000s, except boe	Three months ended December 31 2022	2021	Year ended December 31 2022	2021
Compensation costs	**1,237**	1,039	**4,171**	3,876
Transportation and processing	**118**	478	**861**	1,684
Maintenance, workovers and other	**2,662**	1,800	**5,656**	5,381
	4,018	3,317	**10,688**	10,941
$/boe	**93.06**	20.74	**45.46**	22.41

Operating costs during the Quarter increased 21,13% to $4 million from $3.3 million in Q4–2021. On a per boe basis, operating costs for the Quarter increased 449% to $93.06/boe from $20.74/boe in Q4-2021 mainly as a result of lower production and higher costs due to pulling activity at Puesto Morales.

Operating costs YTD were $10.7 million compared to $10.9 million YTD-2021. On a per boe basis, YTD costs were $45.46 per boe, increased from $22.41 per boe YTD-2021 for the same reasons as noted above.

Netbacks (1)

USD/boe	Three months ended December 31 2022	Three months ended December 31 2021	Year ended December 31 2022	Year ended December 31 2021
Oil and gas revenue	**51.08**	50.54	**51.67**	47.02
Royalties	**(6.74)**	(8.32)	**(8.06)**	(7.04)
Operating expenses	**(93.06)**	(20.74)	**(45.46)**	(22.41)
Netbacks	**(48.72)**	21.47	**1.85**	17.56

(1) The term "netback" is a non-GAAP measure and may not be comparable with the calculation of other entities. Netback is calculated as the average unit sales price, less royalties and operating expenses and represents the cash margin for every barrel of oil equivalent sold. The Corporation uses this measure to analyze operating performance and considers netback a key measure as it demonstrates its profitability relative to current commodity prices.

General and Administration ("G&A") Expenses

USD 000s	Three months ended December 31 2022	Three months ended December 31 2021	Year ended December 31 2022	Year ended December 31 2021
Argentina				
Gross G&A				
Compensation costs	**221**	340	**1,005**	1,053
Other	**22,662**	7,115	**23,162**	7,757
	22,883	7,455	**24,167**	8,810
Capitalized	**(73)**	(56)	**()275)**	(189)
	22,810	7,399	**23,892**	8,621
Corporate				
Gross G&A				
Compensation costs		-		-
Other	**(51)**	32	**145**	195
	(51)	32	**145**	195
Consolidated				
Net G&A total	**22,759**	7,431	**24,037**	8,816

Argentina

Gross G&A expenses for the Quarter increased by $15.3 million to $22.8 million mainly due to higher other G&A expenses related to the valuation at current values of the ORRI.

During the Quarter, $73 thousand (Q4-2021 - $56 thousand) of directly attributable G&A costs in Argentina were capitalized to property, plant and equipment.

Corporate

Gross G&A expenses for the Quarter decreased to $(51) thousand compared to $32 thousand in Q4-2021.

During the Quarter and YTD, there were no directly attributable G&A costs in Canada capitalized to property, plant and equipment in Argentina (Q4 and YTD-2020 – nil).

Finance (Income) and Expenses

USD 000s	Three months ended December 31 2022	Three months ended December 31 2021	Year ended December 31 2022	Year ended December 31 2021
Argentina				
Bank charges and fees	**-**	86	**52**	193
Foreign exchange (gain) loss - unrealized	**(12,776)**	(211)	**(17,963)**	(2,228)
Accretion of decommissioning liabilities	**71**	35	**213**	138
Lease liabilities accretion	**(8)**	-	**(8)**	-
Allowance for Tax Doubtful Accounts	**-**	(4,068)	**-**	(4,078)
Interest (income) and other expenses	**116**	(782)	**(851)**	777
	(12,597)	(4,940)	**(18,558)**	(5,198)
Corporate				
Foreign exchange (gain) loss - unrealized	**73**	70	**(442)**	75
Accretion of debt component of convertible debentures issued		-		-
Interest and other expenses	**(9)**	975	**(36)**	765
	64	1,045	**(479)**	839
Consolidated	**(12,533)**	(3,894)	**(19,036)**	(4,358)

Argentina

Bank Charges and Fees

Bank charges and fees relate to various forms of taxation in Argentina outside of royalties and income taxes. Bank charges and fees for the Quarter was nil (Q4-2021 - $86 thousand).

YTD, bank charges and fees were $5.2 thousand compared to $0.2 million YTD-2021. The decrease was due to reduced financing transaction activity.

Foreign exchange loss –unrealized

During the Quarter the Company recorded an unrealized foreign exchange gain of $12.8 million compared to an unrealized gain of $0.2 million in Q4-2021.

YTD, the Company recorded an unrealized foreign exchange gain of $18 million compared to a $2.2 million gain in YTD-2021. Quarterly and YTD fluctuations in unrealized gains and losses are a result of changing foreign exchange rates and underlying movements in the net assets of the Argentine subsidiaries.

Accretion of decommissioning liabilities

Accretion expense was $71 thousand for the Quarter (Q4-2021– $35 thousand).

YTD, accretion expense was $213 thousand compared to $138 thousand YTD-2021.

Interest (Income) and other expenses

Interest (income) and other expenses for the twelve months period ended December 31, 2022, relates primarily to recovery of interest of $1.3 million associated with the Pan American Energy Loan related to the CASE Pilot Program. This loan bears interest at 7% per annum and is repayable in five years from the first to occur between the completion of the investments committed in the Pilot Program or the complete disbursement of the loan, but with the closing of the CASE sale operation, the 2021 interest was reversed.

Allowance for Tax Doubtful Accounts

The recovery of 2021 was related to a $4 million reduction in an allowance for VAT recognized in prior years.

Corporate

Foreign exchange loss (gain)

During the Quarter, the Company recorded an unrealized foreign exchange gain of $73 thousand (Q4-2021 loss -$70 thousand).

YTD, the Company recorded an unrealized foreign exchange gain of $445 thousand compared to a $75 thousand loss in YTD-2021.

Share-based and Long-term Incentive Compensation

Stock options

The Company has issued stock options as incentive programs that allow officers, directors, consultants and certain employees to purchase shares in the Company.

On January 8, 2021, 24,205,954 options were granted to certain directors of the Company with exercise prices of USD $0.04337 (CAD $0.055) per share.

As of April 25, 2023, the Company had 1.1 million shares and 0.1 million options outstanding.

Long-term incentive units

During 2016, the Company issued long-term incentive units under a Long-Term Incentive Plan ("LTIP") that allows employees to benefit as a result of appreciation of the trading price of Centaurus's common shares from the issue date, through the payment of cash upon vesting. On August 26, 2016, 6.5 million Units were issued to certain employees at an exercise price of CAD $0.145 per common share.

LTIP compensation recovery was nil in the Quarter (Q4-2021 - nil).

On a YTD basis, LTIP compensation was nil (YTD-2021 - $1 thousand).

Depletion and Depreciation ("D&D")

	Three months ended December 31		Year ended December 31	
USD 000s, except boe	**2022**	**2021**	**2022**	**2021**
Argentina	**80**	371	**554**	1,792
$/boe	**1.85**	2.32	**2.36**	3.67
Corporate		-		-
Consolidated	**80**	371	**554**	1,792

Argentina

D&D decreased to $80 thousand in the Quarter compared to $0.3 million in Q4-2021 mainly due to a lower depletable base. On a per boe basis, D&D for the Quarter decreased to $1.85/boe from $2.32/boe in Q4-2021.

YTD, D&D decreased to $0.5 million from $1.8 million due to lower depletable base.

Property Plant and Equipment ("PPE") Impairment

Impairment tests were not performed because Centaurus determined there were no impairment indicators for any of its CGUs.

The depletion expense calculation for the year ended December 31, 2022 included as part of the depletable base, $0.8 million (2021 – $0.8 million) for estimated future development costs in Argentina.

During the year ended December 31, 2022, approximately $0.3 million (2021 - $0.2 million) of directly attributable general and administration costs were capitalized to property, plant and equipment in Argentina.

Exploration & Evaluation ("E&E") Impairment

On March 16, 2021, the Company's exploratory permit relating to the Curamhuele block expired, which resulted in an impairment expense of $26.4 million.

Impairment tests were not performed because Centaurus determined there were no impairment indicators for any of its CGUs.

Income Tax Expense (Recovery)

USD 000s	Three months ended December 31 2022	Three months ended December 31 2021	Year ended December 31 2022	Year ended December 31 2021
Current	-	-	-	-
Deferred	-	-	-	-
Total	-	-	-	-

Centaurus has one legal entity in Argentina. The income tax rate in Argentina is 35%.

The Company did not record a deferred income tax expense or recovery during the Quarter (Q4-2021 – nil).

On a YTD basis, the Company did not record a deferred income tax expense or recovery (YTD-2021 – nil).

Reconciliation of Cash Flow from Operating Activities and Funds Flow from Continuing Operations

As detailed previously in this MD&A, funds flow from operations is a term that does not have any standardized meaning under GAAP. Centaurus method of calculating funds flow from continuing operations may differ from that of other companies, and accordingly, may not be comparable to measures used by other companies.

Funds flow from (used in) continuing operations is calculated as cash flow from continuing operating activities before changes in non-cash working capital and change in other long-term assets.

USD 000s	Three months ended December 31 2022	Three months ended December 31 2021	Year ended December 31 2022	Year ended December 31 2021
Cash flow from operating activities	(2,815)	6,867	(14,926)	7,442
Change in non-cash working capital	(18,814)	(1,310)	37,317	(1,310)
Funds flow (used in) from continuing operations	(21,629)	5,557	22,391	6,132

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

USD 000s	Three months ended December 31 2022	Three months ended December 31 2021	Year ended December 31 2022	Year ended December 31 2021
Funds flow from (used in) continuing operations	(21,629)	5,557	22,391	6,132

Per share – basic & diluted	**(19.79)**	0.01	**20.48**	0.01
Net income (loss) gain - continuing operations	**(9,016)**	6,793	**40,172**	(4,829)
Per share – basic & diluted	**(8.21)**	0.01	**10.89**	(0.01)
Comprehensive (loss) gain – continuing operations	**(9,016)**	6,793	**40,172**	(4,829)

Centaurus funds flow from continuing operations for the Quarter decreased by $27.2 million from Q4-2021.

On an YTD basis, funds flow from continuing operations increased by $16.3 million from YTD-2021.

The net cash flows used by continuing operations for the Quarter was $2.2 million (Q4-2021 – provided $6.8 million).

The net gain from continuing operations YTD was $40.2 million (YTD-2021 – net loss of $4.8 million).

Capital Expenditures

	Three months ended December 31		**Year ended December 31**	
USD 000s	**2022**	**2021**	**2022**	**2021**
Argentina				
Land and associated renewal fees	**-**	-	**-**	-
Geological and geophysical	**-**	-	**-**	-
Drilling and completions		16,300		16,444
Well equipment and facilities		-	**114**	-
Other	**(1,774)**	6	**(183)**	80
Argentina total	**(1,774)**	16,306	**(69)**	16,524
Consolidated	**(1,774)**	16,306	**(69)**	16,524

Argentina

Capital expenditures for the Quarter were primarily related to workovers done at Puesto Morales.

As December 31, 2022, the net book value of the PP&E assets was $4 million (2021 - $20.5 million) and the net book value of the E&E assets were $3.8 million (2021 - $3.8 million).

Transactions with Related Parties

As of December 31, 2022, the Corporation is indebted to the Chief Executive Officer for $607 thousand primary related to trade payables settled by the officer on behalf of the Corporation.

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

On September 13, 2017, the shareholders of the Corporation passed an ordinary resolution approving KD Energy as a new "Control Person" (as such term is defined in the TSX Venture Exchange Corporate Finance Manual) of the Corporation. In connection therewith, the convertible loan agreement dated May 8, 2017 for an amount up to $16.5 million is available to be drawn upon by the Corporation in accordance with the terms thereof, as amended by the Amended and Restated Loan Agreement. During the year ended December 31, 2022, there were not any disbursements

(2021 – nil) and interests related for $143 thousand (2021 – $143 thousand).

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

Financial Position, Liquidity and Capital Resources

Liquidity risk

USD 000s	December 31 2022	December 31 2021
Working capital (deficit) surplus		
Argentina	**13,176**	(43,508)
Canada	**(3,578)**	(3,714)
	9,599	(47,222)
Convertible loan – capital resource	**(2,462)**	(2,265)
Working Capital loan	**-**	-
Short term loan	**(543)**	(66)
Pan American Energy ("PAE") loan	**-**	(17,293)
Net financial position	**6,594**	(66,846)
Shareholders' deficiency	**10,077**	(30,034)

As of December 31, 2022, the consolidated working capital of the Corporation was $9.6 million (December 31, 2021 -$47.2 million deficit), consisting of working capital of $13.2 million (December 31, 2021 – deficiency working capital of $43.5 million) in Argentina and a working capital deficiency of $3.6 million (December 31, 2021- $3.7 million working capital deficiency) in Canada.

As of December 31, 2022, cash and cash equivalents of $17 thousand was deposited with banks in Argentina (December 31, 2021 - $2 thousand), and is held in ARS. Cash and cash equivalents of $0.1 thousand (2021 -$4 thousand) was deposited with banks in Canada and is held in CAD and USD.

On March 27, 2020, the Company received a notice of default and reservation of rights from KD Energy and Hispania, alleging that the Corporation is in default of the terms of the Working Capital Loan Agreement and Amended and Restated Convertible Loan Agreement. On March 25, 2020, the Company and Maglan Distressed Master Fund LP entered into the Maglan Financing Agreement, pursuant to the terms of which the parties will enter into agreements providing the Corporation with access of up to $23 million. The related agreements have not been executed.

The 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.

Repatriation of Funds to Canada

Funds are required to enable the Corporation to maintain compliance with the regulatory, reporting, audit, legal and tax requirements of an issuer listed on the TSXV.

During 2022, nil was repatriated from Argentina. (2021 - nil) The Company did not increase its investment in its Argentine or other subsidiaries (2021 - nil).

Share Capital Issued, Options Granted and Long-term Incentive Plan

No common shares were issued in the Quarter (Q4-2021 – nil).

On a YTD basis, no common shares were issued (YTD-2021 – nil).

No options were granted during the Quarter (Q4-2021 – nil).

During the year ended December 31, 2022, 24,205,954 options were granted to certain directors of the Company with exercise prices of CAD $0.055 or USD $0.04337 per share.

As of April 25, 2023, the Corporation had 1.1 million shares and 0.1 million options outstanding.

Fair value of Financial Instruments

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

Decommissioning Obligations

Decommissioning obligations result from net ownership interests in property, plant and equipment and involve critical accounting estimates. There are significant uncertainties related to the estimated costs and the timing of settlement of decommissioning obligations, and the impact on the financial statements could be material. The main factors that can cause expected decommissioning obligations to change are changes to laws and regulations, construction of new facilities, changes in reserve estimates and life, changes in technology, and discount and/or inflation rates applied.

The Corporation expects the decommissioning obligations for its obligation to be invoiced in USD and settled in ARS.

Changes to Centaurus estimates of decommissioning, restoration and similar liabilities are recorded directly to the related asset with a corresponding entry to the provision. Centaurus estimates are reviewed at the end of each reporting period for changes in estimated costs, timing of settlement, changes in laws, regulatory requirements, discount rates, and effects of inflation.

At December 31, 2022 an inflation rate of 5.51% was used (December 31, 2021 – 1.52%). The risk free rate used to discount the liability at December 31, 2022 was 3.83% (December 31, 2021 – 1.52%). The majority of the Argentine decommissioning obligations are expected to be invoiced in USD and settled through payments in ARS.

Commitments and Other Long-term Liabilities

Consolidated undiscounted Commitments table

USD 000s	Under negotiations	2022	2023	Thereafter	Total
Development and Exploration Commitments	32,000	2,000	-	-	34,000
Total	**32,000**	**2,000**	**-**	**-**	**34,000**

Coirón Amargo Sur Este (CASE - 35% WI)

Pan American Energy ("PAE"), Centaurus' operating partner in CASE, agreed, subject to certain conditions, to provide Centaurus with a loan of up to $40 million, on a limited recourse basis, to be drawn down as required to fund certain CASE capital expenditures. This limited recourse loan would bear interest at 7% per annum and is repayable within five years from the net revenue generated from the capital expenditure program. Transaction fees of $0.5 million were incurred to complete this agreement. The loan was fully paid as of the end of quarter.

On September 18, 2018, CASE block was converted in an unconventional exploitation concession with a 35-year term. The concession was awarded after the CASE block successfully completed the evaluation phase.

On January 22, 2021, Centaurus and PAE interested into an assignment agreement, transferring to PAE a six percent (6%) working interest CASE for an amount of $8.4 million, with retroactive effect as of July 1, 2020. The $8.4 million represented the value of cash call requests relating to the operating and capital expenditures for the period from April 2020 through December 31, 2020. Pursuant to the assignment agreement, Centaurus remedied its default under the Joint Venture Agreement with respect to the cash calls unpaid and cured its default under the Loan Agreement.

On March 22, 2022, Madalena Energy Argentina S.R.L. ("MEA"), closed the agreement to sell its remaining working interest in CASE, located in the Province of Neuquén, Argentina to Pan American Energy, S.L., Argentine Branch ("PAE"), the operator of CASE.

Pursuant to the transaction with PAE, Centaurus has sold its remaining working interest (29%) in the CASE block, with an effective date of January 1, 2021, in return for consideration with a reference value of more than US$49 million, including:

a. satisfaction and discharge of all amounts owed by the Company under the Loan Agreement between PAE and Centaurus, dated December 7, 2016 (the "Loan Agreement"), and termination of the Loan Agreement,

b. payment of US$6,000,000 to the Province of Neuquén to settle MEA liabilities related to the Curamhuele hydrocarbons area, located in the Province of Neuquén ("Curamhuele"), and

c. payment to Centaurus, over time, of 1.25% to 2.5% Overriding Royalty Interest (the "ORRI") over the net proceeds corresponding to the 29% interest being assigned to PAE which shall be payable by PAE in semi-annual installments, and other considerations totaling US$16.83 million.

Upon closing, PAE paid to the Company approximately US$165,000 for the ORRI proceeds attributable to 2021. The next ORRI payment will be received after the close of the first half of 2022.

Curamhuele Block (90% WI-operated)

The Curamhuele Block is operated by Centaurus and covers an area of approximately 56,237 (50,613 net) acres. The block is situated along the east side of the north south trending Andean thrust belt in the middle portion of the Province of Neuquén, approximately 650 miles south and west of Buenos Aires.

Centaurus is responsible for paying 100% of the costs during the exploration or evaluation phase. If reserves are discovered in commercial quantities, the Corporation may convert certain areas of the block into an exploitation (development) concession. Production will be subject to a 12% royalty payable to the province of Neuquén. GyP is responsible for its 10% share of the costs incurred in the exploitation phase.

In December 2015, Centaurus ratified an extension of its second exploration term with the Province of Neuquén to September 9, 2016, and subsequent thereto, the Corporation put forward a proposal to the Province to enter into a four year evaluation period to further appraise the Curamhuele Block with a work commitment of $8.2 million to be incurred by March 9, 2019.

In 2016, the remaining work commitment relating to the existing Curamhuele Block concession agreement were fulfilled by completing the Yapai.x 1001 well in the Mulichinco formation and Lower Agrio Shale.

The Corporation received approval for a 2 year extension on the Curamhuele concession based on its proposal to drill one vertical well in a new location to vertically test the Vaca Muerta and Lower Agrio formations. The extension was initially applied for in December, 2018.

On May 13, 2019 the extension was approved by the Ministry of Energy and Natural Resources for the province of Neuquen (the "Ministry"), which granted an additional twenty-four months expiring March 9, 2021 for the exploratory period of the concession.

On November 14, 2019 the Company was notified by the Province of Neuquen that the milestones for the vertical test that were agreed to as part of the 2 year extension were not being met. Following receipt of the letter, the Company engaged in discussions and correspondence with the Ministry and Gas y Petróleo del Neuquén S.A. ("GyP"), a provincial government oil and gas company who has a 10% working interest in the concession, for the purpose of adjusting the milestone schedule. On January 10, 2020, the Company received a letter from the Ministry which proposed an agreement to adjust the milestones and provided an extension to the Company until

April 30, 2020 to determine a specific financing to comply with the schedule. Such extension was conditional on the Company submitting a performance bond for $16.2 million. The bond shall be executed if (i) the Company fails to comply with the terms of the extension, including submission of contracts, invoices or other evidence that the Company has contracted a drilling rig and has secured the wellhead and all casing necessary; or (ii) the March 9, 2021 deadline for completing the commitments.

The Company accepted the Ministry's proposal on January 20.

On March 16, 2021, the Company's exploratory permit relating to the Curamhuele block expired.

As a part of the CASE sale agreement, PAE made a payment of US$6,000,000 to the Province of Neuquén to settle MEA liabilities related to the Curamhuele hydrocarbons area, located in the Province of Neuquén.

Puesto Morales Block (100% WI-operated)

USD 000s	Under negotiation	2022	2023	Beyond	Total
Concession commitments	28,400	2,000	-	-	30,400

On January 4, 2019 the Corporation received the approval from the provincial authority for a re-schedule and conversion of the last commitments in a new exploration plan.

In May 2022, MEAentered into an agreement with REFINAR S.A., an oil and gas corporation based in Argentina ("Refinar"), whereby Refinar will fund workover operations in the Rinconada-Puesto Morales blocks in the Province of Rio Negro (the "Transaction"). The Transaction includes a pre-purchase of oil by Refinar, to fund the scheduled workover activity.

Santa Victoria Block (100% WI - operated)

The contract can contain up to three exploration and evaluation phases, of which the second expired in April 2017. The second phase required additional work commitments of $4.037 million for which no qualifying expenditures have been made. A performance bond of $3.6 million is in place over the commitments under this exploration and evaluation permit. Since November 2017, the Corporation has proposed alternatives to the province of Salta in order to reconvert and reschedule pending commitments. As of December 31, 2022 negotiations were continuing.

El Chivil Block (100% WI – operated)

On February 2, 2021, the Corporation relinquished its El Chivil concession.

Palmar Largo operation agreement (100% WI – operated)

Centaurus has signed an operation agreement with Recursos y Energía Formosa SA ("REFSA"), an oil company belonging to the Province of Formosa (the "Province"), over the Palmar Largo Concession in Formosa, Argentina, effective December 1, 2018 (the "Operation Agreement"). The block covers an area of approximately 301,740 acres.

On January 15, 2021, the Company relinquished the Palmar Largo concession.

Other Commitments

In November 2016, Centaurus sub-leased its former corporate office premises to the end of 2018, with the expectation of further renewals or alternative sub-lease arrangements to the end of the head lease term of September 2022. The difference between the head lease payments under the existing contract and the sub-lease contract income expected over the period of the lease term, results in an onerous contract and a liability has been recognized of approximately $0.88 million (2020 - $0.97 million), recorded as part of Other long-term liabilities in the consolidated statements of financial position at December 31, 2022.

Other long-term liabilities
A continuity relating to these liabilities is as follows:

	Year ended December 31, 2022	2021
Balance, beginning of year	**1,151**	1,325
Lease liability[1]	**-**	-
LTIP liability	**-**	-
New contingencies	**-**	-
Other liabilities	**1,206**	(90)
Effect of change in foreign exchange rates	**532**	(84)
Balance, end of year	**2,889**	1,151

(1) Relates to "Other Commitments"

Annual and Quarterly Financial Results
Annual Financial Results – Continuing Operations

As at December 31 USD 000s, unless otherwise noted	**2022**	**2021**	2020
Oil and natural gas revenues	**12,148**	22,954	27,175
Other income	**46,109**	3,135	432
Net loss from continuing operations	**40,171**	(4,829)	(38,020)
Shares outstanding – millions	**1.1**	544.1	544.1
Net loss per share – basic and diluted-continuing operations	**36.75**	(0.01)	(0.07)
Total assets	**31,151**	40,942	39,241
Shareholders' equity (deficiency)	**10,077**	(30,034)	(25,301)

The decrease in oil and gas revenues in 2022 was a result of a decrease in CASE and Surubí due to the working interest in concessions were sold during Q1 and Q3 2022.
Quarterly Financial Results - Continuing Operations

USD 000s, unless otherwise noted	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**
Oil and natural gas revenues	**2,205**	2.315	1.782	5.845
Net income (loss)	**(9,016)**	3.867	883	44.437
Shares outstanding – millions	**1.1**	544,1	544,1	544,1
Net income (loss) per share – basic and diluted	**(8.25)**	0,01	0,00	0,08

USD 000s, unless otherwise noted	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**
Oil and natural gas revenues	**8,085**	5,425	5,281	4,162
Net income (loss)	**6,793**	1,895	2,556	(16,075)

Shares outstanding – millions	**544.1**	544.1	544.1	544.1
Net income (loss) per share – basic and diluted	**0.01**	(0.00)	(0.00)	(0.03)

Critical Accounting Judgments, Estimates and Accounting Policies
For further details regarding the Corporation's critical accounting judgments, estimates and accounting policies, the following should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2022.

Management is required to make judgments, estimates and assumptions in the application of accounting policies that could have a significant impact on the Corporation's financial results. Actual results may differ from those estimates and those differences may be material. The estimates and assumptions used are subject to updates based on experience and the application of new information. The Corporation's critical accounting policies and estimates are reviewed annually by the Audit Committee of the Board. Further details on the basis of presentation and significant accounting policies can be found in the Corporation's notes to the consolidated financial statements for the year ended December 31, 2022.

(a) 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.

Critical Accounting Judgments in Applying Accounting Policies
Critical judgments are those judgments made by management in the process of applying accounting policies that have the most significant effect on the amounts recognized in the Corporation's consolidated financial statements and accompanying notes for the year ended December 31, 2021. Further information on management's critical accounting judgments in applying accounting policies can be found in the notes to the consolidated financial statements for the year ended December 31, 2021.

Critical Accounting Estimates
Critical accounting estimates are those estimates that require management to make particularly subjective or complex judgments about matters that are inherently uncertain. Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to accounting estimates are recognized in the period in which the estimates are revised. During the Quarter, there were no changes to the Corporation's key sources of estimation uncertainty. Further information on the Corporation's key sources of estimation uncertainty can be found in the notes to the consolidated financial statements for the year ended December 31, 2022.

Risk Management
For a full understanding of the risks that impact the Corporation, the following discussion should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2022.

The Corporation is exposed to a number of risks through the pursuit of its strategic objectives. Some of these risks impact the oil and gas industry as a whole and others are unique to its operations and its involvement in Argentina. Actively managing these risks improves the Corporation's ability to effectively execute its business strategy. The factors that impact the Corporation's exposure to liquidity risk, safety risk, capital project execution and operating risk, reserves replacement risk, environmental risk and regulatory risk has not changed substantially since December 31, 2022. For a further and more in-depth discussion of the Corporation's risk management see the Corporation's consolidated financial statements for the year ended December 31, 2022.

A description of the risk factors and uncertainties affecting the Corporation can be found in the Advisory.

Advisory

Forward Looking Statements
This MD&A may include forward-looking statements including opinions, assumptions, estimates and management's assessment of future plans and operations, expected depletion, depreciation and accretion expenses, expectations as to the taxability of the Corporation and planned capital expenditures and the timing and funding thereof. When used in this document, the words "anticipate," "believe," "estimate," "expect," "intent," "may," "project," "plan", "should" and similar expressions are intended to be among the statements that identify forward-looking statements. Forward-looking statements are subject to a wide range of risks and uncertainties, and although the Corporation believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to, the impact (and duration thereof) that the COVID-19 pandemic will have on (i) global and domestic demand for oil and gas, and (ii) the Corporation's ability to continue to access equipment and services required to operate its business; risks associated with petroleum and natural gas exploration, development, exploitation, production, marketing and transportation, the volatility of petroleum and natural gas prices, currency fluctuations, the ability to implement corporate strategies the ability to repatriate funds from Argentina, the state of domestic capital markets, the ability to obtain financing, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, changes in petroleum and natural gas acquisition and drilling programs, delays resulting from inability to obtain required regulatory approvals, delays resulting from inability to obtain drilling rigs and other services, labour supply risks, environmental risks, competition from other producers, imprecision of reserve estimates, changes in general economic conditions, ability to execute farm-in and farm-out opportunities, and other factors, all of which are more fully described from time to time in the reports and filings made by the Corporation with securities regulatory authorities.

Statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described can be profitably produced in the future.

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

Reserves and Other Oil and Gas Disclosure
Any references in this MD&A to test rates, flow rates, initial and/or final raw test or production rates, early production, test volumes behind pipe and/or "flush" production rates are useful in confirming the presence of hydrocarbons, however, such rates are not necessarily indicative of long-term performance or of ultimate recovery. Such rates may also include recovered "load" fluids used in well completion stimulation. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for Centaurus. In addition, the Vaca Muerta and Agrio shales are unconventional resource plays which may be subject to high initial decline rates.

Analogous Information
Certain information in this MD&A may constitute "analogous information" as defined in National Instrument 51-101

- Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), including, but not limited to, information relating to areas, assets, wells, industry activity and/or operations that are in geographical proximity to or believed to be on-trend with lands held by Centaurus. Such information has been obtained from public sources, government sources, regulatory agencies or other industry participants. Management of Centaurus believes the information may be relevant to help define the reservoir characteristics within lands on which Centaurus holds an interest and such information has been presented to help demonstrate the basis for Centaurus business plans and strategies. However, management cannot confirm whether such analogous information has been prepared in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook and Centaurus is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor. Centaurus has no way of verifying the accuracy of such information. There is no certainty that the results of the analogous information or inferred thereby will be achieved by Centaurus and such information should not be construed as an estimate of future production levels or the actual characteristics and quality Centaurus assets. Such information is also not an estimate of the reserves or resources attributable to lands held or to be held by Centaurus and there is no certainty that such information will prove to be analogous in the future. The reader is cautioned that the data relied upon by Centaurus may be in error and/or may not be analogous to such lands to be held by Centaurus.

Numerical Amounts

The reporting and the measurement currency is the USD. Natural gas reserves and volumes are converted to barrels of oil equivalent (boe) on the basis of six thousand cubic feet (mcf) of gas to one barrel (bbl) of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

This MD&A uses the term "netback" which is a term that does not have standardized meanings under GAAP and this non-GAAP measurement may not be comparable with the calculation of other entities. The Corporation uses this measure to analyze operating performance.

The term "netback", which is calculated as the average unit sales price, less royalties and operating expenses, represents the cash margin for every barrel of oil equivalent sold. The Corporation considers this a key measure as it demonstrates its profitability relative to current commodity prices. This term does not have any standardized meaning prescribed by GAAP and, therefore, might not be comparable with the calculation of a similar measure for other companies.

Abbreviations

The following is a summary of the abbreviations used in this MD&A:

Oil and Natural Gas Liquids

bbl	barrel
bbls/d	barrels per day
NGLs	Natural gas liquids
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day

Natural Gas

Mcf	thousand cubic feet
mmbtu	million British Thermal Units