MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

April 18, 2023

The MD&A should be read in conjunction with the audited financial statements and related notes for the years ended December 31, 2022 and 2021. The audited financial statements and financial data contained in the MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in Canadian currency, unless otherwise noted.

DESCRIPTION OF BUSINESS

Coelacanth Energy Inc. ("Coelacanth" or the "Company") is an oil and natural gas company, actively engaged in the acquisition, development, exploration, and production of oil and natural gas reserves in northeastern British Columbia, Canada. The Company trades on the TSX Venture Exchange ("TSXV") under the symbol "CEI".

COMMON-CONTROL TRANSACTION

On May 31, 2022, the arrangement agreement between Coelacanth, Leucrotta Exploration Inc. ("Leucrotta"), Vermilion Energy Inc. ("Vermilion"), and the shareholders of Leucrotta (the "Arrangement") closed and Vermilion acquired all of the issued and outstanding common shares of Leucrotta in exchange for $1.73 cash for each common share of Leucrotta held.

Pursuant to an asset conveyance agreement between Coelacanth and Leucrotta made as of May 31, 2022, and immediately prior to the closing of the Arrangement, Leucrotta transferred approximately $45.1 million cash, net of transaction costs, and certain oil and natural gas assets primarily located in the Two Rivers area of British Columbia ("Two Rivers Assets") to Coelacanth in exchange for one common share of Coelacanth ("Coelacanth Share"), and 0.1917 of a common share purchase warrant of Coelacanth (one whole warrant being an "Arrangement Warrant") for each common share of Leucrotta outstanding. The Coelacanth Shares and Arrangement Warrants were then transferred to the shareholders of Leucrotta.

Since the shareholders of Coelacanth and Leucrotta were the same both before and after the conveyance of the Two Rivers Assets (at the time Coelacanth was a wholly-owned subsidiary of Leucrotta), this transaction was deemed a common-control transaction. The financial and operational results below present the historic financial position, results of operations and cash flows of the transferred Two Rivers Assets for all prior periods up to and including May 31, 2022 on a carve-out basis as if they had operated as a stand-alone entity subject to Leucrotta's control. The financial position, results of operations and cash flows from March 24, 2022 (the date of incorporation of Coelacanth) to May 31, 2022 include both the Two Rivers Assets and Coelacanth on a combined basis and from May 31, 2022 forward include the results of Coelacanth after assuming the Two Rivers Assets upon close of the Arrangement.

OIL AND GAS TERMS

The Company uses the following frequently recurring oil and gas industry terms in the MD&A:

Liquids

Bbls	Barrels
Bbls/d	Barrels per day
NGLs	Natural gas liquids (includes condensate, pentane, butane, propane, and ethane)
Condensate	Pentane and heavier hydrocarbons

Natural Gas

Mcf	Thousands of cubic feet
Mcf/d	Thousands of cubic feet per day
MMcf/d	Millions of cubic feet per day
MMbtu	Million of British thermal units
MMbtu/d	Million of British thermal units per day

Oil Equivalent

Boe	Barrels of oil equivalent
Boe/d	Barrels of oil equivalent per day

Disclosure provided herein in respect of a boe may be misleading, particularly if used in isolation. A boe conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent has been used for the calculation of boe amounts in the MD&A. This boe conversion rate is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

NOTE REGARDING PRODUCT TYPES

The Company uses the following references to sales volumes in the MD&A:

Natural gas refers to shale gas
Oil and condensate refers to condensate and tight oil combined
Other NGLs refers to butane, propane and ethane combined
Oil and NGLs refers to tight oil and NGLs combined
Oil equivalent refers to the total oil equivalent of shale gas, tight oil, and NGLs combined, using the conversion rate of six thousand cubic feet of shale gas to one barrel of oil equivalent as described above.

Readers are referred to the "Product Types" section for a complete breakdown of sales volumes for applicable periods by specific product types of shale gas, tight oil, and NGLs.

NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A refers to certain measures that are not determined in accordance with IFRS (or "GAAP"). These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered alternatives to, or more meaningful than, financial measures that are determined in accordance with IFRS as indicators of the Company's performance. Management believes that the presentation of these non-GAAP and other financial measures provides useful information to shareholders and investors in understanding and evaluating the Company's ongoing operating performance, and the measures provide increased transparency to better analyze the Company's performance against prior periods on a comparable basis.

Non-GAAP Financial Measures

Adjusted funds used
Management uses adjusted funds used to analyze performance and considers it a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments and abandonment obligations and to repay debt, if any. Adjusted funds used is a non-GAAP financial measure and has been defined by the Company as cash flow used in operating activities excluding the change in non-cash working capital related to operating activities, movements in restricted cash deposits and expenditures on decommissioning obligations. Management believes the timing of collection, payment or incurrence of these items involves a high degree of discretion and as such may not be useful for evaluating the Company's cash flows. Adjusted funds used is reconciled from cash flow used in operating activities under the heading "Cash Flow Used in Operating Activities and Adjusted Funds Used".

Operating netback
Management considers operating netback an important measure as it demonstrates its profitability relative to current commodity prices. Operating netback is calculated as oil and natural gas sales less royalties, operating expenses, and transportation expenses and is calculated as follows:

	Three Months Ended December 31		**Year Ended December 31**	
($000s)	**2022**	2021	**2022**	2021
Oil and natural gas sales	**1,676**	1,621	**7,833**	7,772
Royalties	**(442)**	(515)	**(2,230)**	(2,167)
Operating expenses	**(495)**	(341)	**(1,802)**	(1,943)
Transportation expenses	**(188)**	(136)	**(715)**	(1,160)
Operating netback (non-GAAP)	**551**	629	**3,086**	2,502

Capital expenditures
Coelacanth utilizes capital expenditures as a measure of capital investment on property, plant, and equipment, exploration and evaluation assets and property acquisitions compared to its annual budgeted capital expenditures. Capital expenditures are calculated as follows:

	Three Months Ended December 31		**Year Ended December 31**	
($000s)	**2022**	2021	**2022**	2021
Capital expenditures – property, plant, and equipment	**4,372**	475	**8,944**	888
Capital expenditures – exploration and evaluation assets	**4,504**	193	**4,960**	449
Capital expenditures (non-GAAP)	**8,876**	668	**13,904**	1,337

Capital Management Measures

Adjusted working capital
Management uses adjusted working capital as a measure to assess the Company's financial position. Adjusted working capital is calculated as current assets and restricted cash deposits less current liabilities, excluding the current portion of decommissioning obligations. Refer to the calculation of adjusted working capital and reconciliation to working capital under the heading "Liquidity and Capital Resources".

Non-GAAP Financial Ratios

Adjusted Funds Used per Share
Adjusted funds used per share is a non-GAAP financial ratio, calculated using adjusted funds used and the same weighted average basic and diluted shares used in calculating net loss per share.

Operating netback per boe
The Company utilizes operating netback per boe to assess the operating performance of its petroleum and natural gas assets on a per unit of production basis. Operating netback per boe is calculated as operating netback divided by total production for the applicable period. Operating netback per boe is reconciled to net loss per boe under the heading "Operating Netback".

Supplementary Financial Measures

The supplementary financial measures used in this MD&A (primarily average sales price per product type, royalty rates, and certain per boe and per share figures) are either a per unit disclosure of a corresponding GAAP measure, or a component of a corresponding GAAP measure, presented in the financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate GAAP measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding GAAP measure are a granular representation of a financial statement line item and are determined in accordance with GAAP.

FINANCINGS

Vermilion Financing

Pursuant to and concurrent with the closing of the Arrangement, Vermilion purchased 53.3 million Coelacanth Shares at a price of $0.27 per Coelacanth Share for total gross proceeds of $14.4 million.

Management Financing

On June 10, 2022, Coelacanth closed a non-brokered private placement of 14.0 million units (the "Coelacanth Units") to certain officers, employees and directors of Coelacanth at a price of $0.27 per Coelacanth Unit for total gross proceeds of $3.8 million. Each Coelacanth Unit is comprised of one Coelacanth Share and one Coelacanth Share purchase warrant (a "Warrant"). The Warrants are exercisable at a price of $0.27 per Coelacanth Share and expire on June 10, 2027.

Concurrently on June 10, 2022, Coelacanth closed a non-brokered private placement of 13.8 million flow-through units ("Flow-through Units") to certain officers, employees and directors of Coelacanth at a price of $0.27 per Flow-through Unit for total gross proceeds of $3.7 million. Each Flow-through Unit is comprised of one Coelacanth Share issued on a flow-through basis in respect of Canadian development expenses ("CDE") under the Income Tax Act (Canada) ("Flow-through Share") and one flow-through CDE common share purchase warrant ("Flow-through Warrant"). The Flow-through Warrants are exercisable at a price of $0.27 per Flow-through Share and expire on June 10, 2027.

Arrangement Warrants

On May 31, 2022, 55.6 million Arrangement Warrants were issued to shareholders of Leucrotta. Each Arrangement Warrant entitled the holder to acquire one Coelacanth Share at an exercise price of $0.27 per share at any time on or before August 2, 2022. A total of 54.2 million Arrangement Warrants were exercised for total proceeds of $14.6 million while 1.3 million Arrangement Warrants expired unexercised.

OPERATIONS UPDATE

Coelacanth commenced operations June 1, 2022, with its lands previously being a small part of a larger business plan for Leucrotta. Although the lands had been geologically delineated and production tested with vertical and horizontal test wells, there was significant infrastructure and corresponding pad drilling required to bring the greater vision for the area to fruition.

To that end, Coelacanth has geographically divided up its two projects as Two Rivers West ("TRW") and Two Rivers East ("TRE") with TRW already producing from two Montney wells into a small battery facility owned and operated by Coelacanth.

At TRW, a small pad has already been licensed and Coelacanth plans to have two wells completed on the pad and producing in Q4 2023. A battery upgrade was also initiated to accommodate additional volumes.

At TRE, a larger scale development is planned that includes constructing a battery to process up to 20,000 boe/d of production coming from larger pads that would carry our products to market through approximately 25 miles of new gathering and sales pipelines. The initial pad (5 wells) is planned offsetting a previously drilled Montney well that tested over a 1,000 boe/d but was only drilled with a one-mile lateral and completed with 41 fracs. New pad wells will be a minimum of 2-mile laterals and completed with approximately 160 fracs. To date, Coelacanth has completed the engineering design and secured a site to build a battery capable of handling approximately 20,000 boe/d, surveyed and started the process of securing land access to construct the gathering and sales pipelines, and applied for a license to drill its first pad at TRE.

Industry had previously experienced delays and uncertainty due to the court ruling on the dispute between the BC Government and Blueberry River First Nations regarding Treaty 8 rights. A settlement agreement was reached and announced on January 18, 2023, that will allow industry to resume business but with new restrictions to adhere to particularly on Crown surface lands.

Coelacanth now has more certainty as to the timing of the initial development of its large Montney resource and is excited to initiate this project.

SUMMARY OF FINANCIAL RESULTS

($000s, except per share amounts)	Three Months Ended December 31 **2022**	2021	% Change	Year Ended December 31 **2022**	2021	2020
Oil and natural gas sales	**1,676**	1,621	3	**7,833**	7,772	5,621
Cash flow used in operating activities	**(636)**	(805)	(21)	**(9,741)**	(2,730)	(4,120)
Per share - basic and diluted (3)	**(-)**	(-)	-	**(0.03)**	(0.01)	(0.01)
Adjusted funds used (1)	**(60)**	(818)	(93)	**(350)**	(2,387)	(4,018)
Per share - basic and diluted	**(-)**	(-)	-	**(-)**	(0.01)	(0.01)
Net loss	**(725)**	(1,604)	(55)	**(11,163)**	(7,824)	(32,041)
Per share - basic and diluted	**(-)**	(0.01)	(100)	**(0.03)**	(0.03)	(0.11)
Total assets				**114,029**	28,241	28,542
Total long-term liabilities				**8,051**	11,655	9,496
Adjusted working capital (2)				**67,738**	265	116

(1) Adjusted funds used and adjusted funds used per share do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies. Please refer to the "Non-GAAP and Other Financial Measures" section for more details and the "Cash Flow Used in Operating Activities and Adjusted Funds Used" section for a reconciliation from cash flow used in operating activities.

(2) Adjusted working capital is a capital management measure calculated as current assets and restricted cash deposits less current liabilities, excluding the current portion of decommissioning obligations. Please refer to the "Non-GAAP and Other Financial Measures" section for more details.

(3) Supplemental financial measure. Please refer to the "Non-GAAP and Other Financial Measures" section for more details.

Although the Company benefited in 2022 from rising oil, NGLs, and natural gas commodity prices, the Company incurred accelerated share based compensation expense of $3.3 million on Leucrotta stock options and restricted share units ("RSUs") that vested in conjunction with the Arrangement and a one-time share compensation charge of $4.5 million relating to private placements of Coelacanth Units and Flow-through Units issued to certain officers, directors, and employees of the Company thus increasing the net loss in 2022 from 2021. Total assets and adjusted working capital increased dramatically at December 31, 2022 compared to December 31, 2021 due to the injection of cash from the Arrangement, the exercise of Arrangement Warrants and the private placement financings to Vermilion and officers, directors, and employees of the Company.

PRODUCTION	Three Months Ended December 31 **2022**	2021	% Change	Year Ended December 31 **2022**	2021	% Change
Average Daily Production (1)						
Oil and condensate (bbls/d)	**55**	72	(24)	**62**	102	(39)
Other NGLs (bbls/d)	**15**	24	(38)	**18**	29	(38)
Oil and NGLs (bbls/d)	**70**	96	(27)	**80**	131	(39)
Natural gas (mcf/d)	**1,468**	1,993	(26)	**1,614**	2,411	(33)
Oil equivalent (boe/d)	**315**	428	(26)	**349**	533	(35)

(1) "Natural gas" refers to shale gas; "Oil and condensate" refers to condensate and tight oil combined; "Other NGLs" refers to butane, propane and ethane combined; "Oil and NGLs" refers to tight oil and NGLs combined; "Oil equivalent" refers to the total oil equivalent of shale gas, tight oil, and NGLs combined, using the conversion rate of six thousand cubic feet of shale gas to one barrel of oil equivalent as described above. Readers are referred to the "Product Types" section for a complete breakdown of sales volumes for applicable periods by specific product types of shale gas, tight oil, and NGLs.

Daily production decreased to 315 boe/d and 349 boe/d for the three months and year ended December 31, 2022, respectively, from 428 boe/d and 533 boe/d for the comparative periods in 2021. The decrease in production was the result of natural declines on the Two Rivers, BC property.

Coelacanth's production profile for the fourth quarter of 2022 was consistent with the comparative quarter in 2021. The Q4 2022 weighting was 78% natural gas (Q4 2021 - 78%) and 22% oil and NGLs (Q4 2021 - 22%).

OIL AND NATURAL GAS SALES	Three Months Ended December 31			Year Ended December 31		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Oil and condensate	**531**	602	(12)	**2,645**	2,771	(5)
Other NGLs	**60**	92	(35)	**322**	349	(8)
Oil and NGLs	**591**	694	(15)	**2,967**	3,120	(5)
Natural gas	**1,085**	927	17	**4,866**	4,652	5
Total	**1,676**	1,621	3	**7,833**	7,772	1
Average Sales Price						
Oil and condensate ($/bbl)	**103.34**	91.31	13	**116.29**	74.67	56
Other NGLs ($/bbl)	**45.14**	41.53	9	**49.98**	32.78	52
Oil and NGLs ($/bbl)	**91.33**	78.75	16	**101.64**	65.33	56
Natural gas production sales and transportation revenue ($/mcf)	**8.03**	5.05	59	**8.26**	5.29	56
Combined ($/boe)	**57.83**	41.16	41	**61.48**	39.97	54

Revenue totaled $1.7 million and $7.8 million for the three months and year ended December 31, 2022, respectively, consistent with $1.6 million and $7.8 million for the comparative periods in 2021. The increase in commodity prices for both the three months and year ended December 31, 2022 over 2021 was mainly offset by production declines. The increase in commodity prices was primarily due to the global economic recovery and the return of energy demand around the world in the post COVID-19 pandemic environment.

The following table outlines the Company's realized wellhead prices and industry benchmarks:

Commodity Pricing	Three Months Ended December 31			Year Ended December 31		
	2022	2021	% Change	**2022**	2021	% Change
Oil and NGLs						
Corporate price ($CDN/bbl)	**91.33**	78.75	16	**101.64**	65.33	56
Canadian light sweet ($CDN/bbl)	**108.23**	92.14	17	**119.75**	80.31	49
West Texas Intermediate ("WTI") ($US/bbl)	**82.64**	77.19	7	**94.23**	67.91	39
Natural gas						
Corporate price ($CDN/mcf)	**8.03**	5.05	59	**8.26**	5.29	56
AECO price ($CDN/mcf)	**5.24**	4.74	11	**5.43**	3.64	49
Westcoast Station 2 ($CDN/mcf)	**3.37**	3.82	(12)	**4.54**	3.27	39
Chicago City Gate ($US/mmbtu)	**5.38**	4.65	16	**6.10**	4.15	47
Exchange rate						
CDN/US dollar exchange rate	**0.7368**	0.7938	(7)	**0.7689**	0.7980	(4)

Differences between corporate and benchmark prices can be the result of quality differences (higher or lower API oil and higher or lower heat content natural gas), sour content, the mix of sales points and marketing contracts negotiated for products, the mix of oil and NGLs, and various other factors. Coelacanth's differences are mainly the result of higher heat content natural gas production that is priced higher than AECO reference prices as well as the diversification of sales points and marketing contracts for products.

The Company's corporate average oil and NGLs prices were 84.4% and 84.9% of Canadian light sweet prices for the three months and year ended December 31, 2022, respectively, consistent with 85.5% and 81.3% for the comparative periods in 2021. Coelacanth's liquids mix during the fourth quarter of 2022 was approximately 79% light oil, condensate and pentanes, 11% butane and 10% propane (Q4 2021 - 74% light oil, condensate and pentanes, 15% butane and 11% propane).

Corporate average natural gas prices were 110.0% and 104.1% of Chicago City Gate price (converted to Canadian dollars) for the three months and year ended December 31, 2022, respectively, up from 86.2% and 101.7% for the comparative periods in 2021 due to a higher percentage of natural gas sales in 2022 being sold under Chicago contracts instead of AECO and Westcoast Station 2 contracts than in 2021.

Future prices received from the sale of the products may fluctuate as a result of market factors. In addition, the Company may enter into commodity price contracts to help manage future cash flows. The Company does not currently have any commodity price contracts outstanding.

ROYALTIES	Three Months Ended			Year Ended		
	December 31			December 31		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Oil and NGLs	**161**	237	(32)	**912**	1,063	(14)
Natural gas	**281**	278	1	**1,318**	1,104	19
Total	**442**	515	(14)	**2,230**	2,167	3

Average Royalty Rate (% of sales)						
Oil and NGLs	**27.2**	34.1	(20)	**30.7**	34.1	(10)
Natural gas	**25.9**	30.0	(14)	**27.1**	23.7	14
Combined	**26.4**	31.8	(17)	**28.5**	27.9	2

The Company pays royalties to provincial governments (Crown) and other oil and gas companies that own surface or mineral rights. Crown royalties are calculated on a sliding scale based on commodity prices and individual well production rates. Royalty rates can change due to commodity price fluctuations and changes in production volumes on a well-by-well basis, subject to a minimum and maximum rate restriction ascribed by the Crown.

Royalties totaled $0.4 million and $2.2 million for the three months and year ended December 31, 2022, respectively, consistent with $0.5 million and $2.2 million for the comparative periods in 2021. Higher prices throughout 2022 over 2021 were partially offset by declining production volumes. Current royalty percentages for the Company include a 20% gross overriding royalty on two wells as part of a previous funding agreement. The Company expects its royalty rates to decrease as new wells are drilled in the future.

OPERATING EXPENSES	Three Months Ended			Year Ended		
	December 31			December 31		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Oil and NGLs	**110**	71	55	**412**	544	(24)
Natural gas	**385**	270	43	**1,390**	1,399	(1)
Operating expenses	**495**	341	45	**1,802**	1,943	(7)

Average operating expenses						
Oil and NGLs ($/bbl)	**17.13**	8.04	113	**14.14**	11.39	24
Natural gas ($/mcf)	**2.85**	1.47	94	**2.36**	1.59	48
Combined ($/boe)	**17.11**	8.66	98	**14.15**	9.99	42

Per unit operating expenses were $17.11/boe and $14.15/boe for the three months and year ended December 31, 2022, respectively, up from $8.66/boe and $9.99/boe in the comparative periods in 2021. The increase is mainly the result of fixed costs at the Two Rivers facility combined with production declines as well as increased variable costs such as fuel gas and associated carbon tax. The Company expects operating costs per boe to decrease in the future once new production is brought on-stream.

TRANSPORTATION EXPENSES	Three Months Ended			Year Ended		
	December 31			December 31		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Oil and NGLs	**13**	19	(32)	**79**	111	(29)
Natural gas	**175**	117	50	**636**	1,049	(39)
Transportation expenses	**188**	136	38	**715**	1,160	(38)

Average transportation expenses						
Oil and NGLs ($/bbl)	**1.91**	2.15	(11)	**2.70**	2.33	16
Natural gas ($/mcf)	**1.30**	0.64	103	**1.08**	1.19	(9)
Combined ($/boe)	**6.48**	3.45	88	**5.61**	5.97	(6)

Transportation expenses are mainly third-party pipeline tariffs from firm transportation agreements to deliver production to the purchasers at main hubs. Transportation expenses were up on a per boe basis to $6.48/boe for the three months ended December 31, 2022, compared to $3.45/boe for the comparative period in 2021 mainly due to a higher percentage of natural gas sales in Q4 2022 being sold under Chicago contracts instead of AECO and Westcoast Station 2 than in 2021. While the sales prices were higher on Chicago contracts than on AECO and Westcoast Station 2 contracts, the transportation and marketing expenses are also higher. Transportation expenses were consistent on a per boe basis at $5.61/boe for the year ended December 31, 2022, compared to $5.97/boe for the comparative period in 2021.

OPERATING NETBACK	Three Months Ended December 31			Year Ended December 31		
	2022	2021	% Change	**2022**	2021	% Change
Oil and NGLs ($/bbl)						
Revenue	**91.33**	78.75	16	**101.64**	65.33	56
Royalties	**(24.88)**	(26.94)	(8)	**(31.22)**	(22.26)	40
Operating expenses	**(17.13)**	(8.04)	113	**(14.14)**	(11.39)	24
Transportation expenses	**(1.91)**	(2.15)	(11)	**(2.70)**	(2.33)	16
Operating netback	**47.41**	41.62	14	**53.58**	29.35	83
Natural gas ($/mcf)						
Revenue	**8.03**	5.05	59	**8.26**	5.29	56
Royalties	**(2.08)**	(1.51)	38	**(2.24)**	(1.25)	79
Operating expenses	**(2.85)**	(1.47)	94	**(2.36)**	(1.59)	48
Transportation expenses	**(1.30)**	(0.64)	103	**(1.08)**	(1.19)	(9)
Operating netback	**1.80**	1.43	26	**2.58**	1.26	105
Combined ($/boe)						
Revenue	**57.83**	41.16	41	**61.48**	39.97	54
Royalties	**(15.25)**	(13.08)	17	**(17.50)**	(11.14)	57
Operating expenses	**(17.11)**	(8.66)	98	**(14.15)**	(9.99)	42
Transportation expenses	**(6.48)**	(3.45)	88	**(5.61)**	(5.97)	(6)
Operating netback	**18.99**	15.97	19	**24.22**	12.87	88

During the three months and year ended December 31, 2022, Coelacanth generated an operating netback (see "Non-GAAP and Other Financial Measures") of $18.99/boe and $24.22/boe, respectively, up from $15.97/boe and $12.87/boe for the comparative periods in 2021 mainly due to rising commodity prices. Oil, NGLs and natural gas commodity prices rose a combined 41% and 54% in the three months and year ended December 31, 2022, respectively, compared to the same periods in 2021. This increase was partially offset by higher royalties, operating expenses, and transportation expenses.

The following is a reconciliation of operating netback per boe to net loss per boe for the periods noted:

	Three Months Ended December 31			Year Ended December 31		
($/boe)	**2022**	2021	% Change	**2022**	2021	% Change
Operating netback	**18.99**	15.97	19	**24.22**	12.87	88
Depletion and depreciation	**(14.26)**	(15.10)	(6)	**(14.79)**	(19.80)	(25)
General and administrative expenses	**(46.11)**	(36.70)	26	**(36.34)**	(25.13)	45
Share based compensation	**(14.02)**	(6.30)	123	**(75.61)**	(7.87)	861
Gain on insurance proceeds	**-**	-	-	**5.16**	-	100
Finance expense	**(2.59)**	(1.19)	118	**(3.14)**	(0.83)	278
Finance income	**25.11**	-	100	**10.33**	-	100
Other income	**1.53**	2.61	(41)	**1.12**	0.53	111
Deferred income tax recovery	**6.32**	-	100	**1.44**	-	100
Net loss	**(25.03)**	(40.71)	(39)	**(87.61)**	(40.23)	118

The following is a reconciliation of operating netback to net loss for the periods noted:

	Three Months Ended December 31			Year Ended December 31		
($/boe)	**2022**	2021	% Change	**2022**	2021	% Change
Operating netback	**551**	629	(12)	**3,086**	2,502	23
Depletion and depreciation	**(413)**	(595)	(31)	**(1,885)**	(3,850)	(51)
General and administrative expenses	**(1,336)**	(1,445)	(8)	**(4,630)**	(4,887)	(5)
Share based compensation	**(406)**	(248)	64	**(9,633)**	(1,531)	529
Gain on insurance proceeds	**-**	-	-	**657**	-	100
Finance expense	**(76)**	(48)	58	**(400)**	(161)	148
Finance income	**727**	-	100	**1,316**	-	100
Other income	**45**	103	(56)	**143**	103	39
Deferred income tax recovery	**183**	-	100	**183**	-	100
Net loss	**(725)**	(1,604)	(55)	**(11,163)**	(7,824)	43

DEPLETION AND DEPRECIATION	Three Months Ended December 31			Year Ended December 31		
	2022	2021	% Change	**2022**	2021	% Change
Depletion and depreciation ($000s)	**413**	595	(31)	**1,885**	3,850	(51)
Depletion and depreciation ($/boe)	**14.26**	15.10	(6)	**14.79**	19.80	(25)

The Company calculates depletion on development and production assets included in property, plant, and equipment ("PP&E") based on proved and probable oil and natural gas reserves. Depletion and depreciation for the three months and year ended December 31, 2022 decreased to $0.4 million and $1.9 million, respectively, from $0.6 million and $3.9 million for the comparative periods in 2021 as a result of declining production. On a per boe basis, depletion and depreciation for the three months and year ended December 31, 2022 decreased to $14.26/boe and $14.79/boe, respectively, from $15.10/boe and $19.80/boe for the comparative periods in 2021 due to increased proved and probable oil and natural gas reserves assigned in the Company's December 31, 2022 reserves evaluation.

Included in depletion and depreciation expense for the three months and year ended December 31, 2022, is $21 thousand (December 31, 2021 - $14 thousand) and $86 thousand (December 31, 2021 - $82 thousand), respectively, related to the right-of-use asset for the Company's head office lease.

IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT AND EXPLORATION AND EVALUATION ASSETS

At December 31, 2022 and December 31, 2021, the Company evaluated its PP&E Two Rivers CGU for indicators of impairment or impairment reversal and as a result of this assessment management determined that an impairment test was not required to be performed.

At December 31, 2022 and December 31, 2021, the Company evaluated its exploration and evaluation assets for indicators of impairment and as a result of this assessment management determined that an impairment test was not required to be performed.

GENERAL AND ADMINISTRATIVE	Three Months Ended December 31			Year Ended December 31		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
G&A expenses (gross)	**1,467**	1,445	2	**4,810**	4,887	(2)
G&A capitalized	**(131)**	-	100	**(180)**	-	100
G&A expenses (net)	**1,336**	1,445	(8)	**4,630**	4,887	(5)
G&A expenses ($/boe)	**46.11**	36.70	26	**36.34**	25.13	45

Net general and administrative expenses ("G&A") totaled $1.3 million and $4.6 million for the three months and year ended December 31, 2022, respectively, consistent with $1.4 million and $4.9 million for the comparative periods in 2021.

On a per unit basis G&A increased to $46.11/boe and $36.34/boe for the three months and year ended December 31, 2022, respectively, compared to $36.70/boe and $25.13/boe for the comparative periods in 2021 due to the decline in production.

SHARE BASED COMPENSATION	Three Months Ended December 31			Year Ended December 31		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Share based compensation (gross)	**542**	248	119	**9,769**	1,531	538
Share based compensation (capitalized)	**(136)**	-	100	**(136)**	-	100
Share based compensation (net)	**406**	248	64	**9,633**	1,531	529
Share based compensation ($/boe)	**14.02**	6.30	123	**75.61**	7.87	861

The Company accounts for its share based compensation plans using the fair value method. Under this method, compensation cost is charged to earnings over the vesting period for stock options and RSUs granted to officers, directors, employees, and consultants with a corresponding increase to contributed surplus.

Share based compensation expense increased to $0.4 million and $9.6 million for the three months and year ended December 31, 2022, respectively, compared to $0.2 million and $1.5 million for the comparative periods in 2021. The large increase stems from accelerated expense of $3.3 million on Leucrotta stock options and RSUs that vested in conjunction with the Arrangement and a one-time charge of $4.5 million equal to the difference between the fair value of the Coelacanth Units and Flow-through Units received and the price paid per Coelacanth Units and Flow-through Units issued to certain officers, directors, and employees of the Company.

FINANCE EXPENSE	Three Months Ended December 31			Year Ended December 31		
	2022	2021	% Change	**2022**	2021	% Change
Interest expense	**2**	2	-	**122**	2	6,000
Accretion of lease liabilities	**5**	2	150	**27**	2	1,250
Accretion of decommissioning obligations	**69**	44	57	**251**	157	60
Finance expense	**76**	48	58	**400**	161	148
Finance expense ($/boe)	**2.59**	1.19	118	**3.14**	0.83	278

Accretion expense increased for the three months and year ended December 31, 2022 compared to the same periods in 2021 mainly as the result of increasing interest rates. Interest expense relates mainly to outstanding letters of guarantee for firm transportation agreements and decommissioning obligations.

FINANCE INCOME

Finance income relates to interest earned on cash in the bank. Finance income totaled $0.7 million and $1.3 million for the three months and year ended December 31, 2022, respectively, compared to $nil and $nil for the comparative periods in 2021. The increase corresponds to the increase in the Company's cash balance over the comparative periods due to the common share financings and assumption of cash from Leucrotta on May 31, 2022.

GAIN ON INSURANCE PROCEEDS

During the year ended December 31, 2022, the Company received $0.7 million (December 31, 2021 - $nil) from insurance proceeds related to damaged equipment. The equipment that was damaged was previously impaired and had $nil carrying value resulting in a gain of $0.7 million.

DEFERRED INCOME TAXES

The deferred income tax recovery of $0.2 million for the three months and year ended December 31, 2022 relates to the premium on the Flow-through Shares issued as the Company had incurred the entire amount with respect to qualifying CDE (see "Liquidity and Capital Resources").

The Company has not realized the net deferred income tax asset as it is not probable that future taxable profits, based on the estimated cash flows derived from the independently evaluated reserve report, would be sufficient to realize the deferred income tax asset at this time.

Estimated tax pools at December 31, 2022 total approximately $95.1 million (December 31, 2021 - $67.8 million).

CASH FLOW USED IN OPERATING ACTIVITIES AND ADJUSTED FUNDS USED

The following is a reconciliation of cash flow used in operating activities to adjusted funds used for the periods noted:

	Three Months Ended December 31			**Year Ended December 31**		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Cash flow used in operating activities	**(636)**	(805)	(21)	**(9,741)**	(2,730)	257
Add (deduct):						
Decommissioning expenditures	**748**	118	534	**1,402**	162	765
Restricted cash deposits	**-**	-	-	**8,060**	-	100
Change in non-cash working capital	**(172)**	(131)	31	**(71)**	181	(139)
Adjusted funds used (non-GAAP)	**(60)**	(818)	(93)	**(350)**	(2,387)	(85)

Adjusted funds used (see "Non-GAAP and Other Financial Measures") was $60 thousand ($nil per basic and diluted share) and $0.4 million ($nil per basic and diluted share) for the three months and year ended December 31, 2022, respectively, compared to $0.8 million ($nil per basic and diluted share) and $2.4 million ($0.01 per basic and diluted share) for the comparative periods in 2021. The change was mainly due to the increase in oil, NGLs, and natural gas commodity prices resulting from the global economic recovery and the return of energy demand around the world in the post COVID-19 pandemic environment. This rise in commodity pricing was partially offset by declining production and increased royalties, operating expenses, and transportation expenses.

Cash flow used in operating activities for the three months and year ended December 31, 2022 was $0.6 million ($nil per basic and diluted share) and $9.7 million ($0.03 per basic and diluted share), respectively, compared to $0.8 million ($nil per basic and diluted share) and $2.7 million ($0.01 per basic and diluted share) for the comparative periods in 2021. Cash flow used in operating activities differs from adjusted funds used due to the inclusion of changes in non-cash working capital, movements in restricted cash deposits and expenditures on decommissioning obligations. The large increase in cash flow used in operating activities for the year ended December 31, 2022 was mainly the result of moving $8.1 million of cash to restricted cash deposits in order to secure letters of guarantee relating to firm transportation agreements and decommissioning obligations.

NET LOSS

The Company incurred net losses of $0.7 million ($nil per basic and diluted share) and $11.2 million ($0.03 per basic and diluted share) for the three months and year ended December 31, 2022, respectively, compared to $1.6 million ($0.01 per basic and diluted share) and $7.8 million ($0.03 per basic and diluted share) for the comparative periods in 2021. Although the Company benefited in 2022 from rising oil, NGLs, and natural gas commodity prices, the Company incurred accelerated share based compensation expense of $3.3 million on Leucrotta stock options and RSUs that vested in conjunction with the Arrangement and a one-time share compensation charge of $4.5 million relating to private placements of Coelacanth Units and Flow-through Units issued to certain officers, directors, and employees of the Company.

CAPITAL EXPENDITURES	Three Months Ended December 31			Year Ended December 31		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Land	**644**	171	277	**1,164**	542	115
Drilling, completions, and workovers	**5,967**	48	12,331	**9,009**	67	13,346
Equipment	**2,241**	107	1,994	**3,689**	354	942
Geological and geophysical	**24**	-	100	**42**	32	31
Office furniture and equipment	**-**	342	(100)	**-**	342	(100)
Total expenditures	**8,876**	668	1,229	**13,904**	1,337	940

The Company halted capital expenditures in Q2 2020 due to a lack of capital and the global impact of COVID-19 on commodity prices. During the three months and year ended December 31, 2022, with new funding from the Arrangement and financings, the Company drilled one well which will be completed in 2023 and drilled another well for land retention purposes. The Company also began some preliminary facility upgrades including a water disposal well and purchased casing inventory for the upcoming pad drilling in Two Rivers.

LIQUIDITY AND CAPITAL RESOURCES

Management uses adjusted working capital (see "Non-GAAP and Other Financial Measures") as a measure to assess the Company's financial position and is reconciled as follows:

($000s)	**December 31, 2022**	December 31, 2021	% Change
Current assets	**67,938**	759	8,851
Less:			
Current liabilities	**(8,901)**	(494)	1,702
Working capital	**59,037**	265	22,178
Add:			
Restricted cash deposits	**7,389**	-	100
Current portion of decommissioning obligations	**1,312**	-	100
Adjusted working capital (Capital management measure)	**67,738**	265	25,462

At December 31, 2022, the Company had adjusted working capital of $67.7 million.

On May 31, 2022, Coelacanth, Leucrotta, Vermilion and the shareholders of Leucrotta closed the Arrangement whereby Vermilion acquired all of the issued and outstanding common shares of Leucrotta in exchange for $1.73 cash for each common share of Leucrotta held.

Immediately prior to the closing of the Arrangement, Leucrotta completed a spin-out to its shareholders through a conveyance agreement with Coelacanth. Coelacanth received all assets and liabilities that were not sold to Vermilion, which comprised the Two Rivers Assets, a net cash amount of approximately $45.1 million, and $85.0 million in tax pools. In exchange for the Two Rivers Assets, Coelacanth issued one Coelacanth Share and 0.1917 Arrangement Warrants to Leucrotta for each common share of Leucrotta outstanding. Leucrotta then transferred the Coelacanth Shares and Arrangement Warrants to the shareholders of Leucrotta.

Arrangement Warrant Financing

As discussed above, on May 31, 2022, 55.6 million Arrangement Warrants were issued to shareholders of Leucrotta. Each Arrangement Warrant entitled the holder to purchase one Coelacanth Share at an exercise price of $0.27 per common share expiring on August 2, 2022. 54.2 million of the total 55.6 million were exercised for proceeds of $14.6 million while 1.3 million expired unexercised.

Vermilion Financing

Pursuant to and concurrent with the closing of the Arrangement, Vermilion purchased 53.3 million Coelacanth Shares at a price of $0.27 per Coelacanth Share for total gross proceeds of $14.4 million.

Management Financing

On June 10, 2022, Coelacanth closed a non-brokered private placement of 14.0 million Coelacanth Units to certain officers, employees and directors of Coelacanth at a price of $0.27 per Coelacanth Unit for total gross proceeds of $3.8 million. Each Coelacanth Unit is comprised of one Coelacanth Share and one Warrant. The Warrants are exercisable at a price of $0.27 per Coelacanth Share and expire on June 10, 2027.

Concurrently on June 10, 2022, Coelacanth closed a non-brokered private placement of 13.8 million Flow-through Units to certain officers, employees and directors of Coelacanth at a price of $0.27 per Flow-through Unit for total gross proceeds of $3.7 million. Each Flow-through Unit is comprised of one Flow-through Share and one Flow-through Warrant. The Flow-through Warrants are exercisable at a price of $0.27 per Flow-through Share and expire on June 10, 2027. The Company incurred the required CDE of $3.7 million related to the Flow-through Shares during the year ended December 31, 2022.

Through these three share issuances and Arrangement Warrant exercises the Company raised a total of $36.5 million.

Management anticipates that the Company will continue to have adequate liquidity to fund budgeted capital investments through a combination of its cash balance, cash flow, equity, and debt if required. Coelacanth's capital program is flexible and can be adjusted as needed based upon the current economic environment. The Company will continue to monitor the economic environment and the possible impact on its business and strategy and will make adjustments as necessary.

CONTRACTUAL OBLIGATIONS

The following is a summary of the Company's contractual obligations and commitments at December 31, 2022:

($000s)	Total	Less than One Year	One to Three Years	After Three Years
Accounts payable and accrued liabilities	7,499	7,499	-	-
Lease obligations	540	90	206	244
Decommissioning obligations	8,913	1,312	2,247	5,354
Operating commitments	954	194	388	372
Firm transportation agreements	79,335	3,377	9,540	66,418
Firm processing agreements	242	242	-	-
Field equipment lease	1,206	335	804	67
Total contractual obligations	98,689	13,049	13,185	72,455

Operating commitments include the non-lease variable components (operating expenses) of the head office lease.

Transportation commitments include contracts to transport natural gas and NGLs through third-party owned pipeline systems. The Company currently has the following firm transportation commitments:

- 1.5 mmcf/d to deliver natural gas to the Alliance Trading Pool (ATP) through October 31, 2024.
- 1.5 mmcf/d to deliver natural gas to Chicago through October 31, 2024.
- 10.0 mmcf/d to deliver natural gas to Westcoast Station 2 from January 1, 2023 through December 31, 2037.
- 50.0 mmcf/d to deliver natural gas to Westcoast Station 2 from June 1, 2023 through May 31, 2038.

Subsequent to December 31, 2022, the Company assigned the following contracts to third parties:

- 4.4 mmcf/d to deliver natural gas to Westcoast Station 2 from April 1, 2023 through March 31, 2025.
- 10.0 mmcf/d to deliver natural gas to Westcoast Station 2 from June 1, 2023 through May 31, 2025.

The impact of the reduced commitments are reflected in the table above.

During the year ended December 31, 2022, the Company entered into a field equipment lease with payments of $402 thousand per year for a period of three years commencing March 1, 2023.

OFF BALANCE SHEET ARRANGEMENTS

The Company has certain lease arrangements, all of which are reflected in the contractual obligations and commitments table, which were entered into in the normal course of operations. All leases other than the fixed payment component of the head office lease have been treated as operating leases whereby the lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of voting common shares, an unlimited number of non-voting common shares, Class A preferred shares, issuable in series, Class B preferred shares, issuable in series, and Class C preferred shares, issuable in series. The voting common shares of the Company commenced trading on the TSXV on June 20, 2022 under the symbol "CEI". The following table summarizes the common shares outstanding and the number of shares exercisable into common shares from options, warrants, and other instruments:

(000s)	**December 31, 2022**	April 18, 2023
Voting common shares	**425,106**	425,384
Warrants and Flow-through Warrants	**27,780**	27,502
Stock options	**6,044**	10,992
Restricted share units	**3,025**	5,480
Total	**461,955**	469,358

Subsequent to December 31, 2022, the Company issued 4.9 million stock options at an exercise price of $0.76 per common share expiring on January 16, 2028 and vest one-third on each of the first, second and third anniversaries of the date of grant. The Company also issued 2.5 million RSUs vesting one-third on each of the first, second and third anniversaries of the date of grant.

SUMMARY OF QUARTERLY RESULTS

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Average Daily Production								
Oil and NGLs (bbls/d)	**70**	73	86	91	96	115	140	173
Natural gas (mcf/d)	**1,468**	1,567	1,676	1,750	1,993	2,172	2,550	2,942
Oil equivalent (boe/d)	**315**	334	365	383	428	477	565	663
($000s, except per share amounts)								
Oil and natural gas sales	**1,676**	2,135	2,334	1,688	1,621	1,922	1,666	2,563
Cash flow used in								
operating activities	**(636)**	(6,732)	(1,713)	(660)	(805)	(625)	(872)	(428)
Per share - basic and diluted (2)	**(-)**	(0.02)	(0.01)	(-)	(-)	(-)	(-)	(-)
Adjusted funds flow (used) (1)	**(60)**	161	22	(473)	(818)	(256)	(877)	(436)
Per share - basic and diluted	**(-)**	-	-	(-)	(-)	(-)	(-)	(-)
Net loss	**(725)**	(830)	(8,062)	(1,546)	(1,604)	(1,440)	(2,562)	(2,218)
Per share - basic and diluted	**(-)**	(-)	(0.03)	(0.01)	(0.01)	(-)	(0.01)	(0.01)

(1) Adjusted funds flow (used) and adjusted funds flow (used) per share do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies. Please refer to the "Non-GAAP and Other Financial Measures" section for more details and the "Cash Flow Used in Operating Activities and Adjusted Funds Used" section for a reconciliation from cash flow used in operating activities.

(2) Supplemental financial measure. Please refer to the "Non-GAAP and Other Financial Measures" section for more details.

The Company experienced normal production declines from flush production for the Two Rivers property from 2021 to 2022. Oil and natural gas sales, cash flow used in operating activities and adjusted funds flow (used) generally followed the same trend as production with some exceptions based on volatility of commodity prices received. In Q3 2022 cash flow used in operating activities increased due to moving $8.1 million of cash to restricted cash deposits for security on letters of credit relating to firm transportation agreements and decommissioning obligations. Q2 and Q3 2022 oil and natural gas sales increased due to rising commodity prices. In Q2 2022 the net loss increased due to the Company incurring accelerated share based compensation expense of $3.3 million on Leucrotta stock options and RSUs that vested in conjunction with the Arrangement and a one-time share compensation charge of $4.5 million relating to private placements of Coelacanth Units and Flow-through Units issued to certain officers, directors, and employees of the Company.

CRITICAL ACCOUNTING ESTIMATES

Management is required to make estimates, judgments, and assumptions in the application of IFRS that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period then ended. Certain of these estimates may change from period to period resulting in a material impact on the Company's results from operations and financial position (see note 2d in the notes to the Company's December 31, 2022 financial statements for full descriptions of the use of estimates and judgments).

RISK ASSESSMENT

The acquisition, exploration, and development of oil and natural gas properties involves many risks common to all participants in the oil and natural gas industry. Coelacanth's exploration and development activities are subject to various business risks such as unstable commodity prices, interest rate and foreign exchange fluctuations, the uncertainty of replacing production and reserves on an economic basis, government regulations, taxes, and safety and environmental concerns. While management realizes these risks cannot be eliminated, they are committed to monitoring and mitigating these risks.

Reserves and reserve replacement

The recovery and reserve estimates on Coelacanth's properties are estimates only and the actual reserves may be materially different from that estimated. The estimates of reserve values are based on a number of variables including: forecasted oil and natural gas commodity prices, forecasted production, forecasted operating costs, forecasted royalty costs and forecasted future development costs. All of these factors may cause estimates to vary from actual results.

Coelacanth's future oil and natural gas reserves, production, and adjusted funds flow to be derived therefrom are highly dependent on the Company successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves the Company may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Coelacanth's reserves will depend on its abilities to acquire suitable prospects or properties and discover new reserves.

To mitigate this risk, Coelacanth has assembled a team of experienced technical professionals who have expertise operating and exploring in areas the Company has identified as being the most prospective for increasing reserves on an economic basis. To further mitigate reserve replacement risk, Coelacanth has targeted a majority of its prospects in areas which have multi-zone potential, year-round access, and lower drilling costs and employs advanced geological and geophysical techniques to increase the likelihood of finding additional reserves.

Operational risks

Coelacanth's operations are subject to the risks normally incidental to the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells. Continuing production from a property, and to some extent the marketing of production therefrom, are largely dependent upon the ability of the operator of the property.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of foreign currency risk, interest rate risk, and other price risk, such as commodity price risk. The objective of market risk management is to manage and control market price exposures within acceptable limits, while maximizing returns. The Company may use financial derivatives or physical delivery sales contracts to manage market risks. All such transactions are conducted within risk management tolerances that are reviewed by the Board of Directors.

Foreign exchange risk
The prices received by the Company for the production of oil, natural gas, and NGLs are primarily determined in reference to US dollars, but are settled with the Company in Canadian dollars. The Company's cash flow from commodity sales will therefore be impacted by fluctuations in foreign exchange rates. The Company currently does not have any foreign exchange contracts in place.

Interest rate risk
The Company is exposed to interest rate risk on its cash and restricted cash deposit balances. The Company currently does not use interest rate hedges or fixed interest rate contracts to manage the Company's exposure to interest rate fluctuations. The Company does not currently have a credit facility.

Commodity price risk
Oil and natural gas prices are impacted by not only the relationship between the Canadian and US dollar but also by world economic events that dictate the levels of supply and demand. The Company's oil, natural gas, and NGLs production is marketed and sold on the spot market to area aggregators based on daily spot prices that are adjusted for product quality and transportation costs. The Company's cash flow from product sales will therefore be impacted by fluctuations in commodity prices. In addition, the Company may enter into commodity price contracts to manage future cash flows. The Company does not currently have any commodity price contracts in place.

Credit risk

Credit risk represents the financial loss that the Company would suffer if the Company's counterparties to a financial asset fail to meet or discharge their obligation to the Company. A substantial portion of the Company's accounts receivable are with customers and joint interest partners in the oil and natural gas industry and are subject to normal industry credit risks. The Company generally grants unsecured credit but routinely assesses the financial strength of its customers and joint interest partners.

The Company sells the majority of its production to two petroleum and natural gas marketers and therefore is subject to concentration risk. Historically, the Company has not experienced any collection issues with its oil and natural gas marketers. Joint interest receivables are typically collected within one to three months of the joint interest billing being issued to the partner. The Company attempts to mitigate the risk from joint interest receivables by obtaining partner approval for significant capital expenditures prior to the expenditure being incurred. The Company does not typically obtain collateral from petroleum and natural gas marketers or joint interest partners; however, in certain circumstances, the Company may cash call a partner in advance of expenditures being incurred.

The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents, restricted cash deposits, and accounts receivable on the statement of financial position. At December 31, 2022, $1.3 million (84%) of the Company's outstanding accounts receivable were current and $0.2 million (16%) were outstanding for more than 90 days. During the year ended December 31, 2022, the Company deemed $40 thousand of outstanding accounts receivable to be uncollectable (December 31, 2021 - $0.2 million).

Cash and cash equivalents and restricted cash deposits consist of bank balances placed with a financial institution with strong investment grade ratings which management believes the risk of loss to be remote. The Company manages the credit risk exposure related to risk management contracts by selecting investment grade financial institution counterparties and by not entering into contracts for trading or speculative purposes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's processes for managing liquidity risk include ensuring, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they become due. The Company prepares annual, quarterly, and monthly capital expenditure budgets, which are monitored and updated as required, and requires authorizations for expenditures on projects to assist with the management of capital. In managing liquidity risk, the Company ensures that it has access to additional financing, including potential equity issuances and debt financing. The Company also mitigates liquidity risk by maintaining an insurance program to minimize exposure to insurable losses.

Safety and Environmental Risks

The oil and natural gas business is subject to extensive regulation pursuant to various municipal, provincial, national, and international conventions and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases, or emissions of various substances produced in association with oil and natural gas operations. Coelacanth is committed to meeting and exceeding its environmental and safety responsibilities. Coelacanth has implemented an environmental and safety policy that is designed, at a minimum, to comply with current governmental regulations set for the oil and natural gas industry. Changes to governmental regulations are monitored to ensure compliance. Environmental reviews are completed as part of the due diligence process when evaluating acquisitions. Environmental and safety updates are presented and discussed at each Board of Directors meeting. Coelacanth maintains adequate insurance commensurate with industry standards to cover reasonable risks and potential liabilities associated with its activities as well as insurance coverage for officers and directors executing their corporate duties. To the knowledge of management, there are no legal proceedings to which Coelacanth is a party or of which any of its property is the subject matter, nor are any such proceedings known to Coelacanth to be contemplated.

For additional information on the risks relating to the Company's business, see the "Risk Factors" section contained in the Company's annual information form for the year ended December 31, 2022, which is available on the SEDAR website at www.sedar.com.

PRODUCT TYPES

The Company uses the following references to sales volumes in the MD&A:

Natural gas refers to shale gas
Oil and condensate refers to condensate and tight oil combined
Other NGLs refers to butane, propane and ethane combined
Oil and NGLs refers to tight oil and NGLs combined
Oil equivalent refers to the total oil equivalent of shale gas, tight oil, and NGLs combined, using the conversion rate of six thousand cubic feet of shale gas to one barrel of oil equivalent as described above.

The following is a complete breakdown of sales volumes for applicable periods by specific product types of shale gas, tight oil, and NGLs:

Sales Volumes by Product Type	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Condensate (bbls/d)	6	9	9	12	11	13	17	20
Other NGLs (bbls/d)	15	19	16	21	24	26	30	36
NGLs (bbls/d)	21	28	25	33	35	39	47	56
Tight oil (bbls/d)	49	45	61	58	61	76	93	117
Condensate (bbls/d)	6	9	9	12	11	13	17	20
Oil and condensate (bbls/d)	55	54	70	70	72	89	110	137
Other NGLs (bbls/d)	15	19	16	21	24	26	30	36
Oil and NGLs (bbls/d)	70	73	86	91	96	115	140	173
Shale gas (mcf/d)	1,468	1,567	1,676	1,750	1,993	2,172	2,550	2,942
Natural gas (mcf/d)	1,468	1,567	1,676	1,750	1,993	2,172	2,550	2,942
Oil equivalent (boe/d)	315	334	365	383	428	477	565	664

FORWARD-LOOKING INFORMATION

This document contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information.

More particularly and without limitation, this MD&A contains forward-looking statements and information relating to the Company's oil and condensate, other NGLs, and natural gas production, capital programs, and adjusted working capital. The forward-looking statements and information are based on certain key expectations and assumptions made by the Company, including expectations and assumptions relating to prevailing commodity prices and exchange rates, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the availability of capital to undertake planned activities, and the availability and cost of labour and services.

Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of estimates and projections relating to production rates, costs, and expenses, commodity price and exchange rate fluctuations, marketing and transportation, environmental risks, competition, the ability to access sufficient capital from internal and external sources and changes in tax, royalty, and environmental legislation. The forward-looking statements and information contained in this document are made as of the date hereof for the purpose of providing the readers with the Company's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes. The Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

ADDITIONAL INFORMATION

In addition to the information disclosed in this MD&A, more detailed information is included in the Company's annual information form for the year ended December 31, 2022, which is available on the SEDAR website at www.sedar.com.