

# CGX ENERGY INC. AND FRONTERA ENERGY CORPORATION

## ***NEWS RELEASE***

### **CGX ENERGY AND FRONTERA ANNOUNCE AMENDED LETTER AGREEMENT AND SHARES FOR DEBT SETTLEMENT**

**Toronto, Canada, December 17, 2018** - CGX Energy Inc. (TSXV: OYL) (“**CGX**”) and Frontera Energy Corporation (TSX: FEC) (“**Frontera**”) announced today that they have amended a letter agreement previously disclosed in a news release of CGX and Frontera on December 4, 2018 to enter into a debt settlement transaction and amend the convertible amount under a bridge loan facility.

#### **Shares for Debt Settlement**

CGX and Frontera have entered into a debt settlement agreement with respect to the settlement of US\$1,200,000 of debt owing to Frontera by CGX through the issuance of 5,714,285 common shares of CGX (the “**Common Shares**”) at a deemed price of US\$0.21 (or CDN\$0.2775) per Common Share (the “**Debt Settlement**”). The deemed price per Common Share is a 25% discount to the closing price of the Common Shares on the TSX Venture Exchange (the “**TSXV**”) on December 14, 2018. The completion of the Debt Settlement is subject to the approval of the TSXV.

The Debt Settlement is another step that CGX is seeking to undertake in order to restructure its liabilities and provide for sufficient working capital to enable it to advance its offshore exploration projects in Guyana. CGX does not have sufficient cash to repay this liability and therefore the Debt Settlement improves the liquidity position of CGX.

Frontera currently owns 50,351,929 Common Shares, which represents approximately 45.6% of the issued and outstanding Common Shares. Upon completion of the Debt Settlement, Frontera will own 56,066,214 Common Shares, which represents approximately 48.3% of the issued and outstanding Common Shares on a partially-diluted basis.

#### **Convertible Bridge Loan**

As disclosed in the news release of CGX and Frontera dated December 4, 2018, Frontera will seek regulatory approval to amend the terms of its April 25, 2018 bridge loan. Subject to TSXV approval, the amendment will now provide that the maximum amount of the principal that may be repaid in Common Shares at a conversion price of US\$0.22 (being the U.S. dollar equivalent of the closing price of the Common Shares on the TSXV on December 4, 2018) shall be US\$8,800,000.

As a result of these transactions, Frontera could increase its ownership of the outstanding Common Shares from its current ownership of approximately 45.6% to up to approximately 61.5% if the Debt Settlement is completed and Frontera elects to exercise the conversion right attached to the bridge loan.

This press release is also issued 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 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 Grayson Andersen as outlined below.

### **Related Party Transaction**

The transactions described herein are related party transactions under Multilateral Instrument 61-101 as Frontera holds over 10% of the issued and outstanding Common Shares. However, CGX is exempt from obligations to obtain a formal valuation and approval from a minority of shareholders. The material change report to be filed by CGX in connection with this news release will contain required disclosure regarding such exemptions.

### **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 NEWS RELEASE.*

### **About Frontera:**

*Frontera Energy Corporation is a Canadian public company and a leading explorer and producer of crude oil and natural gas, with operations focused in Latin America. The Company has a diversified portfolio of assets with interests in more than 30 exploration and production blocks in Colombia and Peru. The Company's strategy is focused on sustainable growth in production and reserves. Frontera is committed to conducting business safely, in a socially and environmentally responsible manner. Frontera's common shares trade on the Toronto Stock Exchange under the ticker symbol "FEC".*

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<http://fronteraenergy.mediaroom.com/subscribe>.

**Advisories:** Fogler, Rubinoff LLP is legal advisor to CGX. McMillan LLP is legal advisor to Frontera.

### **Cautionary Note Concerning 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 or Frontera believe, expect or anticipate will or may occur in the future (including, without limitation, the entering into of definitive agreements, obtaining regulatory approvals and CGX obtaining sufficient working capital) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of Frontera or 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 applicable company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: with respect to*

*Frontera, failure to reach appropriate definitive agreements with CGX; with respect to CGX (and as applicable Frontera), failure to reach appropriate definitive agreements with Frontera and obtain regulatory approval; changes in equity and debt markets; perceptions of the applicable company's 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 in the applicable continuous disclosure documents under the each company's profile on SEDAR at [www.sedar.com](http://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, each of Frontera and 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 each of Frontera and 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.*

**FOR FURTHER INFORMATION:**

**Frontera:**

Grayson Andersen  
Corporate Vice President, Capital Markets  
+57-314-250-1467  
[ir@fronteraenergy.ca](mailto:ir@fronteraenergy.ca)  
[www.fronteraenergy.ca](http://www.fronteraenergy.ca)

**CGX:**

Brooks Lyons  
Manager, Commercial & Business Development  
+1-832-300-3200  
[blyons@cgxenergy.com](mailto:blyons@cgxenergy.com)  
Tralisa Maraj, Chief Financial Officer  
+1-832-300-3200