

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

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

Item 2 Date of Material Change

July 22, 2022

Item 3 News Releases

A news release, attached hereto as Schedule “A”, was disseminated via Newsfile Corp. and filed on SEDAR at www.sedar.com on July 22, 2022 (the “**Press Release**”).

Item 4 Summary of Material Change

The Company and Frontera Energy Corporation (“**Frontera**”), joint venture partners (the “**Joint Venture**”) in the Petroleum Prospecting License for the Corentyne block offshore Guyana, announced that they had entered into an agreement to amend the Joint Operating Agreement originally signed between CGX and a subsidiary of Frontera on January 30, 2019, as amended (the “**Agreement**”), effectively farming into the Corentyne block and securing funding for the Wei-1 exploration well.

Item 5.1 Full Description of Material Change

On July 22, 2022, CGX and Frontera announced that the companies had entered into the Agreement, effectively farming into the Corentyne block and securing funding for the Wei-1 exploration well. The Agreement remains subject to certain conditions precedent, including approval of the TSX Venture Exchange (which is subject to the receipt by CGX of a formal valuation) and certain confirmations from the Government of Guyana relating to the petroleum agreement for the Corentyne block.

As part of the Agreement, CGX will transfer 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 exploration well for up to US\$130 million and up to an additional US\$29 million of certain Kawa-1 exploration well, Wei-1 pre-drill, and other costs. In addition, CGX shall assign an additional 4.94% of its participating interest 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 “**US\$19 Million Convertible Loan**”), and (ii) the previously announced US\$35 million convertible loan to CGX dated March 10, 2022, as amended (the “**US\$35 Million Convertible Loan**” and, together with the US\$19 Million Convertible Loan, the “**Loans**”), and a cash payment of US\$3.8 million. As a result of the Agreement, CGX will have a 32.00% participating interest and Frontera will have a 68.00% participating interest in the Corentyne block.

Related Party Transaction

Frontera is a “related party” of CGX under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Each of the transactions described herein between CGX and Frontera is a “related party transaction” within the meaning of MI 61-101, and is exempted from the formal valuation requirement of MI 61-101 pursuant to the exemption provided in section 5.5(b) of MI 61-101, as CGX’s common shares are listed only on the TSX Venture Exchange and not on any of the markets specified in section 5.5(b) of MI 61-101. CGX is exempted from the minority approval requirements pursuant to section 5.7(l)(e) of MI 61-101 on the basis that: (i) CGX is in serious financial difficulty, (ii) the transactions contained in the Agreement are designed to improve the financial position of CGX, (iii) section 5.5(f) of MI 61-101 is not applicable in connection with the transactions provided in the Agreement, (iv) CGX has one or more independent directors in respect of the transactions contemplated in the Agreement, (v) the CGX board of directors (the “**Board**”) and each of its independent directors, acting in good faith, have determined that items (i) and (ii) above apply and that the terms of the Agreement are reasonable in the circumstances of CGX, and (vi) there is no other requirement, corporate or otherwise, to hold a meeting of shareholders to approve the transactions contained in the Agreement. Notwithstanding the forgoing, CGX has obtained a formal valuation for the Corentyne block in connection with the Agreement, in accordance with TSX Venture Exchange requirements.

The Board established a special committee on October 30, 2020 of two of the independent directors (the “**Special Committee**”) and the Special Committee was engaged and has been kept apprised throughout the course of negotiations with Frontera. The Special Committee held a meeting to consider the terms of the Agreement before its approval and recommended that the Board approve the terms of the Agreement. Frontera’s representatives on the Board declared a conflict of interest and abstained from voting on or discussing the terms of the Agreement. The Board then resolved to approve the terms of the Agreement, in which Frontera’s representatives on the Board abstained from such resolution. There were no contrary views expressed by any director, nor were there any abstentions by any director of CGX other than the Frontera representatives, and there were no material disagreements between the Board and the Special Committee.

Formal Valuation

On June 13, 2022, H&P Advisory Limited (“**H&P**”) entered into an engagement agreement (the “**Engagement Agreement**”) with CGX to provide the Board with a fairness opinion and formal valuation (the “**Formal Valuation**”) with respect to a proposed farm in by Frontera into the Corentyne block (the “**Asset**”) jointly operated by CGX which also includes a loan equalization and cash infusion by Frontera to fund the upcoming Wei-1 well (the “**Transaction**”). The Formal Valuation is subject to certain assumptions and limitations set out therein and bears an effective date of July 25, 2022.

The following constitutes a brief summary of the Formal Valuation. The Formal Valuation was prepared and provided solely for the use of the Board and may not be used or relied upon by any other person without the express prior written consent of H&P.

In reaching the opinion stated in the Formal Valuation, H&P reviewed certain documents provided by CGX as well as a variety of public and non-public information and data points. H&P assumed a range of prospective resources estimates using a draft preliminary Competent Persons Report prepared by an internationally reputable technical consultant. H&P also reviewed the financial model built by Maritime & Transport Business Solutions B.V. on the Berbice shorebase and port. The Formal Valuation notes that a very limited set of information was provided on the

Asset and its development plan, having regard to the early-stage of the discovery. The Formal Valuation further notes the lack of publicly disclosed and available information on (i) Guyana and Suriname asset level data for comparative purposes; and (ii) valuation reference point data on transactions of a similar nature not only in Guyana and Suriname but also across the wider Latin America and the world.

The terms of the Engagement Agreement provide that H&P is to be paid a fixed fee by CGX for its service and will be reimbursed for out of pocket expenses upon submission of the Formal Valuation. In addition, CGX has agreed to indemnify H&P, its subsidiaries and affiliates, and their respective officers, directors, employees and agents, against certain expenses, losses, claims, actions, damages and liabilities which may arise directly or indirectly from services performed by H&P in connection with the Engagement Agreement.

The fee payable to H&P is not contingent in whole or in part upon the completion of the Transaction or on the conclusions reached in the Formal Valuation. No understandings or agreements exist between H&P and CGX with respect to future financial advisory or investment banking business.

H&P is a privately owned, relationship-led, natural resources specialist investment bank that specializes in offering independent corporate finance, capital markets advice and access to companies, funds, institutions and governments. H&P focuses on mergers and acquisitions, capital raisings and investment research in the natural resources sector. H&P is authorized and regulated by the Financial Conduct Authority and is registered in England. The Formal Valuation is the opinion of H&P, the form and content of which have been approved for release by a committee of its executive partners, each of whom is experienced in merger, acquisition, divestiture and valuation matters.

None of H&P, its associates or affiliates: (i) is an issuer insider, associate, affiliate or affiliated entity (as those terms are defined in MI 61-101) of CGX or Frontera or any of their respective associates or affiliates; or (ii) is an advisor to any person or company other than to the Board with respect to the Transaction. H&P has not provided any financial advisory services to CGX or Frontera or any of their respective associates or affiliates for which it has received compensation in the past 24 months. H&P has been determined to be qualified and independent.

H&P may, however, during the ordinary course of business, provide financial advisory or investment banking services to CGX or Frontera or any of their respective associates or affiliates. In addition, during the ordinary course of business, H&P, its subsidiaries and affiliates, and their respective officers, directors, employees and agents, may actively trade common shares of CGX and other securities of CGX for its own account and for the accounts of H&P's clients and, accordingly, may at any time hold a long or short position in such securities. As a non-independent research provider, H&P conducts research on securities and may, during the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including those related to CGX or the Transaction.

As a result of the analysis conducted by H&P, and subject to the assumptions, methodologies (being discounted cash flow, market implied approach, trading comparables and precedent transactions) and limitations described in the Formal Valuation, H&P estimates that the fair value of the Asset is between US\$267 million and US\$400 million (US\$2.7 million to US\$4.0 million per 1% of working interest) with a median of US\$334 million (US\$3.3 million per 1% working interest). Based on the valuation, H&P believes that the Transaction represents a fair outcome for CGX and represents fair value in respect of the Asset (in its status as of the date of the Formal Valuation).

H&P believes that their valuation is reasonable and supported by the prevailing capital market and farm-in market conditions, preliminary prospective resource estimates, available information on financial projections on the Asset (if assumed to go into production), trading and precedent transaction multiples as well as other valuation reference points that H&P believes have relevance. H&P expressed no opinion as to the underlying decision by CGX to enter into the Transaction or as to whether any alternative transaction might be more beneficial to CGX.

CGX has not obtained any prior valuations (as defined in MI 61-101), the existence of which is known after reasonable inquiry, in respect of CGX that relates to the subject matter of or is otherwise relevant to the Transaction, within the 24 months preceding the date of this material change report.

A copy of the Formal Valuation is available for inspection at CGX's offices located at 333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2T6. Additionally, CGX will send a copy of the Formal Valuation to any shareholder upon request for a nominal charge sufficient to cover printing and postage.

Anticipated Effect of the Agreement on Frontera's Holdings of CGX Shares

The US\$19 Million Convertible Loan is convertible into a maximum of 27,242,877 common shares of CGX and the US\$35 Million Convertible Loan will be convertible on or after July 31, 2022, at the sole discretion of Frontera, into a maximum of 14,462,809 common shares of CGX. As a result of the elimination of conversion rights under the Loans in accordance with the provisions of the Agreement, upon closing of the Agreement, Frontera's holdings of CGX common shares will decrease from approximately 79.59% (on a partially-diluted basis) to approximately 77.05% (on a partially-diluted basis).

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, contact:

Daniel Sanchez, Chief Financial Officer
(832) 300-3200

Item 9 Date of Report

August 1, 2022

Schedule "A"

CGX ENERGY INC. AND FRONTERA ENERGY CORPORATION

NEWS RELEASE

CGX Energy and Frontera Energy Announce Transaction for the Corentyne Block That Secures Funding for the Wei-1 Exploration Well

Participating Interest In Corentyne Block Now 32% CGX And 68% Frontera

The Joint Venture Anticipates Spudding the Wei-1 Exploration Well in October 2022

CGX and Frontera Agree To Convert May 2021 and March 2022 Loans Into Participating Interest In Corentyne

TORONTO, July 22, 2022 - 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, announces today that the companies have entered into an agreement to amend the Joint Operating Agreement originally signed between CGX and a subsidiary of Frontera on January 30, 2019, as amended (the “**Agreement**”), effectively farming into the Corentyne block and securing funding for the Wei-1 exploration well. The Agreement remains subject to certain conditions precedent, including approval of the TSX Venture Exchange (which is subject to the receipt by CGX of a formal valuation), TSX acceptance of the Agreement, and certain confirmations from the Government of Guyana relating to the petroleum agreement for the Corentyne block.

“CGX is pleased to complete this farm-in agreement with Frontera, which enables CGX to strengthen its balance sheet and secure funding for the Wei-1 exploration well. Our continued partnership with Frontera reflects the significant value we have created on the Corentyne license and the opportunity set that is now before us following the discovery of hydrocarbons at the Kawa-1 exploration well. We are focused now on the transformational potential of the Corentyne block ahead of spudding the Wei-1 exploration well in October 2022, pending rig release from the current operator,” said Professor Suresh Narine, Executive Co-Chairman of CGX.

“Frontera is excited to complete this agreement with CGX and continue our work together on the Corentyne Block,” said Orlando Cabrales, Chief Executive Officer of Frontera. “Building on the Joint Venture’s recent light oil and condensate discovery at the Kawa-1 exploration well, the Agreement supports CGX’s capital needs for the Wei-1 exploration well and provides Frontera with an increased participating interest in the Corentyne block, which is truly one of the most exciting exploration areas in the world.”

As part of the Agreement, CGX will transfer 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 exploration well for up to US\$130 million and up to an additional US\$29 million of certain Kawa-1 exploration well, Wei-1 pre-drill, and other costs. In addition, CGX shall assign an additional 4.94% of its participating interest 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, and (ii) the previously announced US\$35 million convertible loan to CGX dated March 10, 2022, as amended, and a cash payment of US\$3.8 million. As a result of this agreement, CGX will have a 32.00% participating interest and Frontera will have a 68.00% participating interest in the Corentyne block.

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. Nevertheless, CGX is in the process of obtaining a formal valuation for the Corentyne block in connection with the Agreement, in accordance with TSX Venture Exchange requirements. The material change report to be filed by CGX in connection with this news release will contain the required disclosure regarding such exemptions and the formal valuation for the Corentyne block obtained by CGX.

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

Wei-1 Exploration Well

Final preparations are underway in advance of spudding the Joint Venture's second exploration well, called Wei-1, in October 2022, subject to rig release from a third-party operator. The necessary long lead materials have been secured and are being mobilized. As of July 15, 2022, 95% of key drilling staff that executed the Kawa-1 exploration well remain contracted for the Wei-1 exploration well. An independent operations readiness review has been completed with no significant obstacles to spud.

The Wei-1 exploration well will be located approximately 14 kilometres northwest of the Kawa-1 exploration well in the Corentyne block, approximately 200 kilometres offshore from Georgetown, Guyana. The Wei-1 exploration well will be drilled in water depth of approximately 1,912 feet (583 metres) to an anticipated total depth of 20,500 feet (6,248 metres) and will target Campanian and Santonian aged stacked channels in a western channel complex in the northern section of the Corentyne block.

CGX Resources Inc. (“**CGX Resources**”), operator of the Corentyne Block, has again contracted (the “**Drilling Contract**”) the Maersk Discoverer to drill the Wei-1 exploration well, 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, which is important from a health and safety, efficiency and operational perspective.

In conjunction with the Drilling Contract between CGX Resources and Maersk, Frontera anticipates entering into a parent company guarantee (the “**Guarantee**”) with Maersk for certain obligations in connection with the day rates under the Drilling Contract on behalf of CGX Resources, up to a maximum of US\$30 million subject to a sliding scale mechanism in connection with payments made under the Drilling Contract. Frontera and CGX entered into an agreement pursuant to which all amounts drawn under the Guarantee that are attributed to CGX Resources' share of the Joint Venture costs shall be guaranteed by CGX until such time as all conditions precedent to the Agreement have been satisfied.

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 33 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>

Facebook: <https://es-la.facebook.com/FronteraEnergy/>

LinkedIn: <https://co.linkedin.com/company/frontera-energy-corp>.

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 anticipated change in the parties' participating interests in the Corentyne block under the Agreement, including as a result of additional funding obligations of Frontera for the Wei-1 exploration well and the anticipated discharge of an aggregate US\$54 million under outstanding convertibles loans to CGX, the parties' expectations as to drilling plans, operational readiness and timing for spudding the Wei-1 exploration well, the necessary governmental and

regulatory approvals to be obtained in connection with the Agreement (including certain confirmations from the Government of Guyana relating to the petroleum agreement for the Corentyne block, approval of the TSX Venture Exchange (which is subject to the receipt by CGX of a formal valuation) and TSX acceptance of the Agreement), and a parent company guarantee required in connection with drilling of the Wei-1 exploration well. 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. 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 and Frontera's management's discussion and analysis for the year ended December 31, 2021, and quarter ended March 31, 2022, and other documents each of CGX and Frontera files 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: Please contact Todd Durkee, Vice President, Development, CGX, (832) 300-3200, www.cgxenergy.com or Brent Anderson, Director, Investor Relations, Frontera (403) 705-8827, ir@fronteraenergy.ca, www.fronteraenergy.ca