

## FORM 62-103F1

### REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

#### Item 1 – Security and Reporting Issuer

- 1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to the common shares (the “**Common Shares**”) in the capital of:

CGX Energy Inc. (the “**Issuer**”)  
333 Bay Street  
Suite 2400  
Toronto, Ontario  
M5H 2T6

- 1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable.

#### Item 2 – Identity of the Acquiror

- 2.1 State the name and address of the acquiror.

Frontera Energy Corporation (the “**Acquiror**”)  
2000, 350 - 7th Avenue SW  
Calgary, Alberta  
T2P 3N9

The Acquiror is a corporation incorporated under the laws of the Province of British Columbia. The principal business of the Acquiror is the exploration, development, production, transportation, storage and sale of oil and natural gas in South America.

- 2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

As disclosed in a press release of the Issuer dated November 1, 2021, the Issuer completed a rights offering (the “**Rights Offering**”) to raise gross proceeds of approximately CDN\$73,600,000 (equivalent to approximately US\$59,600,000). Pursuant to the terms of the Rights Offering, each holder of Common Shares as of the close of business on October 1, 2021 received 0.157 of one right (a “**Right**”) for each Common Share held. Each whole Right entitled the holder thereof to purchase one Common Share at the subscription price of CDN\$1.63 per Common Share. In connection with the Rights Offering, the Issuer issued an aggregate of 45,151,338 Common Shares.

Upon closing of the Rights Offering, the Acquiror acquired 45,083,314 Common Shares at an aggregate subscription price of CDN\$73,596,681 and 1,173,774 common share

purchase warrants (the “**Warrants**”) to purchase up to 1,173,774 Common Shares (the “**Acquisition**”). The Warrants are exercisable at a price of US\$1.51 per Common Share (being the U.S. dollar equivalent of CDN\$1.91). The Warrants expire five years after the date of issue. Accordingly, the Acquiror is deemed to have acquired 46,257,088 Common Shares under section 1.8 of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*.

The Acquisition increased the Acquiror’s holdings of the issued and outstanding Common Shares from approximately 73.85% and 76.07% on a non-diluted and partially-diluted basis, respectively, to approximately 76.98% and 78.79% on a non-diluted and partially-diluted basis, respectively.

- 2.3 State the names of any joint actors.

Not applicable.

### **Item 3 – Interest in Securities of the Reporting Issuer**

- 3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror’s securityholding percentage in the class of securities.

See Item 2.2 above.

- 3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

See Item 2.2 above.

- 3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

- 3.4 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately prior to the Acquisition, the Acquiror beneficially owned and/or exercised control or direction over 212,392,155 Common Shares on a non-diluted basis (representing approximately 73.85% of the issued and outstanding Common Shares on a non-diluted basis), and 239,077,548 Common Shares on a partially-diluted basis, assuming the conversion of the US\$19,000,000 bridge loan from the Acquiror to the Issuer pursuant to a loan agreement dated May 28, 2021 (the “**Bridge Loan**”) (representing approximately 76.07% of the issued and outstanding Common Shares on a partially-diluted basis).

Immediately after the Acquisition, the Acquiror beneficially owns and/or exercises control or direction over 257,475,469 Common Shares on a non-diluted basis (representing approximately 76.98% of the issued and outstanding Common Shares on a

non-diluted basis), and 285,892,120 Common Shares on a partially-diluted basis, assuming the exercise or conversion of the Warrants and the Bridge Loan (representing approximately 78.79% of the issued and outstanding Common Shares on a partially-diluted basis). As a result of the Acquisition, the Acquiror's holdings of Common Shares increased by 2.72% on a partially-diluted basis.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

See Items 2.2 and 3.4 above.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

#### **Item 4 – Consideration Paid**

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

See Item 2.2 above.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

See Item 2.2 above.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable.

#### **Item 5 – Purpose of the Transaction**

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

The Acquiror holds Common Shares for investment purposes. The Acquiror 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 the Issuer 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 the Issuer and other relevant factors.

**Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

**Item 7 – Change in Material Fact**

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

**Item 8 – Exemption**

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

## **Item 9 – Certification**

### **Certificate**

The undersigned, as the Acquiror, certifies to the best of its knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated this 2<sup>nd</sup> day of November, 2021.

### **Frontera Energy Corporation**

*"Alejandra Bonilla Lagos"*

Name: Alejandra Bonilla Lagos  
Title: Corporate Vice-President Legal  
& Secretary