



**CENTAURUS ENERGY INC.**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2023**



## MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2023

*(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 March 22, 2024 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, 2023 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](http://www.sedar.com) and on the Corporation's website at [www.ctaurus.com](http://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," the "Company," or the "Corporation") is an independent, Canadian company that has been focused on Argentine upstream oil and gas with operations until January 2023. The Company is currently focused on managing the future proceeds from the PAE ORRI, totaling US\$16 million, which may include investment in new endeavors and/or capital returns.

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 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.

### 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.

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.

#### *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.



## 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, 2023 compared to the three and twelve months ended December 31, 2022. During 2023, 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.

USD	Three months ended December 31		% Change <sup>(1)</sup>	Year ended December 31		% Change <sup>(1)</sup>
	2023	2022		2023	2022	
Average CAD to USD	0.734	0.736		0.741	0.768	
Average ARS to USD	0.002	0.006		0.003	0.008	
Period end CAD to USD	0.756	0.738		0.756	0.738	
Period end ARS to USD	0.001	0.006		0.001	0.006	

(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	
	2023	2022	2023	2022
Crude oil and NGLs (bbls/d)	-	324	-	511
Natural gas (mcf/d)	-	871	-	799
Total daily sales (boe/d)	-	469	-	644
% oil	-	69%	-	79%

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

### Average Realized Prices

USD	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
Crude oil and NGLs - \$/bbl	-	63.46	-	59.56
Natural gas - \$/mcf	-	3.91	-	3.57
Total - \$/boe	-	51.08	-	51.67



### Oil and Natural Gas Revenue

USD 000s, except boe	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
Crude oil	-	1,892	-	11,106
Natural gas	-	131	-	1,042
	-	2,205	-	12,148
\$/boe	-	51.08	-	51.67

### Other Income

USD 000s	Three months ended December 31		Twelve months ended December 31	
	2023	2022	2023	2022
Agreement to sell 29% of WI in CASE	-	-	-	41,108
Agreement to sell 85% of WI in Surubí	-	3,361	-	4,929
Other	-	-	-	-
Other income	-	3,361	-	46,109

### Royalties

USD 000s, except boe	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
Royalties	-	291	-	1,896
As % of revenue	-	13%	-	16%
\$/boe	-	6.74	-	8.06

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

### Operating Costs

USD 000s, except boe	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
Compensation costs	-	1,237	-	4,171
Transportation and processing	-	118	-	861
Maintenance, workovers and other	-	2,662	-	5,656



	-	4,018	-	10,688
\$/boe	-	93.06	-	45.46

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

#### Netbacks <sup>(1)</sup>

USD/boe	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
Oil and gas revenue	-	51.08	-	51.67
Royalties	-	(6.74)	-	(8.06)
Operating expenses	-	(93.06)	-	(45.46)
Netbacks	-	(48.72)	-	1.85

- (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		Year ended December 31	
	2023	2022	2023	2022
<b>Argentina</b>				
Gross G&A				
Compensation costs	-	221	-	1,005
Other	-	22,662	-	23,162
Capitalized	-	(73)	-	(275)
	-	22,810	-	23,892
<b>Corporate</b>				
Gross G&A				
Compensation costs	-	-	149	-
Other	288	(51)	200	145
	288	(51)	349	145
<b>Consolidated</b>				
Net G&A total	288	22,759	349	24,037

#### Corporate

Gross G&A expenses increased to \$349 thousand compared to \$145 thousand in 2022.



### Finance (Income) and Expenses

USD 000s	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
<b>Argentina</b>				
Bank charges and fees	-	-	-	52
Foreign exchange (gain) loss - unrealized	-	(12,776)	-	(17,963)
Accretion of decommissioning liabilities	-	71	-	213
Lease liabilities accretion	-	(8)	-	(8)
Allowance for Tax Doubtful Accounts	-	-	-	-
Interest (income) and other expenses	-	116	-	(851)
	-	(12,597)	-	(18,558)
<b>Corporate</b>				
Foreign exchange (gain) loss - unrealized	10	73	286	(442)
Interest and other expenses	158	(9)	358	(36)
	168	64	645	(479)
<b>Consolidated</b>	168	(12,533)	645	(19,036)

#### Corporate

##### Foreign exchange loss (gain)

During the Quarter, the Company recorded an unrealized foreign exchange gain of \$10 thousand (Q4-2022 \$73 thousand).

YTD, the Company recorded an unrealized foreign exchange gain of \$286 thousand compared to a \$445 thousand in YTD-2022.

#### 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.

All stock options were canceled in November 2023.

#### Depletion and Depreciation ("D&D")

USD 000s, except boe	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
<b>Argentina</b>				
\$/boe	-	80	-	554
	-	1.85	-	2.36
<b>Corporate</b>	-	-	-	-
<b>Consolidated</b>	-	80	-	554

As a result of Centaurus' sale of Madalena Energy Argentina SRL, currently, Centaurus does not have Depletion and



Depreciation to report.

***Income Tax Expense (Recovery)***

USD 000s	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
Current	-	-	-	-
Deferred	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Company did not record a deferred income tax expense or recovery during the Quarter (Q4-2022 – nil).

On a YTD basis, the Company did not record a deferred income tax expense or recovery (YTD-2022 – nil).

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

USD 000s	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
Funds flow from (used in) continuing operations	188	(21,629)	(6,447)	22,391
Per share – basic & diluted	0.07	(19.79)	(5.93)	20.48
Net income (loss) gain - continuing operations	(392)	(9,016)	638	40,172
Per share – basic & diluted	(0.33)	(8.21)	0.45	10.89
Comprehensive (loss) gain – continuing operations	(392)	(9,016)	638	40,172

Centaurus's funds flow from continuing operations for the Quarter was \$188 thousand.

The net loss from continuing operations for the Quarter was \$0.4 million (Q4-2022 –\$9 million).

***Capital Expenditures***

USD 000s	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
<b>Argentina</b>				
Land and associated renewal fees	-	-	-	-
Geological and geophysical	-	-	-	-
Drilling and completions	-	-	-	-
Well equipment and facilities	-	-	-	114
Other	-	(1,774)	-	(183)
Argentina total	-	(1,744)	-	(69)
<b>Consolidated</b>	<b>-</b>	<b>(1,744)</b>	<b>-</b>	<b>(69)</b>





### ***Transactions with Related Parties***

As of December 31, 2023, the Corporation is indebted to the Chief Executive Officer for \$641 thousand primarily related to trade payables settled by the officer on behalf of the Corporation.

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 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, 2023, there were not any disbursements (2022 – nil) and interests related for \$143 thousand (2022 – \$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 2023	December 31 2022
Working capital (deficit) surplus		
Argentina	-	13,176
Canada	(4,629)	(3,578)
	(4,629)	9,599
Convertible loan – capital resource	-	(2,462)
Working Capital loan	-	-
Short term loan	-	(543)
Pan American Energy ("PAE") loan	-	-
Net financial position	(4,629)	6,594
Shareholders' equity	10,689	10,077

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

At December 31, 2023, cash and cash equivalents of \$13 thousand was deposited with banks in Canada and United States of America.

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

#### *KD Energy International, Capital Limited, Jose David 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 a 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.

#### ***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.

#### ***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***

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

#### ***Commitments and Contingencies***

##### *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 had been recognized of approximately \$0.9 million recorded as part of Other long-term liabilities in the consolidated statements of financial position at March 31, 2023. During the second quarter of 2023, this liability was reversed.



**Annual and Quarterly Financial Results**  
**Annual Financial Results – Continuing Operations**

As at December 31	2023	2022	2021
USD 000s, unless otherwise noted			
Oil and natural gas revenues	-	12,148	22,954
Other income	-	46,109	3,135
Net loss from continuing operations	638	40,171	(4,829)
Shares outstanding – millions	1.1	1.1	544.1
Net loss per share – basic and diluted- continuing operations	0.59	36.75	(0.01)
Total assets	15,631	31,151	40,942
Shareholders' equity (deficiency)	10,689	10,077	(30,034)

**Quarterly Financial Results - Continuing Operations**

	Q4	Q3	Q2	Q1
USD 000s, unless otherwise noted	2023	2023	2023	2023
Oil and natural gas revenues	-	-	-	-
Net income (loss)	(392)	(195)	398	828
Shares outstanding – millions	1.1	1,1	1.1	1.1
Net income (loss) per share – basic and diluted	(0.36)	(0.18)	0.36	0,76

	Q4	Q3	Q2	Q1
USD 000s, unless otherwise noted	2022	2022	2022	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

**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, 2023.

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, 2023.

**(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, 2023. 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, 2023.

#### ***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, 2023.

#### **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, 2023.

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, 2023. 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, 2023.

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 Company and planned capital expenditures and the timing and funding thereof. When used in this document, the words "anticipate," "believe," "estimate," "expect," "intent," "may," "project," "plan", "should" and similar expressions are intended to be among the statements that identify forward-looking statements. Forward-looking statements are subject to a wide range of risks and uncertainties, and although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such



expectations will be realized. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to, the outcome of the strategic review process, risks associated with petroleum and natural gas exploration, development, exploitation, production, marketing and transportation, the volatility of petroleum and natural gas prices, currency fluctuations, the ability to implement corporate strategies, the ability to repatriate funds from Argentina, the state of domestic capital markets, the ability to obtain financing, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, changes in petroleum and natural gas acquisition and drilling programs, delays resulting from inability to obtain required regulatory approvals, delays resulting from inability to obtain drilling rigs and other services, labour supply risks, environmental risks, competition from other producers, imprecision of reserve estimates, changes in general economic conditions, ability to execute farm-in and farm-out opportunities, and other factors, all of which are more fully described from time to time in the reports and filings made by the Company with securities regulatory authorities.

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 Company 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*

bbbl     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