

CGX ENERGY INC. AND FRONTERA ENERGY CORPORATION

NEWS RELEASE

Government of Guyana Confirms Corentyne License Remains in Full Force and Effect and Good Standing

CGX and Frontera Complete Joint Operating Agreement Amendment, Participating Interest in Corentyne Block is 32% CGX and 68% Frontera

TORONTO, December 1, 2022 /CNW/ - CGX Energy Inc. (TSXV: OYL) (“CGX”) and Frontera Energy Corporation (TSX: FEC) (“Frontera”), joint venture partners (the “Joint Venture”) in the Petroleum Prospecting License for the Corentyne block offshore Guyana (the “License”), announce today that, further to its announcement on November 28, 2022, due to circumstances beyond the reasonable control of the Joint Venture related to ongoing exploration activities by a third-party operator that have delayed the release of the NobleCorp Discoverer drilling unit contracted by CGX, the Government of Guyana has agreed with the Joint Venture’s declaration of force majeure regarding Phase Two of the Second Renewal Period of the Corentyne Block Petroleum Agreement (“Petroleum Agreement”) and a corresponding extension of the License to January 31, 2023.

The Joint Venture remains committed to executing its drilling activities in the Corentyne block and the declaration of force majeure is a procedural step which preserves the Joint Venture’s interests in the License. The Government of Guyana has confirmed that the Petroleum Agreement for the Corentyne block and License will remain in full force and effect and good standing.

The Joint Venture also announces that it has completed the previously announced agreement to amend the Joint Operating Agreement originally signed between CGX and a subsidiary of Frontera on January 30, 2019, as amended (the “JOA Amendment”). All conditions precedent to the JOA Amendment have been satisfied. As a result of the JOA Amendment, CGX has a 32.00% participating interest and Frontera has a 68.00% participating interest in the Corentyne block, pending the filing of customary documentation with the Government of Guyana. Please see below for more information.

Professor Suresh Narine, Executive Co-Chairman of CGX's Board of Directors, commented:

"The Joint Venture is well-prepared and excited to begin Wei-1 well drilling operations, scheduled to spud in January 2023. All pre-drill activities are complete and all necessary services, materials and support vessels are contracted. Declaring force majeure is a necessary step in preserving the Joint Venture's interests in the Corentyne license. We are grateful for the ongoing support and understanding we have received from the Government of Guyana as we mutually work to unlock the potentially transformational opportunity before us in the Corentyne block. With the JOA Amendment now concluded, additional funding for the drilling of Wei-1 is secured and CGX has a clean balance sheet with no loans and encumbrances. We now look forward to the drilling of Wei-1 and the potential extension of the Kawa-1 discovery in the northern section of the Corentyne block."

Orlando Cabrales, Chief Executive Officer of Frontera, commented:

“The Joint Venture continues to operationally and commercially progress its investments in Guyana. Over the last few months, we’ve filed a Notice of Potential Commercial Interest regarding Kawa-1, and we’ve reached agreement with the Government of Guyana that the Wei-1 well will be spudded no later than January 31, 2023, thus ensuring that the Corentyne license remains in full force and effect and good standing. Looking ahead, we are firmly focused on building on the Joint Venture’s recent light oil and condensate discovery at the Kawa-1 well and successfully spudding the Wei-1 well and the tremendous opportunity that is now before us on the Corentyne Block in one of the most exciting exploration areas in the world.”

CGX and Frontera Complete Joint Operating Agreement Amendment

The Joint Venture has completed the JOA Amendment. As a result of the JOA Amendment, CGX has a 32.00% participating interest and Frontera a 68.00% participating interest in the Corentyne block, pending the filing of customary documentation with the Government of Guyana.

As part of the JOA Amendment, pending the filing of customary documentation with the Government of Guyana, CGX transferred 29.73% of its participating interest in the Corentyne block to Frontera in exchange for Frontera funding the Joint Venture’s costs associated with the Wei-1 well for up to \$130 million and up to an additional \$29 million of certain Kawa-1 exploration well, Wei-1 pre-drill, and other costs. In addition, CGX assigned 4.94% of its participating interest, pending the filing of customary documentation with the Government of Guyana, in the Corentyne block to Frontera as consideration for the repayment of the outstanding principal amounts under (i) the previously announced US\$19 million convertible loan to CGX dated May 28, 2021, as amended (the “**2021 Loan**”), and (ii) the previously announced US\$35 million convertible loan to CGX dated March 10, 2022, as amended (the “**2022 Loan**”), and a cash payment of US\$3.8 million. The 2021 Loan and the 2022 Loan were initially convertible into a maximum of 27,242,877 and 14,462,809 common shares in the capital of CGX (“**Common Shares**”), respectively. In connection with a previous extension of the 2021 Loan, the conversion into Common Shares feature was deleted (the “**Conversion Feature**”). As a result of the elimination of (i) the Conversion Feature, and (ii) the conversion rights under the 2022 Loan into additional participating interests in the Corentyne block in accordance with the provisions of the JOA Amendment, Frontera’s holdings of Common Shares decreased from approximately 79.59% (on a partially-diluted basis) to approximately 77.05% (on a partially diluted basis).

Immediately prior to the JOA Amendment, Frontera beneficially owned and/or exercised control or direction over 257,475,469 Common Shares on a non-diluted basis (representing approximately 76.97% of the issued and outstanding Common Shares on a non-diluted basis), and 273,112,052 Common Shares on a partially-diluted basis (representing approximately 77.99% of the issued and outstanding Common Shares on a partially-diluted basis), assuming the conversion of the 2022 Loan. Immediately after the JOA Amendment, Frontera beneficially owns and/or exercises control or direction over 257,475,469 Common Shares on a non-diluted basis (representing approximately 76.97% of the issued and outstanding Common Shares on a non-diluted basis), and 258,649,243 Common Shares on a partially-diluted basis, (representing approximately 77.05% of the issued and outstanding Common Shares on a partially-diluted basis).

Frontera holds Common Shares for investment purposes. Frontera may, from time to time and depending on market and other conditions, acquire additional Common Shares and/or other equity, debt or other securities or instruments of CGX in the open market or otherwise, and reserves the right to dispose of any or all of the securities in the open market or otherwise at any time and from time to time, and to engage in similar transactions with respect to the securities, the whole depending on market conditions, the business and prospects of CGX and other relevant factors. This press release is also issued, in part, pursuant to National Instrument 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues, which requires a report to be filed by Frontera on SEDAR (www.sedar.com) containing additional information with respect to the foregoing matters. To receive a copy of the early warning report filed in respect of the above matters, please contact Brent Anderson at +1 (403) 705-8827.

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

About CGX

CGX is a Canadian-based oil and gas exploration company focused on the exploration of oil in the Guyana-Suriname Basin and the development of a deep-water port in Berbice, Guyana.

About Frontera

Frontera Energy Corporation is a Canadian public company involved in the exploration, development, production, transportation, storage and sale of oil and natural gas in South America, including related investments in both upstream and midstream facilities. The Company has a diversified portfolio of assets with interests in 32 exploration and production blocks in Colombia, Ecuador and Guyana, and pipeline and port facilities in Colombia. Frontera is committed to conducting business safely and in a socially, environmentally and ethically responsible manner.

If you would like to receive News Releases via email as soon as they are published, please subscribe here: <http://fronteraenergy.mediaroom.com/subscribe>.

Corporate Presentation

See Frontera Energy's corporate presentation at:

<https://www.fronteraenergy.ca/reports-presentations/>

Social Media

Follow Frontera Energy social media channels at the following links:

Twitter: <https://twitter.com/fronteraenergy?lang=en>

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Advisories

Cautionary Note Concerning Forward-Looking Statements:

This press release contains forward-looking information within the meaning of Canadian securities laws. Forward-looking information relates to activities, events or developments that CGX and Frontera believe, expect or anticipate will or may occur in the future. Forward-looking information in this press release includes, without limitation, statements relating to the parties' expectations as to drilling plans, operational readiness and timing for spudding the Wei-1 well; the anticipated release of the NobleCorp Discoverer drilling unit by a third-party operator and the impact thereof on timing for spudding the Wei-1 well; the Joint Venture's continued commitment to drilling the Wei-1 well; the Joint Venture's participating interests in the Corentyne block following the JOA Amendment; and Frontera's shareholdings in CGX following the JOA Amendment. All information other than historical fact is forward-looking information.

Forward-looking information reflects the current expectations, assumptions and beliefs of CGX, and Frontera based on information currently available to them and considers the experience of CGX and Frontera and their perception of historical trends. Although CGX and Frontera believe that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be placed on such information. Forward-looking information is subject to a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to CGX and Frontera, including the timing of the release and delivery of the NobleCorp Discoverer which is not within the control of CGX or Frontera and the fact that the agreement with the Government of Guyana is currently contingent on such release occurring in time to spud the Wei-1 well no later than January 31, 2023. No assurance can be given that such timeline will be met. The actual results of CGX or Frontera may differ materially from those expressed or implied by the forward-looking information, 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, either of CGX or Frontera. The annual information form of Frontera for the year ended December 31, 2021, and CGX's and Frontera's management's discussion and analysis for the year ended December 31, 2021, and quarter and nine months ended September 30, 2022, and other documents each of CGX and Frontera filed from time to time with securities regulatory authorities describe the risks, uncertainties, material assumptions and other factors that could influence actual results and such factors are incorporated herein by reference. Copies of these documents are available without charge by referring to each company's profile on SEDAR at www.sedar.com. All forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, each of CGX and Frontera disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.

For further information or to obtain a copy of the corresponding Early Warning Report filed in connection with the contents of this news release, please contact:

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