

# CGX and Frontera Announce U.S. \$35 Million Loan Agreement

11.03.2022 | [CNW](#)

## FINANCING SUPPORTS ADVANCING THE JOINT VENTURE'S PLAN FOR CORENTYNE BLOCK AND OTHER ASSETS

TORONTO, March 10, 2022 - [Frontera Energy Corp.](#) (TSX: FEC) ("Frontera") and CGX Energy Inc. (TSXV: OYL) ("CGX"), joint venture partners (the "Joint Venture") in the Petroleum Prospecting License for the Corentyne block offshore Guyana, announced today that they have entered into a financing agreement for a U.S. \$35 million loan (the "Loan") that will enable CGX to continue to finance part of its share of costs related to the Corentyne Block, the Berbice Deepwater Port, and other budgeted costs as agreed to with Frontera.

"We are pleased to complete this financing agreement in support of our joint venture as we build momentum towards spudding the Wei-1 exploration well in the second half of this year," said Orlando Cabrales, Chief Executive Officer of Frontera. "These are exciting times for our joint venture and we look forward to working with our partner, CGX, as we build on our recent exploration success at the Kawa-1 exploration well and generating value for our shareholders and the people of Guyana in one of the most exciting basins in the world."

"The Kawa- 1 exploration well represents a transformative discovery for CGX, in partnership with Frontera. With positive results and data supporting the 200 feet of net pay indicated, we have de-risked our exploration program and can continue to move forward with our overall plans, beginning with Wei-1," said Professor Suresh Narine, Executive Co-Chairman of CGX. "We look forward to adding to our positive momentum and creating value and opportunity for our stakeholders."

The Loan to CGX will be available for drawdown in tranches on a non-revolving basis until the earlier of July 31, 2022 or the date on which CGX has drawn down the maximum amount of the Loan. The Loan, together with all interest accrued, shall be due and payable July 31, 2022, or such later date as determined by Frontera, at its sole discretion. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum payable monthly in cash, with interest on overdue interest. If the Loan is extended by Frontera past July 31, 2022, in its sole discretion, the new interest rate will be 15% per annum. The Loan will be secured by all of the assets of CGX. A standby fee of 2% per annum multiplied by the daily average amount of unused commitment under the Loan in excess of U.S. \$19 million shall be payable quarterly in arrears by CGX, on the last business day of each fiscal quarter, during the drawdown period.

Subject to the approval of the TSX Venture Exchange ("TSXV"), Frontera in its sole discretion, on or after July 31, 2022, may elect to convert all or a portion of the principal amount of the Loan outstanding, including accrued interest that has not been repaid, into common shares of CGX at a conversion price equal to U.S. \$2.42 per common share (being the U.S. dollar equivalent of Cdn. \$ 3.10 per common share), provided Frontera provides CGX with 15 business days notice of such conversion.

CGX has the right to prepay all or any portion of the Loan, including any unpaid interest, on 15 business days notice to Frontera before July 31, 2022. CGX is also required to repay all of the Loan that is outstanding in the event that without the consent of Frontera, it issues any security that would dilute Frontera's current ownership of CGX, or any of its subsidiaries enters into any transaction the proceeds of which are used by CGX to pay its part of the authorized costs of Wei-1.

The maximum number of common shares of CGX which may be acquired by Frontera upon the conversion of only the Loan principal is approximately 14.46 million common shares of CGX. If only the Loan principal was converted, Frontera would hold approximately 77.93% of the currently issued and outstanding common shares of CGX (compared to its current ownership of 76.97%).

The Loan remains subject to customary conditions, including obtaining all required regulatory approvals.

The transactions described herein between Frontera and CGX are related party transactions under Multilateral Instrument 61-101 but are exempt from the 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 the required disclosure regarding such exemptions.

NEITHER THE TORONTO STOCK EXCHANGE, TSX VENTURE EXCHANGE NOR THEIR REGULATION

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#### 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 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. Frontera has a diversified portfolio of assets with interests in 34 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.

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#### Advisories:

#### Cautionary Note Concerning Forward-Looking Statements.

This news 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 (including, without limitation, statements regarding the terms of the Loan, the Guyana exploration program and obtaining regulatory approvals for the Loan. 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 their experience and 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 or Frontera. The actual results 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, CGX or Frontera. Documents filed by CGX and Frontera from time to time with securities regulatory authorities (including annual information forms for fiscal 2021) 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 the respective profiles of CGX and Frontera on SEDAR at [www.sedar.com](http://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, CGX and Frontera disclaim any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.

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