



**NEWS RELEASE
CGX ENERGY INC.
(TSX-V | OYL)
August 23, 2021**

THE KAWA-1 EXPLORATION WELL OFFSHORE GUYANA HAS SPUD

**KAWA-1 IS EXPECTED TO REACH TOTAL DEPTH IN THE FIRST HALF OF
DECEMBER 2021**

OPTION EXERCISED WITH MAERSK TO DRILL A SECOND WELL

Toronto, Canada, Aug 23, 2021 - CGX Energy Inc (“CGX” or “the Company”), today announced the spudding of the Kawa-1 exploration well, offshore Guyana. CGX and Frontera Energy Corporation (“Frontera”) (TSX: FEC), the majority shareholder of CGX, and its joint venture partner (collectively, the “Joint Venture”) in the Demerara and Corentyne blocks, also separately announced an update on spud of the Kawa-1 well. Additionally, the Joint Venture has exercised its option to drill a second well with Maersk Drilling Holdings Singapore Pte (“Maersk”) through the use of Maersk Discoverer.

Gabriel de Alba, Co-Chair of CGX’s Board of Directors and Chairman of Frontera’s Board of Directors commented:

“Today is an important day for CGX and Frontera as we continue to make substantial progress in realizing the value of our investments in Guyana. The Joint Venture has spud the Kawa-1 well, which we believe is one of the most exciting exploration wells in the world. The Joint Venture has also exercised its option to drill a second well offshore Guyana under similar terms and conditions. I am pleased with this major operational milestone for CGX and Frontera and appreciate the ongoing support of the Guyanese government, our employees, and our other various partners as we work together to maximize benefits for all of our stakeholders.”

Kawa-1 Well Spudded

On August 22, 2021, the Kawa-1 well spudded. The Joint Venture expects the Kawa-1 well to reach total depth in the first half of December 2021. The Maersk Discoverer, which is on station, is pictured below.



The Kawa-1 well is located in the northeast quadrant of the Corentyne block, approximately 200 kilometers offshore from Georgetown. The water depth is approximately 355 meters (1,174 ft) and the expected total depth of the Kawa-1 well is 6,685 meters (21,932 ft).

With multiple opportunities based on internal geological studies, the Kawa-1 well targets light oil in combination structural-stratigraphic traps in large Santonian and Campanian slope fan complexes. The primary target is a Santonian sand with updip and lateral pinchout of the reservoir, as well as counter-regional dip and structural closure. The Kawa-1 well is also expected to penetrate secondary objectives in a shallower Campanian sand and a deeper Santonian sand with the expectation of targeting additional hydrocarbon potential. The stacked targets in Kawa-1 are considered analogous to the discoveries immediately adjacent to the Corentyne Block, in Block 58 in Suriname.

Additionally, the Kawa-1 well is expected to de-risk multiple other prospects on the block which also have stacked reservoirs and similar structural geometries. Proximity of the Corentyne block to the Cretaceous Berbice Canyon sediment source is interpreted to have concentrated sandstone reservoirs in the North Corentyne area. Channelized, stacked internal fan geometries evident on 3D seismic are indicative of thick, stacked, coarser-grained sand reservoirs.

Drilling Team

The Joint Venture has assembled a highly-qualified and experienced team for the drilling campaign, with extensive deep water drilling expertise from operations around the globe, including the Guyana Basin, which includes:

- Kevin Lacy (41 years' experience with Chevron, BP, Talisman - former Global Drilling Manager with Chevron and Talisman) as Drilling Director;
- Todd Durkee (33 years' experience with Anadarko and Kerr McGee - previous role VP Deep Water Drilling with Anadarko) as Senior Drilling Advisor;

- Juan Pinzon (29 years' experience with BP, BHP, Occidental, Nabors, and Schlumberger) as Drilling Director for Frontera;
- Karlin Costa (40 years' experience with Noble, Cobalt, BP and ConocoPhillips – previous role Director Offshore Wells – Noble) as Senior Drilling Superintendent;
- Jonathan Shipley (35 years' experience with Apache, Devon, ConocoPhillips - previous role DW Operations Superintendent with Apache in Suriname) as Senior Drilling Superintendent;
- Rick Ysa (30+ years' experience with Repsol, Chevron, Devon, Kerr McGee – previous role Drilling Project Manager Americas with Repsol) as Senior Drilling Engineer;
- Marcus Summers (30 years' experience with ExxonMobil, Noble, Amoco – previous role Senior DW Drilling Engineer, ExxonMobil) as Senior Drilling Engineer;
- Brad Koskowich (30+ years' experience with Repsol, Nexen, CNR, Suncor) as Senior Health Safety and Environment Advisor;
- Regan Palsgrove (30+ years' experience in several North and South American basins including at Talisman Energy) as Head of Exploration for Frontera;
- Duncan Nightingale (30+ years' experience globally including with Gran Tierra Energy - previous role as interim CEO) as Corporate Vice President, Field Development, Reservoir Management, and Exploration for Frontera;
- Michael Stockinger (40+ years' experience including Anadarko Petroleum, Kerr-McGee and ConocoPhillips) as Vice President of Operations for CGX;
- Jennifer Budlong (20+ years' experience in domestic and international basins worldwide including Shell, BHP, Maersk Oil and Venari Resources) as Exploration Manager for CGX.

Joint Venture Exercises Option With Maersk

As part of the agreement (the "**Drilling Contract**") previously announced on April 22, 2021, between CGX Resources Inc. and Maersk, CGX has exercised its contractual right to use the Maersk Discoverer to drill an additional well. The decision by the Joint Venture to exercise the option is an important step in maintaining continuity in the exploration program during a period of high demand in the region and consistency in working with a team familiar with the rig - important from a health and safety, efficiency and operational perspective. The decision on the specific timing of the second well will be decided in the upcoming months to capitalize on the Joint Venture's rich set of exploration opportunities.

About CGX

CGX 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 forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that CGX believes, expect or anticipates will or may occur in the future (including, without limitation, statements regarding exploration and development plans and objectives with regards to the Kawa-1 well, including drilling plans, and the development of the BDWP and its future usage) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of CGX, as the case may be, based on information currently available to them. Forward-looking statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: the need to obtain any required regulatory approval; the ability of the Joint Venture to successfully explore and develop the offshore blocks, and to fund such exploration and development and the impact thereof of unforeseen costs and expenses; changes in equity and debt markets; perceptions of the prospects and the prospects of the oil and gas industry in the countries where the Company operates or has investments; and the other risks disclosed under the heading “Risk Factors” and elsewhere in the Company’s annual information form dated May 5, 2021 filed on SEDAR at www.sedar.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, CGX disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although CGX believes that the assumptions inherent in the forward-looking statements applicable to it are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

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