



**NEWS RELEASE
CGX ENERGY INC.
(TSX-V | OYL)
February 16, 2021**

CGX ENERGY INC. ANNOUNCES GUYANA RESOURCE EVALUATION REPORT

Successful Rescheduling of Demerara Work Commitment

Toronto, Canada, February 16, 2021 – CGX Energy Inc. (“**CGX Energy**” or the **Company**”) and its joint-venture partner Frontera Energy Corporation (TSX: FEC), are pleased to announce the completion of an independent Prospective Resource study and report (the “**Resource Report**”) in respect of the Corentyne North Area, Corentyne Main Area and Demerara Block, offshore Guyana. The Company also disclosed the successful renegotiation of the Joint Venture’s work commitments with respect to its Petroleum Prospecting License (“**PPL**”) for the Demerara block offshore Guyana and the Company’s Berbice block onshore Guyana.

Gabriel de Alba, Co-Chairman of the Board of Directors, commented:

“We thank the Government of Guyana for its continued support and partnership, which are essential to the long-term success of this strategic initiative for the benefit of all stakeholders. As confirmed by the independent resource valuation commissioned, the Guyana basin offers the Joint Venture access to a leading offshore oil opportunity. We expect a robust Guyana work program with the advancement of our exploration wells, as we continue executing on our plan to realize this value for our shareholders.”

Independent External Prospective Resource Report

CGX Resources Inc. (“**CRI**”), a wholly owned subsidiary of CGX Energy, contracted McDaniel and Associates Consultants Ltd. (“**McDaniel**”), an independent qualified reserves evaluator, on September 10, 2020 to complete an independent Resource Report in respect of the Corentyne North Area, Corentyne Main Area and Demerara Block. The Resource Report was prepared as of August 31, 2020, in accordance with the resource definitions and standards set out in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”) and the Canadian Oil and Gas Evaluation Handbook (“**COGEH**”).

A total of 32 prospects have been identified in both blocks (5 in the Demerara block and 27 in the Corentyne block) with a mean volume of 4,940 MMboe unrisks and 884 MMboe risks.

The independent external Resource Report was completed on October 21, 2020 and certain information contained in the Resource Report is summarized below:

Product by Block/Area ⁽⁴⁾⁽⁵⁾	CRI's Working Interest Prospective Resources					Riskd Resources
	WI, %	Unriskd ⁽¹⁾⁽²⁾				Mean ⁽³⁾
		Low	Median	Mean	High	
<u>Sub-Total Corentyne North Area</u>						
Crude Oil, Mbbl	66.667%	822,253	1,869,504	2,240,604	4,153,754	396,141
Natural Gas, MMcf	66.667%	1,799,515	4,013,660	4,749,552	8,680,777	1,000,776
Condensate, Mbbl	66.667%	58,260	143,657	176,935	339,980	41,697
Barrel of Oil Equivalent, Mboe ⁽⁶⁾		1,180,432	2,682,105	3,209,130	5,940,530	604,634
<u>Sub-Total Corentyne Main Area</u>						
Crude Oil, Mbbl	66.667%	76,820	328,187	500,251	1,153,101	86,703
Natural Gas, MMcf	66.667%	611,173	2,109,047	2,993,385	6,554,714	401,008
Condensate, Mbbl	66.667%	38,495	141,307	210,048	473,256	26,719
Barrel of Oil Equivalent, Mboe ⁽⁶⁾		217,177	821,001	1,209,196	2,718,809	180,257
<u>Sub-Total Demerara Block</u>						
Crude Oil, Mbbl	66.667%	126,933	359,434	438,962	857,028	83,347
Natural Gas, MMcf	66.667%	136,849	397,947	500,033	999,333	95,213
Condensate, Mbbl	66.667%	0	0	0	0	0
Barrel of Oil Equivalent, Mboe ⁽⁶⁾		149,741	425,759	522,301	1,023,583	99,216
<u>Total Prospective Resources, Mboe ⁽⁶⁾</u>		1,547,350	3,928,865	4,940,628	9,682,922	884,106

Notes:

1) There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

(2) The Unriskd Total is not representative of the Portfolio Unriskd Total and is provided to give an indication of the resources range assuming all of the prospects are successful.

(3) All of the prospective resources assigned as part of this assessment have been estimated probabilistically as this is the most appropriate method given the high degree of uncertainty in the various input parameters. Distributions of the various reservoir and fluid parameters were determined, based on parameters from existing wells/discoveries in the area or general worldwide data, and probabilistic calculations of the unriskd OOIP/original gas-in-place ("OGIP") and recoverable resources were prepared for each prospect.

(4) The riskd resources have been riskd for chance of discovery and chance of development (COD). The chance of development is defined as the probability of a project being commercially viable. Quantifying the chance of development requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are extremely difficult to quantify, the chance of development is uncertain and must be used with caution.

(5) McDaniel has determined that the chance of discovery is estimated to be between 18% and 51% and the chance of development between 50 and 70%, based on an evaluation of the risks relevant to the blocks.

(6) Sub-Total and Total are based on the probabilistic aggregation of zones within a prospect and arithmetic aggregation of the individual prospects to the Sub-Total and Total level.

(7) Volumes listed are full life volumes, prior to any cut-offs due to economics.

(8) Based on a Mcf to BOE conversion of 6 to 1.

Exploration Update

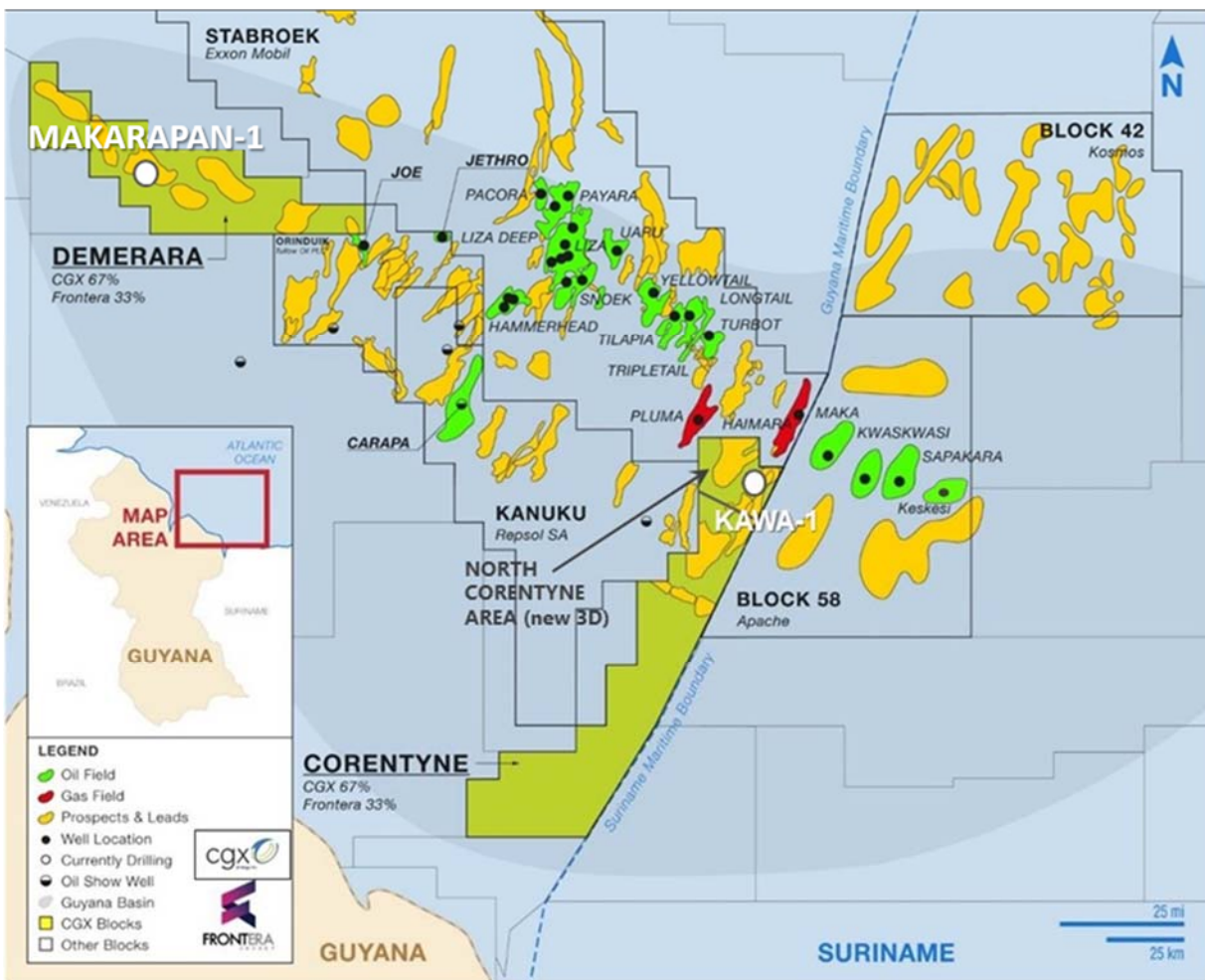
The current high-graded prospect identified in the northern region of the Corentyne Block, Kawa, has been named after the iconic Kawa Mountain which overlooks the village of Paramakatoi in the Pakaraima Mountains of Guyana. The primary target is a Santonian aged, stratigraphic trap, interpreted to be analogous to the discoveries immediately to the east on Block 58 in Suriname. The Kawa prospect has been matured to a drill-ready status and well design is complete. Additional prospects and leads on the northern portion of Corentyne have been identified and are being matured by the Company.

The Company has identified an Aptian stratigraphic prospect on the Demerara Block, named Makarapan, for the Precambrian mountain overlooking the Rupununi Savannahs, and the prospect is in the process of being matured to drill-ready status. Additional prospects and leads on the Demerara Block are being matured by the Company.

Basin wide studies which include hydrocarbon generation and migration analysis, and biostratigraphic studies are underway and will be incorporated into the exploration efforts to further refine the projects and reduce exploration risk.

Prospect Map

The map below shows the location of the Joint Venture's Demerara and Corentyne Blocks in the Guyana-Suriname Basin, along with peer discoveries.⁽¹⁾



⁽¹⁾ Block acreage reflects the proposed 25% relinquishment that has been submitted to the Government of Guyana in connection with moving to the second renewal period of the Corentyne and Demerara PPLs. Final relinquishment details remain subject to government approval.

Demerara and Berbice Work Commitments

The Company completed negotiations with the Government of Guyana on work commitments with respect to its PPL for the Demerara block in offshore Guyana. The Joint Venture has been advised that the existing February 12, 2021 deadline for drilling the next well will be extended to February 11, 2022 subject to documentation.

The Company has also been advised that the Berbice PPL workplan will be modified from completing a seismic program and all associated processing and interpretation by August 12, 2021 to completing a seismic program and all associated processing and interpretation so as to inform and lead to the drilling of at least one Exploration well by June 15, 2022, subject to documentation. The Berbice PPL is held by ON Energy Inc. CGX Energy has a 62% ownership interest in ON Energy Inc.

About CGX Energy

CGX Energy is a Canadian-based oil and gas exploration company focused on the exploration of oil in the Guyana-Suriname Basin.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE

Forward-Looking Statements:

This news release contains certain statements or disclosures relating to the Company that are based on the expectations of its management as well as assumptions made by and information currently available to the Company which may constitute forward-looking statements or information (“**forward-looking statements**”) under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Company anticipates or expects may, or will occur in the future (in whole or in part) should be considered forward-looking statements. In some cases, forward-looking statements can be identified by the use of the words “expect”, “prospect”, “will” and other similar words suggesting future outcomes or statements regarding an outlook.

In particular, but without limiting the foregoing, this news release contains forward-looking statements pertaining to the following: the Company’s exploration and development activities; expenditures; infrastructure projects; the Company’s drilling prospects; and governmental and regulatory approvals and agreements. In addition, statements relating to resources are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the resources described exist in the quantities predicted or estimated and can be profitably produced in the future.

The forward-looking statements contained in this news release reflect several material factors and expectations and assumptions of the Company including, without limitation: prevailing and future commodity prices and currency exchange rates; applicable royalty rates and tax laws; interest rates; future well production rates and reserve volumes; operating costs, the timing of receipt of regulatory approvals; success obtained in exploration, development and production activities; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the global, Guyanese, Surinamese and other economies; the state of the oil and natural gas exploration and production industry; the availability and cost of financing, labour and services; and ability to market crude oil and natural gas. In particular, except where otherwise stated, the Company has assumed a continuation of existing business operations on substantially the same basis as exists at the time of this news release.

The Company believes the material factors, expectations and assumptions reflected in the forward-looking statements are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

The forward-looking statements contained in this news release are made as of the date hereof and the Company undertakes no obligations to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. Risks and assumptions that could cause actual results to differ materially from those anticipated in these forward-looking statements are described in the Company's Annual Information Form for the year ended December 31, 2019, dated March 5, 2020 (the "AIF"). Although the Company has attempted to take into account important factors that could cause actual operating results to differ materially, there may be other unforeseen factors and so results may not be as anticipated, estimated or intended. The forward-looking statements are expressly qualified by this cautionary statement.

Presentation of Oil and Gas Information

Certain terms used but not defined herein are defined in NI 51-101, CSA Staff Notice 51-324 (the "Staff Notice") and COGEH and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, the Staff Notice and COGEH. All oil and gas information contained in this news release has been prepared and presented in accordance with NI 51-101.

The Company's resources are located in Guyana. Unless otherwise indicated: all volumes of the Company's resources presented herein are on an unrisks basis, meaning that they have not been adjusted for the chance of commerciality; and all volumes are presented on a gross basis, meaning the Company's working interest before deduction of royalties and without including any royalty interests of the Company. Numbers in the tables presented herein may not total due to rounding.

The estimates of the Company's resources provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. Actual resources may be greater than or less than the estimates provided herein and variances could be material. With respect to the Company's undiscovered resources (including prospective resources), there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Please see "Risks and Uncertainties" in the Annual MD&A and "Risk Factors" in the AIF.

Barrel of oil equivalent ("boe") amounts may be misleading, particularly if used in isolation. A boe conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas ("Mcf") to one barrel of oil ("bbl"), and the conversion ratio of one barrel to six thousand cubic feet is based on an energy equivalent conversion method application at the burner tip and does not necessarily represent an economic value equivalent at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalent of six to one, utilizing a conversion on a six to one basis may be misleading as an indication of value.

Resource Definitions

Resources encompasses all petroleum quantities that originally existed on or within the earth's crust in naturally occurring accumulations, including discovered and undiscovered (recoverable and unrecoverable) plus quantities already produced.

Uncertainty ranges are described by COGEH as low, best, and high estimates for reserves and resources as follows:

- **Low Estimate** - This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- **Best Estimate** - This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

- **High Estimate** - This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.
- **Mean Estimate** - represents the arithmetic average of the expected recoverable volume. It is the most accurate single point representation of the volume distribution.

Certain resource estimate volumes disclosed herein are arithmetic sums of multiple resource estimates, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained under this Resource Definitions section.

Prospective Resources are not, and should not be confused with, reserves or contingent resources. “**Prospective Resources**” are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development.

There is no certainty that any portion of the Prospective Resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the Prospective Resources or that the Company will produce any portion of the volumes currently classified as Prospective Resources. The estimates of Prospective Resources involve implied assessment, based on certain estimates and assumptions, that the resources described exists in the quantities predicted or estimated, as at a given date, and that the resources can be profitably produced in the future. Actual Prospective Resources (and any volumes that may be reclassified as reserves) and future production therefrom may be greater than or less than the estimates provided herein.

The resource estimates presented above are subject to certain risks and uncertainties, including those associated with the drilling and completion of future wells, limited available geological and geophysical data and uncertainties regarding the actual production characteristics of the reservoirs, all of which have been assumed for the preparation of the resource estimates. In addition, significant negative factors related to the Prospective Resources estimate include a lack of infrastructure and transportation in the Corentyne and Demerara area and the capital expenditures and financing required for the Joint Venture to satisfy its obligations under the petroleum agreements and its proposed drilling and exploration program.

Definitions:

bbl(s)	Barrel(s) of oil
bbl/d	Barrel of oil per day
Bcf	Billion cubic feet
boe	Refer to "Boe Conversion" disclosure above
boe/d	Barrel of oil equivalent per day
Mcf	Thousand cubic feet
MMbbl	Million barrels of oil
MMboe	Million barrels of oil equivalent
Net Production	Net production represents the Company's working interest volumes, net of royalties and internal consumption
W.I.	Working Interest

For further information, please contact:

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