



NG ENERGY INTERNATIONAL CORP.

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NG ENERGY ANNOUNCES FINANCING AGREEMENT WITH MACQUARIE GROUP OF UP TO US\$100 MILLION INCLUDING US\$50 MILLION IN COMMITTED FUNDING

- *The Company has obtained financing from Macquarie Group of up to US\$100 million with an initial advance of US\$40 million resulting in reduced company leverage, a fully funded development plan and additional available committed liquidity for future development.*
- *NG Energy welcomes a key global financial institution as a strategic stakeholder to provide support for rapid growth.*
- *Brian Paes-Braga appointed CEO; former CEO, Serafino Iacono, to transition to Co-Chairman.*
- *Production from Maria Conchita continues to ramp up: 19.4 MMcf/d (15.52 MMcf/d net) with 100% of gas volumes being sold into premium priced environment.*

TORONTO, ON., February 8, 2024 – NG Energy International Corp. (“NGE” or the “Company”) (TSXV: **GASX**) (OTCQX: **GASXF**) is pleased to announce that it has entered into a definitive credit and guarantee agreement (the “**Credit Agreement**”) with Macquarie Group (“**Macquarie**”) for a financing (the “**Financing**”) of up to US\$100 million of which US\$50 million is committed funding. The Company and its wholly owned subsidiaries, Bochica Investment Holdings Ltd., Pentanova BVI, Ltd. and MKMS Enerji Anonim Sirketi S.A. (collectively, the “**Guarantors**”), will guarantee the Financing as guarantors. The Financing is secured by a first priority lien over all the assets of the Company, a trust formed in Colombia and the Guarantors and matures on December 29, 2028. The net proceeds of the Financing and related LC facility for up to US\$13.6 million under discussion will be used to: (i) simplify the Company’s capital structure; (ii) optimise the Company’s balance sheet; (iii) reduce the overall leverage of the Company; (iv) guarantee work commitments under the Company’s contracts with midstream partners and with the Agencia Nacional de Hidrocarburos (“**ANH**”) in Colombia; and (v) for general corporate purposes as the Company continues to develop its asset base.

Key Highlights of the Financing

- Macquarie has made available US\$50 million of committed funding (the “**Committed Portion**”) and an additional US\$50 million in uncommitted funding under an accordion feature.
- On the date of closing of the Financing (the “**Closing Date**”), US\$40 million of the Committed Portion of the Financing will be advanced to the Company, with the remaining US\$10 million of the Committed Portion of the Financing to be advanced to the Company in a second advance, on a date to be determined pursuant to the terms of the Credit Agreement (the “**Loans**”).
- The Company intends to use the net proceeds of the Loans as follows:
 - US\$26 million to pay fees enabling the conversion of approximately US\$52 million (~CDN\$70 million) debt owed to existing secured Debentureholders (as defined below), and by doing so, reduce the Company’s debt obligations and optimize the capital structure of the Company;
 - US\$14 million to pay existing shareholder loans, fund the debt reserve account, pay fees for the transaction and for general corporate purposes; and
 - US\$10 million for future CAPEX requirements.
- The Loans will accrue interest at a rate equal to Term SOFR (as such term is defined in the Credit Agreement) plus a maximum of 8.50% per annum with a step-down margin grid based on performance.



- In connection with the Financing, the Company shall issue to Macquarie 20,742,857 common share purchase warrants (the “**Bonus Warrants**”) on the Closing Date. For additional information pertaining to the issuance of the Bonus Warrants to Macquarie, please see the heading “*Bonus Warrant Issuance and Transaction Fees*” below.

Jorge Fonseca, CFO of NGE, commented “The commitment from Macquarie after a thorough review of the technical, financial, and legal components of our business is a significant milestone for our Company as we enter this next phase of growth and cash flow generation. We are very pleased to have secured the Financing to support our industry leading growth trajectory, and above all, the Financing provides the Company with substantial financial flexibility today, and into the future, as we have deleveraged the balance sheet, optimized our capital structure and now have obtained the necessary CAPEX to support the accelerated growth of our assets. I would like to thank Macquarie and all the members of our team for their support throughout the duration of this process.”

Corporate Update

The Company is pleased to announce the appointment of Brian Paes-Braga as Chief Executive Officer (“**CEO**”) of the Company effective on the Closing Date. Serafino Iacono, who has served as the Company’s CEO since 2019, will transition to the role of Co-Chairman of the board of directors (the “**Board**”), joining existing Chairman, Brian Paes-Braga.

The Company is also pleased to welcome Ms. Patricia Herrera Paba to the Board. Ms. Herrera Paba is the Founder and CEO of Estudios y Consultorías S.A.S., a firm specializing in financial consulting and regulatory advisory in the natural gas and energy sector across Colombia and Latin America. Ms. Herrera Paba also serves as the chief financial officer of Caribbean Resources and has past work experience at Promigas S.A. E.S.P. and the Ministry of Mines and Energy in Colombia.

Brian Paes-Braga, incoming CEO and Co-Chairman of NGE, commented: “It is my honor and pleasure to join and lead NG Energy as CEO at this critical and exciting time for the Company and energy in Colombia. Firstly, I would like to express my deepest thanks and appreciation to Serafino Iacono for his unwavering commitment to this Company. We would not be in the position we are today without his tenacity, belief in our assets and personal financial commitments over the past five years. I look forward to Serafino’s continued contribution and working by his side as Co-Chairman as we enter this high growth phase of our company’s journey and deliver for all our valued investors, employees, partners and the communities in which we explore and operate.”

Brian Paes-Braga continued “I would also like to give a warm welcome to Patricia who adds a depth of industry and in country expertise to our board of directors. Patricia is a natural fit having extensive experience as a consultant in financial and regulatory advisory in the natural gas and energy sector in Latin America, specifically Colombia where she has deep relationships with the top industry players both in the public and private sectors.”

“Lastly, I would like to welcome Macquarie to NGE as a key stakeholder in our business. Aligning our Company with a global financial institution like Macquarie at this inflection point for our Company is a testament to the quality of our people, assets and the opportunity we see in the energy sector in Colombia, and represents a first and symbolic step for NG and Macquarie’s relationship. We are grateful for their efforts in this transaction over the past few months. We share similar vision, values and a strong conviction around the energy opportunity in Colombia, where Macquarie has been a significant contributor.”



Serafino Iacono, Co-Chairman of NGE commented “I am enormously proud of this team and what we have accomplished together over the past five years and believe we are executing on our mission to support energy transition and economic growth in Colombia as we continue to delineate two of the best natural gas assets in the country. To the team, I would like to extend my utmost gratitude for your relentless contribution to this Company. I am extremely confident as we enter the next phase of growth under the leadership of Brian who has done a remarkable job during his time as Chairman and I look forward to our collaboration as I join him in this capacity. I am very excited for the future of this Company and would like to thank all our stakeholders for their continued support.”

Catalina Hayata, Managing Director and Head of Latin America Private Credit in Macquarie's Commodities and Global Markets business commented: “We are pleased to support the NGE team on its next phase of rapid growth as they build a platform well-positioned to support economic growth in Colombia. We look forward to continuing to contribute to the development of the market in the region and to providing innovative capital solutions to our key clients.”

Operational Update

The Company is pleased to announce that production from the Company’s Maria Conchita Block has increased to 19.4 MMcf/d with both the Aruchara-1 and the Aruchara-3 wells contributing to production from zones H1 and H2 with 100% of natural gas volumes sold.

Bonus Warrant Issuance and Transaction Fees

In connection with the Financing, on the Closing Date, the Company will issue to Macquarie 20,742,857 Bonus Warrants. Each Bonus Warrant will entitle Macquarie to purchase one (1) common share of the Company at an exercise price equal to \$1.00 until December 29, 2028. Completion of the issuance of the Bonus Warrants to Macquarie remains subject to approval of the TSX Venture Exchange (the “**Exchange**”). The Bonus Warrants and the common shares underlying the Bonus Warrants will be subject to a statutory four (4) month hold period from the date of issuance in accordance with applicable securities laws.

In connection with the Financing, on the Closing Date, the Company shall pay Macquarie an upfront fee equal to 1.5% of the Loans, a structuring & arranger fee equal to 2.0% of the Loans and an Administrative Agent fee equal to US\$100,000. The Administrative Agent fee will be payable annually on each anniversary of the Closing Date. The total amount of fees payable to Macquarie by the Company on the Closing Date is anticipated to be US\$1,850,000. Pursuant to the terms of the Credit Agreement, the Company shall pay Macquarie a commitment fee on the unused portion of the Committed Portion of the Financing (with regard to any reduction in the Committed Portion of the Financing effected by an initial draw under the Credit Agreement if occurring within ten (10) days of the date thereof) at a rate equal to 3.50% per annum starting on the date of the initial advance under the Credit Agreement.

Moreover, in the event any of the loans advanced to the Company by Macquarie are prepaid at any time on or after the two-year anniversary of the date of the Credit Agreement, but before the three-year anniversary of such date (with some exceptions), or become due prior to the three-year anniversary of the Closing Date as a result of an event of default (as defined in the Credit Agreement), the Company shall pay Macquarie a prepayment fee equal to 4.50% of the aggregate principal amount of the Loans being prepaid.

Shares for Debt Settlement

The Company is pleased to announce the terms of a proposed shares for debt settlement (the “**Settlement**”), pursuant to which the Company has agreed to issue an aggregate of 2,000,000 common shares of the



Company at a deemed price of \$1.00 per common share in satisfaction of US\$1,502,000 owing to Plus+ S.A.S. E.S.P. (“**Plus+**”) pursuant to the terms of a termination agreement entered into between the Company, MKMS Enerji Sucursal Colombia, the Colombian branch of MKMS Enerji Anonim Sirket S.A., and Plus+ on December 31, 2023.

The completion of the Settlement remains subject to certain regulatory approvals, including the approval of the Exchange. The common shares will be subject to a four (4) month hold period from the date of issuance in accordance with applicable securities laws.

Conversion and Redemption of Outstanding Convertible Debentures

In connection with the Financing and pursuant to the terms of the debenture indenture dated November 30, 2022, as supplemented by the first supplemental debenture indenture dated July 31, 2023, entered into between the Company and TSX Trust Company, as trustee (collectively, the “**Debenture Indenture**”), the Company provided the holders of the Company’s outstanding Debentures (as such term is defined in the Debenture Indenture) issued November 30, 2022 and July 31, 2023 (the “**Debentureholders**”) with a notice that the Company was contemplating a Take Out Financing (as such term is defined in the Debenture Indenture) (the “**Notice**”). Pursuant to the terms of the Notice, each Debentureholder was provided with the option to elect to convert or redeem their Debentures in accordance with the terms of the Debenture Indenture.

The Company is pleased to announce that Debentureholders representing 100% of the outstanding Debentures issued on November 30, 2022 (the “**Nov22 Debentures**”) and 100% of the outstanding Debentures issued on July 31, 2023 (the “**Jul23 Debentures**”) have elected to convert or redeem their Debentures. The conversion or redemption of the Nov22 Debentures and Jul23 Debentures, as applicable, is expected to occur immediately following the Closing Date.

The Company anticipates that approximately US\$7,100,000 of the net proceeds of the Loans will be used to pay back existing shareholder loans (~US\$1,500,000) and pay fees enabling the conversion of debt owed to existing secured Debentureholders (~US\$5,600,000) that are current directors and officers of the Company.

The Credit Agreement also contains certain other provisions with respect to events of default and representations and warranties that are customary for a transaction of this nature. For additional information pertaining to the Credit Agreement, please see the Company’s SEDAR+ profile at www.sedarplus.ca.

The completion of the Financing remains subject to certain regulatory approvals, including the approval of the Exchange.

About NG Energy International Corp.

NG Energy International Corp. is a natural gas exploration and production company with operations in Colombia. The Company is on a mission to discover, delineate and develop meaningful natural gas fields in developing counties to support energy transition and economic growth. In Colombia, the Company is executing on this mission with a rapidly growing production base that is being delivered to the premium priced Colombian market. NGE’s team has extensive technical expertise and a proven track record of building companies and creating value in South America. For more information, please visit SEDAR+ (www.sedarplus.ca) and the Company’s website (www.ngenergyintl.com).

Cautionary Statement Regarding Forward-Looking Information



This news release contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release, including, without limitation, the information contained in this news release regarding the use of proceeds from the Financing, the advancement of additional funds under the Financing, the Company’s statements related to the issuance of the Bonus Warrants, the Company’s statements related to the completion of the Settlement and the Company’s statements related to the conversion of the Debentures. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption “Risk Factors” in the Company’s most recent Management Discussion and Analysis and its Annual Information Form dated June 30, 2023, which are available for view on SEDAR+ at www.sedarplus.ca. These risks include but are not limited to, the risks associated with the oil and natural gas industry, such as exploration, production and general operational risks, volatility of pricing for oil and natural gas, changing investor sentiment about the oil and natural gas industry, competition in the markets where the Company operates, any delays in production, marketing and transportation of natural gas, drilling costs and availability of equipment, regulatory approval risks and environmental risks. Forward-looking statements contained herein, including but not limited to the Company’s statements related to anticipated business plans or strategies, including the Company’s plans to complete infrastructure construction required for commercial production from Sinu-9; completion of the transactions contemplated by the pipeline agreement; and the completion of any updated resource assessment and reclassification of contingent resources to reserves. The Company disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management’s estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Abbreviations

The abbreviations set forth below have the following meanings:

Natural Gas

Mcf	thousand cubic feet
MMcf/d	million cubic feet per day

For further information:



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