

ESG Report

2024

FOR THE FISCAL PERIOD ENDED DECEMBER 31, 2023



MESSAGE FROM CEO



Coelacanth is pleased to present its second ESG Report (the "Report") to shareholders and interested parties⁽¹⁾.

Fiscal 2023 was an important and productive year for Coelacanth. As a relatively new growth company, we took big strides toward financial sustainability by closing a bought-deal public financing for gross proceeds of \$80 million. We also took big strides toward proving the capability of our Two Rivers land base where the Company holds Montney mineral tenure across 150 contiguous sections.

Both the Two Rivers West and Two Rivers East projects had material developments in de-risking the resource and proving productivity via pad development. However, production from Two Rivers East will remain behind pipe until spring of 2025 as we construct crucial infrastructure, consisting of a battery facility and pipeline connection from Two Rivers East to the North River McMahan Plant during fall 2024 and early 2025. Production at Two Rivers West will remain restricted until facility and pipeline upgrades can be completed.

Given these developments and restrictions, CEI's annual production for fiscal 2023 averaged 426 boe/d and any associated emissions continue to be below the BCER reporting threshold of 10,000 tCO₂e. Nevertheless, we report those herein along with other sustainability topics of importance to our stakeholders to support our commitment to accountability and transparency with respect to our sustainability goals and targets.

My sincere thanks to the ESG Committee, Management Team, and the Board of Directors, for their continued attention and commitment to the Company's sustainability objectives.

On behalf of the Board of Directors,

"Signed"

Rob Zakresky

President & CEO

LAND ACKNOWLEDGEMENT

Coelacanth Energy Inc. ("Coelacanth", "CEI", or "the Company") is committed to the rights of Indigenous peoples. We recognize the land as an act of reconciliation and gratitude to those whose footsteps have marked these lands for generations.

Coelacanth would like to acknowledge the Treaty 7 territory; the ancestral territory of the Niitsitapi (Blackfoot) Confederacy: Kainai, Piikani, Amskapi Piikani, Siksika as well as the Tsuut'ina (soot-ena) First Nation and Stoney Nakoda First Nation, including Chiniki, Bears Paw, and Good Stoney First Nations. The City of Calgary is also home to Métis Nation of Alberta, Region III.

Coelacanth respectfully acknowledges Treaty 8 territory: the ancestral territory of the Nehiyawak (Cree), the Dane-zaa (Beaver), Dene (Chipewyan), and the Métis Nation of Alberta, Region VI. We offer our gratitude and respect to the Knowledge Keepers and Elders for their wisdom, stewardship, and teachings.

It is with a spirit of respect and mutuality that Coelacanth works in the Treaty 8 region to develop energy resources.



ABOUT THIS REPORT

COMPANY

Coelacanth Energy Inc. ("CEI" or "the Company") is a public company that trades under the symbol CEI on the TSX Venture Exchange (CEI: TSXV). CEI is a growth-oriented, pure-play Montney producer in the Two Rivers area of northeast British Columbia.

ASSETS, OPERATIONS AND SCOPE OF REPORT

CEI emerged as a spin-out from Leucrotta Exploration's sale to Vermilion Energy in May 2022. Operations launched in June 2022. The initial assets included: \$80 million cash to fund new operations, over 150 sections of Montney mineral tenure, three producing wells, and a facility in the Two Rivers area, as well as two shut-in wells awaiting future pipelines (one in the Stoddart area and one in Two Rivers area), and suspended assets in the Paradise and Two Rivers regions that are slated for ongoing reclamation.

During fiscal 2023, The Company had an average production of 426 boe/d. In Two Rivers West, CEI drilled two additional Upper Montney wells at its 10-08 pad. Both wells produced at a restricted rate of 542 boe/d for four months and then retested at 1,284 boe/d (35% light oil and NGLs) for a short duration. Subsequently, capacity restrictions for both water and gas handling at the 14-05 battery have restricted the production from this pad. CEI's future capital planning includes a facility and pipeline upgrade at the 14-05 battery facility. The Company also completed one well and drilled another in the region for the purposes of land retention.

In Two Rivers East, CEI drilled 5 wells and completed 4 Lower Montney wells at its pad project at 5-19. The completed wells production tested at a combined rate of 4,410 boe/d (55% light oil). The wells were subsequently shut in and now await an infrastructure buildout of a battery / compressor facility and pipeline to connect pad production to the NorthRiver Midstream McMahon Gas Plant in the Town of Taylor, BC, expected spring 2025.

Asset retirement and reclamation work also took place in the Paradise and Two Rivers regions during 2023.

Taken together, the above operations and assets encompass the Scope of this report.

Corporate Profile 2023

Corporate Profile	2023	2022
Corporate Employees	14	13
Oil and Natural Gas Liquids, (bbls/d)	155	80
Natural Gas, (mcf/d)	1,624	1,614
Oil Equivalent, (Ave. boe/d)	426	349
Total Cumulative BOEs Produced	155,581	127,385
- Percent Natural Gas	63%	77%
- Percent Oil	37%	23%
Proved plus Probable Reserves (Mboe)	14,080	4,450
Reserves Life Index (RLI), Proved plus Probable (2P)	41.4	38.7
Total Capital Expenditures (\$000s)	74,613	13,904

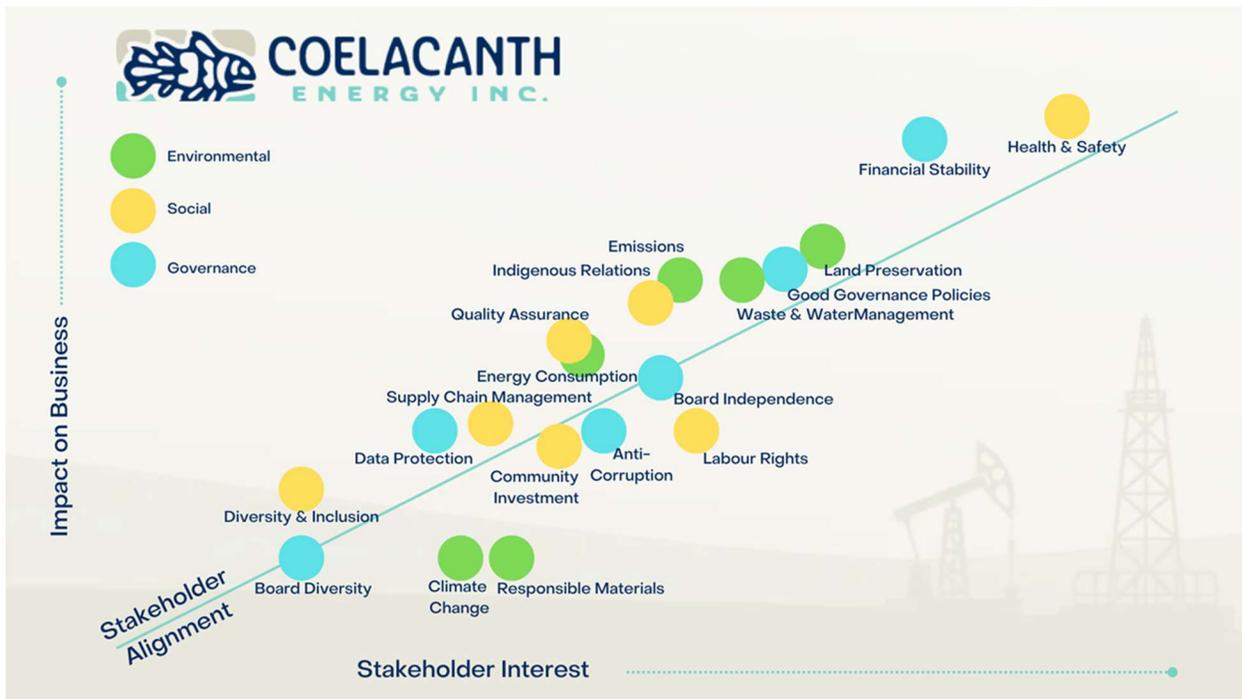
REPORTING FRAMEWORKS & MATERIALITY ASSESSMENT

At Coelacanth, we value and respect the need for sustainability, resilience, and climate action as we concurrently do our part help to meet both the world's energy trilemma of transition, equity, and security along with our government's commitments toward carbon neutrality.

REPORTING FRAMEWORKS

This report follows the reporting framework and Materiality Map provided by the Sustainability Accounting Standards Board (SASB) for upstream oil and gas operations.

The SASB materiality map was paired with survey data collected by GreenWorksESG during 2023 on behalf of CEI from both Internal and External stakeholders. The combined results constitute the Company's Materiality Assessment that has been approved by the Board of Directors for use until the end of Fiscal 2024, after which a new materiality assessment will be performed due to material changes to operations that are expected to result from growth. Therefore, there are no substantial changes to the reporting categories and disclosure topics for this Report compared to the 2023 ESG Report (fiscal 2022). The categories and disclosure topics are noted below.



DISCLOSURE TOPICS	
Health & Safety	Water and Waste Management
Financial Stability	Emissions Management
Good Governance	Asset Retirement
Land Preservation	Indigenous Relations and Community Investment

This report provides a discussion of each of these topics but includes additional matters of importance within our industry to ensure continuity with industry peers and regulatory disclosures.

The Company continues to work toward the goal of integrating TCFD and adapting to CSDS 1 and CSDS 2 for 2025.

ASSURANCE

To date, the Company's ESG data has not been formally audited. However, a third party, Intricate Software, has collected CEI's emissions data and verified all emissions factors and global warming potentials (GWP) according to Greenhouse Gas Industrial Reporting and Control Act (GGIRCA), and Section 11 of the BC Greenhouse Gas Emissions Reporting Regulation (GGERR), which are taken from and conform to the Western Climate Initiative (WCI).

The Company's financial statements and material disclosures are reviewed quarterly and audited annually by KPMG LLP. Furthermore, all reserves information as well as certain disclosures relating to reserves underlying biodiversity regions, areas of water stress, and Indigenous lands, were prepared by the Company's third-party reserves evaluators, GLJ LTD.

Information with respect to CEI's corporate risk, strategy, and governance procedures can be found on SEDAR in the Company's Annual Information Form, April 16, 2024, and the Company's 2023 Annual Report.

SUSTAINABILITY HIGHLIGHTS 2023

KEY METRICS

Total Scope 1 & 2 Emissions
8,469.25 tCO₂e

Total Methane Emissions
22.39 tCH₄

ARO Spending
\$ 1.88 million

Restored and Reclaimed
4 Locations

Freshwater withdrawal:
198,480 m³

Produced Water
66,056 m³
Water Disposed
65,942 m³

TRIF 0
LTIF 0
MVIF 0

\$62 million spent on BC operations (taxes, royalties, capex, services and employment in FSJ region)

ENVIRONMENT

EMISSIONS

As nations around the world transition to lower carbon economies, our stakeholders increasingly demand lower carbon footprints, lower emissions, and a pathway to carbon neutrality by 2050. Therefore, as we move through our corporate milestones, emissions management, and mitigation planning are an important priority for CEI. While absolute emissions will increase due to growth, the Company is planning to decrease overall emissions intensity over time through continued methane abatement and overall GHG mitigation strategies.

GHGS

Given the minimal overall scope of operations for 2023, CEI's emissions for the period were below the BCER emissions reporting thresholds. We report 2023 gross global Scope 1 and Scope 2 emissions herein for the purpose of tracking against our initial emissions baseline. The Company plans to re-baseline once the 16-3 battery facility in Two Rivers East is operational in 2025, at which time we expect overall emissions intensity to materially decrease.

2023 Global absolute emissions were 8,462.45 tCO₂e. CEI's Scope 1 emissions relate to fuel and flare activities during drilling and completion work at 10-08 and 5-19 pad, and to routine operation of the Two Rivers West 14-05 battery facility that receives production from active Two Rivers West wells. The Company has minimal Scope 2 emissions relating to electricity consumption at the 14-05 battery.

Table of 2023 Gross Global Scope 1 Emissions by Type

<i>Direct Emissions Scope 1 (SASB) FB-AG-110a.1</i>	<i>CO₂</i>	<i>CH₄</i>	<i>N₂O_x</i>	<i>tCO₂e</i>	<i>2022 tCO₂e</i>
METRIC TONNES	7,731.11	22.39	.39	8,462.45	2,284
tCO ₂ e	7,731.11	626.80	104.41	8,462.45	2,284

**2023 Global Scope 1 Absolute Emissions:
8,462.45 tCO₂e**

While CEI's total absolute emissions grew during 2023, the values for 2022 represent only six months of operations with the initially acquired start-up assets.

Scope 1 & 2 Emission Summary by Category

Category	TCO2	TCH4	TN2O	TCO2e	% of Total
Stationary Fuel Combustion	7,458.63	18.02	0.39	8,067.60	95.26%
Flaring	272.47	1.59		317.12	3.74%
Fugitives	0.00	2.78		77.73	0.92%
Venting	0.00	0.00		0.00	0.00%
On-Site Transportation	0.00	0.00		0.00	0.00%
Imported Electricity				6.81	0.08%
Total	7,731.11	22.39	0.39	8,469.25	100%

BC Hydro’s clean electrification represents CEI’s largest opportunity to mitigate future GHG emissions from fuel combustion, given that stationary fuel gas combustion is used for electricity and heat at CEI’s Two Rivers West battery facility and will also be required at CEI’s future Two Rivers East battery facility. CEI continues to assess the feasibility of future power connection lines from BC Hydro to these facilities and related well-sites.

An internal ESG team is also tracking the innovations for GHG emissions abatement and is a member of the Clean Resource Innovation Network (CRIN) and Petroleum Technology Alliance Canada (PTAC).

METHANE EMISSIONS REDUCTION

Methane is the main component of natural gas. During oil and gas operations, methane can be released during normal operations when natural gas is incompletely combusted, vented, emitted, or leaked during a normal and regulated process. Coelacanth recognizes the climate risk of methane emissions and seeks to abate them from these sources.

To that end, and in compliance with BCER Regulatory guidelines, CEI uses instrument air in pneumatic devices, as well as a vapor recovery unit at its 14-05 Two Rivers West facility.

CEI also uses the services of Green Path to inspect the 14-05 facility three times per year and all producing well locations once per year for any fugitive emissions. Any fugitives that are identified are immediately mitigated.

For 2023, total methane emissions were 22.39 tCH₄ or 7.4 percent of total Scope 1 & 2 tCO₂e emissions. Fugitive emissions were 0.92% of total emissions and 12.40% percent of total methane emissions. The Company does not yet collect Scope 3 emissions data.

***Total 2023 CEI methane emissions were 22.39 tCH₄
Fugitive emissions were 2.78 tCH₄, or 12.40% of this total.***

CONTINUOUS IMPROVEMENT

Coelacanth monitors the advances in research, development, innovation, and policy in the field of methane reduction, actively following The BC Oil and Gas Methane Emissions Research Collaborative (MERC) and the methane stream of the Petroleum Technology Alliance (PTAC), along with industry professional and peer groups.

LAND PRESERVATION

REPORTABLE SPILLS AND ENVIRONMENTAL INCIDENTS

Coelacanth is compliant with the environmental and operational requirements of BCER.

Coelacanth had no volumes of reportable spills for 2023, no reportable environmental incidents and no material issues of non-compliance for 2023.

MINIMIZING OUR FOOTPRINT

The Company's development plans over the next five years imply a development pace of 1-2 pads per year along with related infrastructure. When making these plans, the Company works to minimize surface disturbance through multi-well pads. This design allows multiple projects to be facilitated upon a single site, reducing the need for additional new land disturbance. Pad development also increases the efficiency of the resources needed for operations and helps reduce emissions by limiting the distance between service points.

BIODIVERSITY

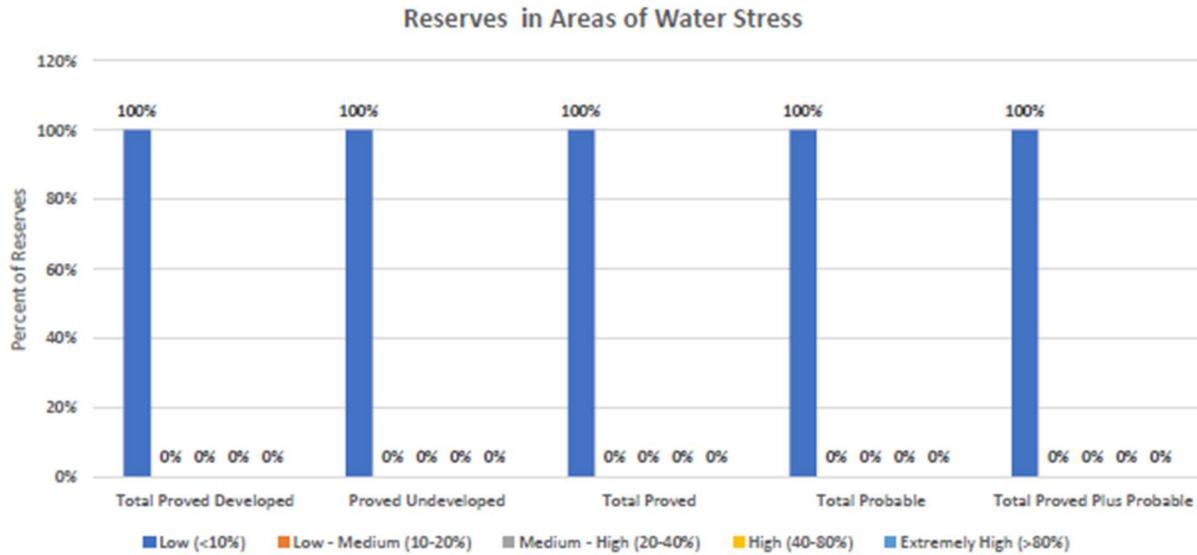
Pre-development environmental assessments assist the Company in mitigating potential impacts on biodiversity. Engagement with First Nations is also a crucial step in the Company's planning initiatives to ensure we identify and mitigate areas of environmental concern and potential impact on biodiversity.

Approximately 65% of CEI's Total Proved plus Probable Working Interest Reserves are within the 5km buffer zone in proximity to Parks and Protected Areas, and approximately 1% are in proximity to Endangered Species Habitats and 38% are in proximity to Threatened Species Habitat.

RESERVES IN AREAS OF WATER STRESS

CEI's Total Proved plus Probable Working Interest Reserves for 2023 are located within areas of low-level water stress (<10%).





WATER MANAGEMENT

Water is a vital resource and one that is crucial to CEI operations. The Company is therefore committed to the careful stewardship of water. During 2023, 198,480m³ of freshwater was withdrawn from the Peace River for CEI operations. CEI's water management for 2023 is summarized below.

Table of 2023 Water Volumes and Management

Water Type (m ³)	2023	2022
Fresh	198,480	0
Recycled	0	0
Produced	66,056	25,786
Disposal	65,942	25,777
Fresh Water Storage	0	0
Produced Water Storage	25,500	3,142

Going forward, CEI will work to carefully steward any freshwater resources required for operations by using C-ring storage and filtration. A possible water recycling hub will be constructed once CEI's initial pads are developed and proven to be productive.

ASSET RETIREMENT OBLIGATION (ARO)

The retirement, reclamation, and restoration of end-of-life wells is an important part of the Company's effort to minimize its environmental footprint. During 2023, CEI reclaimed more land than it disturbed.

BCER Dormant Site Regulations specify the timing and required procedures to decommission and restore dormant sites. Pursuant to these regulations the Company set a target to spend \$1.0 million on ARO activities for 2023 and 2024. During 2023, CEI spent \$1.88 million (compared to \$1.4 million for 2022) on these activities to reclaim and restore 4 dormant locations.

Coelacanth contributes to the Orphan Site Reclamation Fund in British Columbia.

Coelacanth spent \$1.88 million on ARO activities during 2023, exceeding target by 88%.

WASTE MANAGEMENT

CEI has procedures in place for managing hazardous and non-hazardous waste. These procedures exercise conservation measures where possible, including the effort to reuse and recycle where possible. CEI waste management procedures are compliant with the British Columbia Hazardous Waste Regulation and the British Columbia Environmental Management Act.



SOCIAL

HEALTH AND WORKER SAFETY

Coelacanth has a comprehensive safety program for all employees and contractors of the Company. At Coelacanth, we work hard to cultivate a strong safety culture where all employees and contractors understand their rights, duties, and responsibilities to protect themselves, the public, and the environment. This commitment starts with the Board of Directors and management and carries throughout the organization.



CEI has 0 Total Recordable Incident Frequency for 2023, 0 Lost time injury Frequency, and 0 Motor Vehicle Incident Frequency for employees and contractors. There were no injuries or fatalities during the reporting period.

Total Recordable Incident Frequency
2023 YTD



$$TRIF = \frac{\text{(Total number of Recordable Injuries} \times 200,000)}{\text{(Total number of employee/contractor hours worked)}}$$

Lost Time Injury Frequency
2023 YTD



$$LTI = \frac{\text{(Total number of Lost Time Injuries} \times 200,000)}{\text{(Total number of employee/contractor hours worked)}}$$

Motor Vehicle Incident Frequency
2023 YTD



$$MVI = \frac{\text{(Total number of Recordable Motor Vehicle Incidents} \times 200,000)}{\text{(Total number of employee/contractor hours worked)}}$$

Working safely is a priority for all CEI workers across all operations, and we are committed to the regulatory safety standards set by WorkSafeBC. All contractors and their subcontractors working on CEI properties are required to register in the CEI Contractor Management system, be prequalified, and provide evidence of their Health and Safety program processes, training, and insurance coverage.

Additionally, all contractors and subcontractors working on CEI properties are issued Safe Work Permits which define the scope of work, and the hazards associated with the tasks that are being completed. Once the hazards are identified, they are risk-ranked, and controls are put in place to either eliminate or manage the risk by means of engineered processes, PPE, or procedures. This allows the work to be completed safely.

All hazards, near misses and incidents are risk ranked, communicated, and depending on severity are investigated.

All safe work practices and job task hazard assessments are made accessible to all contractors and subcontractors through the company's online Health and Safety management system platform, *InUnison*. The platform contains all company policies, safe work practices, operating procedures, and an Event reporting system to capture all Leading and Lagging events, ensure real time notifications are received and actioned efficiently, and stakeholders are appropriately notified.

Read and Accept functions are used to ensure workers sign off on policy/procedure requirements. Worksite Orientations are conducted with all Contractors prior to initiating any work. Worksite tailgate meetings are conducted to ensure all workers are aware of the job scope, task related hazards and inherent risk to lower the likelihood of an incident and support personal accountability for the care and control of the worksite.

To review the CEI Health and Safety Management System, see the *InUnison* platform:
<https://inunison.io/safety-program/ca-bc/content>

While Coelacanth had no reportable incidents for 2023, we are committed to learning from each incident by revising the practice and sharing the learning with our personnel and regulatory authorities.

MODERN SLAVERY ACT

Through the *InUnison* EH&S platform, employees and contractors can now access education and training on the Modern Slavery Act as well as receive and read the Company's policy statement against forced labour and child labour.

COMMUNITY IMPACT

We are pleased to contribute to local economies through capital spending, job creation, and community contributions.

During the fiscal year of 2023, Coelacanth spent approximately \$62 million in the region of Fort St. John, and surrounding communities to drill and complete oil and natural gas wells and run routine operations.

Coelacanth has no proved or probable reserves in conflict areas.

INDIGENOUS ENGAGEMENT

While nearly all CEI mineral tenure underlies privately owned and cultivated land in northeast British Columbia, that land is within Treaty 8 which comprises the traditional territories of many First Nations. To that end, CEI works to earn its social license by careful and respectful pre-engagement and consultation. This includes strict adherence to the BCER and the Blueberry River First Nations (BRFN) guidelines on pre-application engagement, and to the specific requirements of each of the First Nations that CEI engages with as part of our Duty to Consult.

Coelacanth is committed to reconciliation, collaboration, and mutuality with Indigenous people. In the spirit of fostering strong community relationships, all of Coelacanth's executives and operations staff have received training in Reconciliation. It is the duty of each CEI staff member to earnestly practice this commitment in all interactions.

With respect to CEI spending commitments, at least \$1,728,209 was tendered directly to Indigenous-owned and affiliated companies during fiscal 2023 (compared to \$750,000 for 2022). The Company sets a target to spend an additional \$1 million with Indigenous-owned and affiliated companies for 2024



CEI exceeded its spending target of \$1.0 million with Indigenous owned and affiliated companies by 70%, spending \$1.7 million during 2023.

EMPLOYEE ENGAGEMENT

At Coelacanth, we recognize the entrepreneurial spirit that often attracts employees to junior Companies. To support the meaningful connection between commitment, responsibility, and various forms of ownership, Coelacanth offers each employee, in addition to competitive salaries, the opportunity to participate in company stock options, a matching stock savings program, and Restricted Share Units (RSUs) of the Company. In addition, Coelacanth offers comprehensive health benefits to all employees along with education and training opportunities.

GOVERNANCE

RISK MANAGEMENT FOR TAILEND RISK

The Company has management systems in place to proactively eliminate or control risk by means of policies, safe work practices, hazard assessments, inspections, and training. These processes help identify and mitigate catastrophic and tailend risks.

These systems comply with regulatory requirements and industry-recommended practices. The CEI Health and Safety Management System integrates the following programs to reduce risk:

- Policies, Safe Work Practices, Standard Operating Procedures
- Competency Management
- Credential Management
- Job Hazard Assessments
- Role Risk Registry
- Event Reporting
- Corrective Action Registry
- Contractor Management
- Management of Change
- Simultaneous Operations
- Integrity Management Plans
- Confined Space Inventory
- Safety Loss Management Plan
- Emergency Response Plan
- Asset Retirement and Reclamation Program



EMERGENCY RESPONSE PLAN

CEI's ERP prepares both field and corporate stakeholders to manage unplanned emergency-related events. The ERP conforms to regulatory requirements and includes the coordination of CEI business units and external contractors. The ERP manual is designed by industry-recognized ERP experts, Black Gold Emergency Response Planners.

The ERP follows the Incident Command System (ICS) which is a globally accepted standard. ICS utilizes consistent language and protocols to ensure highly effective communication and efficient resource allocation between regulatory agencies, industry, and emergency management stakeholders.

All operations personnel receive Incident Command System training in ERP processes (ICS-100, ICS-200). In addition, the Company enacts annual tabletop/full field deployment training exercises that engage both field and corporate stakeholders in an emergency scenario relevant to CEI operations. These exercises are led by CEI field operations personnel, supported by CEI corporate, and observed by the provincial Energy Regulator to ensure the training exercises meet all regulatory emergency management criteria. Feedback and lessons learned from tabletop and full field deployment events are used to fill in any gaps in the process and to strengthen the overall emergency response process and the ERP program. Ultimately these ERP training exercises are meant to proactively prepare stakeholders and support services should a significant high-risk event occur.

BOARD OF DIRECTORS

Coelacanth's Board of Directors governs the organization and ensures the exercise of due diligence, care and responsibility in corporate stewardship. Coelacanth's Board of Directors is comprised of the following members:

William Lancaster, P. Geol., Chair ^{(2), (4), (5), (6)}

Raymond Hyer, CPA, ^{(1), (3), (6)}

John A. Brussa, B.A., LL.B., Lead Director ^{(1), (2a), (3a)}

Tom J. Medvedic, CA ^{(1a), (2), (5)}

Harvey Doerr, P.Eng. ^{(3), (4a), (5a), (6a)}

Robert J. Zakresky, CA

- (a) Committee Chair
- (1) Member of Audit Committee
- (2) Member of Compensation Committee
- (3) Member of Corporate governance Committee
- (4) Member of ESG Committee
- (5) Member of HSE Committee
- (6) Member of Reserves Committee

Coelacanth recognizes the value of diversity and inclusion and is working to identify suitable candidates that can add value to the board as the Company grows. To that end, Coelacanth's Board of Directors has set a target to increase the diversity of CEI's Board to at least 25% by end of fiscal 2026 and 33% by end of fiscal 2028. The Company took steps during 2023 to identify an evergreen list of potential candidates and is on track to meet this objective.

CEI sets diversity target for Board of Directors to 25% women by 2026, and 33% by 2028

GOVERNANCE STRUCTURE

Coelacanth's governance structure includes a Charter for the Board of Directors and for each of the following Board committees: Audit, Compensation, Corporate Governance, Reserves, Environment, Health and Safety, and Environmental, Social and Governance. The full Charters can be found at www.coelacanth.ca/governance.

Executive job descriptions for the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Chair of the Board, and the Lead Director can also be found in full on the Company's website.

CEI has robust Governance policies that include the following topics:

- Code of Business Conduct and Business Ethics
- Disclosure & Confidentiality
- Whistleblower Policy
- Treatment of Complaints
- Securities Trading Policy

The Company's policies concerning anti-corruption are included in the Code of Business Conduct and Ethics. All employees are required to read and sign this policy, which describes and provides clear direction regarding the prevention of bribery and corruption.

Anticorruption is enacted by corporate employees and managers by the following measures: Employees must be and be seen to be upholding the highest ethical standards by ensuring competitive bidding processes, tracking and holding to account any variance to bids; ensuring that approvals are required by more than one responsible party; ensuring that routine meetings are held where cost profiles are reviewed by the operations team and managers; ensuring that onboarding prequalifies vendors' insurance, qualifications, trade tickets and regulatory requirements; and, ensuring an annual audit.

The Whistleblower Policy and the Treatment of Complaints Policy protects those reporting complaints or other reportable activities outlined in the policy are ensured anonymity and are protected from any retaliation.

All CEI corporate policies are reviewed annually by the Board of Directors, and published at www.coelacanth.ca/governance

CURRENT OFFICERS

Robert J. Zakresky, CA
President and CEO

Jody Denis, P.Eng.
VP Drilling & Completions

Bret Kimpton, P.Eng.
VP Operations and COO

John Fur, P.Geol.
VP Geosciences

Nolan Chicoine, MPAcc, CA
VP Finance & CFO

CORPORATE INFORMATION

CONTACT INFORMATION

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24-Hour emergency service line: 1-866-859-5962

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NOTES

(1) FORWARD LOOKING INFORMATION DISCLOSURES

This Report and the contents herein contain forward-looking information with respect to future production estimates based on well test rates, as well as to Company aspirations with respect to future emissions management. The Report is therefore to be read with the following disclosures in mind:

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 Report contains forward-looking statements and information relating to the Company’s oil and condensate, other NGLs, and natural gas production, capital programs, and spending targets. 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 because of new information, future events or otherwise, unless so required by applicable securities laws.

TEST RESULTS AND INITIAL PRODUCTION RATES

The A5-19 Basal Montney well was production tested for 5.9 days and produced at an average rate of 117 bbl/d oil and 630 mcf/d gas (net of load fluid and energizing fluid) over that period which includes the initial cleanup where only load water was being recovered. At the end of the test, flowing wellhead pressure and production rates were stable.

The C5-19 Lower Montney well was production tested for 5.8 days and produced at an average rate of 736 bbl/d oil and 2,660 mcf/d gas (net of load fluid and energizing fluid) over that period which includes the initial cleanup where only load water was being recovered. At the end of the test, flowing wellhead pressure and production rates were stable.

The D5-19 Lower Montney well was production tested for 12.6 days and produced at an average rate of 170 bbl/d oil and 580 mcf/d gas (net of load fluid and energizing fluid) over that period which includes the initial cleanup where only load water was being recovered. At the end of the test, flowing wellhead pressure and production rates were stable.

The E5-19 Lower Montney well was production tested for 11.4 days and produced at an average rate of 312 bbl/d oil and 890 mcf/d gas (net of load fluid and energizing fluid) over that period which includes the initial cleanup where only load water was being recovered. At the end of the test, flowing wellhead pressure was stable, and production was starting to decline.

For the short-term production test of the C10-08 Upper Montney well in February 2024, the well was production tested for 2 days and produced at an average rate of 359 bbl/d oil and 5,236 mcf/d gas (net of load fluid and energizing fluid) over that period. This was an inline test to prove deliverability after four months of production. At the end of the test, flowing wellhead pressure and production rates were stable.

A pressure transient analysis or well-test interpretation has not been carried out on these five wells and thus certain of the test results provided herein should be considered to be preliminary until such analysis or interpretation has been completed. Test results and initial production rates disclosed herein, particularly those short in duration, may not necessarily be indicative of long-term performance or of ultimate recovery.

Any references to peak rates, test rates, IP30, IP90, IP180 or initial production rates or declines are useful for confirming the presence of hydrocarbons, however, such rates and declines are not determinative of the rates at which such wells will continue production and decline thereafter and are not indicative of long-term performance or ultimate recovery. IP30 is defined as an average production rate over 30 consecutive days, IP90 is defined as an average production rate over 90 consecutive days and IP180 is defined as an average production rate over 180 consecutive days. Readers are cautioned not to place reliance on such rates in calculating aggregate production for the Company.

GLOSSARY OF TERMS AND DEFINITIONS

OIL AND GAS TERMS

The Company uses the following frequently recurring oil and gas industry terms in this Report:

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 this Report. 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 volumes in this Report

- Natural gas refers to shale gas
- Oil and condensate refer 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.

ESG TERMS

ISSB	International Sustainability Standards Board
CSDS 1	Canadian Sustainability Disclosure Standard 1
CSDS 2	Canadian Sustainability Disclosure Standard 2
CSSB	Canadian Sustainability Standards Board
SASB	Sustainability Accounting Standards Board
TCFD	Task Force for Climate Related Financial Disclosure



CEI SASB PERFORMANCE TABLE

Category	Code	Metric	Page	2023	2022
Corporate		Number of Employees	4	14	13
Corporate		Oil and Natural Gas Liquids, Bbls/d	4	155	80
Corporate		Mineral Tenure, Sections	1	150 Sections, Two Rivers Region, BC.	
Corporate		Natural Gas, Mcf/d	4	1,624	1,614
Corporate		Oil Equivalent, Ave. Boe/d	4	426	349
Corporate		Total Cumulative Boe Produced	4	155,581	127,385
Corporate		Proved plus Probable Reserves (Mboe)	4	14,080	4,450
Corporate		Reserves Life Index (RLI), Proved plus Probable	4	41.4	38.7
Air	EM-EP-110a.1, EM-MD-110a.1, EM-RM-110a.1, FB-AG-110a.1,	Amount of gross global Scope 1 emissions in Metric Tonnes CO2-e from: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6), and nitrogen trifluoride (NF3)	9	Direct CO2: 7,731.11 Direct CH4: 626.80, Direct N2O: 104.55, Direct HFC 0.00, Direct PFC 0.00, Direct SF6 0.00, Direct NF3 0.00, Other direct (Scope 1) emissions 0.00, Total Scope 1 emissions 8,462,45 tCO2-e, Methane emissions are 7.4% of total. 100% of global Scope 1 emissions are covered under emissions-limiting regulations	Direct CO2 2,071.51, Direct CH4 185.02, Direct NOx 27.14, Direct HFC 0.00, Direct PFC 0.00, Direct SF6 0.00, Direct NF3 0.00, Other direct (Scope 1) emissions 0.00. Total Scope 1 emissions 2,283.67 tCO2-e, Methane emissions are 8.10% of total tCO2-e, 100% of global Scope 1 emissions are covered under emissions-limiting regulations.
r	EM-EP-110a.2	Amount of gross global Scope 1 emissions in metric tonnes of CO2-e from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions	9	(1) Flared hydrocarbons 317.12, (2) Combustion emissions 8,067.60, (3) Process emissions 0.00, (4) Fugitive emissions 77.73 (5) Vented emissions 0.00	(1) Flared hydrocarbons 233.6220 (2) Combustion emissions 2,021.8288 (3) Process emissions 0.00 (4) Fugitive emissions 28.2200, (5) Vented emissions 0.00

Category	Code	Metric	Page	2023	2022
Air	EM-EP-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	8	<p>CEI operations already make use of compressed instrument air in pneumatic devices to eliminate methane emissions at its Two Rivers West 14-05 facility. The facility is also electrified via BC Hydro, which reduces CO2 emissions, however, electrical capacity is insufficient in the area and purchased diesel fuel must be used to heat the facility. Instrument air in pneumatic devices is planned for the Two Rivers East and eventual electrification via BC Hydro, which is CEI's largest opportunity for mitigating future CO2 emissions. A feasibility study for Two Rivers East hydroelectricity is underway. Emissions reduction targets: None set at this time. Targets will be set once normative baseline is understood at CEI's 5-19 Pad location, scheduled to be onstream in spring 2025.</p>	
Air	EM-MD-110a.2, EM-RM-110a.2, EM-RM-110a.2, FB-AG-110a.2			<p>No targets set at this time. Targets will be set once normative baseline is understood at CEI's 5-19 Pad location, scheduled to be onstream in spring 2025</p>	
Air	EM-EP-110.3.1	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	8	<p>See above.</p>	
Water	EM-EP-140a.1, EM-RM-140a.1	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	12	<p>Total freshwater consumed 198,480 thousand cubic meters (m3)</p> <p>Percentage of freshwater consumed in regions with high or extremely high baseline water stress 0.00 %</p> <p>Total freshwater withdrawn 198,480 thousand cubic meters (m3)</p> <p>Percentage of freshwater withdrawn in regions with High or Extremely High Baseline Water Stress 0.00 %</p>	<p>Total freshwater consumed 0.00 thousand cubic meters (m3)</p> <p>Percentage of freshwater consumed in regions with high or extremely high baseline water stress 0.00 %</p> <p>Total freshwater withdrawn 0.00 thousand cubic meters (m3)</p> <p>Percentage of freshwater withdrawn in regions with High or Extremely High Baseline Water Stress 0.00 % No freshwater was withdrawn in 2022.</p>

Category	Code	Metric	Page	2023	2022
Water	EM-EP-140a.2	Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled. hydrocarbon content in discharged water	12	66,056 thousand cubic meters (m3) Discharged 0.00 % Injected 99.12% Recycled 0.00%	25,786.00 thousand cubic meters (m3) Discharged 0.00 % Injected 99.97 % Recycled 0.00 %
Water	EM-EP-140a.3	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	N/A	100%. Public disclosure is submitted to FracFocus.	0% (No wells fractured during 2022).
Land	EM-EP-160a.1	Description of environmental management policies and practices for active sites	11	CEI is compliant with all regulations with respect to the environment and active sites.	
Land	EM-EP-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	11	(1) Approximately 70% of CEI's Total Proved Working Interest Reserves are within the 5km buffer zone of Parks and Protected Areas, and (2) 48% of Total Probable Working Interest Reserves.	Two Rivers East mineral tenure is bordering Parks and Protected areas.
Social	EM-EP-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	16	0% of CEI's reserves are in or near areas of conflict.	
Social	EM-EP-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	16	100% of CEI reserves are within traditional territories of BC Treaty 8 First Nations.	
Social	EM-EP-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	16	CEI abides by the regulatory process of BCER for Pre-application engagement and the Duty to Consult. CEI exercises an ethic of pro-activity, transparency, respect and mutuality in all engagement activities.	

Category	Code	Metric	Page	2023	2022
Social	EM-EP-210b.2	Number and duration of non-technical delays		A total of 3.0 projects were delayed for approximately 120 days during the first half of 2023 awaiting the release of new BRFN pre-application engagement guidelines.	A total of 3.0 projects were delayed during 2022 for 270 days in aggregate owing to the Yahey V. BC court case. The BCER suspended all new permitting for one year while the Blueberry River First Nations Implementation Agreement process was devised.
Climate	EM-EP-420a.3	Amount invested in renewable energy; revenue generated by renewable energy sales	N/A	0 0	0 0
Climate	EM-EP-420a.4	Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets		CEI has a mandate to grow production of both oil, natural gas and natural gas liquids. Oil and natural gas will continue to play an important part of energy transition, energy equity and energy security on the road to decarbonization. Commodity prices are the main driver of oil and gas exploration and production, but capital expenditures are also considered with respect to climate goals. Carbon tax, policy commitments and the changing regulatory landscape, especially in British Columbia are also considered. For example, Management is exploring the potentials of hydro electrification of Two Rivers East projects to offset rising carbon tax in the Province of British Columbia.	

Category	Code	Metric	Page	2023	2022
Governance	EM-EP-510a.1	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index		Proved oil reserves 0.00 % Probable oil reserves 0.00 % Proved gas reserves 0.00 % Probable gas reserves 0.00 %	Proved oil reserves 0.00 % Probable oil reserves 0.00 % Proved gas reserves 0.00 % Probable gas reserves 0.00 %
Governance	EM-EP-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain		See www.coelacanth.ca/governance	
Governance	EM-EP-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	19	Coelacanth has a Board Committee that oversees ESG factors. The COO along with an ESG manager oversees ESG related regulations and policy proposals. See www.coelacanth.ca/governance	
Social	EM-EP-540a.2	Description of management systems used to identify and mitigate catastrophic and tail-end risks	13-14	The Company has a comprehensive Emergency Response Program and Environment, Health and Safety Program	

