



NG ENERGY INTERNATIONAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2021

The following is management's discussion and analysis ("MD&A") of the operating and financial results of NG Energy International Corp. ("NG" or the "Company"), formerly CruzSur Energy Corp., for the period ended March 31, 2021, as well as information and expectations concerning NG's outlook based on currently available information.

This MD&A should be read in conjunction with NG's interim condensed consolidated financial statements for the three months ended March 31, 2021 as well as the audited annual consolidated financial statements for the year ended December 31, 2020 (collectively, the "Financial Statements") prepared in accordance with International Financial Reporting Standards ("IFRS," as defined below), together with the accompanying notes.

This MD&A contains forward-looking information about our current expectations, estimates, projections and assumptions. See the reader advisory for information on the risk factors that could cause actual results to differ materially and the assumptions underlying our forward-looking information. Additional information on the Company, its financial statements, this MD&A and other factors that could affect NG's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

All dollar values are expressed in US dollars, unless otherwise indicated, and are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

This MD&A is prepared as of June 30, 2021.

Non-GAAP Measures

Certain financial measures in this document do not have a standardized meaning as prescribed by IFRS, and therefore are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in order to provide shareholders and potential investors with additional measures for analyzing our ability to generate funds to finance our operations and information regarding our liquidity. The additional information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. The definition and reconciliation of each non-GAAP measure is presented in the Operating Results, Financial Results and Liquidity and Capital Resources sections of this MD&A.

CORPORATE OVERVIEW AND UPDATE

NG is an oil and gas company incorporated in Canada and is engaged in the acquisition, exploration, development, and exploitation of oil and natural gas assets in Colombia. The Company's current asset portfolio is comprised of one appraisal and two exploration natural gas assets in Colombia. Assets previously held in Argentina were disposed of in October 2020 (see below). NG's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "GASX".

Bought Deal Financing

In February 2021, the Company closed a bought deal private placement, previously announced in January 2021, pursuant to which a syndicate of underwriters purchased 7,400,000 units and exercised its option to purchase an additional 1,110,000 units, an aggregate of 8,510,000 units at a price of C\$1.15 per unit for aggregate gross proceeds to the Company of C\$9,786,500. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share at a price of C\$1.75 until February 10, 2024.

In connection with the offering, the underwriters received a cash commission equal to 6% of the gross proceeds raised and 510,600 non-transferable broker warrants equal to 6.0% of the aggregate number of units sold. Each broker warrant is exercisable into one common share at a price of C\$1.15 per share for a period of 36 months, from February 10, 2021, the closing of the financing. The net proceeds of the Offering will be used for working capital and general corporate purposes.

Repayment of Maria Conchita Loan by way of Non-Brokered Private Placement

In parallel with the aforementioned bought deal financing, the Company completed a non-brokered private placement offering of 429,300 units, on the same terms as those issued pursuant to the bought deal financing, for a deemed value of C\$493,695. No fees or commissions were paid to the underwriters in connection with the private placement. The issuance of these units was completed as repayment of the outstanding balance of the Maria Conchita Loan of \$350,000 plus accrued interest. Of the units issued, 224,500 units were issued to Company directors.

Settlement of Services for Shares

In February 2021, pursuant to a Memorandum of Understanding with Panacol Oil and Gas Corp. ("Panacol"), the Company issued an aggregate of 4,000,000 common shares at a deemed price of C\$1.49 per share. 2,800,000 common shares were issued in satisfaction of project management services provided by Panacol and 1,200,000 common shares to Landsons Investment Corporation for services provided towards obtaining the environmental and social licenses for the SN-9 project.

COVID-19 Pandemic

In March 2020, the global outbreak of COVID-19 (coronavirus) was declared a pandemic by the World Health Organization. Governments worldwide, including those in Canada and Colombia, have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic downturn. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions; however, the success of these interventions is not currently determinable. At this time, the extent of the impact the COVID-19 outbreak may have on the Company is unknown, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. While the extent of the impact is unknown, the current impact has prolonged the Company's Colombian exploration activities beyond initial expectations. The scale and duration of these developments remain uncertain but could affect the Company's operations, future net earnings, cash flows and financial condition.

Disposition of Alianza

In October 2020, the Company announced the acceptance of an offer to sell Alianza Petrolera Argentina S.A. ("Alianza"), the Argentine subsidiary through which NG operated the SRDE Asset and held interest in the Mariposa Asset.

Under the terms of the offer, the purchaser acquired Alianza and assumed all rights and responsibilities relating to the oil and gas assets and general operations of Alianza. As consideration, the purchaser granted a royalty of 7% to the Company calculated on the net profit of oil production from the SRDE Asset, after applicable royalties and operating costs, up to total royalty payments of \$100,000. The transaction also included the assumption by the purchaser of all responsibilities for any existing and future liabilities as well as a guarantee of indemnity for potential claims against NG and its related companies.

COLOMBIAN OIL AND NATURAL GAS PROPERTIES

NG has working interests in the Maria Conchita Block, the SN-9 Block, and the Tiburon Block. Below is a detailed description of each block:

Maria Conchita Block

The Maria Conchita Block originally covered an area of approximately 60,076 acres in the Department of Guajira, Colombia. The E&P Contract for the Maria Conchita Block (the "Maria Conchita E&P Contract") is a 2009 contract between the Agencia Nacional de Hidrocarburos ("ANH") of Colombia and MKMS Enerji Sucursal Colombia ("MKMS"), a wholly owned subsidiary of NG, for the exploration and production of conventional hydrocarbons in the Maria Conchita area. The Company maintains an 80% working interest in the Maria Conchita Block with 20% being held by private joint operation partners.

The Maria Conchita E&P Contract had an initial exploration term consisting of 6 one-year exploration phases, that are followed by a 24-year production period from the date when commerciality is declared. Phase 1 was completed with the acquiring, processing and interpretation of 120 km² of 3D seismic. The Phase 2 commitment was fulfilled with the drilling of the Istanbul-1 well. NG has decided not to proceed with the remaining exploration phases, which is discussed hereafter.

In previous years, there have been two wells drilled by Texaco (Aruchara-1 in 1980 and Aruchara-2 in 1982), and two wells drilled by Ecopetrol, S.A. (Almirante-1 in 1988 and Tinka-1 in 1988). The Aruchara-1 well tested gas in the Upper and Middle Miocene. The Tinka-1 well tested gas in the Upper Miocene. Maria Conchita is close to both of Colombia's gas trunk lines, TGI and Promigas. The Maria Conchita Block neighbors the Chuchupa Block to its north, which is one of Colombia's largest gas fields with an initial 900 mmboc in place and currently accounts for approximately 40% of Colombia's daily natural gas output. The Chuchupa Block has been under production for over 35 years, and it was operated by Chevron in association with Ecopetrol, S.A. Production from the Chuchupa Block has been decreasing over the last several years, creating a need for new natural gas discoveries to replace it.

The Company drilled the Istanbul-1 well in Q1 2018 and reached a total depth of 8,740 feet measured depth ("MD"). Based on the interpretation of the open hole logs and mud log, 12 separate intervals covering a total thickness of 62.4 feet were selected and perforated for testing between 7,912 feet MD and 8,608 feet MD. The well was tested with gas and water produced to surface. Although steady state

conditions were never achieved, the well was flowed for a period of 7 hours at an average rate of 350,000 cubic feet of gas per day and 2,100 barrels of water per day. A production log ("PLT") confirmed that the majority of water and gas production was coming from 26 feet of perforations in the upper sand package. The PLT also confirmed that the other potential gas bearing zones (eight zones with 36.4 feet of perforations) were not contributing materially to the observed flow, being impeded by the weight of the water column in the wellbore, which severely limited the ability to achieve sufficient drawdown to initiate gas flow from these zones. NG subsequently filed a technical discovery notice for Istanbul-1, and an Evaluation Program covering an area of 32,518 acres was declared around the well in which the reserves and prospective resources exist and are covered by the existing 3D seismic.

The Maria Conchita Evaluation Program consists of geological and geophysical studies and an evaluation of re-entries on the existing wells and will expire in September 2021 with the option to present a development plan of the field up to December 2021. In late 2018, NG notified the ANH of its intention not to proceed to Phase 3 of the exploration program and to return the areas of the Maria Conchita Block not covered by the Evaluation Program. Subsequent to the relinquishment, the Company maintains 32,518 acres under the Evaluation Program, for which NG requested an extension of two additional years for this program.

Given the PLT results of the Istanbul-1 well were inconclusive, it was decided to perform an in-depth re-evaluation of the 3D seismic for the area and the amplitude versus offset (AVO) anomalies based on the new geological interpretation results. The new interpretation indicated the possibility that significant gas resources could exist for sustained development of the field. To confirm these volumes, it was necessary to carry out a sustained test in the Aruchara-1 well through a re-entry project to 1) repair a gas leak detected during 2020, and 2) confirm the accumulation tested in the year 1980. Based on the results of this testing, the Company would determine a subsequent work program which might include the drilling of 2 additional exploration wells in this area. Depending on the results from the Aruchara-1 well testing, the Company might also decide to perform a re-entry project of the Istanbul-1 well to perform an extended test at the intervals where discovery of unassociated gas was achieved. This same analysis is anticipated to also be carried out in the area near the Tinka-1 well in 2021 to define the maximum commercial capacity of the field.

The gas leak repair for the Aruchara-1 well was supposed to start in March 2020, but all non-essential oil and gas activities were suspended by the federal government in Colombia due to the COVID-19 outbreak. In late May 2020, the Company received authorization from the Colombian government to resume the Aruchara-1 well re-entry project. As such, equipment mobilization took place during the month of June, with the objective of repairing the leak and testing several prospective gas zones to determine the production potential of the well. The repair work started officially in mid-June 2020.

In late August 2020, the re-entry of the Aruchara-1 well to repair the gas leak was finished as a result of implementing the work program approved by the ANH, which was duly reported to the National Authority of Environmental Licences ("ANLA"). After drilling the cement plugs and controlling the well, Drill Stem Tests ("DSTs") were carried out to determine the origin, pressure, and volume of natural gas to repair, complete, and secure the well. As previously mentioned, the Aruchara-1 well was drilled by Texaco in 1980 to a total depth of 9,715 feet and tested gas between 8,111 and 8,121 feet and between 8,051 and 8,061 feet varying from 3.4 to 9.8 mmcf/d from these two zones at that time. As part of the re-entry program, three DST procedures of this well were conducted by NG. The first DST procedure occurred between 8,052 and 8,062 feet measured depth with a maximum rate of 7.75 mmcf/d through a 48/64"

choke at a pressure of 2,075 psig and a final shut-in pressure of 3,505 psig. The second DST procedure occurred between 8,111 and 8,121 feet measured depth with a maximum rate of 10.98 mmcf/d through a 48/64" choke at a pressure of 2,437 psig and a final shut-in pressure of 3,547 psig. The third DST procedure occurred between 8,088 to 8,094 feet and from 8,111 to 8,121 feet measured depth, with a maximum rate of 10.420 mmcf/d through a 48/64" choke at a pressure of 2,271 psig and a final shut-in pressure of 3,521 psig. The absolute open flow potential was estimated at 19.0 mmcf/d and a potential of 14.3 mmcf/d with a 50% drawdown. DST results were reviewed by John Yu, P. Eng. as an independent Qualified Reserves Evaluator and Auditor as defined in NI 51-101 Standards of Disclosure for Oil & Gas Activities, obtaining the following results: proved undeveloped reserves of 15,670 mmcf and probable undeveloped reserves of 18,912 mmcf for a total proved + probable reserves of 34,582 mmcf. Subsequent to testing results, the well was completed and secured, ready to produce once all necessary permits and building the required production and transportation facilities has been completed.

During the rest of the 2020 year, further activities were carried out relating to the permits required for extended tests and the design of required facilities to handle gas production, defining the best options to develop the field. Once the evaluation studies have been completed and the field has been declared commercial, further studies will be performed related to extensive tests in the field for other possible re-entries and new wells to be drilled as part of a possible development plan. The Company intends to commence commercial operations in the second half of 2021.

As part of the Istanbul-1 Well Evaluation Program being carried out in 2021, the Company plans to carry out a feasibility study on the covered prospective area, evaluating the following aspects: condition of environmental licensing, social aspects of the area of direct influence of the project, mechanical integrity, integral costs of intervention and new wells to be drilled to sustain a production capacity close to 20 mmcf/d. In March 2021, the Company re-entered Istanbul-1 and preliminary testing in several zones encountered gas that continues to be tested for flow rates. The purpose of the re-entry of Istanbul-1 was to repair wellbore damage, evaluate the potential extension of the Aruchara-1 producing zones, and define the production potential of new identified gas prone zones.

The Company's primary objective is to establish the necessary infrastructure to connect the Aruchara-1 well to the nearby main gas line in 2021, with the objective of monetizing its natural gas resources, capitalizing on a premium pricing market in Colombia of over \$5/MMBtu. In December 2020, the Company announced that it had entered into a Memorandum of Understanding (the "MOU") with GTX International Corp. ("GTX") pursuant to which GTX is to build and operate the production facilities and pipeline (the "Pipeline Facilities") that will extend from the Company's Maria Conchita field in Colombia to existing national infrastructure. GTX completed a brokered offering of \$10 million of senior-secured debentures (the "Debentures") that bear interest at a rate of 15% per annum, payable monthly and which mature six years from the issuance date. GTX's financing provides the necessary funding to build the infrastructure needed to begin delivering gas to the market, with expectations to commence in 2021. GTX will build, own, operate and maintain the Pipeline Facilities, which will have a capacity of 20 mmcf/d. Additionally, the MOU provides that the Company and GTX will enter into a take-or-pay agreement (the "ToP Agreement") pursuant to which NGE will agree to transport, or pay for, 16 mmcf/d through the Pipeline Facilities for a period of six years (the "Guaranteed Commitment") at a tariff of \$0.90 per thousand cubic feet (kcf) of gas. The ToP Agreement will have a term of 18 years and the Company's Guaranteed Commitment will convert after six years into payment for only the capacity that is used.

SN-9 Block

The SN-9 Block is located in the Lower Magdalena Valley, 75 km from Colombia's Caribbean coast. The SN-9 Block, which covers an area of approximately 311,353 acres in the Department of Córdoba, Colombia, has a 6-year exploration period, divided in two phases of three years each, followed with a 24-year production period from the date when commerciality is declared. The SN-9 Block is adjacent to blocks held by Canacol Energy Ltd. The area has excellent infrastructure with good roads and access to the northern gas trunk line. In previous years, the Hechizo well was drilled on the block by Ecopetrol, S.A. in 1992 and tested gas in the Ciénaga de Oro formation at a depth of approximately 4,250 ft. The SN-9 Block has 730 km of 2D seismic.

The E&P Contract for the SN-9 Block (the "SN-9 E&P Contract"), dated October 2014, was entered into between the ANH and Clean Energy Resources S.A.S., a Colombian corporation ("Clean"). The SN-9 E&P Contract is currently in the first phase of the exploration program which includes a minimum work obligation of acquiring 125 km² of 3D seismic and drilling one exploration well.

The Company is in the process of carrying out the exploration activities in stages which will satisfy the minimum work obligations. The first stage will see the finalization of the environmental impact study and prior consulting processes in order to obtain the necessary environmental licenses to be able to drill. This is to be followed by the drilling of two exploration wells in the Magico and Milagroso areas. The second stage will focus on evaluating the Hechicero and Hechizo areas, including drilling two additional exploration wells and acquiring 3D seismic for the development of the field. However, due to the ongoing COVID-19 outbreak, activities related to the environmental license have been delayed. As such, Clean (the field operator) requested a 12-month extension of the Phase 1 exploration commitment, which was approved by the ANH. The Company expects to have drilling rigs on site in the latter half of 2021 to commence the initial drilling plan outlined previously.

During December 2020, the Company announced that it had received a binding commercial offer from CPVEN (the "Binding Offer") to execute the planned drilling program. Under the Binding Offer, the companies will enter into a market pricing-based preferred supply agreement for drilling and gas well service activities for all phases of the SN-9 exploration program. CPVEN has initially committed to construct and complete four gas wells, including mobilization, demobilization, engineering, drilling and completion, for an aggregate cost of US\$27.2 million. CPVEN has offered to finance the construction of the four wells and NG will be obligated to maintain a monthly balance of \$1 million to pay for CPVEN's services which will serve as a guarantee for such payment. CPVEN has developed its own technology and has the managerial and technical personnel capable of executing complex operations, utilizing state-of-the-art infrastructure and equipment design.

The Company is in the process of negotiating with other service providers who will build the civil infrastructure required to carry on the drilling and testing activities.

The original terms of the agreement between the Company and Clean regarding the Company's acquisition from Clean of economic beneficial interest in the SN-9 Block are as follows:

- The Company's participation interest is 72%. Clean's participation in the SN-9 Block will be 13%, and will comprise two components:
- First component - carried working interest of 8%

- Second component - Clean will acquire an additional 5% by one of two options:
 - Option 1 - payment of \$1.2 million to the Company if Clean chooses to only participate in the first phase of the exploration program.
 - Option 2 - payment of \$2.9 million to the Company if Clean chooses to participate in both phases of the exploration program.

Payment to the Company for either option will be received through the sale of 62.5% of Clean's production on the SN-9 Block corresponding to this 5% interest. Furthermore, the share of Net Profit Interest and Overriding Royalties (as defined in the SN-9 PSA) related to this additional 5% working interest will be the obligation of Clean and not carried by the Company.

Tiburon Block

The Tiburon Block currently covers an area of approximately 245,850 acres in the Department of La Guajira, Colombia. The E&P Contract for the Tiburon Block (the "Tiburon E&P Contract") is a contract for the exploration and production of conventional hydrocarbons, dated June 2006 and entered into between the ANH and Omimex de Colombia Ltd., which later changed its name to ColPan Oil & Gas Ltda. ("ColPan").

The Tiburon E&P Contract initially provided for an exploration period divided into six phases of twelve months each. The Tiburon E&P Contract is currently in Phase 3 of the exploration period with an existing minimum work obligation to acquire, process, and interpret 69.75 km² of 3D seismic. The phase commitment is currently suspended due to "Force Majeure and Third-Party Acts" due to local community issues within the region outside the control of the Company.

In light of this situation, the Company has carried out technical studies of the area in order to present for the consideration of the ANH the request to change the identified area within the Tiburon Block where the current minimum work obligation of 3D seismic is to be completed, and alternatively, complete the acquisition, processing and interpretation of 112 km 2D seismic in the Bahia Honda area within the Tiburon Block, which is equivalent to the current Phase 3 commitment of the E&P Contract of 69.75 km² of 3D seismic. Meanwhile, the Company intends to start environmental and social analyses to execute the seismic activities, pending the outcome of the ongoing COVID-19 outbreak and the resolution of the local community conflicts that are impeding any progress in the area.

The previous request to change the phase commitment of 2D seismic in the Bahia Honda area is based on the technical study carried out on the area of the Tiburon Block, as well as on the analysis of its geological model. Through the study and re-interpretation of the existing information, the Company has concluded that the Bahia Honda area (La Guajira) shows a higher level of perspectivity, being able to determine structures, leads and geological prospects of interest, with possible resources estimated between 2 and 4 TCF. In addition, there exists less uncertainty regarding social acceptance and the completion of the requisite prior consulting process in this area. This will ultimately allow the Company to execute the exploration activities and commitments of the E&P Contract with a higher probability of success.

The terms of the agreement between the Company and ColPan outlining the Company's acquisition from ColPan of economic beneficial interest in the Tiburon Block are based on the execution of the following work program:

- 10% working interest on the completion of the Phase 3 3D seismic commitment
- An additional 15% working interest on the drilling and testing of one exploration well
- A further 15% working interest on the drilling and testing of a second exploration well

After completing the seismic commitment, NG is not obligated to drill any of the exploration wells and can exit the contract with no further commitments but will lose the original \$0.3 million performance guarantee currently held in deposit with the ANH. Alternatively, NG may elect to stay in the license with a 10% working interest. \$120,000 of management fees paid by the Company will be returned to NG if the Company is still participating in the block when the ANH performance guarantee is returned at the end of the Phase 3 commitment. In the event that NG does not fulfill the Phase 3 commitment, except for reasons beyond its control, NG will cede a 1.5% carried working interest in the SN-9 Block to Clean and forfeit the aforementioned \$120,000 payment.

Due to the ongoing COVID-19 outbreak, the Company requested from the ANH a one-year extension of the exploration commitment. This request was not approved as the phase commitments are currently suspended due to the aforementioned community issues that are impeding any progress in the area. During the year 2021 the Company will comply with the phase commitments of the Tiburon E&P Contract after the community conflicts existing in the area have been resolved.

OUTLOOK

The Company continues to move forward with its planned exploration program in the Maria Conchita and SN-9 Block as was mentioned above. The Company believes the SN-9 Block could be an important new source of natural gas in Colombia. Through a phased approach, NG expects to increase reserves and provide a stable supply of natural gas in the country. The Company currently expects exploration activities to begin in the latter half of 2021, pending sufficient resolution of the ongoing COVID-19 outbreak which is causing delays on necessary environmental license activities. The Company anticipates that the environmental license should be granted in August 2021 and drilling activities will commence thereafter.

Furthermore, the aforementioned evaluation program is underway in the Maria Conchita Block to define total resources and determine the most appropriate development plan for the Uitpa and Jimol formations. The re-entry project of the Aruchara-1 well is assisting to confirm the size of the accumulation of natural gas in the Aruchara area, which is allowing the Company to design the best development project for this area of the field and to establish production and transportation facilities. Extended tests of prospective gas zones are taking place in 2021. After the re-entry of Istanbul-1 well in 2021, re-entry of the Tinka-1 at a future date could test several prospective zones based on new geological and seismic re-interpretation.

The Company continues to pursue asset prioritization strategies, additional and/or alternative production and exploration opportunities, and the development of its undeveloped reserves. The Company may choose to delay development, depending on a number of circumstances, including the existence of higher priority expenditures, prevailing commodity prices and the availability of funds.

DISCUSSION OF OPERATING RESULTS

General and Administrative Expenses

General and administrative expenses (“G&A”) for the Q1 2021 totaled \$766,921 (2020 comparative period - \$297,581). The G&A expenses relate to the normal course of the Company’s operations, and are constituted as follows:

	Q1 2021	Q1 2020	Q4 2020	Q3 2020	Q2 2020
Professional Fees	335,278	180,840	360,628	153,045	253,614
Wages & Salaries	51,790	37,214	59,973	20,173	33,637
Fees, Rent, Investor Relations and Other	379,853	79,527	166,091	99,741	102,500
Total	766,921	297,581	586,692	272,959	389,751

Professional fees are comprised of legal, audit, tax, and other fees that have been incurred by the Company for operations. Wages and salaries are amounts paid to employees of the Company. Other expenses comprise the normal operations of the Company and include office rent, public relations, insurance, travel, and other general and administrative expenses.

Share-Based Payments

No stock options were issued during the three months ended March 31, 2021. The value of the stock options vesting in the three months ended March 31, 2021 equated to \$Nil (March 31, 2020 - \$11,678), which was expensed as share-based payments.

Finance Income and Expense

The Company’s finance related income and expenses for each of the reporting periods are as follows:

	Q1 2021	Q1 2020	Q4 2020	Q3 2020	Q2 2020
Interest income	(22,665)	(28,473)	(16,745)	(27,783)	(27,774)
Interest expenses and bank charges	144,650	111,163	88,905	171,967	130,438
Commitment fee	25,333	18,750	41,708	29,000	18,542
Accretion on decommissioning obligation	1,374	1,622	3,211	2,821	1,676
Accretion on liability component of convertible deb	-	3,230	-	4,675	4,273
Amoritzation of transaction costs on Loans	11,444	3,360	13,532	6,775	3,474
Total finance expenses/income	160,136	109,652	130,611	187,455	130,629

Foreign Exchange

The Company incurred a foreign exchange loss of \$370,079 for Q1 2021 (2020 comparative period – \$1,027,824). Foreign exchange losses are due to the decrease in the value of the US dollar when compared to the Canadian dollar and the Colombian peso in the period. Conversely, foreign exchange gains are due to an increase in the value of the US dollar in comparison to these foreign currencies.

Cash used in Continuing Operations

For Q1, 2021, the Company used cash in continuing operations of \$1,060,720 (2020 comparative period - \$337,310). The cash used in operations is primarily comprised of G&A expenses incurred during the period.

DISCONTINUED OPERATIONS

Upon closing the divestitures outlined above, the Company ceased operations in Argentina. As such, the company reclassified its entire Argentine segment to discontinued operations. Income and expenses allocated to net income from discontinued operations are as follows:

For the three months ended March 31	2021	2020
Revenue		
Net revenue on carried working interest	-	123,473
	-	123,473
Expenses		
Inventory revaluation	-	268,250
General and administrative	-	89,041
Depletion and depreciation	-	95,408
Net finance expense	-	488
Foreign exchange loss (gain)	-	23,325
	-	476,512
Net (loss) income from discontinued operations	-	(353,039)

Operating cash flows related to discontinued operations are as follows:

For the three months ended March 31	2021	2020
(Loss) Income from discontinued operations	-	(353,039)
Depletion and depreciation	-	95,408
Unrealized foreign exchange (gain) loss	-	24,939
Net finance expense	-	488
Change in non-cash working capital	-	126,467
Cash flows used in operating activities of discontinued operations	-	(105,737)
Changes in non-cash working capital	-	110,214
Cash flows from investing activities of discontinued operations	-	110,214
Net financing expense paid	-	(28)
Cash flows from financing activities of discontinued operations	-	(28)

CAPITAL ADDITIONS

For Q1 2021, the Company had additions (prior to recognition of any impairments, disposals or revisions of estimates) of \$438,686 relating to exploration and evaluation assets and \$Nil relating to property, plant and equipment assets. Additions to exploration and evaluation assets relate primarily to 1) capital activities for the Aruchara well re-entry project; and 2) SN-9 community relations and environmental license compliance work.

LIQUIDITY AND CAPITAL RESOURCES AND GOING CONCERN

The Company's capital management objective is to have sufficient capital to be able to execute its business plan. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. The continued development of the Company's oil and natural gas assets is dependent on the ability of the Company to secure sufficient funds through operations, credit facilities and other sources. Such funds may not be available on acceptable terms or at all.

During Q1 2021, the Company recognized loss from continuing operations of \$1.3 million and used \$1.1 million of cash flow in its operating activities for continuing operations. As at March 31, 2021 the Company had a working capital balance of \$3.0 million, which would suggest that the Company has limited ability to fund administrative budget and capital commitment amounts that exist for the upcoming period and beyond.

The Company will continue to utilize its financial resources to fund existing administrative budgets and capital commitments. There is uncertainty as to the future operating and development ability of the Company as it will be contingent upon the Company's ability to successfully identify and procure necessary capital and develop oil and gas operations that generate positive cash flows. The Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to discharge its obligations and realize its assets in the normal course of operations for the foreseeable future.

Management believes that the going concern assumption is appropriate for the Financial Statements and that the Company will be able to meet its budgeted capital and administrative costs as well as its other potential capital commitments during the upcoming year and beyond. There is no guarantee that the Company will be successful in its exploration and development activities and no certainty as to the timing of the Company's impending exploration commitments. Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, the Financial Statements would require adjustments to the amounts and classifications of assets and liabilities, and these adjustments could be significant.

The Company's Colombian oil and gas interests are in the exploration stage and the Company has yet to establish operations to achieve sustainable production from its acquired oil and gas assets. Accordingly, the recoverability of amounts recorded as oil and natural gas properties is dependent upon successful development of its assets in order to put them into production and then achieve future profitable production, the ability of the Company to secure adequate sources of financing to continue to fund the development of its assets, and the political stability of Colombia. The outcome of these matters cannot be predicted with certainty at this time.

Aruchara Loan

In December 2019, the Company entered into a loan in the amount of \$1.6 million, secured by the assets of the Company. The loan is denominated in US dollars, matures on December 5, 2021, and bears interest at the rate of 15% per annum. The proceeds of the loan were utilized for the costs of the re-entry project of the Aruchara well in the Maria Conchita Block. Under the terms of the loan agreement, the lenders have also been granted a 2.5% overriding royalty derived from the production of the Maria Conchita Block. Total interest and principal is payable at the maturity date, although the lenders have an option to convert the loan principal and interest into another 2.5% overriding royalty from the Maria Conchita Block at the lenders' discretion at any point prior to the maturity date. Currently, no value has been attributed to the 2.5% overriding royalty or the conversion option for an additional 2.5% overriding royalty as this is contingent upon the successful realization of commercially viable operations within the Maria Conchita Block.

Of the principal amount of the Aruchara loan, \$0.5 million of the principal of the Aruchara loan has been accounted for as a "drawdown" facility given this funding has been made available to the Company for purposes of covering expenditures on the Aruchara well as necessary, in contrast to the other \$1.1 million of the principal being provided as cash funds to the Company on the date of issuance. As of the date of this MD&A, the full extent of this drawdown facility has been utilized by the Company for the purpose of covering expenditures on the Aruchara well as necessary. The full balance of the \$1.6 million Aruchara loan is recognized as a debt balance thereafter.

Maria Conchita Loan

In July 2020, the Company entered into a loan in the amount of \$350,000. The loan is denominated in US dollars and bears interest at the rate of 20% per annum. The loan maturity date was set as the earlier of six months from the advance date or such time as proceeds to the Company from gross production in the Maria Conchita Block totaled or exceeded the principal amount plus accrued interest. In February 2021, the full balance of the loan plus accrued interest was repaid by way of the 429,300 units issued under the non-brokered private placement mentioned previously.

SN-9 Loan

In August 2020, the Company entered into a loan in the amount of \$2.5 million, secured by the assets of the Company. The loan is denominated in US dollars, matures in August 2022, and bears interest at the rate of 15% per annum. The proceeds of the loan are to be utilized for the costs of exploratory activities in the SN-9 Block. Under the terms of the loan agreement, the lenders have also been granted a 3% overriding royalty on NG's working interest in the gross production of the SN-9 Block. Total interest and principal is payable at the maturity date, although the lenders have an option to convert the loan principal and interest into another 3% overriding royalty on NG's working interest in the gross production of the SN-9 Block at the lenders' discretion at any point prior to the maturity date. Currently, no value has been attributed to the 3% overriding royalty or the conversion option for an additional 3% overriding royalty as this is contingent upon the successful realization of commercially viable operations within the SN-9 Block.

Of the principal amount of the SN-9 loan, \$0.6 million of the principal of the SN-9 loan is recognized as a "drawdown" facility given this funding has been made available to the Company for purposes of covering expenditures on the SN-9 Block as necessary, in contrast to the other \$1.9 million of the principal being

provided as cash funds to the Company on the date of issuance. As of the date of this MD&A, the full balance of the drawdown facility remains unutilized.

Restricted Cash

As of March 31, 2021, funds totaling \$2,487,813 (December 31, 2020 - \$2,706,991) were classified as restricted cash. The composition of this amount is as follows:

	2021	2020
SN-9 ANH Guarantee	2,170,325	2,362,822
Tiburon ANH Guarantee	317,488	344,169
	2,487,813	2,706,991

Term deposits of \$2.4 million and \$0.3 million were established to secure performance guarantees required by the ANH under the E&P Contracts for the SN-9 and Tiburon Block. The SN-9 and Tiburon deposits amounts are defined in US dollars by the ANH but are held in Colombian pesos with Colombian banks and are subject to foreign currency fluctuation risks in relation to the US dollar. These deposits are to be released to the Company once current phase commitments under each E&P Contract are completed. As of March 31, 2021, the balances of the SN-9 term deposit and Tiburon term deposit were \$2,170,325 and \$317,488 respectively.

SHARE CAPITAL

Common shares

As at March 31, 2021, the Company was authorized to issue an unlimited number of common shares, with no par value, with holders of common shares entitled to one vote per share and to dividends, if declared. Outstanding common shares as of March 31, 2021 are as follows:

	Common shares	Amount (\$)
Balance, December 31, 2019	30,175,840	64,997,628
Shares issued through private placements (net of costs)	16,072,823	3,287,545
Conversion of debentures	21,666,659	10,657,548
Shares issued through warrant exercise	20,544,992	10,444,789
Shares issued through option exercise	330,000	173,763
Shares issued for interest payment	806,719	115,122
Balance, December 31, 2020	89,597,033	89,676,395
Shares issued through private placements (net of costs)	8,939,300	5,585,450
Shares issued to service provider	4,000,000	1,099,592
Shares issued through warrant exercise	2,758,332	1,024,254
Shares issued through option exercise	120,000	44,263
Balance, March 31, 2021	105,414,665	97,429,954

February 2021 bought deal and non-brokered private placements

In February 2021, the Company completed a bought deal private placement, pursuant to which a syndicate of underwriters purchased 7,400,000 units and exercised its option to purchase an additional 1,110,000 units, an aggregate of 8,510,000 units at a price of C\$1.15 per unit for aggregate gross proceeds to the Company of C\$9,786,500 before transaction costs. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share at a price of C\$1.75 until February 10, 2024.

In connection with the offering, the underwriters received 510,600 non-transferable broker warrants equal to 6.0% of the aggregate number of units sold. Each broker warrant is exercisable into one common share at a price of C\$1.15 per share for a period of 36 months, from February 10, 2021, the closing of the financing. The net proceeds of the Offering will be used for working capital and general corporate purposes.

In parallel with the bought deal financing, the Company completed a non-brokered private placement offering of 429,300 units, on the same terms as those issued pursuant to the bought deal financing, for a deemed value of C\$493,695. No fees or commissions were paid to the underwriters in connection with the private placement. The issuance of these units was completed as repayment of the outstanding balance of the Maria Conchita Loan of \$350,000 plus accrued interest.

Settlement of services for shares

Pursuant to a Memorandum of Understanding with Panacol Oil and Gas Corp. (“Panacol”) and Landsons Investment Corp. (“Landsons”), the Company formalized the definitive agreement in December 2020 to issue an aggregate of 4,000,000 common shares. In February 2021, the terms of that definitive agreement were completed as the Company issued 2,800,000 common shares to Panacol in satisfaction of project management services provided and 1,200,000 common shares to Landsons for services provided towards obtaining the environmental and social licenses for the SN-9 project.

Stock Options

The Company’s stock option plan provides for the issue of stock options to directors, officers, employees, charities and consultants, who are all considered related parties to the Company. The plan provides that stock options may be granted up to a number equal to 10% of the Company’s outstanding shares. Vesting terms are determined by the Board of Directors as they are granted and currently include periods ranging from immediately to one-third on each anniversary date over three years. The options’ maximum term is ten years.

As at March 31, 2021, a total of 7,792,600 (December 31, 2020 – 7,912,600) options were issued and outstanding under this plan. Options which are forfeited/expired are available for reissue.

A summary of the changes in stock options is presented below:

	Stock options	Weighted average exercise price (C\$)
Balance, December 31, 2019	2,876,600	1.33
Options issued	5,456,000	0.79
Options exercised	(330,000)	0.42
Options expired	(90,000)	0.45
Balance, December 31, 2020	7,912,600	1.01
Options exercised	(120,000)	0.275
Balance, March 31, 2021	7,792,600	1.02

The following summarizes information about stock options outstanding as at March 31, 2021:

Exercise prices (C\$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.275	1,376,000	9.23	1,376,000
0.45	2,175,000	8.26	2,175,000
1.00	3,900,000	9.65	3,900,000
6.10	31,600	5.39	31,600
8.00	310,000	6.36	310,000
	7,792,600	9.04	7,792,600

No stock options were issued during the three months ended March 31, 2021. The value of the stock options vesting in the three months ended March 31, 2021 equated to \$nil (March 31, 2020 - \$11,678), which was expensed as share-based payments.

Warrants

Purchase warrants on private placements

Pursuant to the non-brokered private placement of units in March 2020 (see above), the Company issued 2,000,000 units, each consisting of one common share and one share purchase warrant. Each warrant can be exercised to purchase one additional common share at a price of C\$0.18 until March 27, 2022. A fair value of \$62,156 (C\$87,366), net of issue costs, was recognized at the time of the issuance of these purchase warrants.

Pursuant to the non-brokered private placement of units in May 2020 (see above), the Company issued 10,000,000 units, each consisting of one common share and one share purchase warrant. Each warrant can be exercised to purchase one additional common share at a price of C\$0.23 until May 27, 2022. A fair value of \$358,943 (C\$494,624), net of issue costs, was recognized at the time of the issuance of these purchase warrants. During the period ended December 31, 2020, 125,000 of these share purchase warrants were exercised, resulting in the issuance of 125,000 common shares of the Company.

Pursuant to the non-brokered private placement of units in December 2020 (see above), the Company issued 4,072,823 units, each consisting of one common share and one half of a share purchase warrant, with each full warrant entitling the holder to purchase one additional share at a price of C\$1.50 until

December 29, 2023. A fair value of \$425,369 (C\$552,979) was recognized at the time of the issuance of these purchase warrants.

Purchase warrants on conversion of debentures

Pursuant to the convertible debentures issued in May 2019 (see above), during the year ended December 31, 2020, debenture holders elected to convert all remaining debentures, having a C\$3,250,000 face value, to units of the Company at a conversion price of C\$0.15 per unit resulting in the issuance of 21,666,659 purchase warrants. Each unit is comprised of one common share of the Company and one share purchase warrant. Of the overall value assigned to these debentures, \$1,128,019 was reclassified to warrants as the attributable value of the issued purchase warrants.

Of the total issued warrants from the conversion of debentures, 20,119,992 warrants were exercised during the year ended December 31, 2020, by warrant holders at an exercise price of C\$0.15, resulting in the issuance of 20,119,992 common shares of the Company.

2017 purchase warrants

Pursuant to various transactions in 2017, the Company issued a total of 5,625,000 Units, each consisting of one common share and one share purchase warrant, each exercisable into one additional common share at a price of C\$10.50 per share until July 31, 2022. A fair value of \$10,201,910 (C\$12,754,916), net of issue costs, was recognized at the time of the issuance of these purchase warrants.

These 5,625,000 purchase warrants are publicly listed for trading on the TSX-V under the symbol “CZR.WT”.

A summary of the changes in total warrants is presented below:

	Warrants	Weighted average exercise price (C\$)
Balance, December 31, 2019	6,291,666	9.40
Warrants issued on convertible debenture conversion	21,666,659	0.15
Warrants issued on private placement, March 2020	2,000,000	0.18
Warrants issued on private placement, May 2020	10,000,000	0.23
Warrants issued on private placement, December 2020	2,036,412	1.50
Warrants exercised	(20,544,992)	0.15
Balance, December 31, 2020	21,449,745	3.03
Warrants issued on private placement, February 2021	4,469,650	1.75
Broker warrants issued on private placement, February 2021	510,600	1.15
Warrants exercised	(2,758,332)	0.19
Balance, March 31, 2021	23,671,663	3.08

The following summarizes information about total purchase warrants outstanding as at March 31, 2021:

Exercise prices (C\$)	Number of warrants outstanding	Weighted average term to expiry (years)	Number of warrants exercisable
0.15	880,000	3.10	880,000
0.18	2,000,000	0.99	2,000,000
0.23	8,150,001	1.16	8,150,001
1.15	510,600	2.86	510,600
1.50	2,036,412	2.75	2,036,412
1.75	4,469,650	2.86	4,469,650
10.50	5,625,000	1.33	5,625,000
	23,671,663	1.75	23,671,663

COMMITMENT SUMMARY UPDATE

A summary of the Company's estimated capital commitments (in millions of dollars) are as follows:

Block	2021	2022	Total
SN-9 Block ⁽¹⁾	22.3	-	22.3
Tiburon Block ⁽²⁾	3.0	-	3.0
Total	25.3	-	25.3

- 1) NG's ANH commitment to carry out the minimum requirement to process and interpret 204.4 km of 2D seismic and drill one exploration well (for which the Company will pay 100% of the costs under the terms of the SN-9 Acquisition) according to Phase 1 of the contractual exploration program, which must be fulfilled by December 2021, pending any extensions granted on account of the ongoing COVID-19 outbreak during which non-essential oil & gas operations were suspended by the Government of Colombia for several months.
- 2) Relates to NG's share of the ANH commitment to carry out the minimum requirement to acquire, process, and interpret 69.75 km² of 3D seismic according to Phase 3 of the contractual exploration program. Currently, operations are delayed due to community disputes in the region, with 148 days to fulfil the commitment after the local disputes are resolved and the activities carried out in the previously proposed area. If an agreement is reached with the ANH in relation to the change in seismic activities in the new proposed area, the Company assumes that activities related to the permits for the new seismic survey will commence in 2021.

The expenditures provided in the above table only represent the Company's estimated cost to satisfy contract requirements. Actual expenditures to satisfy these commitments, initiate production or create reserves may differ from these estimates. The expenditures in the above table are based on the latest possible date required per contract and may be incurred at an earlier date.

In December 2020, the Company entered a memorandum of understanding (the "MOU") with GTX International Corp. ("GTX") pursuant to which GTX is to build and operate production facilities and pipeline (the "Pipeline Facilities") with capacity of 20 million cubic feet per day ("mmcf/d") that will extend from the Company's Maria Conchita field in Colombia to existing national infrastructure. The MOU outlines that the Company and GTX will enter into a take-or-pay agreement (the "ToP Agreement") pursuant to which NGE will agree to transport, or pay for, 16 mmcf/d through the Pipeline Facilities for a period of six years (the "Guaranteed Commitment") at a tariff of \$0.90 per thousand cubic feet ("mcf") of gas. The ToP Agreement will have a term of 18 years and the Company's Guaranteed Commitment will convert after six years into payment for only the capacity that is used. Under the terms of the MOU, the

execution of the ToP Agreement is conditional upon 1) the successful acquisition by GTX of \$10 million in financing, and 2) the construction of the Pipeline Facilities and the satisfactory results of operational trials of the infrastructure by GTX. In February 2021, GTX completed a \$10 million brokered offering of senior-secured debentures that bear interest at a rate of 15% per annum, payable monthly, which mature six years from the issuance date. Of the \$10 million raised, \$2.6 million of the debenture offering was subscribed for by directors or affiliates of directors of NGE. As of the date hereof, construction of the Pipeline Facilities by GTX is still in progress.

RELATED PARTIES

During the period ended March 31, 2021 and the 2020 year, there were separate related party transactions as follows:

- I. The Company paid a monthly advisory fee to a firm affiliated with a director of NG. As per the consulting agreement with this firm, NG pays a monthly fee of C\$10,000 (March 31, 2020 – C\$10,000) plus reimbursable expenses. Furthermore, additional fees are to be paid pursuant to the closing of successful financing arrangements, divestitures, or acquisitions for which the firm provides advisory services. In February 2021, administrative success fees were paid upon closing of the private placement mentioned above which resulted in the Company paying approximately C\$103,000 to the firm. During the year ended December 31, 2020, administrative success fees were paid upon closing of the private placements through units which resulted in the Company paying C\$21,000 to the firm. Also, during the year ended December 31, 2020, in conjunction with the completion of the Maria Conchita loan and SN-9 loan, the firm was paid C\$28,500 as an administrative success fee for their advisory services. For the year ended December 31, 2020, the Company issued 345,000 stock options to members of the firm. The Black-Scholes fair value recognized in the form of the expense associated with the vesting of these options was \$134,329. As at March 31, 2021, there were no outstanding payables owed to the firm.
- II. In February 2021, the Company completed the aforementioned non-brokered private placement offering of 429,300, on the same terms as those issued pursuant to the bought deal financing, for a deemed value of \$388,452 (C\$493,695). The issuance of the non-brokered private placement through units was completed as repayment of the outstanding balance of the Maria Conchita loan of \$350,000 plus accrued interest. Of the units issued, 253,000 units were issued to Company directors.
- III. In March 2020, the Company completed the aforementioned non-brokered private placement through units for proceeds of C\$300,000 before issue costs. Of the total proceeds, approximately C\$265,000 were from subscriptions by directors or by investors related to directors of the Company. The full balance of the loan and interest were repaid to the lenders in February 2021 through the issuance of units of the Company.
- IV. In May 2020, the Company completed the debt financing arrangement of a bridge loan for proceeds of \$100,000. Total loan proceeds were provided by a director of the Company. The full balance of the loan and \$3,000 in interest were repaid to the lender in August 2020.
- V. In May 2020, the Company completed the aforementioned non-brokered private placement through units for proceeds of C\$1,800,000 before issue costs. Of the total proceeds,

approximately C\$339,480 were from subscriptions by directors or by investors related to directors of the Company.

- VI. In July 2020, the Company completed the debt financing arrangement of the Maria Conchita loan for proceeds of \$350,000 before transaction costs. Of the total loan proceeds, approximately \$206,250 were provided by directors of the Company.
- VII. In August 2020, the Company completed the debt financing arrangement of the SN-9 loan for committed proceeds of \$2,500,000 before transaction costs. Of the total loan proceeds including the drawdown facility, approximately \$1,512,500 were provided by directors of the Company.
- VIII. For the year ended December 31, 2020, the Company recognized expenditures on exploration activities of \$1,099,592 for technical services provided from certain service providers affiliated with certain directors of the Company. Furthermore, for the year ended December 31, 2020, the Company issued 230,000 stock options, to members of the service providers. The Black-Scholes fair value recognized in the form of the expense associated with the vesting of these options was \$100,196. As at March 31, 2021, there were no outstanding payables owed to the service providers.
- IX. For the periods ended March 31, 2021 and 2020, the Company incurred expenditures of \$76,323 and \$93,076 respectively, in professional fees for general corporate services as well as technical services related to exploration activities in Colombia. Such services were provided by a contracted service provider affiliated with a certain director of the Company.
- X. For the periods ended March 31, 2021 and 2020, the Company incurred expenditures of \$15,816 and \$27,300, respectively, in office rental costs in Colombia. The related office space was rented from an entity affiliated with a certain director of the Company.
- XI. For the year ended December 31, 2020, the Company issued 205,000 stock options to charitable organizations that have affiliations with certain directors of the Company. The Black-Scholes fair value recognized in the form of the expense associated with the vesting of these options was \$32,385.

SELECTED QUARTERLY INFORMATION

The following table sets out selected quarterly financial information of NG and is derived from unaudited quarterly financial data prepared by management in accordance with IFRS.

	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net income (loss) - continuing operations	(1,298,672)	(19,153,079)	(927,658)	(405,507)
Income (loss) from discontinued operations	-	-	(1,232,193)	(106,131)
Net income (loss)	(1,298,672)	(19,153,079)	(2,159,851)	(511,638)
Comprehensive income (loss)	(1,282,873)	(19,683,899)	(2,253,199)	(675,276)
Net income (loss) per share (basic & diluted):				
Continuing operations	(0.01)	(0.23)	(0.02)	(0.01)
Discontinued operations	-	-	(0.03)	(0.00)
Net income (loss)	(0.01)	(0.23)	(0.05)	(0.01)

	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net income (loss) - continuing operations	160,170	2,062,356	(1,726,833)	(1,444,421)
Income (loss) from discontinued operations	(353,039)	(4,996,076)	(494,956)	4,732,112
Net income (loss)	(192,869)	(2,933,720)	(2,221,789)	3,287,691
Comprehensive income (loss)	312,545	(3,002,598)	(2,203,593)	3,270,781
Net income (loss) per share (basic & diluted):				
Continuing operations	0.01	0.07	(0.06)	(0.06)
Discontinued operations	(0.01)	(0.17)	(0.02)	0.20
Net income (loss)	(0.01)	(0.10)	(0.08)	0.14

USE OF ESTIMATES AND JUDGEMENTS

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgments made by management in the preparation of the financial statements are outlined below.

Critical judgments in applying accounting policies

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements:

i) *Identification of cash-generating units*

The Company's assets are aggregated into cash-generating units, for the purpose of calculating impairment, based on their ability to generate largely independent cash flows. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

ii) *Impairment of property, plant and equipment and exploration and evaluation assets*

Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates, market value of land and other relevant assumptions.

iii) *Exploration and evaluation assets*

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found in assessing economic and technical feasibility.

iv) *Income taxes*

Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

v) *VAT recoverability*

Judgement is required by management in evaluating the likelihood of whether or not VAT on purchases is recoverable from the Colombian government. Management evaluates the timing and likelihood of future sales to determine if the VAT paid on purchases can be applied to VAT collected on sales, thereby utilizing the VAT paid by the Company to reduce any future VAT remittance obligations.

Key sources of estimation uncertainty

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities.

i) *Reserves and resource assessment*

The assessment of reported recoverable quantities of proved and probable reserves and prospective resource estimates include estimates regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. It also requires interpretation of geological and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves and prospective resources may change from period to period. Changes in reported reserves and prospective resources can impact the carrying values of the Company's petroleum and natural gas properties and exploration and evaluation assets and equipment, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows.

The Company's petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially viable. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if the ability to produce is supported by either actual production or conclusive formation tests. Prospective resource are determined using an externally prepared valuation report which reflects estimated prospective resources and external pricing and costs assumptions reflective of the current market. The

Company's petroleum and gas reserves and prospective resources are determined pursuant to National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

ii) *Decommissioning obligations*

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires assumptions regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

iii) *Share-based payments*

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date. Share-based payments to non-employees are measured at the date when goods and services are received. Where the fair value of goods and services received cannot be reliably measured, the measure of the goods and services received and the corresponding increase in equity indirectly by reference to the fair value of the equity instruments granted, measured at the date goods are obtained or services rendered. Assessing the fair value based on services rendered are subject to measurement uncertainty given that it is dependent upon obtaining reasonable data as to the value of services rendered or good obtained based on readily available market metrics.

iv) *Tax provisions*

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

vi) *Derivative liabilities*

Derivative liabilities are initially recognized at fair value on the date entered and are subsequently remeasured to their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument are recognized immediately as a component of net finance expense (income) in the consolidated statement of loss and consolidated loss. The fair value of the derivative liabilities is subject to measurement uncertainty due to the assumptions made for the inputs in the Black-Scholes option valuation. In assessing the fair value of derivative liabilities, estimates have been to be made regarding the expected volatility in share price and risk-free rate at each reporting period end date.

PRINCIPAL BUSINESS RISKS

The Company's business and results of operations are subject to a number of risks and uncertainties including, but not limited to the following:

Crude Oil and Natural Gas Development

Exploration, development, production of oil and natural gas involves a wide variety of risks which include but are not limited to the uncertainty of finding oil and gas in commercial quantities, securing markets, commodity price fluctuations, exchange and interest rate exposure and changes to government regulations, including regulations relating to prices, taxes, royalties and environmental protection. The oil and gas industry is intensely competitive and the Company competes with a large number of companies with greater resources.

The Company's ability to obtain reserves in the future will depend not only on its ability to develop its current properties but also on its ability to acquire new prospects and producing properties. The acquisition, exploration and development of new properties also require that sufficient capital from outside sources will be available to the Company in a timely manner. The availability of equity or debt financing is affected by many factors many of which are beyond the control of the Company.

Foreign Operations

There are a number of risks associated with conducting foreign operations over which the Company has no control, including political instability, potential and actual civil disturbances, ability to repatriate funds, changes in laws affecting foreign ownership and existing contracts, environmental regulations, oil and gas prices, production regulations, royalty rates, income tax law changes, potential expropriation of property without fair compensation and restriction on exports.

Addition of Reserves and Resources

The Company's future crude oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on the Company successfully discovering and developing or acquiring new reserves and resources. The addition of new reserves and resources will depend not only on the Company's ability to explore and develop properties but also, in the case of reserves, on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Company's exploration, development or acquisition efforts will result in the discovery and development of commercial accumulations of oil and natural gas.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of reserves, including many factors beyond the control of the Company. Estimates of reserves depend in large part upon the reliability of available geological and engineering data and require certain assumptions to be made in order to assign reserve volumes. Geological and engineering data is used to determine the probability that a reservoir of oil and/or natural gas exists at a particular location, and whether, and to what extent, such hydrocarbons are recoverable from the reservoir. Accordingly, the ultimate reserves discovered by the Company may be significantly less than the total estimates.

Exploration Risks

The exploration of the Company's properties may from time to time involve a high degree of risk that no production will be obtained or that the production obtained will be insufficient to recover drilling and

completion costs. The costs of seismic operations and drilling, completing and operating wells are uncertain to a degree. Cost overruns can adversely affect the economics of the Company's exploration programs and projects. In addition, the Company's seismic operations and drilling plans may be curtailed, delayed or cancelled as a result of numerous factors, including, among others, equipment failures, weather or adverse climate conditions, shortages or delays in obtaining qualified personnel, shortages or delays in the delivery of or access to equipment, community issues and social unrest, necessary governmental, regulatory, or other third party approvals and compliance with regulatory requirements.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company are required to file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited annual financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52- 109.

FINANCIAL AND OTHER INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations. The carrying amount of cash and cash equivalents, accounts receivable and restricted cash represent the maximum credit exposure. As at March 31, 2021, the Company had \$2,487,813 (December 31, 2020 - \$2,706,991) in restricted cash towards development activity and joint operations in Colombia.

As at March 31, 2021, the Company had \$1,149,788 (December 31, 2020 - \$491,454) in accounts receivable and prepaids. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with large purchasers. The Company does not consider any of its receivables past due.

The Company maintained a VAT receivable balance of \$1,601,947 as of March 31, 2021 (December 31, 2020 - \$1,651,981), which is classified as a non-current asset. The Company considers these VAT balances to be collectible from the Colombian government in the future as such VAT amounts will be utilized to offset future VAT charged on sales realized by the Company on future oil and gas production that would otherwise be required to be paid to the Colombian tax authorities.

The Company held cash and cash equivalents of \$6,111,129 (December 31, 2020 - \$1,208,765) as at March 31, 2021. The Company manages the credit exposure related to cash and cash equivalents and short-term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset-backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due and describes the Company's ability to access cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash resources in order to finance operations, fund capital expenditures, and to repay debt and other liabilities of the Company as they come due, without incurring unacceptable losses or risking harm to the Company's reputation. The Company's processes for managing liquidity risk include preparing and monitoring capital and operating budgets, coordinating and authorizing project expenditures, and authorization of contractual agreements. The Company seeks additional financing based on the results of these processes. The budgets are updated when required as conditions change.

The following table outlines the contractual maturities of the Company's financial liabilities at March 31, 2021:

	Less than 1 year	1-2 years	Thereafter	Total
Trade accounts payable	2,009,308	-	-	2,009,308
Capital accruals	370,503	-	-	370,503
Convertible debentures - interest	3,936	-	-	3,936
Aruchara loan - principal	1,600,000	-	-	1,600,000
SN-9 loan - principal	-	1,900,000	-	1,900,000
Aruchara loan - finance costs	317,333	-	-	317,333
SN-9 loan - finance costs	-	93,750	-	93,750
	4,301,080	1,993,750	-	6,294,830

Market risk

Market risk is the risk or uncertainty that changes in price, such as commodity prices, foreign exchange rates, and interest rates will affect the Company's net earnings and the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. From time to time, the Company may utilize financial derivative contracts to manage market risks in accordance with the risk management policy that has been approved by the

Board of Directors. There were no financial derivative contracts or embedded derivatives outstanding at March 31, 2021 nor were there any in the previous year ended December 31, 2020.

Commodity price risk

Commodity price risk is the risk that the fair value of the future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are affected not only by the United States dollar, but also by world economic events that dictate the levels of supply and demand.

The Company's oil revenue is previously derived from oil production on the SRDE Asset in Argentina. With the disposal of Argentina operations in October 2020 (see above), the Company currently has no production revenue.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. Some of the Company's business transactions and commitments occur in currencies other than US dollars. A portion of the Company's oil and natural gas activities in Colombia transact in Colombian Peso (COP\$), respectively. In addition, the majority of the Company's financing and a portion of the administrative costs will be based in Canadian dollars or COP\$ and paid in Canadian dollars or COP\$. Therefore, the Company is exposed to the risk of fluctuations in foreign exchange rates between US dollars, COP\$, and Canadian dollars.

The impact to the accumulated other comprehensive income (loss) for the period ended March 31, 2021, had the US dollar to Canadian dollar exchange rate by 1 percent, would amount to approximately \$53,100 (\$24,100 – March 31, 2020), and the impact to the net loss and comprehensive loss for the period had the US dollar to COP\$ exchange rate changed by 1 percent would amount to approximately \$51,800 (\$35,500 – March 31, 2020).

As at March 31, 2021, the Company had not entered into any foreign currency derivatives to manage its exposure to currency fluctuations nor were there any foreign currency derivatives as at the previous year ended December 31, 2020.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents and short-term investments that have a floating interest rate. Fluctuations of interest rates for the period ended March 31, 2021 would not have had a significant impact on cash and cash equivalents and short-term investments. Furthermore, the Company is not currently exposed to interest rate risk on its interest-bearing loans given these debt instruments are all subject to fixed interest rates.

READER ADVISORIES

Forward-Looking Statements

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

Management believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking information included in this MD&A should not be unduly relied upon as the plans, assumptions, intentions or expectations upon which it is based may not occur. Actual results or events may vary from the forward-looking information.

In particular, this MD&A may contain forward-looking information pertaining to the following:

- the resource potential of the Company's assets,
- the Company's strategy and opportunities,
- performance characteristics of the Company's oil properties and estimated capital commitments and probability of success,
- crude oil production and recovery estimates and targets,
- the existence and size of the oil reserves and resources,
- the Company's drilling plans,
- capital expenditure programs and estimates, including the timing of activity,
- the Company's plans for, and results of, exploration and development, activities, and factors that may affect such activities,
- projections of market prices and costs,
- the supply and demand for oil,
- expectations regarding the ability to raise equity and debt capital on acceptable terms and to add continually to reserves through acquisitions and development, including the ability to negotiate and complete the agreements contemplated in this MD&A,

- the timing for receipt of regulatory approvals, and
- treatment of the Company under governmental regulatory regimes and tax laws.

The purpose of providing any financial outlook in this MD&A is to illustrate how the business of the Company might develop without the benefit of specific historical financial information. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking information herein is based on certain assumptions and analysis by the management of the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors that it believes are appropriate and reasonable under the circumstances. The forward-looking information herein is based on a number of assumptions, including but not limited to:

- the availability on acceptable terms of funds for capital expenditures,
- the availability in a cost-efficient manner of equipment and qualified personnel when required,
- continuing favourable relations with Latin American governmental agencies,
- continuing strong demand for oil,
- the stability of the regulatory framework governing royalties, taxes and environmental matters in Colombia and any other jurisdiction in which the Company may conduct its business in the future,
- the Company's future ability to market production of oil successfully to customers,
- the Company's future production levels and oil prices,
- the applicability of technologies for recovery and production of the Company's oil reserves,
- the existence and recoverability of any oil reserves,
- geological and engineering estimates in respect of the Company's resources and reserves,
- the geography of the areas in which the Company is exploring, and
- the impact of increasing competition on the Company.

The actual results, performance and achievements of the Company could differ materially from those anticipated in these forward-looking statements as a result of the risks and uncertainties set forth elsewhere in the MD&A and the following risks and uncertainties:

- global financial conditions,
- general economic, market and business conditions,
- volatility in market prices for oil and natural gas, the stock market, foreign exchange and interest rates,
- risks inherent in oil and gas operations, exploration, development and production,
- risks inherent in the Company's international operations, including security, political, sovereignty and legal risks in Colombia,
- the failure by counterparties to make payments or perform their operational or other obligations to the Company in compliance with the terms of contractual arrangements between the Company and such counterparties,
- risks related to the timing of completion of the Company's projects and plans,
- uncertainties associated with estimating oil and natural gas reserves and resources,
- competition for, among other things, capital, acquisitions of resources, undeveloped lands and skilled personnel,
- the Company's ability to hold existing leases through drilling or lease extensions or otherwise,
- incorrect assessments of the value of acquisitions or title to properties,

- the failure of the Company or the holder of certain licenses or leases to meet specific requirements of such licenses or leases,
- claims made in respect of the Company's properties or assets,
- geological, technical, drilling and processing problems, including the availability of equipment and access to properties,
- environmental risks and hazards,
- failure to estimate accurately abandonment and reclamation costs,
- the inaccuracy of third parties' reviews, reports and projections,
- rising costs of labour and equipment,
- the failure to engage or retain key personnel,
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry, and
- the other factors discussed under "Principal Business Risks" in this MD&A.

Readers are cautioned that the foregoing lists of assumptions, risks and uncertainties are not exhaustive. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The forward-looking information speaks only as of the date of this MD&A, and the Company does not undertake any obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.

Analogous Information

Certain information in this MD&A may constitute "analogous information" as defined in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), including, but not limited to, information relating to areas, assets, wells, industry activity and/or operations that are in geographical proximity to or believed to be on-trend with lands held by NG. In particular, this document notes specific analogous oil and gas discoveries and corresponding details of said discoveries in the Chuchupa Block as well as blocks owned by Canacol Energy Ltd. and makes certain assumptions about the Maria Conchita Block and SN-9 Block as a result of such analogous information and potential recovery rates as a result thereof. Such information has been obtained from public sources, government sources, regulatory agencies or other industry participants. Management of NG believes the information may be relevant to help define the reservoir characteristics within lands on which NG holds an interest and such information has been presented to help demonstrate the basis for NG's business plans and strategies. However, management cannot confirm whether such analogous information has been prepared in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook and NG is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor. NG has no way of verifying the accuracy of such information. There is no certainty that the results of the analogous information or inferred thereby will be achieved by NG and such information should not be construed as an estimate of future production levels or the actual characteristics and quality NG's assets. Such information is also not an estimate of the reserves or resources attributable to lands held or to be held by NG and there is no certainty that such information will prove to be analogous in the future. The reader is cautioned that the data relied upon by NG may be in error and/or may not be analogous to such lands to be held by NG.

Barrels of Oil Equivalent

Where amounts are expressed in a barrel of oil equivalent (“boe”), or barrel of oil equivalent per day (“boe/d”), natural gas volumes have been converted to barrels of oil equivalent on the basis that 6 thousand cubic feet (“mcf”) is equal to one barrel of oil. Use of the term boe may be misleading, particularly if used in isolation. This boe conversion ratio is based on an energy equivalence methodology and does not represent a value equivalency. Indeed, the energy and value relationships may differ widely with market conditions. The conversion does conform to the Canadian Securities Regulators’ National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.

Abbreviations

<i>\$/bbl</i>	<i>dollars per barrel</i>
<i>\$/boe</i>	<i>dollars per barrel of oil equivalent</i>
<i>\$/GJ</i>	<i>dollars per gigajoule</i>
<i>\$/mcf</i>	<i>dollars per thousand cubic feet</i>
<i>bbl</i>	<i>barrel</i>
<i>bbl/d</i>	<i>barrels per day</i>
<i>bcf</i>	<i>billion cubic feet</i>
<i>boe</i>	<i>barrel of oil equivalent</i>
<i>boe/d</i>	<i>barrel of oil equivalent per day</i>
<i>GJ</i>	<i>gigajoule</i>
<i>GJ/d</i>	<i>gigajoules per day</i>
<i>km</i>	<i>kilometer</i>
<i>mcf</i>	<i>thousand cubic feet</i>
<i>mcf/d</i>	<i>thousand cubic feet per day</i>
<i>mmbbl</i>	<i>million barrels</i>
<i>mmboe</i>	<i>million barrels of oil equivalent</i>
<i>mmcf/d</i>	<i>million cubic feet per day</i>
<i>NGLs</i>	<i>natural gas liquids</i>
<i>API</i>	<i>American Petroleum Industry gravity</i>
<i>m³</i>	<i>meters cubed</i>
<i>ppm</i>	<i>parts per million</i>
<i>psig</i>	<i>pounds per square in gauge</i>