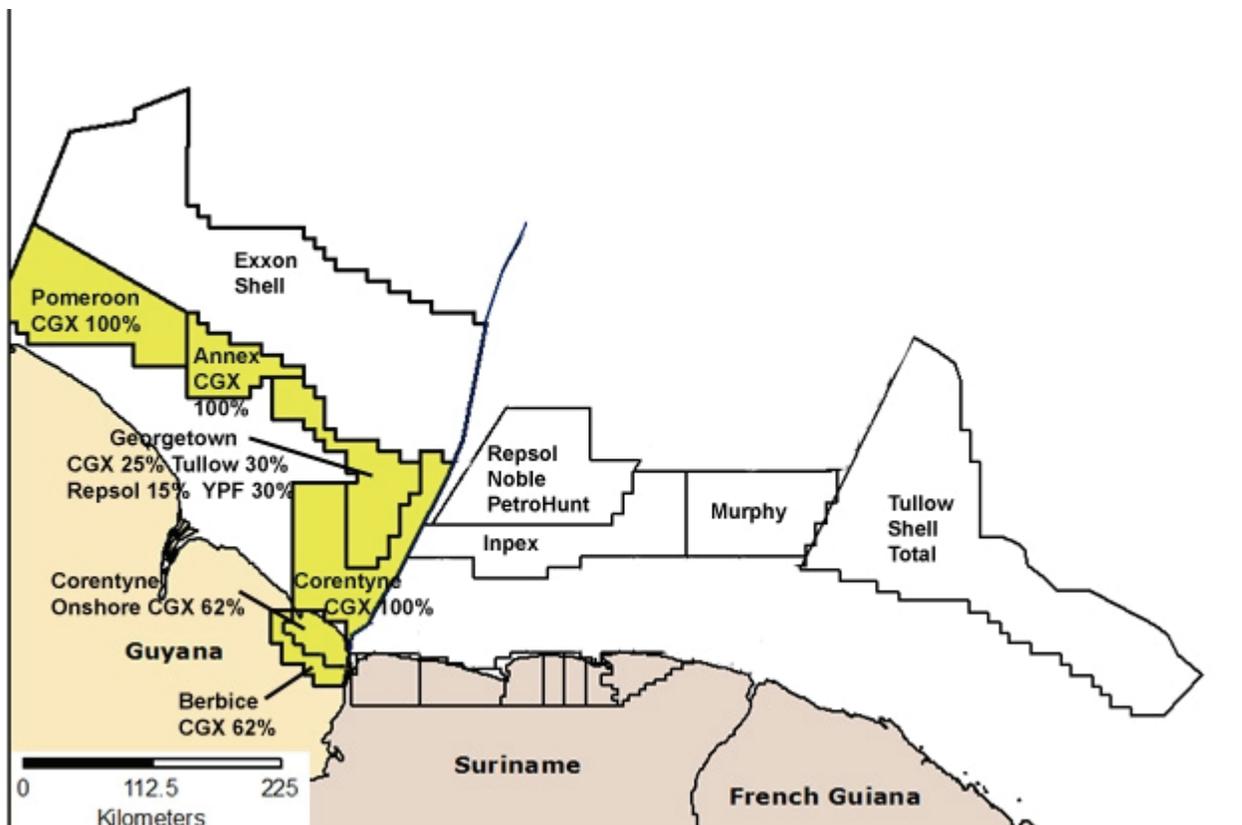




Update 2009

Corporate Profile

CGX Energy Inc. is an oil and gas exploration company with an interest in 8.6 million acres (7.0 million net) offshore and onshore Guyana, South America, where we are exploring for giant oil fields. This area was ranked by the USGS as the 2nd most prospective area in the world's under-explored basins. On our Corentyne Licence, we have an independent P50 resource assessment of 2.8 billion barrels on three prospects. Many other prospects and leads are in various stages of interpretation on our licences. We are preparing to drill two wells during the next year on our Georgetown (25%) and Corentyne (100%) Licences,



CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this update that are subject to significant risks and uncertainties. These statements concern CGX's plans, expectations and objectives for future operations and, most importantly, discussions of the undiscovered resource potential of CGX's licences in Guyana. No discoveries have been drilled in Guyana, so CGX has no proven, probable or possible reserves. The Company's Pomeroon concession is an area of unresolved claims by Venezuela.

President's Message

During 2008 and 2009, CGX invested close to \$20 million in 3D seismic acquisition, processing and interpretation on its 100% Corentyne and 25% Georgetown Petroleum Prospecting Licences (PPL). The program was very successful, leading to enhancements and modification of our prior interpretation of the basin. Several prospects are well-defined, and as a result, CGX has committed to drill the Eagle well during the next year on its Corentyne PPL and to participate in the Jaguar well on the Georgetown PPL.

On the Georgetown PPL, in which CGX holds a 25% working interest, 1,839 square kilometres of 3D seismic were shot. The operator is Repsol Exploracion, S.A. with 15%, and partners Tullow Guyana B.V. and YPF Guyana Ltd. each with 30%. The Jaguar well location has been chosen to test Turonian basin floor sands very similar to those at the Eagle location at a total depth of approximately 6,500 metres. Preparations are underway to drill this well in the first quarter 2011 at a preliminary cost estimate of US\$80 million (US\$20 million net to CGX).

CGX also shot 505 square kilometres of 3D seismic on its 100% Corentyne PPL. Processing and interpretation of the 3D seismic program was completed in 2009. To further advance the interpretation, several international expert consulting firms were engaged -- Data Modeling Inc. (DMI) used proprietary artificial intelligence to solve for acoustic velocity of the rock layers and Rock Solid Images (RSI) predicted reservoir properties including lithology, porosity and pore fluid from the seismic data within the identified targets.

As a result of the geophysical and geological collaboration, and comparison to the recent, analogous West African discoveries from Ghana to Sierra Leone, our primary prospects are now identified as the Upper and Lower Turonian sands at approximately 5,600 metres and 6,050 metres, respectively. These primary prospects are overlain by leads in the Campanian and the Maastrichtian horizons, as well as an additional prospect in the Eocene, at the proposed Eagle well location. The proposed Eagle well location is 5.6 kilometres south of the target chosen using 2D seismic in June 2000, and is 12.6 kilometres inside Guyana's Maritime Boundary with Suriname.

Design of the drilling program is being finalized in preparation for tendering for a jackup drill rig. Our mandate is to ensure that a well 800 metres deeper than any prior wells in the basin can be drilled in a safe and environmentally sensitive manner. We have the advantage of being on the shelf in 76 metres of water so a large jack-up rig can be used. We expect that the recent softening in rig utilization combined with the high likelihood of other operators in the basin requiring similar equipment will improve the chances of timely and cost effective drilling. A Strategic Environmental Assessment for drilling has been approved by the Government of Guyana. An application has also been made to construct a wharf and staging facility onshore. CGX has retained Black Gold Services (BGS) with extensive experience in HTHP drilling environments worldwide as well as operational experience in managing remote drilling operations to bring the project on time and on budget. Jefferies Randall & Dewey has been retained to market the opportunity for a joint venture partner(s) to earn an interest in the Corentyne and/or Georgetown PPL. The cost estimate to drill the Eagle location is approximately US\$70 million.

A Resource Evaluation Report on three Eagle well prospects on the Corentyne PPL has been prepared by Gustavson Associates LLC ("Gustavson") on behalf of CGX and is effective February 1, 2010 with a preparation date of March 3, 2010 (the "Gustavson Report"). The Gustavson Report evaluates the prospective resources attributable to the Corentyne PPL.

The resource information contained in the Gustavson Report was prepared and is in accordance with the requirements of NI 51-101. On May 7, 2010, CGX filed its first Annual Information Form ("AIF") and additional information not required by NI 51-101 has been presented to provide continuity, which information management believes is important to readers of the AIF. Readers wishing more detailed information on the resource estimate are encouraged to visit CGX's SEDAR profile where both the Gustavson Report and the AIF are filed.

Certain of the information set out below is summarized from the Gustavson Report. Capitalized terms related to resource classifications are based on the definitions and guidelines in the Canadian Oil and Gas Evaluation Handbook ("COGEH"). No commercial discoveries have been made in the offshore

Guyana basin and hence no reserves have been found. Historic well data, regional geology and 2D seismic plus the new 3D seismic were reviewed by Gustavson to prepare a probabilistic resource estimate for that portion of the prospects lying entirely within the Corentyne PPL, as shown outlined in the table below.

Prospect	Prospective Oil Resource Millions of Barrels		
	Low Estimate	Best Estimate	High Estimate
Eagle Lower Turonian	187	1,269	3,340
Eagle Upper Turonian	144	1,241	3,949
Eagle Tertiary	67	315	693
Sum of Prospects	398	2,825	7,982

As specified in the COGEH, the Sums of Prospects are arithmetic sums, and as such do not represent the same probability levels as the estimates for the individual prospects.

Outlook

Basin exploration offshore Guyana, Suriname and French Guiana is becoming intense. Since September 2008, we estimate over US\$125 million has been spent by CGX and other operators in the basin on large 2D and 3D seismic programs. As processing and interpretation of the seismic nears completion, drilling locations are being announced. To date, Murphy has announced it will be drilling two wells offshore Suriname starting late 2010, CGX will also be drilling on its Corentyne PPL and will be participating in a well on its Georgetown PPL in 2011, and Tullow will be drilling offshore French Guiana in the first half of 2011. Esso Guyana holds the deep-water Stabroek PPL offshore Guyana. In the fall of 2008, Esso shot a large 2D seismic program with Shell as a 25% partner. Finally, Inpex has also completed a large 3D program on their Suriname Licence.

In their World Petroleum Assessment 2000 (<http://energy.cr.usgs.gov/WEcont/regions/reg6/p6/P6021.pdf>), the United States Geological Survey (USGS) estimated the mean undiscovered resource potential of the Guyana Suriname Basin to be 15.2 billion barrels of oil and 42 trillion cubic feet of gas. Their range of probabilistic estimate reflecting confidence levels of P95, P50 and P5 for oil were 2.8, 13.9 and 32.6 billion barrels respectively, and for gas 7.0, 36.8 and 95.9 trillion cubic feet respectively. The Guyana Suriname Basin was ranked as one the most prospective under-explored basins after Greenland. If the USGS is correct in its assessment, the Basin could become a major supplier of energy to the western hemisphere.

In closing, I'd like to reiterate my thanks to shareholders and extend it to the directors, officers and consultants of CGX who have contributed so much to advancing CGX to where it is today ... on the forefront of exploration in one of the world's most exciting basins.

On behalf of the Board of Directors,



Kerry E. Sully
President and Chief Executive Officer
May 12, 2009

Corporate Information

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<i>E-mail Enquiries:</i>	info@cgxenergy.com																		
<i>Share Trading Information:</i>	<table><tr><td>Trading Symbol</td><td>OYL</td></tr><tr><td>TSX Venture Exchange (TSX-V)</td><td>www.tsx.com</td></tr><tr><td>2009 High</td><td>CDN \$1.55</td></tr><tr><td>2009 Low</td><td>CDN \$0.42</td></tr><tr><td>2009 Close</td><td>CDN \$1.16</td></tr><tr><td>2009 Average Daily Trading Volume</td><td>121,720</td></tr><tr><td>As of May 14, 2010</td><td>CDN \$1.50</td></tr><tr><td>Common Shares Outstanding</td><td>127,784,163</td></tr><tr><td>Fully Diluted</td><td>137,779,913</td></tr></table>	Trading Symbol	OYL	TSX Venture Exchange (TSX-V)	www.tsx.com	2009 High	CDN \$1.55	2009 Low	CDN \$0.42	2009 Close	CDN \$1.16	2009 Average Daily Trading Volume	121,720	As of May 14, 2010	CDN \$1.50	Common Shares Outstanding	127,784,163	Fully Diluted	137,779,913
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<i>Registrar and Transfer Agent:</i>	Equity Transfer & Trust Company 200 University Avenue, Suite 400 Toronto, Ontario, Canada M5H 4H1																		
<i>Auditors:</i>	parker simone, Chartered Accountants LLP 129 Lakeshore Road East, Suite 201 Mississauga, Ontario, Canada L5G 1E5																		
<i>Bankers:</i>	Royal Bank of Canada, Toronto																		
<i>Legal Counsel:</i>	Fraser Milner Casgrain LLP 1 First Canadian Place, Suite 3900 100 King Street West Toronto, Ontario, Canada M5X 1B2																		
<i>Annual & Special Meeting:</i>	<p>The Annual & Special Meeting of Shareholders will take place on Thursday, June 17, 2010 at 4 pm at The Toronto Board of Trade, 1 First Canadian Place, Adelaide Street entrance, Toronto, Ontario.</p> <p>The Management Proxy Circular and Form of Proxy are being mailed to each shareholder with this report. Shareholders unable to attend the Annual General Meeting are encouraged to complete and return the Form of Proxy.</p>																		