

RIGHTS OFFERING NOTICE

Filed pursuant to National Instrument 45-106 *Prospectus Exemptions*



CGX ENERGY INC.

Notice to security holders – February 1, 2019

The purpose of this notice is to advise holders of the outstanding common shares (the “**Common Shares**”) of CGX Energy Inc. (“**CGX**” or the “**Corporation**”) of a proposed offering of rights of the Corporation.

References in this notice to “we”, “our”, “us” and similar terms mean to the Corporation. References in this notice to “you”, “your” and similar terms mean to shareholders of the Corporation. All amounts herein are presented in Canadian dollars, unless otherwise stated.

We currently have sufficient working capital to last less than two months. We require 100% of the rights offering to meet our working capital requirements for the next six months without other sources of financing. The rights offering is being undertaken to raise additional working capital and to pay off certain debt as disclosed herein and in the Rights Offering Circular (as defined below).

Who can participate in the Offering?

The Corporation is issuing to the holders of Common Shares (the “**Shareholders**”) of record at the close of business (Toronto time) on February 11, 2019 (the “**Record Date**”) an aggregate of 116,102,318 transferable rights (each, a “**Right**”) to subscribe for an aggregate of 116,102,318 Common Shares (the “**Rights Shares**”) on the terms set forth herein (the “**Offering**”) and as more particularly described in the Corporation’s rights offering circular dated February 1, 2019 (the “**Rights Offering Circular**”).

Who is eligible to receive Rights?

The Offering is being made to Shareholders in all provinces of Canada except Québec and in each state of the United States other than in the states of Arizona, Arkansas, California, Minnesota, Ohio and Wisconsin (the “**Qualified Jurisdictions**”). The offer of the Rights is being made only to Shareholders resident in the Qualified Jurisdictions. Shareholders will be presumed to be resident in the place shown on their registered address, unless the contrary is shown to our satisfaction. This notice is not to be construed as an offering of Rights, nor are the Rights Shares issuable upon exercise of the Rights, in any jurisdiction outside of the Qualified Jurisdictions or to Shareholders who are residents of any jurisdiction other than the Qualified Jurisdictions (“**Ineligible Shareholders**”). Instead, Ineligible Shareholders will be sent a letter advising them that their Rights will be held on their behalf by TSX Trust Company (the “**Depository**”), who will hold such Rights as agent for the benefit of all such Ineligible Shareholders.

How many Rights is CGX offering?

An aggregate of 116,102,318 Rights are being issued to purchase 116,102,318 Rights Shares pursuant to the Offering.

How many Rights will you receive?

A Shareholder will receive (1) Right for each Common Share owned by the Shareholder as at the Record Date.

What does one (1) Right entitle you to receive?

Each Right will entitle the holder thereof to purchase one (1) Rights Share (the “**Basic Subscription Privilege**”) upon payment of a subscription price of \$0.25 (the “**Subscription Price**”) per Rights Share until the Expiry Time (as defined below) on the Expiry Date (as defined below).

Rights holders who exercise their Rights in full pursuant to the Basic Subscription Privilege are entitled to exercise additional Rights (the “**Additional Rights**”) not otherwise purchased, on a pro rata basis, pursuant to an additional subscription privilege (the “**Additional Subscription Privilege**”). The number of Additional Rights available will be the difference, if any, between the total number of Rights that are issued pursuant to the Offering and the total number of Rights exercised and paid for pursuant to the Basic Subscription Privilege at the Expiry Time on the Expiry Date.

Subscriptions for the exercise of Additional Rights will be received subject to allotment only and the number of Additional Rights, if any, that may be allotted to each subscriber will be equal to the lesser of; (i) the number of Additional Rights that such subscriber has exercised under the Additional Subscription Privilege; and (ii) the product (disregarding fractions, if any) obtained by multiplying the number of Additional Rights available to be issued by a fraction, the numerator of which is the number of Rights previously exercised by the subscriber pursuant to the Basic Subscription Privilege and the denominator of which is the aggregate number of Rights previously exercised pursuant to the Basic Subscription Privilege by all holders of Rights who have exercised and paid for Additional Rights. If any Rights holder has exercised fewer Additional Rights than such Rights holder’s pro rata allotment of Additional Rights, the excess Additional Rights will be allotted in a similar manner among the Rights holders who were allotted fewer Additional Rights than they exercised.

Shareholders who exercise their Rights must enclose payment in full for all Rights subscribed for (including any subscription pursuant to the Additional Subscription Privilege) in Canadian funds by certified cheque, bank draft or money order payable to the order of TSX Trust Company.

How will you receive your Rights?

If you are a registered Shareholder (a “**Registered Holder**”), a rights certificate (“**Rights Certificate**”) evidencing the Rights to which you are entitled has been delivered with this Notice. Please review the Rights Certificate and the Rights Offering Circular for instructions as to how to exercise your Rights.

If you are a beneficial Shareholder (a “**Beneficial Holder**”) whose Common Shares are held through a securities broker or dealer, bank or trust company or other participant (a “**CDS Participant**”) in the book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”), you will not receive a Rights Certificate. The total number of Rights to which all Beneficial Holders as at the Record Date are entitled will be issued to and deposited with CDS following the Record Date. Please review the Rights Offering Circular and contact your CDS Participant for instructions as to how to exercise your Rights.

When and how can you exercise your Rights?

If you are a Registered Holder, the period to exercise the Rights expires at 5:00 p.m. (Toronto time) (the “**Expiry Time**”) on March 12, 2019 (the “**Expiry Date**”).

If you are a Beneficial Holder, you may subscribe for Rights Shares by instructing the CDS Participant holding the your Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Rights Share subscribed for to such CDS Participant in accordance with the terms of the Offering. If you wish to exercise the Additional Subscription Privilege, if available, you must exercise the Basic Subscription Privilege in respect of all of the Rights issued to you and forward your request to the CDS Participant that holds the your Rights prior to the Expiry Time, along with payment for the number of Additional Rights requested. Any excess funds will be returned by mail or credited to your account with your CDS Participant without interest or deduction. Subscriptions for Rights Shares made through a CDS Participant will be irrevocable and you will be unable to

withdraw your subscriptions for Rights Shares once submitted. CDS Participants may have an earlier deadline for receipt of instructions and payment than the Expiry Time on the Expiry Date.

Only Registered Holders will be provided with Rights Certificates. For all Beneficial Holders, the total number of Rights to which all such Beneficial Holders as at the Record Date are entitled will be issued to and deposited with CDS following the Record Date. The Corporation expects that each Beneficial Holder will receive a confirmation of the number of Rights issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants holding Rights.

Beneficial Holders must arrange for exercises, purchases or transfers of Rights through their CDS Participant and should contact the CDS Participant to instruct them accordingly. It is anticipated by the Corporation that each purchaser of Rights Shares will receive a customer confirmation of issuance or purchase, as applicable, from the CDS Participant through which such Rights Shares are issued or purchased in accordance with the practices and policies of such CDS Participant.

What are the next steps?

This document contains key information you should know about CGX. You can find more details in CGX's Rights Offering Circular. To obtain a copy, visit CGX's profile on the SEDAR website (www.sedar.com), visit CGX's website (www.cgxenergy.ca), ask your dealer representative for a copy or contact Tralisa Maraj of the Corporation at (416) 364-5569. You should read the Rights Offering Circular, along with CGX's continuous disclosure record, to make an informed decision.

CGX Energy Inc.

Per: "*Tralisa Maraj*"

Tralisa Maraj
Chief Financial Officer
February 1, 2019